

CITY OF GARDEN GROVE



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

July 1, 2022 - June 30, 2023

A photograph of a green clock tower with two clock faces, set against a blue sky with palm trees. The tower is a prominent landmark in Garden Grove. The image is framed by a white and blue geometric border.

[WWW.GGCITY.ORG](http://WWW.GGCITY.ORG)

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**CITY OF GARDEN GROVE**

# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

For the fiscal year ended  
**June 30, 2023**

**FINANCE DEPARTMENT**

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Patricia Song  
*Finance Director*

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**CITY OF GARDEN GROVE  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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# **Introductory Section**

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## CITY OF GARDEN GROVE, CA

December 22, 2023

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, 2023. 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, 2023.

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 incorporated on June 18, 1956. It is located in central Orange County approximately 25 miles southeast of downtown Los Angeles. With a current population of approximately 170,488, it is the fifth largest city in Orange County and the 31<sup>st</sup> largest in the State of California.

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 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 appoints 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 safety, street and park maintenance, water, sewer, recreation, traffic/transportation, public improvements, planning, zoning, code enforcement, business license, and other general municipal 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 various programs and/or departments.

### **Demographic and Economic Information**

Demographically, the City of Garden Grove has one of the highest population densities in the County. The community is highly diversified with a median age of 39.1 years. With a 2022 population of 169,254, the City is the 5<sup>th</sup> largest city in the Orange County and 31<sup>st</sup> largest city in California. The City's median household income in 2022 was \$86,139, slightly above the national average. The City is benefiting from higher education levels of its residents. In 2022, 75.4% of the population completed high school, and 23.5% received bachelor's degree or higher. This is an increase of 44.1% comparing to 2000.

Between 2016 and 2021, total jobs in the City grew 4.1% to 84,255. The City's largest employment sector is in office and administrative support, which accounts for 13.1% of total jobs, followed by manufacturing (11.3%), and Accommodation and Food Services (8.9%).

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 by facilitating business retention and expansion 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**

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 enhanced credit rating is a direct result of the active actions the City has been taking in strengthening our financial management practices and budget performance. Efforts have been focused in reducing unfunded pension liability, funding for infrastructure gaps, improving operational efficiency, and promoting transparency. In recent years, the City established an Internal Revenue Code Section 115 Trust to reduce unfunded pension liability, adopted an Infrastructure Funding Policy to comprehensively address our infrastructure deficit situation, and implemented an Enterprise Resources Planning (ERP) system to improve budget management and process efficiency.

The financial condition of the City continues to improve along with the overall economic expansion. After a stronger than expected recovery from the pandemic, the economy nationwide has slowed down as financial conditions tighten. Economists believe the economy is not at imminent risk of sliding into a recession in the short

term, however, cities across the State are taking precautionary steps to carefully plan for their spending. Despite the fact that local agencies nationwide received significant resources from the federal government during the pandemic, high inflation and large infrastructure deficits are still threatening the fiscal health of municipalities. Garden Grove is no exception. The American Rescue Plan Act funds were strategically deployed to address both acute and long-standing challenges; the City took the opportunity to plan for several major capital initiatives including the acquisition of a navigation center, the construction of a public safety facility, and the launch of important fiscal policies to address the deferred maintenance issues across City facilities.

The continued robust consumer spending boosted all three primary revenue sources for the City. During Fiscal Year 2022-23, home prices continued to climb. As a result, property tax, the largest revenue source for the City, showed an 11.5% increase over the previous year, reaching \$66.4 million. Sales tax increased slightly by \$0.4 million from last fiscal year. Tourism demonstrated promising recovery from the pandemic. In Fiscal Year 2022-23, the City received a record high of \$28.0 million in Transient Occupancy Tax.

Budget wise, due to the strong revenue growth in the past couple of years, the City was able to fund 17 new positions and various programs when adopting its Fiscal Years 2023 through 2025 biennial budget in June 2023. A total of \$13.1 million additional funding was infused into the adopted General Fund budget. These funding was programmed to address the priorities the City Council established in areas of homelessness, public safety, economic development/support for local businesses, infrastructure, code enforcement and cultural diversity. Additionally, a new Building and Facilities internal service fund was established to systematically collect funds needed for preventative maintenance. A \$600,000 annual allocation to this new internal service fund was programmed into the base budget on a continuous basis as one of the budget priorities. These additional funding measures were critical to carry out the promises made to our community for a fiscally and operationally resilient city.

The City continues its efforts in improving fiscal policy, financial management and standard setting, applying best budget practices, and managing spending in a prudent manner to ensure efficient use of resources.

### **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. In June 2021, 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. Subsequently, a Capital Asset Renewal and Replacement Reserves Policy was approved by the City Council in June 2022.

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

#### Capital Asset Renewal and Replacement Reserves Policy

The purpose of the Capital Asset Renewal and Replacement Reserves Policy is to ensure adequate funding for the renewal and replacement of the City's capital assets to protect the public investment and achieve the assets' maximum useful life. The Policy is intended to promote proactive financial management by increasing awareness of the ongoing need for capital replacement and encouraging long-term capital planning.

#### 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

In 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 2021 Economic Development Strategic Plan identified key priorities and activities that focused on economic recovery and sustainability. The Garden Grove Office of Economic Development was accredited by the International Economic Development Council (IEDC) for its many achievements in these areas. The City was the first agency to receive this prestigious recognition in the State of California.

The City continued to advance its economic development initiatives in areas of local investment, job creation and retention, and small business sustainability. With the help of the Coronavirus Aid, Relief, and Economic Security (CARES) Act funding, the City launched the JOBS 1st Grant and Loan programs, Micro Business Grant program, D1 Small Business Grants, and the JOBS 1st To-Go Program that resulted in nearly 100 jobs created or retained in the past year. Small business retention efforts continued to the second phase with the launch of the Foods of Garden Grove program, which supported over 150 local businesses on several social media platforms. Quite a few new businesses opened during this reporting period from coffee shops to indoor playground.

The City's housing initiatives are anchored with programs and services designed to improve neighborhoods by leveraging funds from federal and state programs including Community Development Block Grant, HOME Investment Partnerships Program, Emergency Solutions Grants, and the CARES Act funds. One of the City's key initiatives during the year was the acquisition of a building and substantial rehabilitation into a Navigation Center, which is a critical step towards the implementation of the 2021 Comprehensive Strategic Plan to End Homelessness. The City also continues to offer several housing 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. In areas of affordable housing production, the Garden Brook Senior Village welcomed 400 senior residents by June 2023. Additionally, the City's first permanent supportive housing project by American Family Housing is near completion. The City approved a preliminary award letter to preserve long-term affordable housing which will include a total of 78 covenanted units with 55-year affordability restrictions.

In 2022, the City launched its Civic Center Community Engagement project that focused efforts on public outreach and community engagement for improvements to civic center area. City staff worked hand-in-hand with Garden Grove residents to explore opportunities in this area to improve public amenities and evaluate the need to replace and modernize the public safety facilities.

Simultaneously, Re-Imagine Garden Grove continued its Phase 1 construction of Cottage Industries, an adaptive reuse of twelve residential properties in the civic center area for retail, restaurants, and outdoor entertainment.

The City's industrial area observed unprecedented demand with transactions yielding record sales resulting in less than 2% vacancy rates. Prologis secured project

approvals for the construction of a new 148,284 square foot industrial building. Rexford Industrial is adding another project for a new 97,470 square foot industrial building along with associated site improvements.

In November 2022, the City entered into a Memorandum of Understanding with the cities of Fountain Valley and Westminster to establish, construct, develop, maintain, and operate an overnight shelter to address homelessness in the Central Orange County Service Planning Area (the Central Cities Navigation Center). Property acquisition was completed on November 8, 2022. In December 2022, the City entered into a Memorandum of Understanding with the County of Orange for the rehabilitation and operations of the Central Cities Navigation Center. A total of 85 emergency shelter beds will be provided once the Center is completed.

The City has been consistently investing efforts to revitalize its civic center to make it a more pedestrian friendly place with improved amenities, safe and clean neighborhoods, and high quality public safety services for all current and future residents. In January 2020, a police facility needs assessment was conducted to address current and future needs of the Garden Grove Police Department (GGPD). The assessment identified deficiencies in the existing GGPD building. In January 2023, the City Council directed staff to advance the public safety facility and civic center revitalization project. In September 2023, the City successfully selected the development team. It is anticipated that the project will break ground in the summer of 2024.

### **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, 2022. This was the 38th 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,



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Lisa L. Kim, City Manager



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Patricia Song, Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Garden Grove  
California**

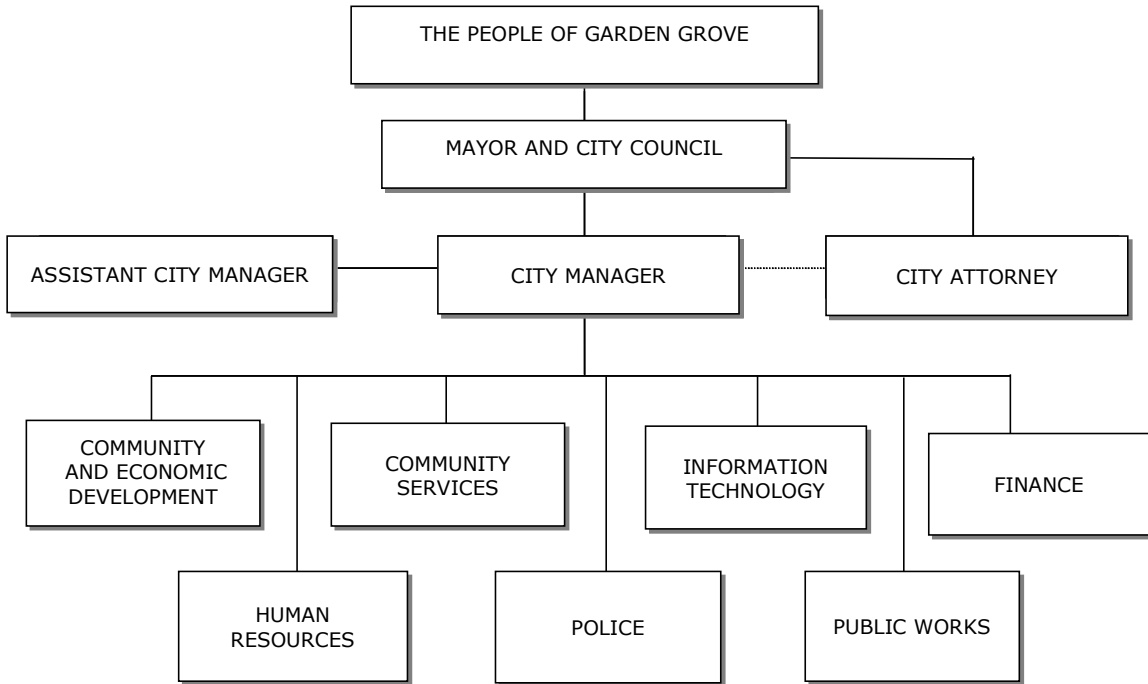
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

# City of Garden Grove



# CITY OF GARDEN GROVE

## CITY COUNCIL

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Steve Jones  
*Mayor*

Cindy Ngoc Tran  
*Mayor Pro Tem - District 3*

George S. Brietigam III  
*Council Member - District 1*

John R. O'Neill  
*Council Member - District 2*

Joe DoVinh  
*Council Member - District 4*

Stephanie Klopfenstein  
*Council Member - District 5*

Kim B. Nguyen-Penaloza  
*Council Member - District 6*

## CITY OFFICIALS

---

Lisa Kim  
*City Manager*

Ursula Luna-Reynosa  
*Economic Development Director*

Niki Wetzel  
*Community 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*

Amir El-Farra  
*Police Chief*



# **Financial Section**

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## **Independent Auditor's Report**

City Council  
City of Garden Grove  
Garden Grove, CA

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2023, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Garden Grove and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matters***

During the year ended June 30, 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

The City of Garden Grove's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **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 is the responsibility of management and, 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Garden Grove's basic financial statements. The *combining and individual nonmajor fund financial statements* and certain *budgetary comparison schedules* 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 was 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.

### **Other Information**

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023 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 the effectiveness of 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 the 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  
December 22, 2023



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Fiscal Year Ended June 30, 2023

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, 2023, 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, 2023 comply with all applicable statements issued by the Governmental Accounting Standards Board (GASB). GASB Statement No. 96, Subscription-based Information Technology Arrangements (SBITA), was implemented by the City during the fiscal year ended June 30, 2023. The statement established definition for SBITAs and provided guidance for accounting and financial reporting for SBITA related transaction. The implementation of GASB Statement No. 96 enabled consistency in practice. 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, 2023 by \$900.8 million (*net position*).
- The overall City's net position increased by \$47.3 million from the previous fiscal year due to positive operating results including higher tax revenues and increase in investment income. Combined revenues from governmental activities and business-type activities exceeded government-wide expenses by \$47.3 million.
- Total expenses for governmental activities were \$184.3 million for fiscal year ended June 30, 2023. The sources for these expenses came from program revenues of \$44.6 million, taxes in the amount of \$164.0 million, other income of \$1.4 million, and investment income of \$4.2 million. For the current year, revenues from governmental activities exceeded expenses by \$29.9 million, adding a net transfer from business-type activities in the amount of \$0.4 million, the net position for governmental activities increased to \$690.1 million at June 30, 2023.

## **CITY OF GARDEN GROVE**

Management's Discussion and Analysis (continued)

June 30, 2023

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- For business-type activities, program revenues exceeded expenses by \$16.1 million. Among the total program revenue of \$106.3 million, \$58.8 million was from charges for services, and \$47.5 million from operating grants and contributions. Combined with investment earnings of \$1.3 million, and a net transfer to governmental activities in the amount of \$0.4 million, net position for business-type activities increased by \$17.0 million from the previous year to \$210.7 million at June 30, 2023.

### **Fund Based**

- As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$253.8 million, an increase of \$18.0 million from the previous year. The net increase was primarily due to revenues exceeded expenditures for the year by \$20.2 million, proceeds from sale of assets and leases in the amount of \$1.5 million, net against a net transfer of \$3.7 million to internal service funds.
- Among the total fund balance of \$253.9 million reported at the close of the fiscal year, \$96.5 million, or 38.0% are either non-spendable or restricted for specific purposes. Following best practices for prudent financial management, the City also committed \$25.7 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



## **CITY OF GARDEN GROVE**

Management's Discussion and Analysis (continued)

June 30, 2023

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charges. The first function is identified in the statements as governmental activities, while the latter is reported as business-type activities.

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

## **CITY OF GARDEN GROVE**

Management's Discussion and Analysis (continued)

June 30, 2023

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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.

### **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, 2023

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.

## GOVERNMENT- WIDE FINANCIAL ANALYSIS

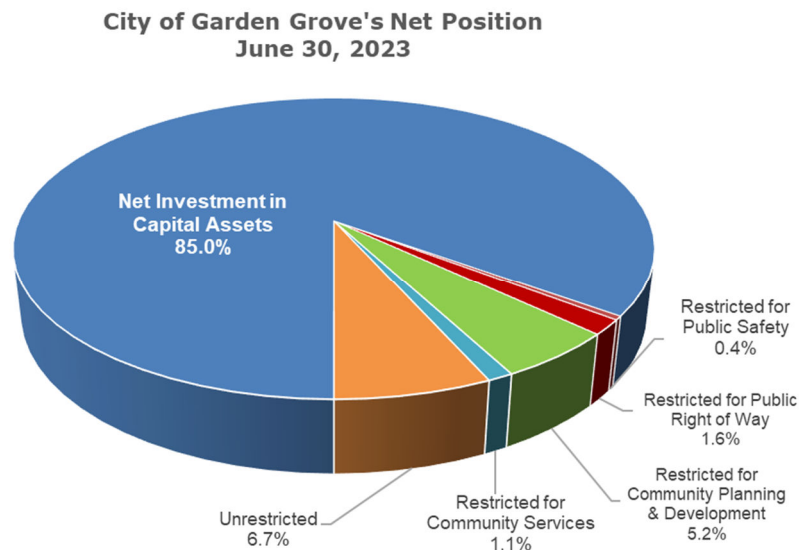
The government-wide financial analysis focus on the City's net position and changes in net position of the governmental and business-type activities during the fiscal year.

As noted earlier, the City's net position as a whole increased by \$47.3 million from the previous year. Despite the decrease in revenues from capital and operating grants in the amount of \$21.7 million, overall revenues exceeded expenses by \$47.3 million. The decrease in grants and contributions were due to the one-time fiscal relief funds received in Fiscal Year 2021-22.

Among the total net position, \$765.9 million represented 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 \$132.6 million of government-wide net position are composed of \$79.5 million in restricted funds and \$53.1 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, 2023.



## CITY OF GARDEN GROVE

### Management's Discussion and Analysis (continued)

June 30, 2023

The schedule below is a condensed version of the City's statement of net position for fiscal year ended June 30, 2023 with comparative data from the previous fiscal year:

	City of Garden Grove's Net Position (in millions)					
	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 401.1	\$ 366.9	\$ 114.7	\$ 107.7	\$ 515.8	\$ 474.6
Capital assets	655.4	639.4	172.8	171.3	828.2	810.7
<b>Total assets</b>	<b>1,056.5</b>	<b>1,006.3</b>	<b>287.5</b>	<b>279.0</b>	<b>1,344.0</b>	<b>1,285.3</b>
Deferred unamortized loss on refunding	-	-	0.1	0.1	0.1	0.1
Deferred OPEB related items	22.2	25.4	3.5	4.0	25.7	29.4
Deferred pension related items	79.2	28.9	9.2	4.3	88.4	33.2
<b>Total deferred outflows</b>	<b>101.4</b>	<b>54.3</b>	<b>12.8</b>	<b>8.4</b>	<b>114.2</b>	<b>62.7</b>
Long-term debt	74.8	77.0	41.0	43.2	115.8	120.2
Total OPEB liability	36.1	42.1	5.7	6.6	41.8	48.7
Net pension liability	313.1	195.8	30.1	21.6	343.2	217.4
Other liabilities	21.9	14.3	9.8	11.4	31.7	25.7
<b>Total liabilities</b>	<b>445.9</b>	<b>329.2</b>	<b>86.6</b>	<b>82.8</b>	<b>532.5</b>	<b>412.0</b>
Deferred unamortized gain on refunding	-	-	0.1	0.2	0.1	0.2
Deferred leased related items	3.9	2.6	-	-	3.9	2.6
Deferred OPEB related items	15.2	9.7	2.4	1.5	17.6	11.2
Deferred pension related items	2.8	59.4	0.5	9.1	3.3	68.5
<b>Total deferred inflows</b>	<b>21.9</b>	<b>71.7</b>	<b>3.0</b>	<b>10.8</b>	<b>24.9</b>	<b>82.5</b>
Net investment in capital assets	633.3	618.1	132.7	129.2	766.0	747.3
Restricted	74.6	77.4	-	-	74.6	77.4
Unrestricted	(17.8)	(35.7)	78.0	64.5	60.2	28.8
<b>Total net position</b>	<b>\$ 690.1</b>	<b>\$ 659.8</b>	<b>\$ 210.7</b>	<b>\$ 193.7</b>	<b>\$ 900.8</b>	<b>\$ 853.5</b>

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, 2023

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 17.7	\$ 13.3	\$ 58.8	\$ 61.0	\$ 76.5	\$ 74.3
Operating contributions and grants	24.5	49.3	47.5	43.4	72.0	92.7
Capital contributions and grants	2.4	3.4	-	-	2.4	3.4
General revenues:						
Taxes:						
Property taxes	66.4	59.5	-	-	66.4	59.5
Sales and use taxes	60.1	59.7	-	-	60.1	59.7
Transient occupancy taxes	28.0	24.5	-	-	28.0	24.5
Other taxes	9.5	8.2	-	-	9.5	8.2
Investment earnings	4.2	(8.0)	1.3	(3.1)	5.5	(11.1)
Other income	1.4	0.3	-	-	1.4	0.3
Total revenues	214.2	210.2	107.6	101.3	321.8	311.5
<b>Expenses:</b>						
Public safety - Fire	31.2	27.0	-	-	31.2	27.0
Public safety - Police	75.1	64.2	-	-	75.1	64.2
Traffic safety	5.8	5.8	-	-	5.8	5.8
Public right of way	21.1	16.6	-	-	21.1	16.6
Community buildings & drainage	7.9	6.4	-	-	7.9	6.4
Parks & community services	10.1	7.4	-	-	10.1	7.4
Community & economic development	18.1	12.8	-	-	18.1	12.8
Municipal support	13.9	7.6	-	-	13.9	7.6
Water utility	-	-	32.6	35.9	32.6	35.9
Sewer utility	-	-	6.7	8.5	6.7	8.5
Solid waste disposal	-	-	2.0	1.9	2.0	1.9
Housing program	-	-	46.7	43.5	46.7	43.5
Golf course	-	-	2.2	1.8	2.2	1.8
Interest on long-term debt	1.1	1.0	-	-	1.1	1.0
Total Expenses	184.3	148.8	90.2	91.6	274.5	240.4
Income (loss) before transfers	29.9	61.5	17.4	9.6	47.3	71.1
Transfers	0.4	-	(0.4)	-	-	-
Change in net position	30.3	61.5	17.0	9.6	47.3	71.1
Net position - beginning of year	659.8	598.3	193.7	184.1	853.5	782.4
Net position - end of year	\$ 690.1	\$ 659.8	\$ 210.7	\$ 193.7	\$ 900.8	\$ 853.5

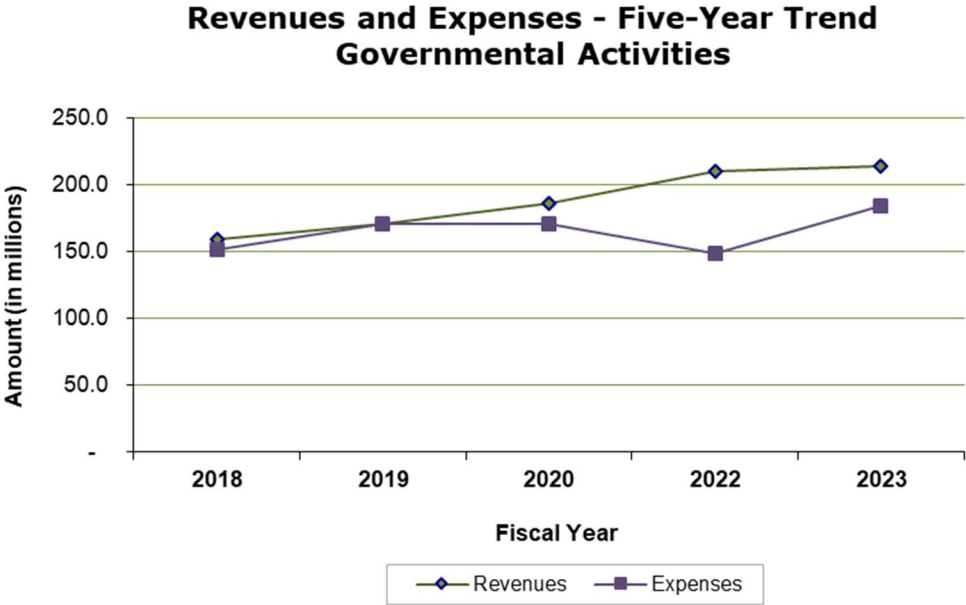
**CITY OF GARDEN GROVE**

Management’s Discussion and Analysis (continued)  
June 30, 2023

**Governmental Activities**

Total resources available during the year to finance governmental operations were \$874.4 million. This amount consists of the beginning net position of \$659.8 million, program revenues of \$44.6 million and general revenues of \$169.6 million. With a total expenses of \$184.3 million and a net transfer of \$0.4 million from business-type activities, net position for governmental activities increased by \$30.3 million and ended at \$690.1 million as of June 30, 2023.

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 \$29.9 million higher than total expenses for the year. Revenues from taxes totaled \$164.0 million, representing an increase of \$8.6 million from the previous fiscal year. The economy continued to hold strong. Sale tax showed a slight increase of \$0.4 million from last year, became the highest on record. Property tax increased by \$6.9 million, continued as the largest revenue base for the City. Transient occupancy tax also hit a record high and reached \$28.0 million for the year.

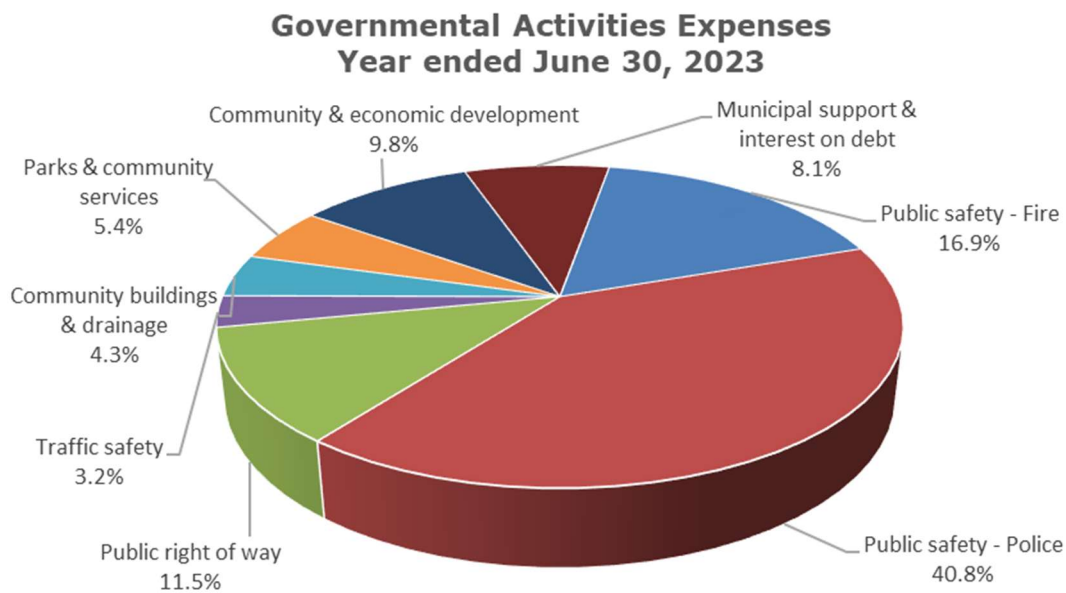
Total expenses for governmental activities for fiscal year ended June 30, 2023 increased by 23.9% to \$184.3 million from the previous year. In fiscal years 2021 and 2022, the City received a total of \$48.4 million from the State and Local Fiscal Relief Fund as part of the America Rescue Plan Act. The City strategically programed several critical infrastructure initiatives leveraging these one-time funding, including the acquisition of a navigation center serving the homeless population in the Central Orange County area, the launch of a citywide street improvement program, and the revitalization of the civic center.

## CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)  
June 30, 2023

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The chart below shows a breakdown of the cost of each major municipal function.



The cost of public safety function (police and fire) totaled \$106.3 million, or 57.7% of overall governmental activities' expenses. Public safety is primarily funded by property taxes, sales tax, transient occupancy tax, and other general revenues. Total public safety spending occupied 49.6% of total governmental 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 \$164.0 million, the remaining balance was paid by various program revenues, including \$17.7 million by those who directly benefited from the programs, \$24.5 million from other governments and organizations that subsidized certain programs with operating grants and contributions, and \$2.4 million from capital grants and contributions. Other income including investment earnings totaled \$5.6 million for the current year, also contributed to support the various governmental activities.

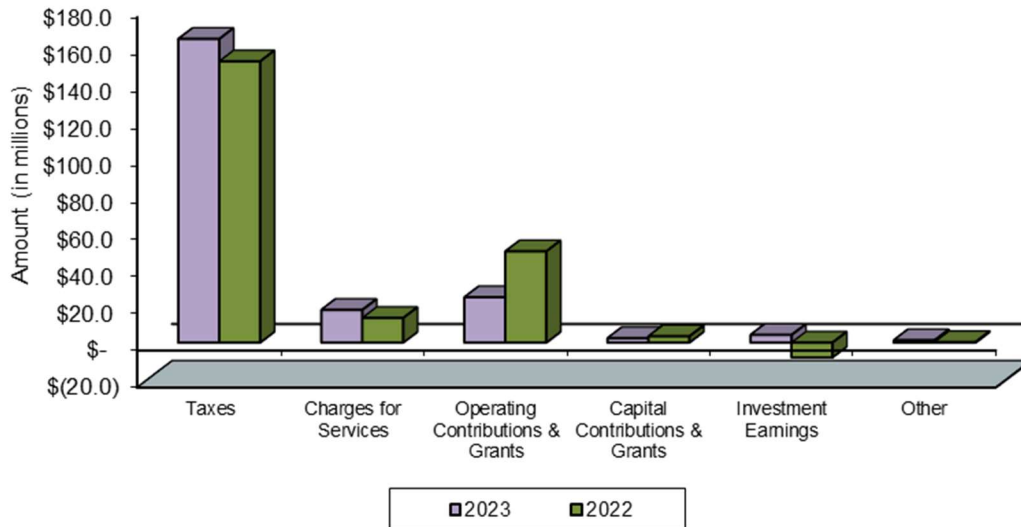
# CITY OF GARDEN GROVE

Management’s Discussion and Analysis (continued)

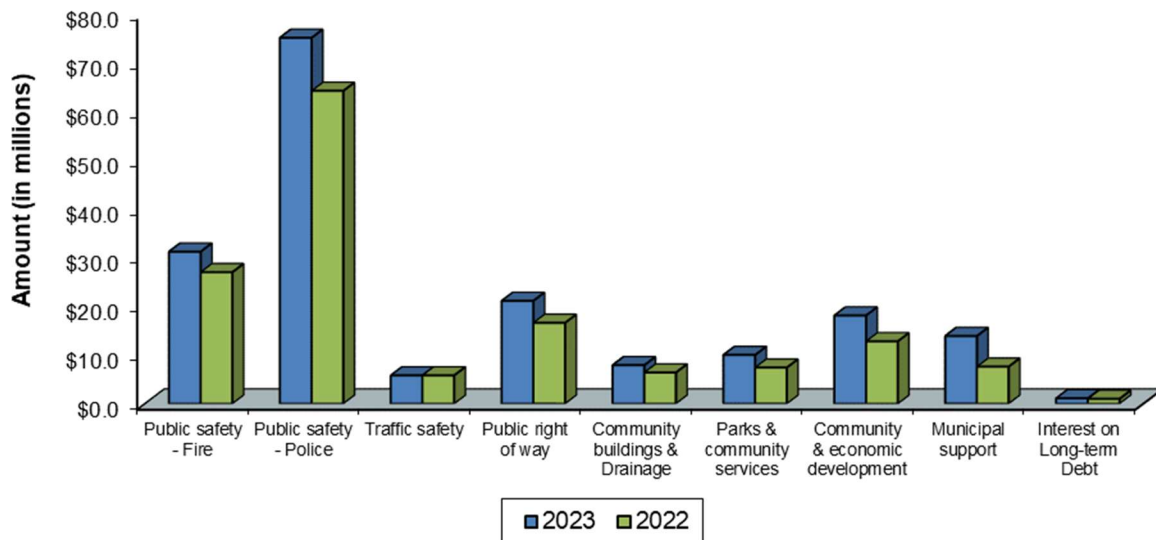
June 30, 2023

The following two charts illustrate the total revenue and expense for the governmental activities, excluding transfers for the fiscal years ended June 30, 2023 and June 30, 2022 respectively.

**Revenue Sources - Two-Year Comparison  
Governmental Activities**



**Expenses - Two-Year Comparison  
Governmental Activities**





## **CITY OF GARDEN GROVE**

Management's Discussion and Analysis (continued)

June 30, 2023

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

- Program revenues represent 20.8% of total revenues generated by governmental activities. Total program revenues for governmental activities in the current year were \$44.6 million. Charges for services increased by \$4.4 million from the previous year, yet overall program revenue decreased by \$19.5 million, due to the one-time fiscal relief funds in the amount of \$24.2 million received in Fiscal Year 2021-22.
- Taxes comprised 76.6% of the total revenues from governmental activities. Total tax revenues were \$164.0 million for the current year, an increase of \$12.1 million from the prior year. Despite high inflation, economy continued to show strong performance, especially in the tourism industry, The City's transient occupancy tax revenue reached historical high, exceeded \$28.0 million. Property tax revenue saw an increase of \$6.9 million, continued as the top tax revenue source for the City, representing 40.5% of total taxes. Sales tax contributed a total of \$60.1 million for the year. This was a slight increase of \$0.4 million from the prior year. Other taxes included franchise tax, business license tax, and motor vehicle taxes, totaled \$9.5 million for fiscal year ended June 30, 2023.
- Total governmental expenses was \$184.3 million, demonstrated an increase of \$35.5 million or 23.9% from the prior year as the City continued to implement its initiatives in fighting homelessness, revitalize the civic center and improve its infrastructure. The funding sources for these initiatives were made available by the one-time fiscal relief money allocated to the City from the previous years.
- Cost for fire protection and emergency medical response services totaled \$31.2 million, representing 16.9% of total governmental expenses. Cost to provide police services was \$75.1 million, or 40.7% of overall expenses for governmental activities. Costs on street infrastructure improvement totaled \$21.1 million, representing the third largest governmental activity spending, followed by \$18.1 million invested in community and economic development efforts.

### **Business-Type Activities**

The City's net position in the business-type activities increased by \$17.0 million. For fiscal year ended on June 30, 2023, revenue in business-type activities exceeded expenses by \$17.4 million, net against a \$0.4 million transfer to governmental activities, resulted in an overall net position of \$210.7 million at the year end.

In the current year, both charges for water and sewer services and the cost of delivery those services decreased during the year reflecting the city's continued efforts in water conservation.

Housing program is the largest component in the business-type activities by revenue and cost of operations. The Garden Grove Housing Authority reported revenues from operating grants and contributions of \$47.5 million, an increase of \$4.1 million from

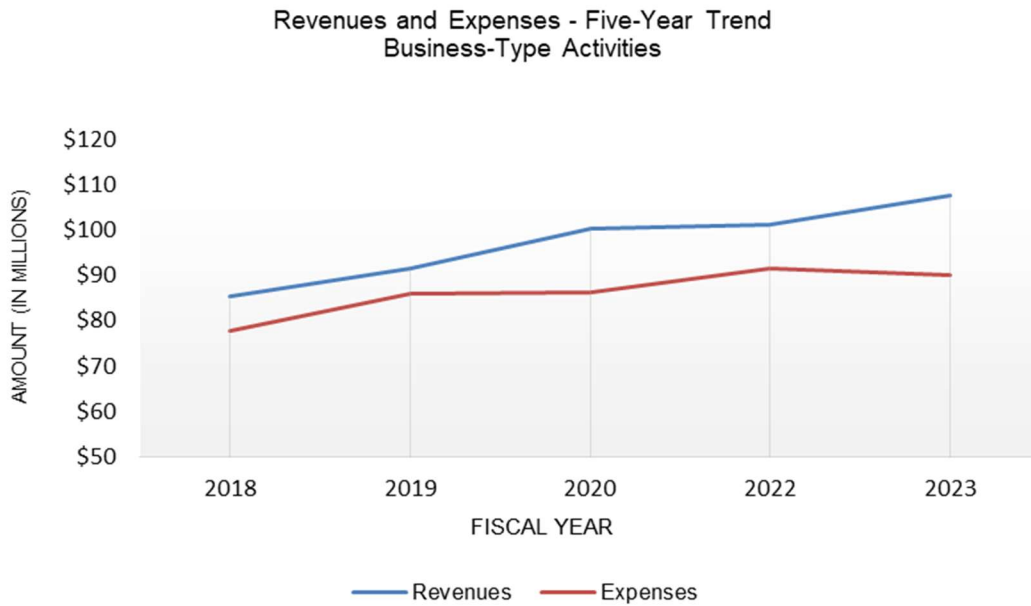
**CITY OF GARDEN GROVE**

Management’s Discussion and Analysis (continued)

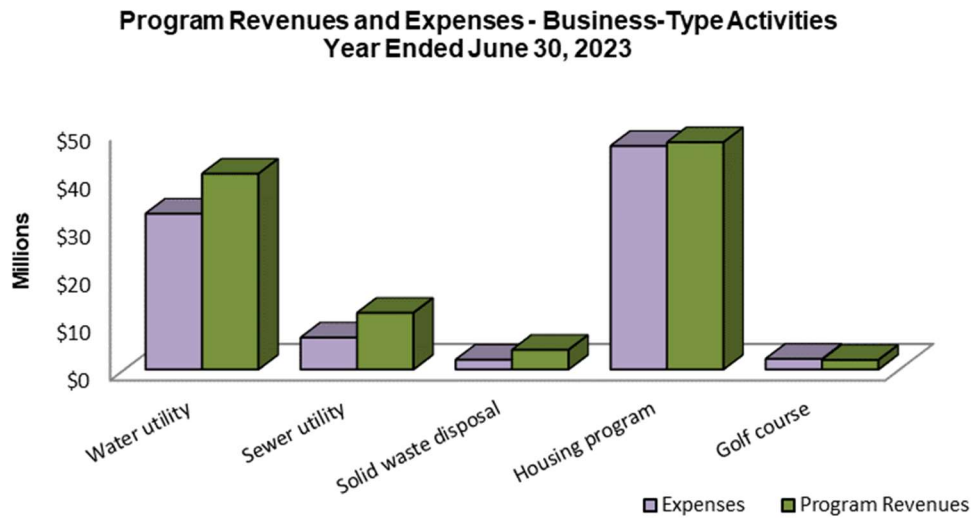
June 30, 2023

the previous year. Cost of the Housing Section 8 program also increased by \$3.2 million and totaled \$46.7 million for the year ended June 30, 2023.

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.



## **CITY OF GARDEN GROVE**

Management's Discussion and Analysis (continued)

June 30, 2023

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Total expenses of all business-type activities for the fiscal year ended June 30, 2023 were \$90.2 million, a slight decrease of \$1.4 million from the prior year. While expenses of the Housing Section 8 program increased by \$3.2 million, the cost to deliver water and sewer services declined by \$5.1 million. This was largely due to the cost containment efforts implemented while constructing the City's first water treatment plant to remove per- and polyfluoroalkyl substances (PFAS) from local well water.

As shown in the statement of activities, the amount paid by users of the systems was \$58.8 million, reported as charge for services. Revenues from operating grants and contributions were \$47.5 million, for the City's Housing Section 8 program. Total program revenue reported for the year was \$106.3 million.

Total resources available during the year to finance business type activities were \$301.3 million. This amount consists of net position at July 1, 2022 in the amount of \$193.7 million, and total revenues of \$107.6 million. After funding total expenses of \$90.2 million and a net transfer out of \$0.4 million to governmental activities, net position for business-type activities increased by \$17.0 million to \$210.7 million at June 30, 2023.

## **FUND FINANCIAL ANALYSIS**

### **General Fund**

The General Fund is the primary operating fund of the City. The General Fund accounts for essential municipal services including public safety (police and fire), public works, community planning, economic development, and community and park services. These services are primarily funded by tax revenues and funding is dependent upon revenues collected during the same period the services are provided.

For fiscal year ended June 30, 2023, total revenue reported in the General Fund was \$178.6 million. This was a decrease of \$4.8 million, in comparison to the previous fiscal year, primarily due to the one-time Coronavirus State and Local Fiscal Recovery Funds received in the prior year in the amount of \$24.2 million.

Total revenue from taxes was \$159.9 million; property tax, sales and use tax, and transient occupancy tax generated \$152.8 million, or 85.7% of total General Fund revenues for fiscal year ended June 30, 2023. Other taxes, in the amount of \$7.1 million, included business license tax, franchise tax, and motor vehicle taxes.

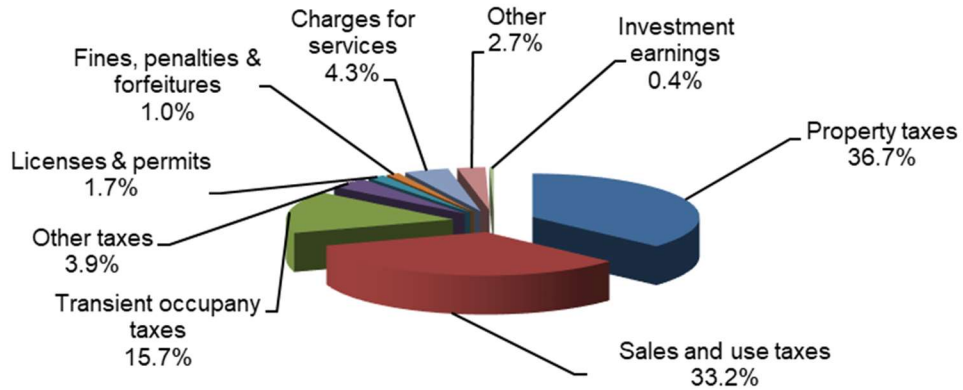
Other revenues including licenses and permits, fines, penalties and forfeitures, charges for services, and investment income resulted in a combined total of \$18.7 million for fiscal year ended June 30, 2023.

The graph on the next page illustrates General Fund revenues by major sources:

**CITY OF GARDEN GROVE**

Management’s Discussion and Analysis (continued)  
 June 30, 2023

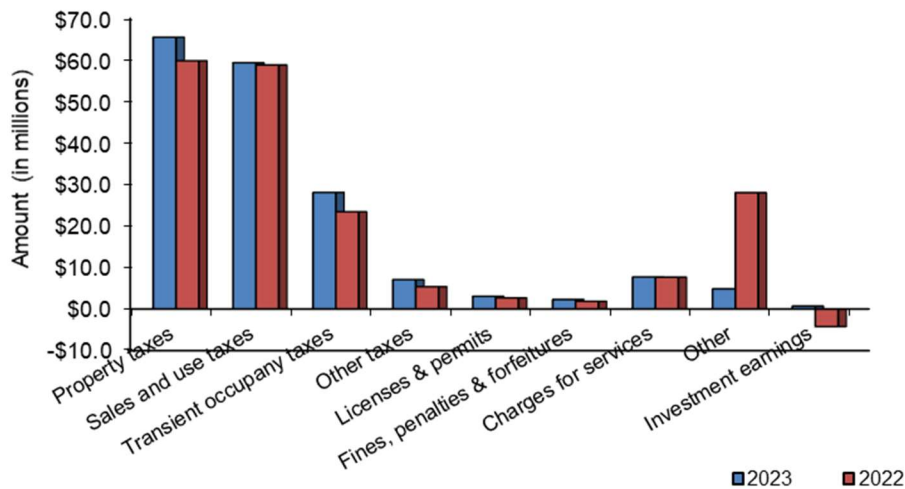
**General Fund Revenues  
 Year Ended June 30, 2023**



In comparison to the previous year, property tax and transient occupancy tax demonstrated the largest increases. Property tax increased by \$5.9 million or 9.5% from the previous year as a direct result of increased housing market activity. Transient occupancy tax had an increase of \$4.7 million, this was a 19.9% growth from the prior year. Total transient occupancy tax reached a historical high of \$28.1 million as the tourism segment of the City’s economy recovered from the aftermath of the COVID pandemic. In Fiscal Year 2021-22, sales and use tax had an increase of \$10.4 million from the year before, the highest in the City’s history; in the current year, sales tax held consistent at \$59.3 million.

A two-year comparison of each General Fund revenue source for the fiscal years ended June 30, 2023 and June 30, 2022 is presented below:

**General Fund Revenues - Two-Year Comparison**

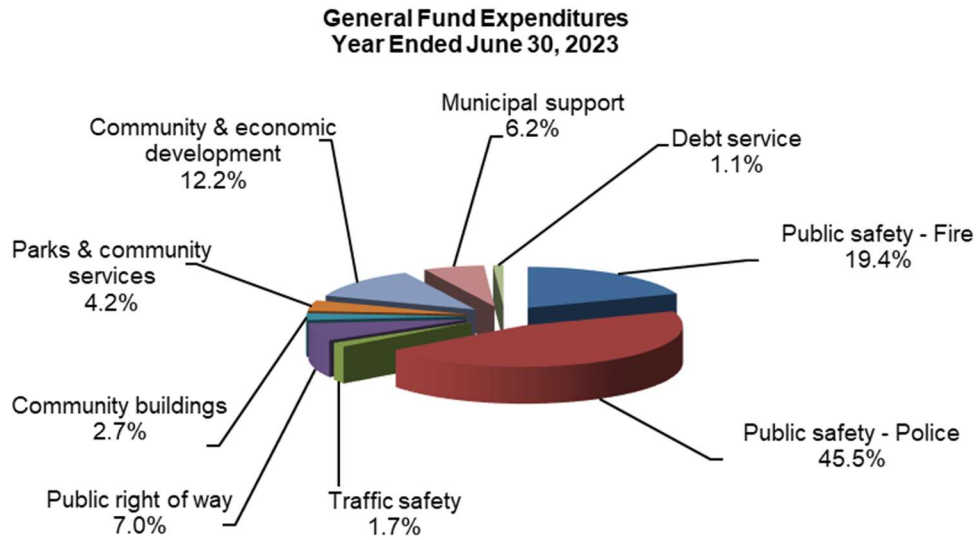


**CITY OF GARDEN GROVE**

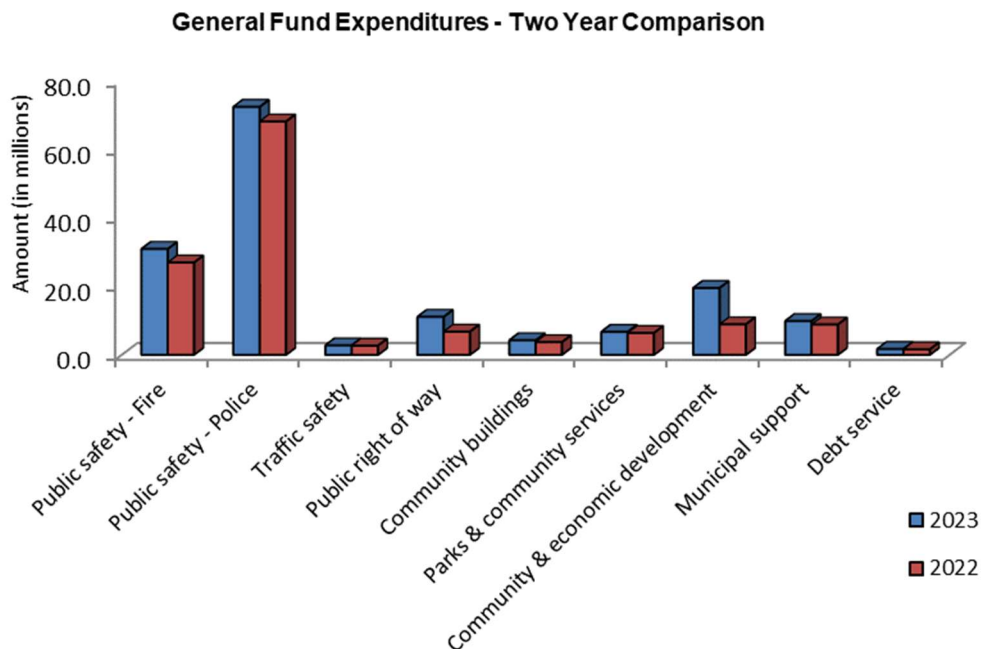
Management’s Discussion and Analysis (continued)  
June 30, 2023

For fiscal year ended June 30, 2023, total General Fund expenditure was \$159.5 million, of which the largest expenditure categories are Public safety - Fire at \$30.9 million, and Police at \$72.5 million. Public safety costs combined for the year ended June 30, 2023 was \$103.4 million, representing 64.9% of overall General Fund expenditures for the year.

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, 2023

In comparison to the previous fiscal year, overall General Fund expenditures increased by \$25.2 million. The largest increase was in the Community and Economic Development category in the amount of \$10.6 million. A total of \$19.5 million was invested in homelessness prevention and civic center revitalization. Expenditures in the Public Right of Way category had an increase of \$4.3 million, as the City continued to carry out its street pavement rehabilitation projects. Police and Fire costs also increased from the previous year by \$4.3 million and \$3.9 million respectively.

For Fiscal Year 2022-23, General Fund revenues exceeded expenditures by \$19.2 million. Combined with beginning balance of \$162.2 million, proceeds from sales of assets and leases of \$6.3 million, and a net transfer out in the amount of \$4.4 million, fund balance increased by \$21.1 million for the year, with an ending balance of \$183.3 million as of June 30, 2023.

The table below shows 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 2022-23</u>	<u>FY 2021-22</u>	<u>FY 2020-21</u>
Fund Balances:			
Nonspendable	\$ 18.7	\$ 10.6	\$ 11.3
Restricted	7.3	6.2	6.0
Committed	25.7	22.5	22.5
Assigned	2.9	2.7	2.7
Unassigned	128.7	120.2	69.9
Total Fund Balance	<u>\$ 183.3</u>	<u>\$ 162.2</u>	<u>\$ 112.4</u>
Fund Balance - Beginning	\$ 162.2	\$ 112.4	\$ 82.3
Excess revenues over expenditures	19.2	49.2	29.5
Transfers	(4.4)	0.6	0.6
Proceeds of sale of assets & leases	6.3	-	-
Fund Balance - Ending	<u>\$ 183.3</u>	<u>\$ 162.2</u>	<u>\$ 112.4</u>

## 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, 2023, net capital assets totaled \$655.4 million for the governmental activities, and \$172.7 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 8)* for additional information.

## CITY OF GARDEN GROVE

### Management's Discussion and Analysis (continued)

June 30, 2023

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Land	\$ 421.1	\$ 413.0	\$ 5.1	\$ 5.1	\$ 426.2	\$ 418.1
Streets	147.1	154.7	-	-	147.1	154.7
Storm drainage	22.1	23.6	-	-	22.1	23.6
Water system	-	-	87.9	85.7	87.9	85.7
Sewer system	-	-	68.3	65.3	68.3	65.3
Buildings and improvements	24.5	23.6	0.4	0.2	24.9	23.8
Furniture, machinery & equipment	16.3	17.1	0.2	0.2	16.5	17.3
SBITA assets*	0.1	0.1	0.2	0.3	0.3	0.4
Construction in progress	23.6	7.3	10.5	14.4	34.1	21.7
Right to use assets	0.6	0.1	0.1	0.4	0.7	0.5
<b>Total Capital Assets</b>	<b>\$ 655.4</b>	<b>\$ 639.5</b>	<b>\$ 172.7</b>	<b>\$ 171.6</b>	<b>\$ 828.1</b>	<b>\$ 811.1</b>

\* Beginning balances of Subscription-based IT Assets (SBITA) were restated per GASB Statement No. 96.

## 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.

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 9)*.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Lease revenue bonds	\$ 20.7	\$ 21.2	\$ -	\$ -	\$ 20.7	\$ 21.2
Capital leases payable	0.6	0.2	0.1	0.4	0.7	0.6
Revenue bonds	-	-	34.7	35.8	34.7	35.8
Certificates of participation	-	-	0.9	1.9	0.9	1.9
SBITA payable*	0.1	0.1	0.3	0.3	0.4	0.4
Unamortized bond premium	1.2	1.2	4.0	4.2	5.2	5.4
<b>Total Outstanding Debt</b>	<b>\$ 22.6</b>	<b>\$ 22.7</b>	<b>\$ 40.0</b>	<b>\$ 42.6</b>	<b>\$ 62.6</b>	<b>\$ 65.3</b>

\* Beginning balances of Subscription-based IT Assets (SBITA) were restated per GASB Statement No. 96.

## CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2023

### GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund appropriations were originally adopted for \$162.7 million for Fiscal Year 2022-23. Final appropriations were increased by \$1.1 million to \$163.8 million. The additional appropriation was to fund for the continuation of certain projects, and certain mandated programs.

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

	<b>2023</b>
Original Budget	\$ 162,745,876
Supplemental Changes	1,074,200
Final Budget	<u>\$ 163,820,076</u>

At June 30, 2023, the City's General Fund concluded the year with a net favorable variance of \$28.2 million. The variance is primarily due to higher than expected tax revenues and unforeseen one-time proceeds. Revenues estimates were developed on a conservative basis in June of 2022 as the COVID pandemic and its impact on the economy caused uncertainty on the City's major tax revenue bases, such as sales and use tax and transient occupancy tax. However, in Fiscal Year 2022-23, these two revenue sources combined generated approximately \$9.0 million higher than budget estimates as the economy bounced back stronger than anticipated. Property taxes, which has a direct correlation to the robust housing market performance, were approximately \$8.2 million higher than original estimates due to an unanticipated surge in the housing activities. Additionally, the City sold two properties that resulted in \$6.0 million in one-time revenue that was not budgeted for.

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

<b>City of Garden Grove Budget to Actual Comparison</b>				
(in millions)				
	Revenue	Expenditure	Transfer & Other Sources	Budget Variance
Final Budget	\$ 156.6	\$ 163.8	-	
Actual	178.6	159.5	1.9	
Favorable/(Unfavorable) Budget Variance	<u>\$ 22.0</u>	<u>\$ 4.3</u>	<u>\$ 1.9</u>	<u>\$ 28.2</u>

The City strives to develop a budget that accurately aligns available resources and operational needs, as unforeseen situations arise during the year, budget variances are carefully reviewed, analyzed, and programmed to address various community needs.



## **CITY OF GARDEN GROVE**

Management's Discussion and Analysis (continued)

June 30, 2023

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### **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](mailto:finance@ggcity.gov).



# **Basic Financial Statements**

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**CITY OF GARDEN GROVE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 318,225,523	\$ 105,609,922	\$ 423,835,445
Cash and investments with fiscal agents	512,456	6,917,252	7,429,708
Cash and investments with pension trust	3,218,497	-	3,218,497
Taxes receivable	15,034,664	294,892	15,329,556
Accounts receivable	919,663	7,785,629	8,705,292
Interest receivable	800,656	266,055	1,066,711
Intergovernmental receivable	5,656,315	-	5,656,315
Internal balances	6,229,957	(6,229,957)	-
Inventory	479,976	16,859	496,835
Deposits and prepaid items	3,814,129	55,748	3,869,877
Notes receivable, net	34,222,173	-	34,222,173
Leases receivable	4,039,468	-	4,039,468
Due from Successor Agency	5,054,260	-	5,054,260
Land held for resale	2,819,063	-	2,819,063
Prepaid bond insurance costs	90,889	-	90,889
Capital assets:			
Land	421,095,891	5,142,500	426,238,391
Construction in progress	23,630,809	10,487,044	34,117,853
Depreciable capital assets, net	210,685,382	157,105,423	367,790,805
Total assets	<u>1,056,529,771</u>	<u>287,451,367</u>	<u>1,343,981,138</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized loss on refunding of debt	-	68,029	68,029
OPEB related items	22,172,832	3,502,576	25,675,408
Pension related items	79,163,750	9,241,845	88,405,595
Total deferred outflows	<u>101,336,582</u>	<u>12,812,450</u>	<u>114,149,032</u>
<b>LIABILITIES</b>			
Accounts payable	8,329,423	6,895,008	15,224,431
Accrued liabilities	4,324,859	621,523	4,946,382
Refundable deposits	3,399,054	2,193,823	5,592,877
Interest payable	315,502	57,019	372,521
Unearned revenue	5,508,647	-	5,508,647
Noncurrent liabilities:			
Due within one year	15,965,999	3,687,581	19,653,580
Due in more than one year	58,818,039	37,250,168	96,068,207
OPEB liability	36,103,234	5,703,121	41,806,355
Net pension liability	313,155,143	30,134,700	343,289,843
Total liabilities	<u>445,919,900</u>	<u>86,542,943</u>	<u>532,462,843</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unamortized gain on refunding of debt	-	139,448	139,448
Lease related	3,917,929	-	3,917,929
OPEB related items	15,207,745	2,402,322	17,610,067
Pension related items	2,756,794	473,125	3,229,919
Total deferred inflows	<u>21,882,468</u>	<u>3,014,895</u>	<u>24,897,363</u>
<b>NET POSITION</b>			
Net investment in capital assets	633,327,358	132,656,126	765,983,484
Restricted for:			
Public safety	3,730,711	-	3,730,711
Public right of way	13,921,670	-	13,921,670
Drainage	264,186	-	264,186
Community planning and development	46,901,119	-	46,901,119
Community services	9,761,918	-	9,761,918
Unrestricted	(17,842,977)	78,049,853	60,206,876
Total net position	<u>\$ 690,063,985</u>	<u>\$ 210,705,979</u>	<u>\$ 900,769,964</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, 2023**

<u>Functions/programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenue Operating Grants and Contributions</u>
Governmental activities:			
Fire	\$ 31,187,744	\$ 705,488	\$ 1,080,718
Police	75,052,764	3,324,336	2,064,347
Traffic safety	5,785,833	1,292,697	173,500
Public right of way	21,098,833	372,056	13,690,154
Drainage	1,488,490	-	-
Community buildings	6,423,622	-	12,369
Community services	7,101,856	832,758	-
Economic development	4,322,614	-	222,599
Parks and greenbelts	2,966,419	857,330	71,859
Community planning and development	13,836,683	4,885,465	3,335,802
Municipal support	13,926,802	5,435,921	3,882,919
Interest on long term debt	1,106,968	-	-
Total governmental activities	184,298,628	17,706,051	24,534,267
Business-type activities:			
Water utility	32,578,991	40,911,604	-
Sewage collection	6,684,010	11,845,037	-
Housing authority	46,706,282	-	47,472,350
Solid waste disposal	2,057,501	4,111,249	-
Golf course	2,217,677	2,001,402	-
Total business-type activities	90,244,461	58,869,292	47,472,350
<b>Total</b>	<b>\$ 274,543,089</b>	<b>\$ 76,575,343</b>	<b>\$ 72,006,617</b>

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

Gain on sale of capital assets

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.*

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ -	\$ (29,401,538)	\$ -	\$ (29,401,538)
-	(69,664,081)	-	(69,664,081)
539,898	(3,779,738)	-	(3,779,738)
-	(7,036,623)	-	(7,036,623)
155,666	(1,332,824)	-	(1,332,824)
-	(6,411,253)	-	(6,411,253)
-	(6,269,098)	-	(6,269,098)
-	(4,100,015)	-	(4,100,015)
1,696,469	(340,761)	-	(340,761)
-	(5,615,416)	-	(5,615,416)
-	(4,607,962)	-	(4,607,962)
-	(1,106,968)	-	(1,106,968)
<u>2,392,033</u>	<u>(139,666,277)</u>	<u>-</u>	<u>(139,666,277)</u>
-	-	8,332,613	8,332,613
-	-	5,161,027	5,161,027
-	-	766,068	766,068
-	-	2,053,748	2,053,748
-	-	(216,275)	(216,275)
<u>-</u>	<u>-</u>	<u>16,097,181</u>	<u>16,097,181</u>
<u>\$ 2,392,033</u>	<u>\$ (139,666,277)</u>	<u>\$ 16,097,181</u>	<u>\$ (123,569,096)</u>
	60,103,880	-	60,103,880
	66,366,493	-	66,366,493
	2,863,122	-	2,863,122
	6,423,628	-	6,423,628
	28,016,033	-	28,016,033
	176,351	-	176,351
	4,237,702	1,273,307	5,511,009
	1,351,612	-	1,351,612
	34,415	-	34,415
	400,000	(400,000)	-
	<u>169,973,236</u>	<u>873,307</u>	<u>170,846,543</u>
	30,306,959	16,970,488	47,277,447
	<u>659,757,026</u>	<u>193,735,491</u>	<u>853,492,517</u>
	<u>\$ 690,063,985</u>	<u>\$ 210,705,979</u>	<u>\$ 900,769,964</u>

**CITY OF GARDEN GROVE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	General Fund	Navigation Center Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash investments	\$ 151,276,764	\$ 5,947,608	\$ 39,254,465	\$ 196,478,837
Cash and cash investments with fiscal agents	1,012	-	511,444	512,456
Cash and investments with pension trust	3,218,497	-	-	3,218,497
Taxes receivable	13,895,720	-	1,138,944	15,034,664
Accounts receivable	797,197	-	106,095	903,292
Interest receivable	405,395	-	100,889	506,284
Intergovernmental receivable	1,280,576	-	4,375,677	5,656,253
Intercity loans receivable, net	15,401,256	-	-	15,401,256
Due from other funds	20,000	-	-	20,000
Due from Successor Agency	-	-	5,054,260	5,054,260
Deposits and prepaid items	3,330,323	-	11,580	3,341,903
Notes receivable, net	2,866,840	-	31,355,333	34,222,173
Leases receivable	4,039,468	-	-	4,039,468
Land held for resale	2,300,000	-	519,063	2,819,063
Total assets	<u>\$ 198,833,048</u>	<u>\$ 5,947,608</u>	<u>\$ 82,427,750</u>	<u>\$ 287,208,406</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 2,644,936	\$ 349,645	\$ 4,689,612	\$ 7,684,193
Accrued liabilities	1,886,182	15,009	688,848	2,590,039
Refundable deposits	3,399,054	-	-	3,399,054
Intercity loan payable	2,353,050	-	5,550,000	7,903,050
Unearned revenue	-	5,506,019	2,628	5,508,647
Due to other funds	72,399	20,000	3,596	95,995
Total liabilities	<u>10,355,621</u>	<u>5,890,673</u>	<u>10,934,684</u>	<u>27,180,978</u>
Deferred inflows of resources:				
Unavailable revenue	1,251,636	-	998,668	2,250,304
Lease related	3,917,929	-	-	3,917,929
Total Deferred inflows	<u>5,169,565</u>	<u>-</u>	<u>998,668</u>	<u>6,168,233</u>
Fund balances:				
Non-Spendable:				
Intercity loan	13,048,206	-	-	13,048,206
Prepaid items	3,330,323	-	11,580	3,341,903
Land held for resale	2,300,000	-	-	2,300,000
Restricted:				
Public safety	37,884	-	3,650,179	3,688,063
Fire protection	56,670	-	-	56,670
Public right of way	280	-	14,662,122	14,662,402
Drainage	-	-	264,186	264,186
Community planning and development	4,841,256	-	42,340,104	47,181,360
Community services	191,941	-	9,569,977	9,761,918
Municipal support and services	40,885	-	-	40,885
Pension trust	2,129,403	-	-	2,129,403
Committed:				
Stability reserve	25,700,000	-	-	25,700,000
Assigned:				
Post-employment benefits	1,000,000	-	-	1,000,000
Building improvements	1,300,000	-	-	1,300,000
General plan	576,200	-	-	576,200
Unassigned	128,754,814	56,935	(3,750)	128,807,999
Total fund balances	<u>183,307,862</u>	<u>56,935</u>	<u>70,494,398</u>	<u>253,859,195</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 198,833,048</u>	<u>\$ 5,947,608</u>	<u>\$ 82,427,750</u>	<u>\$ 287,208,406</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, 2023**

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

Fund balances - total governmental funds (page 27)	\$ 253,859,195
Capital assets used in governmental activities are not current financial resources, and therefore are not reported in the governmental funds balance sheet.	
Capital assets	1,011,890,932
Accumulated depreciation	(369,596,132)
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.	
	2,250,304
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.	
	73,439,347
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.	
Long term debt	(20,908,422)
Bond premium	(1,232,297)
Prepaid bond issuance costs	90,889
Accrued interest payable	(313,317)
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.	
	(27,897,374)
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.	
	(231,519,140)
Net position of governmental activities	<u>\$ 690,063,985</u>

*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, 2023**

	General Fund	Navigation Center Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes	\$ 159,930,340	\$ -	\$ 4,127,513	\$ 164,057,853
Licenses and permits	3,072,537	-	82,861	3,155,398
Fines, forfeits and penalties	2,305,388	-	1,012,430	3,317,818
Investment earnings	709,999	15	1,555,260	2,265,274
Charges for current services	7,724,342	-	4,527,141	12,251,483
From other agencies	2,797,420	2,987,661	19,262,888	25,047,969
Other revenues	2,069,957	56,921	64,114	2,190,992
Total revenues	<u>178,609,983</u>	<u>3,044,597</u>	<u>30,632,207</u>	<u>212,286,787</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	30,933,358	-	-	30,933,358
Police	72,454,478	-	2,679,416	75,133,894
Traffic safety	2,788,572	-	3,394,459	6,183,031
Public right of way	11,102,502	-	11,507,538	22,610,040
Community buildings	4,273,408	6,295,767	-	10,569,175
Community services	5,304,575	-	1,273,395	6,577,970
Economic development	1,756,237	-	2,558,033	4,314,270
Parks and greenbelts	1,427,596	-	1,475,924	2,903,520
Community planning and development	17,793,188	-	8,694,014	26,487,202
Municipal support	9,898,298	-	209,254	10,107,552
Debt service:				
Principal retirement	579,320	-	50,568	629,888
Interest	1,150,820	-	1,057	1,151,877
Total expenditures	<u>159,462,352</u>	<u>6,295,767</u>	<u>31,843,658</u>	<u>197,601,777</u>
Excess of revenues over expenditures	<u>19,147,631</u>	<u>(3,251,170)</u>	<u>(1,211,451)</u>	<u>14,685,010</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of capital assets	5,989,694	-	784,917	6,774,611
Proceeds of leases	277,888	-	-	277,888
Transfers in	4,719,612	3,308,105	1,184,157	9,211,874
Transfers out	(9,092,262)	-	(3,801,449)	(12,893,711)
Total other financing (uses)	<u>1,894,932</u>	<u>3,308,105</u>	<u>(1,832,375)</u>	<u>3,370,662</u>
Net change in fund balances	21,042,563	56,935	(3,043,826)	18,055,672
Fund balances, beginning of year	<u>162,265,299</u>	<u>-</u>	<u>73,538,224</u>	<u>235,803,523</u>
Fund balances, end of year	<u>\$ 183,307,862</u>	<u>\$ 56,935</u>	<u>\$ 70,494,398</u>	<u>\$ 253,859,195</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, 2023**

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

Net change in fund balances - total governmental funds \$ 18,055,672

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	33,919,826
Depreciation expense	(12,163,104)

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	848,866
Change in accrued interest	9,000
Proceeds of lease	(277,888)
Amortization of bond premium and deferred items	50,537

Some revenues in statement of activities that do not provide current financial resources are not reported as revenues in the funds. (616,084)

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. 10,522,657

OPEB costs do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (2,569,669)

Pension costs do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (11,972,854)

Change in net position of governmental activities \$ 35,806,959

*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, 2023**

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Utility	Sewage Collection	Housing Authority	Total Nonmajor Funds	Total Enterprise Funds	
<b>ASSETS</b>						
Current assets:						
Cash and cash investments	\$ 38,197,969	\$ 48,176,699	\$ 2,940,550	\$ 16,294,704	\$ 105,609,922	\$ 121,746,686
Cash and cash investments with fiscal agents	6,917,252	-	-	-	6,917,252	-
Taxes receivable	-	59,545	-	235,347	294,892	-
Accounts receivable	5,415,983	1,840,289	31,290	498,067	7,785,629	16,371
Interest receivable	95,343	123,011	6,857	40,844	266,055	294,372
Intergovernmental receivable	-	-	-	-	-	62
Due from other funds	-	-	-	-	-	90,594
Inventory	-	-	-	16,859	16,859	479,976
Deposits and prepaid items	17,497	8,615	13,319	16,317	55,748	472,226
Total current assets	<u>50,644,044</u>	<u>50,208,159</u>	<u>2,992,016</u>	<u>17,102,138</u>	<u>120,946,357</u>	<u>123,100,287</u>
Noncurrent assets:						
Intercity loans receivable, net	-	-	-	-	-	3,554,568
Notes receivable	-	-	-	-	-	-
Capital assets:						
Land	1,471,805	537,984	-	3,132,711	5,142,500	-
Construction in progress	8,362,650	2,104,069	-	20,325	10,487,044	185,277
Depreciable capital assets, net	88,432,870	68,382,261	40,244	250,048	157,105,423	12,932,005
Total noncurrent assets	<u>98,267,325</u>	<u>71,024,314</u>	<u>40,244</u>	<u>3,403,084</u>	<u>172,734,967</u>	<u>16,671,850</u>
Total assets	<u>148,911,369</u>	<u>121,232,473</u>	<u>3,032,260</u>	<u>20,505,222</u>	<u>293,681,324</u>	<u>139,772,137</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Unamortized loss on refunding of debt	68,029	-	-	-	68,029	-
OPEB related items	1,857,888	426,401	1,005,087	213,200	3,502,576	944,173
Pension related items	4,584,019	2,141,783	1,799,968	716,075	9,241,845	2,261,821
Total deferred outflows	<u>6,509,936</u>	<u>2,568,184</u>	<u>2,805,055</u>	<u>929,275</u>	<u>12,812,450</u>	<u>3,205,994</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	5,815,322	700,266	35,026	344,394	6,895,008	645,230
Accrued liabilities	409,459	140,878	58,175	13,011	621,523	1,734,820
Refundable deposits	539,480	-	144,183	1,510,160	2,193,823	-
Interest payable	35,366	21,630	16	7	57,019	2,185
Due to other funds	8,291	2,597	1,325	291	12,504	2,095
Current portion of long-term obligations						
Subscription-based IT payable	63,000	-	-	-	63,000	11,224
Leases payable	-	-	10,950	25,567	36,517	83,278
Accrued compensated absences	552,427	349,989	-	-	902,416	7,609,598
Claims payable	-	-	-	-	-	7,503,317
Long-term debt	1,933,192	752,456	-	-	2,685,648	-
Total current liabilities	<u>9,356,537</u>	<u>1,967,816</u>	<u>249,675</u>	<u>1,893,430</u>	<u>13,467,458</u>	<u>17,591,747</u>
Noncurrent liabilities:						
Noncurrent portion of long-term obligations:						
Subscription-based IT payable	189,000	-	-	-	189,000	11,586
Leases payable	-	-	22,090	32,012	54,102	350,373
Accrued compensated absences	17,086	10,825	-	-	27,911	235,349
Claims payable	-	-	-	-	-	36,838,594
Intercity loans payable	9,851,255	-	-	-	9,851,255	1,201,519
Long-term debt	24,890,720	12,088,435	-	-	36,979,155	-
Net pension liability	14,947,021	6,983,669	5,869,119	2,334,891	30,134,700	7,375,076
OPEB liability	3,025,133	694,293	1,636,548	347,147	5,703,121	1,537,363
Total noncurrent liabilities	<u>52,920,215</u>	<u>19,777,222</u>	<u>7,527,757</u>	<u>2,714,050</u>	<u>82,939,244</u>	<u>47,549,860</u>
Total liabilities	<u>62,276,752</u>	<u>21,745,038</u>	<u>7,777,432</u>	<u>4,607,480</u>	<u>96,406,702</u>	<u>65,141,607</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unamortized gain on refunding of debt	-	139,448	-	-	139,448	-
OPEB related items	1,274,275	292,457	689,362	146,228	2,402,322	647,583
Pension related items	234,674	109,646	92,147	36,658	473,125	115,792
Total deferred inflows	<u>1,508,949</u>	<u>541,551</u>	<u>781,509</u>	<u>182,886</u>	<u>3,014,895</u>	<u>763,375</u>
<b>NET POSITION</b>						
Net investment in capital assets	71,259,442	58,043,975	7,204	3,345,505	132,656,126	12,660,821
Unrestricted	20,376,162	43,470,093	(2,728,830)	13,298,626	74,416,051	64,412,328
Total net position	<u>\$ 91,635,604</u>	<u>\$ 101,514,068</u>	<u>\$ (2,721,626)</u>	<u>\$ 16,644,131</u>	<u>207,072,177</u>	<u>\$ 77,073,149</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					3,633,802	
Net position of business-type activities					<u>\$ 210,705,979</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, 2023**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Water Utility</b>	<b>Sewage Collection</b>
<b>Operating revenues:</b>		
Charges for services	\$ -	\$ -
Water sales	40,840,781	-
Section 8 grant revenue	-	-
Solid waste disposal fees	-	-
Property assessments	-	4,506,286
Sewer user fees	-	7,338,273
Other	70,823	478
Total operating revenues	<u>40,911,604</u>	<u>11,845,037</u>
<b>Operating expenses:</b>		
Salaries and benefits	6,045,362	2,440,883
Contractual services	6,775,069	1,773,204
Liability claims	-	-
Materials and supplies	259,244	376,687
Water production expenses	14,276,376	-
Housing	-	-
Golf course operations	-	-
Depreciation and amortization	3,892,883	1,883,989
Total operating expenses	<u>31,248,934</u>	<u>6,474,763</u>
Operating income	<u>9,662,670</u>	<u>5,370,274</u>
<b>Nonoperating revenues (expenses):</b>		
Investment income	427,156	592,180
Gain on disposal of assets	-	-
Loss on land held for resale	(200,059)	-
Other nonoperating revenues (expenses)	(561,050)	-
Interest expense	(1,188,517)	(466,779)
Total nonoperating (expenses) revenues	<u>(1,522,470)</u>	<u>125,401</u>
Income before transfers and capital contributions	8,140,200	5,495,675
Capital contributions	-	-
Transfers in	-	-
Transfers out	(400,000)	-
Change in net position	7,740,200	5,495,675
<b>Total net position (deficit), beginning of year</b>	<u>83,895,404</u>	<u>96,018,393</u>
<b>Total net position (deficit), end of year</b>	<u>\$ 91,635,604</u>	<u>\$ 101,514,068</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.*

<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
<b>Housing Authority</b>	<b>Total Nonmajor Funds</b>	<b>Total Enterprise Funds</b>	
\$ -	\$ 2,001,402	\$ 2,001,402	\$ 21,670,651
-	-	40,840,781	-
47,415,365	-	47,415,365	-
-	3,011,646	3,011,646	-
-	614,055	5,120,341	-
-	-	7,338,273	-
56,985	485,548	613,834	14,229
<u>47,472,350</u>	<u>6,112,651</u>	<u>106,341,642</u>	<u>21,684,880</u>
2,065,501	609,107	11,160,853	4,879,867
249,853	1,394,363	10,192,489	3,216,350
-	-	-	5,209,575
66,392	54,031	756,354	529,636
-	-	14,276,376	-
44,161,567	-	44,161,567	-
-	2,090,835	2,090,835	-
162,728	126,652	6,066,252	2,041,944
<u>46,706,041</u>	<u>4,274,988</u>	<u>88,704,726</u>	<u>15,877,372</u>
<u>766,309</u>	<u>1,837,663</u>	<u>17,636,916</u>	<u>5,807,508</u>
60,775	193,196	1,273,307	1,448,040
-	-	-	77,001
-	-	(200,059)	-
-	-	(561,050)	-
(241)	(190)	(1,655,727)	(14,628)
<u>60,534</u>	<u>193,006</u>	<u>(1,143,529)</u>	<u>1,510,413</u>
826,843	2,030,669	16,493,387	7,317,921
-	-	-	117,990
-	-	-	5,000,000
-	-	(400,000)	(918,163)
826,843	2,030,669	16,093,387	11,517,748
<u>(3,548,469)</u>	<u>14,613,462</u>		<u>65,555,401</u>
<u>\$ (2,721,626)</u>	<u>\$ 16,644,131</u>		<u>\$ 77,073,149</u>
		<u>877,101</u>	
		<u>\$ 16,970,488</u>	

**CITY OF GARDEN GROVE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Water Utility</b>	<b>Sewage Collection</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and user departments	\$ 40,945,103	\$ 11,704,377
Payments to suppliers	(23,081,422)	(2,231,259)
Payments to employees	(8,437,067)	(3,795,238)
Payments for employee benefits	-	-
Net cash provided by operating activities	<u>9,426,614</u>	<u>5,677,880</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Cash received from other funds	-	-
Cash paid to other funds	(1,181,254)	(124)
Net cash (used) provided by noncapital financing activities	<u>(1,181,254)</u>	<u>(124)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(6,011,246)	(1,535,552)
Proceeds from sale of capital assets	-	28,183
Proceeds from leases	-	-
Principal paid on capital debt	(1,518,192)	(645,000)
Interest paid on capital debt	(1,175,191)	(551,375)
Net cash (used) by capital and related financing activities	<u>(8,704,629)</u>	<u>(2,703,744)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earnings	602,568	819,261
Increase (decrease) in fair value of investments	(249,132)	(321,433)
Net cash provided by investing activities	<u>353,436</u>	<u>497,828</u>
Net (decrease) increase in cash and cash equivalents	(105,833)	3,471,840
Cash and cash equivalents, beginning of year	<u>45,221,054</u>	<u>44,704,859</u>
Cash and cash equivalents, end of year	<u>\$ 45,115,221</u>	<u>\$ 48,176,699</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
\$ 47,424,390	\$ 6,723,082	\$ 106,796,952	\$ 21,694,812
(44,531,404)	(3,365,059)	(73,209,144)	(11,439,729)
(3,006,114)	(577,679)	(15,816,098)	(6,230,854)
-	-	-	832,387
(113,128)	2,780,344	17,771,710	4,856,616
50	204	254	5,601,874
-	-	(1,181,378)	(1,079,086)
50	204	(1,181,124)	4,522,788
-	(144,650)	(7,691,448)	(1,877,766)
-	-	28,183	147,757
-	-	-	433,651
(154,669)	(111,461)	(2,429,322)	(15,976)
(225)	(197)	(1,726,988)	(12,443)
(154,894)	(256,308)	(11,819,575)	(1,324,777)
73,609	267,641	1,763,079	1,997,025
(17,919)	(106,725)	(695,209)	(769,206)
55,690	160,916	1,067,870	1,227,819
(212,282)	2,685,156	5,838,881	9,282,446
3,152,832	13,609,548	106,688,293	112,464,240
\$ 2,940,550	\$ 16,294,704	\$ 112,527,174	\$ 121,746,686

(continued)



**CITY OF GARDEN GROVE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Water Utility</b>	<b>Sewage Collection</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 9,662,670	\$ 5,370,274
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	3,892,883	1,883,989
Other nonoperating revenues (expenses)	(561,050)	(28,183)
Decrease (increase) in taxes receivable	-	(13,213)
Decrease (increase) in accounts receivable	594,480	(129,935)
Decrease (increase) in intergovernmental receivable	-	-
Decrease (increase) in notes receivable	-	2,488
Decrease (increase) in inventory	-	-
Decrease (increase) in prepaid expenses	(10,997)	14,057
Increase (decrease) in accounts payable	(2,056,257)	39,568
Increase (decrease) in subscription-based IT payable	252,000	-
Increase (decrease) in accrued compensated absences	(59,490)	8,231
Increase (decrease) in accrued liabilities	44,521	(106,810)
Increase (decrease) in refundable deposits	69	-
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	224,891	51,614
Increase (decrease) in net pension liability and related changes in deferred outflows and inflows of resources	(2,557,106)	(1,414,200)
Total adjustments	(236,056)	307,606
Net cash provided by operating activities	<u>\$ 9,426,614</u>	<u>\$ 5,677,880</u>
<b>Non-cash capital and related financing activities</b>		
Capital assets contributed from other funds	<u>\$ -</u>	<u>\$ -</u>

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

<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities-</b>
<b>Housing Authority</b>	<b>Total Nonmajor Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
\$ 766,309	\$ 1,837,663	\$ 17,636,916	\$ 5,807,508
162,728	126,652	6,066,252	2,041,944
-	-	(589,233)	-
-	141,453	128,240	-
(25,724)	(27,152)	411,669	9,994
20,952	-	20,952	(62)
-	-	2,488	-
-	(4,270)	(4,270)	(3,948)
6,311	72,824	82,195	(253,016)
(61,982)	105,616	(1,973,055)	-
-	-	252,000	-
-	-	(51,259)	(310,450)
2,079	3,480	(56,730)	(69,662)
(43,188)	496,130	453,011	1,064,854
-	-	-	22,810
-	-	-	(2,135,435)
121,663	25,808	423,976	114,289
(1,062,276)	2,140	(5,031,442)	(1,432,210)
(879,437)	942,681	134,794	(950,892)
\$ (113,128)	\$ 2,780,344	\$ 17,771,710	\$ 4,856,616
\$ -	\$ -	\$ -	\$ -

**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, 2023**

**ASSETS**

Current assets:

Cash and cash investments	\$ 13,366,623
Cash and cash investments with fiscal agents	4,095,793
Interest receivable	37,446
Total current assets	17,499,862

Noncurrent assets:

Prepaid bond insurance costs	366,046
Land held for resale	849,639
Total noncurrent assets	1,215,685

Total assets	18,715,547
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**DEFERRED OUTFLOWS OF RESOURCES**

Unamortized loss on refunding of debt	216,226
Total deferred outflows	216,226

**LIABILITIES**

Current liabilities:

Accounts payable	58,431
Accrued liabilities	4,880
Deposits payable	2,672,458
Interest payable	550,400
Current portion of long-term obligations	6,141,557
Total current liabilities	9,427,726

Noncurrent liabilities:

Noncurrent portion of long-term obligations:	
Long-term obligations	51,184,450
Total noncurrent liabilities	51,184,450

Total liabilities	60,612,176
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**NET POSITION**

Held in trust for redevelopment dissolution	\$ (41,680,403)
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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, 2023**

**ADDITIONS**

Taxes	\$	1,126,186
Investment earnings		263,886
Other revenues		1,200
Total additions		1,391,272

**DEDUCTIONS**

Program expenses		831,890
Administrative expenses		404,762
Interest and fiscal agency expenses		1,682,914
Loss on asset disposals		24,371,883
Total deductions		27,291,449

**CHANGE IN NET POSITION** (25,900,177)

**NET POSITION, BEGINNING OF YEAR** (15,780,226)

**NET POSITION, END OF YEAR** \$ (41,680,403)

*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, 2023**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Garden Grove (the "City") was incorporated June 18, 1956 as a general law full-service city. The City operates under a council-manager form of government and provides the following services: public safety (police, fire, and paramedics), highways and streets, social services, culture and recreation, parks, planning, zoning, housing, water, solid waste collection and disposal, sewage services and general administration. 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  
FISCAL YEAR ENDED JUNE 30, 2023**

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**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  
FISCAL YEAR ENDED JUNE 30, 2023**

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**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.

***Navigation Center Fund***

This fund was established to account for the City's project to develop and operate a multi-party Central Cities Navigation Center (CCNC). The CCNC will provide emergency housing along with income and healthcare services to help individuals experiencing homelessness.

***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, 2023**

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**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, communication replacement services, and building and structure rehabilitation 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, 2023**

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**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 average quarterly cash and investment balances.

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, 2023**

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**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

**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, 2023 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. The City uses the purchase method to record prepaid items.

**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, 2023**

**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
Right-to-use assets	varies
Subscription-based IT assets	varies
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, represent a consumption of net assets that applies to 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, 2023**

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**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, represent an acquisition of net assets 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 five types of items which qualify for reporting in this category. Three of the items are deferred items from pension-related items, deferred charges related to OPEB and deferred items from lease-related items. The fourth 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 fifth 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, 2023**

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**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, 2023, 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, 2023**

---

**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, 2023**

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**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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 - June 30, 2022

**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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 - June 30, 2022

**n. Leases**

At the commencement of the lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

The City used the estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.



**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**o. Subscription-based Information Technology (IT) Arrangements**

The City is a participant in subscription-based IT arrangements as detailed in Note 9. The City recognizes a subscription-based payable and right-to-use IT assets in the financial statements.

At the commencement of the arrangement, the City initially measures the payable at the present value of payments expected to be paid during the arrangement term. Subsequently, the payable is reduced by the principal portion of payments made. The right-to-use assets are initially measured at the initial amount of the subscription-based IT payable. Subsequently, the right-to-use assets are amortized over the life of the arrangement term.

**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, 2023, the Street Lighting, Park Maintenance and Garden Grove Tourism Improvement District Special Revenue Funds and the Public Safety Capital Project Fund reported expenditure in excess of appropriations of \$373,661, \$237,323, \$603,300, and \$495,696 respectively.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**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	20%	25%
Negotiated Certificates of Deposit	3 years	20%	None
Commercial Paper	270 days	25% **	10%
Medium Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Mortgage-backed Securities	5 years	20%	None
Repurchase Agreement (Overnight)	14 days **	10%	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, 2023**

**B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)**

**2. Deficit Fund Balance**

The following funds had a deficit at June 30, 2023:

Fund	Type of Fund	Deficit Fund Balance
Housing Authority	Enterprise	\$ (2,721,626)
Successor Redevelopment Agency	Fiduciary	\$ (41,680,403)

The Housing Authority Fund, an enterprise fund, has a deficit fund balance of \$2,721,626. 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 \$41,680,403. 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, 2023**

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**C. DETAILED NOTES ON ALL FUNDS**

**1. Cash and Investments**

Cash and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

Statement of net position	
Cash and investments	\$ 423,835,445
Cash and investments with fiscal agent	7,429,708
Cash and investments for pension trust	<u>3,218,497</u>
	<u>434,483,650</u>
Successor Agency (Private Purpose Trust Fund)	
Cash and investments	13,366,623
Cash and investments with fiscal agent	<u>4,095,793</u>
	<u>17,462,416</u>
 Total Cash and Investments	 <u>\$ 451,946,066</u>
Cash on hand	\$ 44,330
Deposits with financial institutions	16,145,899
Investments	<u>435,755,837</u>
 Total Cash and Investments	 <u>\$ 451,946,066</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, 2023**

**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	\$47,990,922	3.60
U.S. Agency Securities		
FHLB	33,172,013	1.71
FFCB	51,925,098	2.17
FNMA	7,710,891	2.32
FHLMG	8,701,866	2.96
FM	2,892,960	1.01
FHMTG	2,722,110	2.24
FAMCMT	3,782,538	2.85
Money Market Funds	232,929	0.10
Commercial Paper	27,180,556	0.10
Corporate Bonds	71,065,408	3.12
Municipal Bonds	46,900,800	3.12
Supranationals	17,997,277	3.61
Local Agency Investment Fund (LAIF)	98,736,470	0.50
Restricted cash and investments:		
Investment Pool (PARS)	3,218,497	0.10
Held by fiscal Agent:		
Money Market Funds	11,525,502	0.50
 Total	 <u>\$435,755,837</u>	

**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	\$ 47,990,922	N/A	\$ 47,990,922	\$ -	\$ -	\$ -	\$ -
U.S. Agency Securities							
FHLB	33,172,013	N/A	-	33,172,013	-	-	-
FFCB	51,925,098	N/A	-	51,925,098	-	-	-
FNMA	7,710,891	N/A	-	7,710,891	-	-	-
FHLMG	8,701,866	N/A	-	8,701,866	-	-	-
FM	2,892,960	N/A	-	2,892,960	-	-	-
FHMTG	2,722,110	N/A	-	2,722,110	-	-	-
FACMTN	3,782,538	N/A	-	3,782,538	-	-	-
Money Market Funds	232,929	AAA	-	232,929	-	-	-
Commercial Paper	27,180,556	A - A+	-	-	-	27,180,556	-
Corporate Bonds	71,065,408	AA	-	14,555,086	33,052,974	23,457,348	-
Municipal Bonds	46,900,800	AA+	-	18,573,537	18,550,635	-	9,776,628
Supranationals	17,997,277	Aaa	-	17,997,277	-	-	-
Local Agency Investment Fund (LAIF)	98,736,470	N/A	-	-	-	-	98,736,470
Restricted cash and investments:							
Investment Pool (PARS)	3,218,497	N/A	-	-	-	-	3,218,497
Held by fiscal agent:							
Money Market Fund	11,525,502	AAA	-	11,525,502	-	-	-
 Total	 <u>\$ 435,755,837</u>		 <u>\$ 47,990,922</u>	 <u>\$ 173,791,807</u>	 <u>\$ 51,603,609</u>	 <u>\$ 50,637,904</u>	 <u>\$ 111,731,595</u>

**CITY OF GARDEN GROVE  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FISCAL YEAR ENDED JUNE 30, 2023**

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**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	\$ 33,172,013
FFCB	U.S. Agency Securities	51,925,098

**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.

**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.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**1. Cash and Investments (continued)**

The total amount invested by all public agencies in LAIF as of June 30, 2023 was \$25.7 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2023 had a balance of \$178.4 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, 2023, the City reported \$3,218,497 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)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury	\$ 47,990,922	\$ 47,990,922	\$ -	\$ -
Commercial Paper	27,180,556	-	27,180,556	-
Corporate Bonds	71,065,408	-	71,065,408	-
Municipal Bonds	46,900,800	-	46,900,800	-
Supranationals	17,997,277	-	17,997,277	-
U.S. Agency Securities				
FHLB	33,172,013	-	33,172,013	-
FFCB	51,925,098	-	51,925,098	-
FNMA	7,710,891	-	7,710,891	-
FHLMG	8,701,866	-	8,701,866	-
FM	2,892,960	-	2,892,960	-
FHMTG	2,722,110	-	2,722,110	-
FHMTG	3,782,538	-	3,782,538	-
Total	<u>\$ 322,042,439</u>	<u>\$ 47,990,922</u>	<u>\$ 274,051,517</u>	<u>\$ -</u>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

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**C. DETAILED NOTES ON ALL FUNDS (continued)**

**2. Intercity Loans Receivable/Payable at June 30, 2023 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.

\$ 9,851,256

**b. Loan from General Fund to the former redevelopment agency:**

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 agency:**

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

**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.

\$ 18,970,000



**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2022**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**2. Intercity Loans Receivable/Payable at June 30, 2023 (continued)**

**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.

750,000

**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.

1,201,518

**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%.

2,353,050

**h. Loan from General Fund to Housing Capital Project Fund:**

In June 2023, the City Council approved a loan between the Housing Capital Project Fund and the General Fund for \$5,500,000 for the purchase of City property for development of affordable housing. The Housing Authority will pay this amount back to the City in the form of a Promissory Note at a rate of 5% per annum.

5,550,000

**Total Intercity Loans Receivable**

44,263,843

**Less Allowance**

(25,308,019)

**Total Intercity Loans Receivable, net**

\$ 18,955,824

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**3. Leases Receivable**

**Governmental Activities**

As of June 30, 2023, the City has five leases; two digital billboards and three building leases located throughout Garden Grove. The interest rate for each lease range from 0.308% to 2.536%. The initial lease agreement term ranges from 29 - 360 months. One building lease has an option to extend for an additional two 12 month periods; and one building lease has an option to extend for nine 60 month periods. The total amount of lease revenue recognized in the current reporting period from leases is \$439,558 and the total amount of interest received related to the leases was \$17,907. The balance of the lease receivables at June 30, 2023 is \$4,039,468. The City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the term of the leases. The balance of deferred inflow of resources at June 30, 2023 is \$3,917,929.

**4. Due From Successor Agency**

The former Redevelopment Agency has loans from the Low Income Housing Assets Capital Project Fund, that were used to make the "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 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

The amount due from the Successor Agency at June 30, 2023 is \$6,054,260, which represents \$5,054,260 of SERAF.

\$ 5,054,260

**5. Interfund Receivables, Payables, and Transfers**

**a. The composition of interfund receivable/payable balances as of June 30, 2023**

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 20,000	\$ -
Navigation Center Fund	-	20,000
	<u>20,000</u>	<u>20,000</u>
Internal Service Funds	90,594	2,095
General Fund	-	72,399
Nonmajor Governmental Funds	-	3,596
Water Utility	-	8,291
Sewage Collection	-	2,597
Housing Authority	-	1,325
Nonmajor Enterprise Funds	-	291
	<u>90,594</u>	<u>90,594</u>
Total	<u>\$ 110,594</u>	<u>\$ 110,594</u>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**5. Interfund Receivables, Payables, and Transfers (continued)**

The interfund payable balances represent routine and temporary cash flow assistance from the General Fund and 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.

**b. The composition of interfund transfer balances for the year ended June 30, 2023 is as follows:**

<b>Transfers out:</b>	<b>Transfers in:</b>				<b>Total</b>
	<b>General Fund</b>	<b>Navigation Center Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Internal Service Funds</b>	
General Fund	\$ -	\$ 3,308,105	\$ 1,184,157	\$ 4,600,000	\$ 9,092,262
Nonmajor Governmental Funds	3,801,449	-	-	-	3,801,449
Internal Service Funds	918,163	-	-	-	918,163
Water Utility Fund	-	-	-	400,000	400,000
<b>Total</b>	<b>\$ 4,719,612</b>	<b>\$ 3,308,105</b>	<b>\$ 1,184,157</b>	<b>\$ 5,000,000</b>	<b>\$ 14,211,874</b>

Transfer from the General Fund to the Tri-City Navigation Fund was made in the amount of \$3,308,105 for the City's share of the acquisition cost for the Navigation Center.

Transfers from the General Fund were made to subsidize the Garden Grove Cable Fund in the amount of \$575,952 and to subsidize the Park Maintenance Assessment District in the amount of \$234,544. In addition, the General Fund made a transfer to the Street Lighting District Fund in the amount of \$373,661 to subsidize the operating costs.

A transfer from the General Fund was made in the amount of \$1,600,000 and \$400,000 from the Water Utility Fund to the Workers' Compensation Fund to replenish the fund.

A transfer from the General Fund was made in the amount of \$3,000,000 to set up the new Building and Structure Rehabilitation Internal Service Fund.

A transfer from the Neighborhood Stabilization Program Fund to the General Fund was made in the amount of 38,560 due to a HUD adjustment.

Transfers to the General Fund generated by the Garden Grove Tourism Improvement District Special Revenue Fund in the amount of \$762,889 were made to fund future City projects.

Transfers from the Employee Benefit Internal Service Fund were made in the amount of \$918,163 to the Section 115 Pension Trust Fund to fund future City pension obligations.

Transfers from the Housing Successory Agency Fund were made in the amount of \$3,000,000 to General Fund in anticipation of the possible purchase and sale agreement between the Garden Grove Housing Authority and the City of Garden Grove, for the property at 11390-11400 Standford Avenue.

**CITY OF GARDEN GROVE  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**6. Notes receivable at June 30, 2023, consisted of the following:**

**a. Neighborhood Stabilization Program (NSP) Loan – Other Grants and Contributions Major Special Revenue Fund:**

At June 30, 2023, ten 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. \$ 390,828

**b. Mortgage Assistance Program (MAP) Loan – Other nonmajor governmental funds:**

At June 30, 2023, 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. 169,626

**c. CalHome Mortgage Assistance (CalHome) Loan - Other Grants and Contributions Major Special Revenue Fund:**

At June 30, 2023, twenty-seven CalHome Agreements are reflected in the Other Grants and Contributions Major Special Revenue Fund. 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. 1,510,891

**d. Rental rehabilitation – Other nonmajor governmental funds:**

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. 1,298,462

**e. Single Family Rehab (Deferred Loan) - Other nonmajor governmental funds:**

At June 30, 2023 twelve 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. 283,431

**CITY OF GARDEN GROVE  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**6. Notes receivable at June 30, 2023, consisted of the following: (continued)**

**f. ADDI Down Payment Rehab (ADDI) Loan – Other Grants and Contributions Major Special Revenue Funds:**

At June 30, 2023, eleven 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.

\$ 138,683

**g. Rental rehabilitation - Other nonmajor governmental funds:**

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.

4,034,236

**h. Rental rehabilitation – Other Grants and Contributions Major Special Revenue Funds 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.

14,868,916

**i. Affordable housing agreement – General Fund:**

The City has entered into four 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.

2,866,840

**j. Rental construction – Other nonmajor governmental funds:**

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.

4,481,603

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**6. Notes receivable at June 30, 2023, consisted of the following: (continued)**

**k. Conveyance of Property Loan Agreement – Other nonmajor governmental funds:**

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 \$2,453,305 will be due at the end of the loan term or the maturity date of December 1, 2029.

3,107,015

**l. Small Business Assistance Program – General fund and Other Grants and Contributions Major Special Revenue**

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 \$1,890,000. The notes bear an interest rate equal to 0% or the highest rate permitted by applicable law compounded annually.

1,155,409

**m. Affordable housing agreement – Home Fund:**

The City has entered into an Affordable Housing Loan Agreement utilizing HOME funds for the purpose of assisting the developer with the construction of new low-income housing for City residents. The note bears an interest rate of 0% and is to be repaid in full at the end of the 55-year affordability period. Loan repayment is based on residual receipts and is contingent upon the release of construction covenants for the project. The loan amount is \$1,400,000 and \$1,260,000 of the loan was disbursed as of June 30, 2023.

1,260,000

**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%.

108,207

**Total Notes Receivable**

35,674,147

**Less Allowance**

(1,451,974)

**Total Notes Receivable, net**

\$ 34,222,173

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**7. 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, 2023 are \$2,819,063 and \$849,639, respectively.

**8. Capital Assets**

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 412,953,682	\$ 8,692,980	\$ (550,771)	\$ 421,095,891
Construction in progress	7,287,900	20,176,557	(3,833,648)	23,630,809
Total capital assets, not being depreciated	<u>420,241,582</u>	<u>28,869,537</u>	<u>(4,384,419)</u>	<u>444,726,700</u>
Capital assets, being depreciated:				
Infrastructure				
Street system	423,251,586	369,453	-	423,621,039
Storm drain assets	75,851,672	-	-	75,851,672
Buildings and park assets	56,137,731	2,433,845	-	58,571,576
Right-to-use asset	262,189	631,020	(122,742)	770,467
SBITA assets*	126,753	-	-	126,753
Furniture and equipment	36,152,452	2,197,669	(839,315)	37,510,806
Total capital assets, being depreciated	<u>591,782,383</u>	<u>5,631,987</u>	<u>(962,057)</u>	<u>596,452,313</u>
Less accumulated depreciation for:				
Infrastructure				
Street system	(268,558,574)	(7,923,187)	-	(276,481,761)
Storm drain assets	(52,266,550)	(1,508,180)	-	(53,774,730)
Buildings and park assets	(32,527,181)	(1,535,838)	-	(34,063,019)
Right to use asset	(92,736)	(177,029)	122,742	(147,023)
SBITA assets	-	(35,576)	-	(35,576)
Furniture and equipment	(19,070,640)	(3,025,242)	831,060	(21,264,822)
Total accumulated depreciation	<u>(372,515,681)</u>	<u>(14,205,052)</u>	<u>953,802</u>	<u>(385,766,931)</u>
Total capital assets, being depreciated, net	<u>219,266,702</u>	<u>(8,573,065)</u>	<u>(8,255)</u>	<u>210,685,382</u>
Governmental activities capital assets, net	<u>\$ 639,508,284</u>	<u>\$ 20,296,472</u>	<u>\$ (4,392,674)</u>	<u>\$ 655,412,082</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land	\$ 5,142,500	\$ -	\$ -	\$ 5,142,500
Construction in progress	14,368,174	7,093,672	(10,974,802)	10,487,044
Total capital assets, not being depreciated	<u>19,510,674</u>	<u>7,093,672</u>	<u>(10,974,802)</u>	<u>15,629,544</u>
Capital assets, being depreciated:				
Building and structures	590,325	167,040	-	757,365
Water system	152,747,997	5,979,020	-	158,727,017
Sewer system	122,698,977	4,888,131	-	127,587,108
Right-to-use asset	631,266	-	(467,874)	163,392
SBITA assets*	315,000	-	-	315,000
Machinery and equipment	632,468	23,327	-	655,795
Total capital assets, being depreciated	<u>277,616,033</u>	<u>11,057,518</u>	<u>(467,874)</u>	<u>288,205,677</u>
Less accumulated depreciation for:				
Building and structures	(321,080)	(17,794)	-	(338,874)
Water system	(67,057,735)	(3,802,728)	-	(70,860,463)
Sewer system	(57,416,251)	(1,871,733)	-	(59,287,984)
Right-to-use asset	(270,449)	(270,449)	467,874	(73,024)
SBITA assets	-	(63,000)	-	(63,000)
Machinery and equipment	(436,361)	(40,548)	-	(476,909)
Total accumulated depreciation	<u>(125,501,876)</u>	<u>(6,066,252)</u>	<u>467,874</u>	<u>(131,100,254)</u>
Total capital assets, being depreciated, net	<u>152,114,157</u>	<u>4,991,266</u>	<u>-</u>	<u>157,105,423</u>
Business-type activities capital assets, net	<u>\$ 171,624,831</u>	<u>\$ 12,084,938</u>	<u>\$ (10,974,802)</u>	<u>\$ 172,734,967</u>

\* Beginning balance has been restated to reflect the implementation of GASB 96.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**8. Capital Assets (continued)**

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Police Protection	\$ 554,201	\$ -
Traffic safety	712,164	-
Right of way	7,211,030	-
Drainage	1,508,179	-
Community buildings	1,546,759	-
Municipal support	630,775	-
Water	-	3,892,883
Sewage collection	-	1,883,989
Golf course	-	126,652
Housing Authority	-	162,728
Internal service fund	2,041,944	-
Total	<u>\$ 14,205,052</u>	<u>\$ 6,066,252</u>

**9. Long-term Debt**

**a. Following is a summary of long-term debt transactions for the City for the year ended June 30, 2023:**

	<b>Beginning Balance*</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities</b>					
Lease Revenue Bonds, Series 2015A	\$ 21,255,000	\$ -	\$ (540,000)	\$ 20,715,000	\$ 565,000
Add: Premium	1,232,297	-	(54,367)	1,177,930	54,366
Leases payable	167,990	631,018	(161,027)	637,981	201,535
SBITA payable	126,753	-	(60,484)	66,269	32,183
Governmental activities long-term debt	22,782,040	631,018	(815,878)	22,597,180	853,084
Other non-current liabilities:					
Claims payable	46,477,346	2,781,246	(4,916,681)	44,341,911	7,503,317
Compensated absences	7,914,609	8,190,806	(8,260,468)	7,844,947	7,609,598
Governmental activities long-term liabilities	<u>\$ 77,173,995</u>	<u>\$ 11,603,070</u>	<u>\$ (13,993,027)</u>	<u>\$ 74,784,038</u>	<u>\$ 15,965,999</u>
<b>Business-type activities</b>					
Water Revenue COP 2015	\$ 1,915,000	\$ -	\$ (985,000)	\$ 930,000	\$ 930,000
Water Revenue Bond 2020	23,220,000	-	(420,000)	22,800,000	890,000
Add: Premium/(Discount)	3,207,104	-	(113,192)	3,093,912	113,192
Sewer Revenue Refunding Bond 2017	12,550,000	-	(645,000)	11,905,000	680,000
Add: Premium/(Discount)	1,008,347	-	(72,456)	935,891	72,456
Leases payable	356,749	-	(266,130)	90,619	36,517
SBITA payable	315,000	-	(63,000)	252,000	63,000
Other non-current liabilities:					
Compensated absences	981,586	812,272	(863,531)	930,327	902,416
Business-type activities long-term liabilities	<u>\$ 43,553,786</u>	<u>\$ 812,272</u>	<u>\$ (3,428,309)</u>	<u>\$ 40,937,749</u>	<u>\$ 3,687,581</u>
<b>Private-purpose trust fund</b>					
2016 Tax Allocation Bond	\$ 32,665,000	\$ -	\$ (2,055,000)	\$ 30,610,000	\$ 2,160,000
Add: Premium/(Discount)	4,059,171	-	(360,815)	3,698,356	360,815
2014 Tax Allocation Bond	18,245,000	-	(3,015,000)	15,230,000	3,170,000
Add: Premium/(Discount)	2,289,133	-	(315,742)	1,973,391	315,742
2008 Subordinate Note	890,000	-	(130,000)	760,000	135,000
Loan Payable to City	6,054,260	-	(1,000,000)	5,054,260	-
Private-purpose trust fund long-term liabilities	<u>\$ 64,202,564</u>	<u>\$ -</u>	<u>\$ (6,876,557)</u>	<u>\$ 57,326,007</u>	<u>\$ 6,141,557</u>

\* Beginning balance restated due to the implementation of GASB 96.



**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**9. Long-term Debt**

**b. Governmental Long-term Debt at June 30, 2023 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, 2023.

	\$ 20,715,000
Unamortized bond premium	1,177,930
<b>Total lease revenue bonds</b>	<b>\$ 21,892,930</b>

**Leases Payable - Governmental Activities**

The City entered into two building leases in July 2021. As of June 30, 2023, the value of the lease liability is \$54,243. The City is required to make a semi-annual fixed payment of \$22,380 and a monthly fixed payment of \$957 on the two leases. The leases have an interest rate of 0.218%. The initial lease terms were 12 and 18 months each. Each lease has an optional 12 month extension.

\$ 54,243

The City entered into two equipment leases in July 2022 and May 2023. As of June 30, 2023, the value of the lease liability is \$453,056. The City is required to make fixed monthly payments of \$578 and \$8,728 on the two leases. The initial lease terms were 46 and 60 months. The leases have interest rates of 0.817% and 2.467%.

453,056

The City entered into nine vehicle leases between the dates of July 2021 through June 2023. As of June 30, 2023, the value of the lease liability is \$130,682. The City is required to make monthly fixed payments ranging from \$369 to \$856. The leases have interest rates ranging from 0.426% to 3.378%. The vehicles lease terms range from 24 months to 60 months.

130,682

<b>Total leases payable</b>	<b>637,981</b>
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**CITY OF GARDEN GROVE  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FISCAL YEAR ENDED JUNE 30, 2023**

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**C. DETAILED NOTES ON ALL FUNDS (continued)**

**9. Long-term Debt**

**SBITA Payable - Governmental Activities**

The City has entered into subscription-based information technology (IT) arrangements with various vendors. These arrangements are governed by Governmental Accounting Standards Board Statement No. 96, Subscription-Based IT Arrangements.

\$ 66,269

As of June 30, 2023, the City has recognized a liability of \$66,269 related to these subscription-based IT arrangements. This liability represents the total estimated cost of the remaining subscription period, as determined by the contract terms and usage data.

The City has also recognized an intangible asset of \$126,753 representing the right to use the subscription-based IT arrangements for the remaining subscription period, as determined by the contract terms and usage data.

**Total SBITA payable**

66,269

**Total Governmental Long Term Debt**

\$ 22,597,180

**c. Proprietary long-term debt at June 30, 2023 consisted of the following items:**

**2015 Revenue Certificates of Participation - Water Utility**

\$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, 2023.

\$ 930,000

**Total 2015 refunding revenue bonds**

\$ 930,000

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, 2023 total interest and principal remaining on the certificates is \$939,00. 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 \$40.912 million against debt service payments of \$939,300. 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, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**9. Long-term Debt (continued)**

Operating Revenue	\$ 40,911,604
Non-operating revenues	-
Gross revenue	<u>40,911,604</u>
Less: Expenses (excluding depreciation amortization, interest and fiscal charges)	<u>(28,154,739)</u>
Net revenues	<u>\$ 12,756,865</u>
Debt service requirement for next year: \$939,300 x 125%	<u>\$ 1,174,125</u>

**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 \$2.7 million. 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, 2023.

\$ 22,800,000

Unamortized bond premium

3,093,912

**Total 2020 revenue bonds**

\$ 25,893,912

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, 2023 total interest and principal remaining on the bonds is \$33,476,588. 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 \$40.912 million against debt service payments of \$1,702,375. 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, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**9. Long-term Debt (continued)**

**c. Proprietary long-term debt at June 30, 2023 consisted of the following items:  
(continued)**

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

Operating Revenue	\$ 40,911,604
Non-operating revenues	<u>-</u>
Gross revenue	40,911,604
Less: Expenses (excluding depreciation amortization, interest and fiscal charges)	<u>(28,154,739)</u>
Net revenues	<u>\$ 12,756,865</u>
Debt service requirement for next year: \$1,702,375 x 125%	<u>\$ 2,127,969</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.

	\$ 11,905,000
Unamortized bond premium	<u>935,891</u>
<b>Total 2017 revenue refunding bond</b>	<u>\$ 12,840,891</u>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**9. Long-term Debt (continued)**

**c. Proprietary long-term debt at June 30, 2023 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

Operating Revenue	\$ 11,845,037
Non-operating revenues	-
Gross revenue	<u>11,845,037</u>
Less: Expenses (excluding depreciation amortization, interest and fiscal charges)	<u>(4,599,376)</u>
Net revenues	<u>\$ 7,245,661</u>
Debt service requirement for next year: \$1,199,125 x 115%	<u>\$ 1,378,994</u>

**Leases Payable - Business-Type Activities**

The City entered into two vehicle leases in April 2019. As of June 30, 2023, the value of the lease liability is \$33,040. The City is required to make monthly fixed payments of \$463 per lease. The leases have an interest rate of 0.577%. The remaining lease term of is three years.

\$ 33,040

Willowick Golf Management, LLC, through authorization from the City, entered into a lease arrangement in the amount of \$108,614 for golf maintenance equipment October 2020. As of June 30, 2023, the value of the lease liability is \$57,579. The City is required to make monthly fixed payments of \$2,136. The leases have an interest rate of 0.1459%. The estimated remaining lease term is 27 months.

57,579

***Total leases payable***

90,619

**SBITA Payable - Business-Type Activities**

The City has entered into subscription-based information technology (IT) arrangements with Nobel Systems Inc.. This arrangement is governed by Governmental Accounting Standards Board Statement No. 96, Subscription-Based IT Arrangements.

\$ 252,000

As of June 30, 2023, the City has recognized a liability of \$252,000 related to this subscription-based IT arrangement. This liability represents the total estimated cost of the remaining subscription period, as determined by the contract terms and usage data.

The City has also recognized an intangible asset of \$315,000 representing the right to use the subscription-based IT arrangement for the remaining subscription period, as determined by the contract terms and usage data.

***Total SBITA payable***

252,000

**Total Proprietary Long Term Debt**

\$ 40,007,422

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**9. Long-term Debt (continued)**

**d. Private-purpose trust activity long-term debt at June 30, 2023 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, 2023.

\$ 30,610,000

Unamortized bond premium

3,698,356

**Total Tax Allocation Bond Issue of 2016**

\$ 34,308,356

**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

\$ 15,230,000

Unamortized bond premium

1,973,391

**Total Tax Allocation Bond Issue of 2014**

\$ 17,203,391

**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.

760,000

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**9. Long-term Debt (continued)**

**d. Private-purpose trust activity long-term debt at June 30, 2023 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, 2023 is \$5,054,260, which represents \$5,054,260 of SERAF.

5,054,260

**Total Private Purpose Trust Funds Long Term Debt**

\$ 57,326,007

**e. The scheduled annual requirements to amortize all governmental long-term debt outstanding as of June 30, 2023 including interest payments are as follows:**

Year Ending	Lease Revenue Bonds 2015A		
	Principal	Interest	Total
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	655,000	850,700	1,505,700
2028	690,000	817,950	1,507,950
2029-2033	3,980,000	3,561,050	7,541,050
2034-2038	4,860,000	2,673,600	7,533,600
2039-2043	5,945,000	1,584,400	7,529,400
2044-2045	2,800,000	211,750	3,011,750
Total	<u>\$ 20,715,000</u>	<u>\$ 12,433,050</u>	<u>\$ 33,148,050</u>

Year Ending	Leases Payable - Governmental Activities		
	Principal	Interest	Total
2024	\$ 201,535	\$ 12,508	\$ 214,043
2025	144,924	8,461	153,385
2026	115,840	5,643	121,483
2027	90,626	3,314	93,940
2028	85,056	1,053	86,109
	<u>\$ 637,981</u>	<u>\$ 30,979</u>	<u>\$ 668,960</u>

Year Ending	SBITA Payable - Governmental Activities		
	Principal	Interest	Total
2024	\$ 32,183	\$ 1,030	\$ 33,213
2025	22,836	375	23,211
2026	11,250	-	11,250
	<u>\$ 66,269</u>	<u>\$ 1,405</u>	<u>\$ 67,674</u>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**9. Long-term Debt (continued)**

f. The scheduled annual requirements to amortize all proprietary long-term debt outstanding as of June 30, 2023 including interest payments are as follows:

Year Ending June 30	2015 Refunding Water Revenue Bonds		
	Principal	Interest	Total
2024	\$ 930,000	\$ 9,300	\$ 939,300
Total	\$ 930,000	\$ 9,300	\$ 939,300

Year Ending June 30	2020 Water Revenue Bonds		
	Principal	Interest	Total
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	1,000,000	699,375	1,699,375
2028	1,035,000	658,675	1,693,675
2029-2033	4,380,000	2,682,875	7,062,875
2034-2038	2,930,000	2,063,250	4,993,250
2039-2043	3,525,000	1,444,325	4,969,325
2044-2048	4,280,000	691,713	4,971,713
2049-2051	2,880,000	109,250	2,989,250
Total	\$ 22,800,000	\$ 10,676,588	\$ 33,476,588

Year Ending June 30	2017 Sewer Refunding Revenue Bonds		
	Principal	Interest	Total
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	785,000	411,875	1,196,875
2028	825,000	372,625	1,197,625
2029-2033	4,790,000	1,210,175	6,000,175
2034-2036	3,360,000	238,000	3,598,000
Total	\$ 11,905,000	\$ 3,686,300	\$ 15,591,300

Year Ending June 30	Leases Payable - Business Type Activities		
	Principal	Interest	Total
2024	\$ 36,517	\$ 229	\$ 36,746
2025	36,618	128	36,746
2026	17,484	38	17,522
Total	\$ 90,619	\$ 395	\$ 91,014

Year Ending June 30	SBITA Payable - Business Type Activities		
	Principal	Interest	Total
2024	\$ 63,000	\$ -	\$ 63,000
2025	63,000	-	63,000
2026	63,000	-	63,000
2027	63,000	-	63,000
Total	\$ 252,000	\$ -	\$ 252,000



**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**9. Long-term Debt (continued)**

- g. The scheduled annual requirements to amortize all the Successor Agency long-term debt outstanding as of June 30, 2023 including interest payments are as follows:**

<b>Year Ending June 30</b>	<b>Tax Allocation Refunding Bonds Issue of 2016</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	2,500,000	991,750	3,491,750
2028	2,625,000	863,625	3,488,625
2029-2033	15,230,000	2,194,000	17,424,000
2034	3,450,000	51,750	3,501,750
<b>Total</b>	<b>\$ 30,610,000</b>	<b>\$ 7,785,250</b>	<b>\$ 38,395,250</b>

<b>Year Ending June 30</b>	<b>Tax Allocation Refunding Bonds Issue of 2014</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	1,955,000	289,875	2,244,875
2028	1,610,000	200,750	1,810,750
2029-2030	3,210,000	161,750	3,371,750
<b>Total</b>	<b>\$ 15,230,000</b>	<b>\$ 2,242,000</b>	<b>\$ 17,472,000</b>

<b>Year Ending June 30</b>	<b>Subordinate Note 2008</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 135,000	\$ 41,550	\$ 176,550
2025	145,000	33,150	178,150
2026	150,000	24,300	174,300
2027	160,000	15,000	175,000
2028	170,000	5,100	175,100
<b>Total</b>	<b>\$ 760,000</b>	<b>\$ 119,100</b>	<b>\$ 879,100</b>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

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**C. DETAILED NOTES ON ALL FUNDS (continued)**

**10. 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, 2023 is \$8,775,274.

Vacation accrues for all employee groups at 10 hours per month after one year of service, 12 hours per month after nine 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 14.39% of all accumulated sick leave is actually used by employees, therefore, the sick leave liability is estimated at 14.39% of the total accumulated benefit, or \$1,975,851 at June 30, 2023.

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.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**10. Compensated Absences (continued)**

Governmental funds:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Vacation, Annual Leave, Benefits, and Comp Time	\$ 5,979,412	\$ 7,047,360	\$ (6,979,847)	\$ 6,046,925	\$ 5,865,517
Sick Leave	1,935,197	1,143,445	(1,280,620)	1,798,022	1,744,081
<b>Total</b>	<b>\$ 7,914,609</b>	<b>\$ 8,190,805</b>	<b>\$ (8,260,467)</b>	<b>\$ 7,844,947</b>	<b>\$ 7,609,598</b>

Enterprise funds:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Vacation, Annual Leave, Benefits, and Sick Leave	\$ 775,476	\$ 553,879	\$ (576,857)	\$ 752,498	\$ 729,923
	206,110	258,393	(286,674)	177,829	172,493
<b>Total</b>	<b>\$ 981,586</b>	<b>\$ 812,272</b>	<b>\$ (863,531)</b>	<b>\$ 930,327</b>	<b>\$ 902,416</b>
<b>Totals</b>	<b>\$ 8,896,195</b>	<b>\$ 9,003,077</b>	<b>\$ (9,123,998)</b>	<b>\$ 8,775,274</b>	<b>\$ 8,512,014</b>

**11. 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 \$37,481,873 for workers' claims outstanding including claims incurred but not reported on June 30, 2023, 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, 2023, in the amount of \$6,860,038 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.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**11. Risk Management (continued)**

Settled claims have not exceeded any of the City's coverage amounts in any of the last three fiscal years and there were no reductions in the City's insurance coverage during the year ended June 30, 2023. Changes in the aggregate liability for claims for fiscal year ended June 30, 2023 and June 30, 2022 are as follows:

<u>Worker's Compensation</u>	<u>2023</u>	<u>2022</u>
Liability, July 1	\$ 39,565,247	\$ 35,816,024
Cost and claims incurred	2,660,807	8,329,712
Claim payments	<u>(4,744,181)</u>	<u>(4,580,489)</u>
Liability, June 30	<u>\$ 37,481,873</u>	<u>\$ 39,565,247</u>
Due within one year	\$ 5,010,907	\$ 4,832,896
Due in more than one year	<u>32,470,966</u>	<u>34,732,351</u>
	<u>\$ 37,481,873</u>	<u>\$ 39,565,247</u>
 <u>Risk Management</u>		
Liability, July 1	\$ 6,912,099	\$ 6,741,230
Cost and claims incurred	120,439	3,253,369
Claim payments	<u>(172,500)</u>	<u>(3,082,500)</u>
Liability, June 30	<u>\$ 6,860,038</u>	<u>\$ 6,912,099</u>
Due within one year	\$ 2,492,410	\$ 2,505,697
Due in more than one year	<u>4,367,628</u>	<u>4,406,402</u>
	<u>\$ 6,860,038</u>	<u>\$ 6,912,099</u>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

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**C. DETAILED NOTES ON ALL FUNDS (continued)**

**12. 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, 2023 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, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**12. 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, 2023, are summarized as follows:

	<b>Miscellaneous</b>	
	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%	6.75%
Required employer contribution rates	43.55%	43.55%

	<b>Safety</b>	
	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%	12.75%
Required employer contribution rates	97.53%	97.53%

**Employees covered** - At June 30, 2021 (actuarial valuation date), the following employees were covered by the benefit terms for each Plan:

	<b>Misc</b>	<b>Safety</b>
Inactive employees or beneficiaries currently receiving benefits	695	504
Inactive employees entitled to but not yet receiving benefits	479	163
Active employees	380	172
<b>Total</b>	<b>1,554</b>	<b>839</b>

**CITY OF GARDEN GROVE  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**12. 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, 2021 valuation was rolled forward to determine the June 30, 2021 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Salary Increase	Varies by Entry Age and Service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

<sup>1</sup> The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 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 November 2021 that can be found on the CalPERS website.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**12. 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. Using historical returns of all funds over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

<b>Asset Class<sup>1</sup></b>	<b>Assumed Asset Allocation</b>	<b>Real Return<sup>2</sup></b>
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

<sup>1</sup> An expected inflation of 2.30% used for this period.

<sup>2</sup> Figures are based on the 2021 Asset Liability Management study.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.90%. 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, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**12. Public Employees' Retirement System (continued)**

**b. Net Pension Liability (continued)**

**Subsequent Events**

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2023, measurement date.

**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.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

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

The following table shows the balances related to pension at June 30, 2023:

	<b>Miscellaneous Plan</b>	<b>Safety Plan</b>	<b>Total</b>
Net Pension Liability	\$ 112,796,667	\$ 230,493,176	\$ 343,289,843
Deferred Outflows	\$ 34,592,991	\$ 53,812,604	\$ 88,405,595
Deferred Inflows	\$ 1,770,950	\$ 1,458,969	\$ 3,229,919
Pension Expense	\$ 14,650,034	\$ 4,591,533	\$ 19,241,567

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

<b>Miscellaneous Plan:</b>	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability/(Asset) (c) = (a) - (b)</b>
<b>Balance at June 30, 2021</b>	\$ 357,065,376	\$ 291,752,153	\$ 65,313,223
Changes in the year:			
Service cost	6,003,691	-	6,003,691
Interest on the total pension liability	24,841,644	-	24,841,644
Changes in assumptions	11,834,221	-	11,834,221
Difference between actual and expected experience	(2,812,686)	-	(2,812,686)
Contribution - employer	-	12,360,011	(12,360,011)
Contribution - employee	-	2,371,491	(2,371,491)
Net Investment income	-	(22,166,332)	22,166,332
Benefit payments, including refunds of employee contributions	(18,129,856)	(18,129,856)	-
Administrative expense	-	(181,744)	181,744
<b>Net changes</b>	<b>21,737,014</b>	<b>(25,746,430)</b>	<b>47,483,444</b>
<b>Balance at June 30, 2022</b>	<b>\$ 378,802,390</b>	<b>\$ 266,005,723</b>	<b>\$ 112,796,667</b>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**12. 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)
<b>Balance at June 30, 2021</b>	\$ 586,839,978	\$ 434,809,261	\$ 152,030,717
Changes in the year:			
Service cost	7,909,848	-	7,909,848
Interest on the total pension liability	40,930,945	-	40,930,945
Changes in assumptions	21,051,324	-	21,051,324
Difference between actual and expected experience	(2,239,626)	-	(2,239,626)
Contribution - employer	-	19,491,065	(19,491,065)
Contribution - employee	-	2,837,409	(2,837,409)
Net Investment income	-	(32,867,582)	32,867,582
Benefit payments, including refunds of employee contributions	(32,808,974)	(32,808,974)	-
Administrative Expense	-	(270,860)	270,860
<b>Net changes</b>	<u>34,843,517</u>	<u>(43,618,942)</u>	<u>78,462,459</u>
<b>Balance at June 30, 2022</b>	<u>\$ 621,683,495</u>	<u>\$ 391,190,319</u>	<u>\$ 230,493,176</u>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**12. 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	5.90%	5.90%
Net Pension Liability	\$ 164,346,822	\$ 316,300,449
Current Discount Rate	6.90%	6.90%
Net Pension Liability	\$ 112,796,667	\$ 230,493,176
1% Higher	7.90%	7.90%
Net Pension Liability	\$ 70,406,942	\$ 160,647,196

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**

At June 30, 2023, 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	\$ 13,424,666	\$ -
Changes in assumptions	7,451,176	-
Differences between expected and actual experiences	263,080	(1,770,950)
Net difference between projected and actual earnings on pension plan investments	13,454,069	-
Total	<u>\$ 34,592,991</u>	<u>\$ (1,770,950)</u>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**12. Public Employees' Retirement System (continued)**

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

	<b>Safety Plan</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 21,548,966	\$ -
Changes in assumptions	12,630,794	-
Differences between expected and actual experiences	56,003	(1,458,969)
Net difference between projected and actual earnings on pension plan investments	<u>19,576,841</u>	<u>-</u>
Total	<u>\$ 53,812,604</u>	<u>\$ (1,458,969)</u>

The \$13,424,666 and \$21,548,966 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Measurement Periods Ended June 30</b>	<b>Miscellaneous Plan</b>	<b>Safety Plan</b>
	<b>Deferred Outflow/(Inflows) of Resources</b>	<b>Deferred Outflow/(Inflows) of Resources</b>
2023	\$ 5,760,977	\$ 10,566,056
2024	4,259,548	6,504,715
2025	944,995	1,238,789
2026	8,431,855	12,495,109

**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, 2023**

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**C. DETAILED NOTES ON ALL FUNDS (continued)**

**13. 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, 2021 actuarial valuation, the following current and former employees were covered by the City plan:

	<b>Number of Participants</b>
Inactive Employees Receiving Benefit Payments	287
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	-
Participating Active Employees	<u>556</u>
Total Number of Participants	<u><u>843</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 \$151 and \$149 per month for each retiree for the calendar years ended 2023 and 2022, respectively.

For the fiscal year ended June 30, 2023, the City contributed \$517,951 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, 2021, 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 (Actuarial Present Value of Projected Benefit Payments) 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, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**13. 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: 2.50% per year. Actuarial standards require using the same rate for OPEB that is used for pension.

INVESTMENT RETURN/DISCOUNT RATE: 3.54% per year net of expenses. This is based on the Bond Buyer 20 Bond Index. The interest assumption changed from 2.16% to 3.54%.

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**

<b><u>Participant Type</u></b>	<b><u>Mortality Tables</u></b>
Police	2017 CalPERS Mortality for Active Safety Employees
Firefighters	2017 CalPERS Mortality for Active Safety Employees
Miscellaneous	2017 CalPERS Mortality for Active Miscellaneous Employees

**CITY OF GARDEN GROVE  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**13. Other Postemployment Benefits (continued)**

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

**RETIREMENT RATES**

<b><u>Employee Type</u></b>	<b><u>Retirement Rate Tables</u></b>
Police Officers	2017 CalPERS 3%@50 Rates for Sworn Police Employees or PEPRA rates, as appropriate
Firefighters	2017 CalPERS 3%@50 Rates for Sworn Fire Employees or PEPRA rates, as appropriate
General Employees	2017 CalPERS 2.5%@55 Rates for Miscellaneous Employees or PERPRA rates, as appropriate

**SERVICE REQUIREMENT**

<b><u>Employee Type</u></b>	<b><u>Service Requirement Tables</u></b>
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 78.3% 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.

<b><u>Participant Type</u></b>	<b><u>Future Retirees Pre-65</u></b>	<b><u>Future Retirees Post -65</u></b>
Fire Fighters	PEMHCA Minimum: \$1,752 Implicit Subsidy: \$13,982	\$1,752
Police Officers	PEMHCA Minimum: \$1,752 Implicit Subsidy: \$13,982	\$1,752
Miscellaneous Employees	PEMHCA Minimum: \$1,752 Implicit Subsidy: \$9,375	\$1,752

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.

**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.



**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**13. Other Postemployment Benefits (continued)**

**e. Recognition of Deferred Outflows and Inflows of Resources (continued)**

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, 2022, the City recognized OPEB expenses of \$4,936,009. As of fiscal year ended June 30, 2023, the City reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
OPEB contributions subsequent to measurement	\$ 517,951	\$ -
Changes of assumptions	25,157,445	(8,045,663)
Difference between expected and actual experience	12	(9,564,404)
Total	<u>\$ 25,675,408</u>	<u>\$ (17,610,067)</u>

The \$517,951 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as OPEB expense as follows:

<b>Measurement Periods Ended June 30</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2023	\$ 1,628,596
2024	1,628,596
2025	1,628,596
2026	1,628,596
2027	1,628,596
Thereafter	(595,602)

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**13. 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:

<b>Changes in Total OPEB Liability as of June 30, 2023</b>	
	<b>Increase (Decrease)</b>
	<b>Total OPEB Liability (TOL)</b>
<b>Balance at June 30, 2022</b>	<b>\$ 48,708,347</b>
<b>Changes recognized for the measurement period:</b>	
Service Cost	2,250,612
Interest on TOL	1,056,801
Employer Contributions as Benefits	(1,815,415)
Experience (Gains)/Losses	14
Assumption Changes	(8,394,004)
<b>Net Changes</b>	<b>(6,901,992)</b>
<b>Balance at June 30, 2023</b>	<b>\$ 41,806,355</b>

**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, 2022:

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
OPEB Liability	\$47,774,707	\$41,806,355	\$37,576,368

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

**C. DETAILED NOTES ON ALL FUNDS (continued)**

**13. 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, 2022:

	Trend Rate 1% Lower	Valuation Trend	Trend Rate 1% Higher
OPEB Liability	\$35,717,597	\$41,806,355	\$49,090,207

**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, 2023. City project commitments includes street improvements, storm drain improvements, building 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>
Building Improvements	\$ 5,749,658	\$ 4,311,389
Park Improvements	353,653	323,753
Sewer Improvement	2,124,395	3,558,435
Storm Improvements	3,718,381	(218,687)
Street Improvements	12,898,147	3,771,328
Water Improvements	8,362,649	4,956,943
Total	<u>33,206,883</u>	<u>16,703,161</u>

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

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**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 \$2,053,896 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 2022-23, California Fuels and Lubricants received assistance payments of \$775,493.

**CITY OF GARDEN GROVE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2023**

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**C. DETAILED NOTES ON ALL FUNDS (continued)**

**16. Tax Abatements (continued)**

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 2022-23 is \$764,600.66. 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.

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, 2023 was \$37,500.00.

**17. Subsequent Events**

On December 5, 2023, the Garden Grove Public Financing Authority Lease Revenue Bonds, Series 2015A was fully defeased. The Bonds had a balance of \$20,715,000 with an unamortized premium of \$1,177,930 as of June 30, 2023. A total of \$20,828,075 million was deposited in a defeasance escrow account, including a cash contribution of \$20,316,616 from the City. The entire outstanding Bonds will be called in 2025. It is estimated a net cash flow savings in the amount of approximately \$3.9 million will be achieved by the defeasance.

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# **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, 2023**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Taxes	\$ 142,174,000	\$ 142,174,000	\$ 159,930,340	\$ 17,756,340
Licenses and permits	3,200,000	3,200,000	3,072,537	(127,463)
Fines, forfeits and penalties	1,800,000	1,800,000	2,305,388	505,388
Investment earnings	1,421,358	1,421,358	709,999	(711,359)
Charges for current services	4,482,036	4,482,036	7,724,342	3,242,306
From other agencies	-	-	2,797,420	2,797,420
Other revenues	3,565,704	3,565,704	2,069,957	(1,495,747)
Total revenues	<u>156,643,098</u>	<u>156,643,098</u>	<u>178,609,983</u>	<u>21,966,885</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	31,880,332	31,880,332	30,933,358	946,974
Police	76,397,366	76,397,366	72,454,478	3,942,888
Traffic safety	3,036,178	3,036,178	2,788,572	247,606
Public right of way	8,259,291	8,259,291	11,102,502	(2,843,211)
Community buildings	4,602,787	4,602,787	4,273,408	329,379
Community services	5,435,391	5,435,391	5,304,575	130,816
Economic development	1,543,677	1,543,677	1,756,237	(212,560)
Parks and greenbelts	1,796,988	1,796,988	1,427,596	369,392
Community planning and development	19,011,305	20,011,305	17,793,188	2,218,117
Municipal support	9,178,641	9,252,841	9,898,298	(645,457)
Debt service:				
Principal retirement	540,000	540,000	579,320	(39,320)
Interest	1,063,920	1,063,920	1,150,820	(86,900)
Total expenditures	<u>162,745,876</u>	<u>163,820,076</u>	<u>159,462,352</u>	<u>4,357,724</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,102,778)</u>	<u>(7,176,978)</u>	<u>19,147,631</u>	<u>26,324,609</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	4,719,612	4,719,612
Transfers out	-	-	(9,092,262)	(9,092,262)
Proceeds of leases	-	-	277,888	277,888
Proceeds from sale of capital assets	-	-	5,989,694	5,989,694
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,894,932</u>	<u>1,894,932</u>
Net change in fund balance	(6,102,778)	(7,176,978)	21,042,563	28,219,541
Fund balance, beginning of year	<u>162,265,299</u>	<u>162,265,299</u>	<u>162,265,299</u>	<u>-</u>
Fund balance, end of year	<u>\$ 156,162,521</u>	<u>\$ 155,088,321</u>	<u>\$ 183,307,862</u>	<u>\$ 28,219,541</u>

See accompanying note to required supplementary information.

**CITY OF GARDEN GROVE**  
**NAVIGATION CENTER SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Investment earnings (loss)	\$ -	\$ -	\$ 15	\$ 15
From other agencies	-	-	2,987,661	2,987,661
Other revenues	-	-	56,921	56,921
Total revenues	<u>-</u>	<u>-</u>	<u>3,044,597</u>	<u>3,044,597</u>
<b>EXPENDITURES:</b>				
Current:				
Community buildings	-	7,000,000	6,295,767	704,233
Total expenditures	<u>-</u>	<u>7,000,000</u>	<u>6,295,767</u>	<u>704,233</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(7,000,000)</u>	<u>(3,251,170)</u>	<u>3,748,830</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	3,308,105	3,308,105
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,308,105</u>	<u>3,308,105</u>
Net change in fund balance	-	(7,000,000)	56,935	7,056,935
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ (7,000,000)</u>	<u>\$ 56,935</u>	<u>\$ 7,056,935</u>

**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		
	2022	2021	2020
<b>TOTAL PENSION LIABILITY</b>			
Service cost	\$ 6,003,691	\$ 5,217,353	\$ 5,053,242
Interest on total pension liability	24,841,644	24,233,252	23,364,470
Changes of benefit terms	-	-	2,033,512
Changes of assumptions	11,834,221	-	-
Difference between expected and actual experience	(2,812,686)	1,014,736	(1,623,742)
Benefit payments, including refunds of employee contributions	(18,129,856)	(17,406,313)	(17,321,101)
Net change in total pension liability	21,737,014	13,059,028	11,506,381
Total pension liability - beginning	357,065,376	344,006,348	332,499,967
<b>Total pension liability - ending (a)</b>	<u>\$ 378,802,390</u>	<u>\$ 357,065,376</u>	<u>\$ 344,006,348</u>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contribution - Employer	\$ 12,360,011	\$ 11,171,129	\$ 10,190,871
Contribution - Employee	2,371,491	2,341,219	2,282,163
Net investment income	(22,166,332)	54,526,902	11,708,962
Benefit payments, including refunds of employee contributions	(18,129,856)	(17,406,313)	(17,321,101)
Net Plan to Plan Resource Movement	-	-	-
Administrative Expense	(181,744)	(241,104)	(331,053)
Other Miscellaneous Income/(Expense) <sup>1</sup>	-	-	-
Net change in fiduciary net position	(25,746,430)	50,391,833	6,529,842
Plan fiduciary net position - beginning <sup>2</sup>	291,752,153	241,360,320	234,830,478
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 266,005,723</u>	<u>\$ 291,752,153</u>	<u>\$ 241,360,320</u>
<b>Plan net pension liability - ending (a) - (b)</b>	<u>\$ 112,796,667</u>	<u>\$ 65,313,223</u>	<u>\$ 102,646,028</u>
Plan fiduciary net position as a percentage of the total pension liability	70.22%	81.71%	70.16%
Covered payroll <sup>3</sup>	\$ 30,863,494	\$ 29,694,668	\$ 28,436,925
Plan net pension liability as a percentage of covered payroll	365.47%	219.95%	360.96%

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

<sup>1</sup> 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).

<sup>2</sup> Includes any beginning of year adjustment.

<sup>3</sup> Includes one year's payroll growth using 2.75 percent projected payroll growth assumption for fiscal years ended June 30, 2018-21, 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 generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the 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:** Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. None in 2019 - 2021. 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.

<b>Miscellaneous</b>					
<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 5,475,558	\$ 5,401,390	\$ 5,295,064	\$ 4,717,431	\$ 4,505,053	\$ 4,722,338
22,545,983	21,444,843	20,965,466	20,513,676	19,499,703	18,697,528
-	-	-	-	-	-
-	(1,737,101)	17,855,824	-	(4,893,202)	-
3,673,870	(4,057,535)	(5,244,453)	1,501,168	(1,007,886)	-
(16,224,456)	(14,088,814)	(13,540,154)	(12,581,087)	(12,134,038)	(11,490,804)
15,470,955	6,962,783	25,331,747	14,151,188	5,969,630	11,929,062
317,029,012	310,066,229	284,734,482	270,583,294	264,613,664	252,684,602
<u>\$ 332,499,967</u>	<u>\$ 317,029,012</u>	<u>\$ 310,066,229</u>	<u>\$ 284,734,482</u>	<u>\$ 270,583,294</u>	<u>\$ 264,613,664</u>
\$ 9,162,242	\$ 8,199,628	\$ 7,579,342	\$ 6,646,792	\$ 5,948,472	\$ 5,101,581
2,158,717	2,429,785	2,308,262	2,242,990	2,281,790	2,070,127
14,721,760	17,695,861	21,554,042	1,004,774	4,419,750	29,571,239
(16,224,456)	(14,088,814)	(13,540,154)	(12,581,087)	(12,134,038)	(11,490,804)
(10,044)	36,458	(64,848)	(69,973)	-	-
(160,695)	(330,147)	(286,986)	(120,179)	(221,880)	-
522	(626,954)	-	-	-	-
9,648,046	13,315,817	17,549,658	(2,876,683)	294,094	25,252,143
225,182,432	211,866,615	194,316,867	197,193,550	196,899,456	171,647,313
<u>\$ 234,830,478</u>	<u>\$ 225,182,432</u>	<u>\$ 211,866,525</u>	<u>\$ 194,316,867</u>	<u>\$ 197,193,550</u>	<u>\$ 196,899,456</u>
<u>\$ 97,669,489</u>	<u>\$ 91,846,580</u>	<u>\$ 98,199,704</u>	<u>\$ 90,417,615</u>	<u>\$ 73,389,744</u>	<u>\$ 67,714,208</u>
70.63%	71.03%	68.33%	68.24%	72.88%	74.41%
\$ 30,347,270	\$ 29,746,612	\$ 29,037,915	\$ 28,573,176	\$ 27,094,801	\$ 27,060,561
321.84%	308.76%	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			
	2022	2021	2020	2019
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 7,909,848	\$ 6,799,165	\$ 8,470,387	\$ 9,117,082
Interest on total pension liability	40,930,945	39,978,657	38,866,660	37,632,892
Changes of benefit terms	-	-	1,572,470	-
Changes of assumptions	21,051,324	-	-	-
Difference between expected and actual experience	(2,239,626)	280,017	(691,163)	4,129,559
Benefit payments, including refunds of employee contributions	(32,808,974)	(31,360,647)	(31,097,422)	(29,007,470)
Net change in total pension liability	34,843,517	15,697,192	17,120,932	21,872,063
Total pension liability - beginning	586,839,978	571,142,786	554,021,854	532,149,791
<b>Total pension liability - ending (a)</b>	<b>\$ 621,683,495</b>	<b>\$ 586,839,978</b>	<b>\$ 571,142,786</b>	<b>\$ 554,021,854</b>
Contribution - Employer	\$ 19,491,065	\$ 17,486,345	\$ 15,875,859	\$ 15,698,349
Contribution - Employee	2,837,409	2,746,214	2,639,127	2,644,271
Net investment income	(32,867,582)	81,895,715	17,702,544	22,658,615
Benefit payments, including refunds of employee contributions	(32,808,974)	(31,360,647)	(31,097,422)	(29,007,470)
Net Plan to Plan Resource Movement	-	-	-	10,044
Administrative Expense	(270,860)	(364,019)	(507,220)	(248,366)
Other Miscellaneous Income/(Expense) <sup>1</sup>	-	-	-	808
Net change in fiduciary net position	(43,618,942)	70,403,608	4,612,888	11,756,251
Plan fiduciary net position - beginning <sup>2</sup>	434,809,261	364,405,653	359,792,765	348,036,514
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 391,190,319</b>	<b>\$ 434,809,261</b>	<b>\$ 364,405,653</b>	<b>\$ 359,792,765</b>
<b>Plan net pension liability - ending (a) - (b)</b>	<b>\$ 230,493,176</b>	<b>\$ 152,030,717</b>	<b>\$ 206,737,133</b>	<b>\$ 194,229,089</b>
Plan fiduciary net position as a percentage of the total pension liability	62.92%	74.09%	63.80%	64.94%
Covered payroll <sup>3</sup>	\$ 23,476,513	\$ 21,764,291	\$ 27,964,303	\$ 29,663,516
Plan net pension liability as a percentage of covered payroll	981.80%	698.53%	739.29%	654.77%

\*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, 2018-21, 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 generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the 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: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. None in 2019 - 2021. 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.

<b>Safety</b>				
<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 8,706,648	\$ 8,648,153	\$ 7,378,575	\$ 7,025,519	\$ 7,433,857
36,094,312	35,007,255	33,944,797	32,447,673	31,439,433
-	-	-	-	-
(2,221,006)	29,556,856	-	(4,660,010)	-
(961,074)	(2,081,126)	2,203,036	(8,032,852)	-
<u>(26,226,816)</u>	<u>(24,371,140)</u>	<u>(22,718,361)</u>	<u>(21,846,674)</u>	<u>(20,185,546)</u>
15,392,064	46,759,998	20,808,047	4,933,656	18,687,744
516,757,727	469,997,729	449,189,682	444,256,026	425,568,282
<u>\$ 532,149,791</u>	<u>\$ 516,757,727</u>	<u>\$ 469,997,729</u>	<u>\$ 449,189,682</u>	<u>\$ 444,256,026</u>
\$ 14,147,727	\$ 13,302,274	\$ 11,468,654	\$ 10,155,643	\$ 9,427,732
2,873,704	2,823,680	2,915,098	2,611,738	2,439,710
27,492,574	33,837,324	1,532,436	6,960,883	47,553,580
(26,226,816)	(24,371,140)	(22,718,361)	(21,846,674)	(20,185,546)
(37,788)	-	-	-	-
(516,231)	(452,000)	(190,840)	(352,473)	-
(980,332)	-	-	-	-
16,752,838	25,140,138	(6,993,013)	(2,470,883)	39,235,476
331,283,676	306,143,539	313,136,552	315,607,435	276,371,959
<u>\$ 348,036,514</u>	<u>\$ 331,283,677</u>	<u>\$ 306,143,539</u>	<u>\$ 313,136,552</u>	<u>\$ 315,607,435</u>
<u>\$ 184,113,277</u>	<u>\$ 185,474,050</u>	<u>\$ 163,854,190</u>	<u>\$ 136,053,130</u>	<u>\$ 128,648,591</u>
65.40%	64.11%	65.14%	69.71%	71.04%
\$ 28,541,707	\$ 28,636,267	\$ 27,481,750	\$ 26,325,623	\$ 26,592,225
645.07%	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

	<b>Miscellaneous</b>			
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Actuarially determined contributions	\$ 13,424,666	\$ 12,359,003	\$ 11,167,273	\$ 10,190,871
Contributions in relation to the actuarially determined contributions	<u>(13,424,666)</u>	<u>(12,359,003)</u>	<u>(11,167,273)</u>	<u>(10,190,871)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 32,703,258	 \$ 30,863,494	 \$ 29,694,668	 \$ 28,436,925
 Contributions as a percentage of covered payroll	 41.05%	 40.04%	 37.61%	 35.84%

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

**Notes to Schedule of Plan Contributions:**

Valuation date: 6/30/2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method/period	For details, see June 30, 2020 Funding Valuation Report.
Asset valuation method	Market value of assets. For details, see June 30, 2022 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.

<b>Miscellaneous</b>						
<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	
\$ 9,153,245	\$ 8,199,628	\$ 7,579,342	\$ 6,646,792	\$ 5,948,472	\$ 5,101,581	
(9,153,245)	(8,199,628)	(7,579,342)	(6,646,792)	(5,948,472)	(5,101,581)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ 30,347,270	\$ 29,746,612	\$ 29,037,915	\$ 28,573,176	\$ 27,094,801	\$ 27,060,561	
30.16%	27.56%	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

	<b>Safety</b>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contributions	\$ 21,548,966	\$ 19,491,065	\$ 17,489,949	\$ 15,875,859	\$ 15,691,168
Contributions in relation to the actuarially determined contributions	(21,548,966)	(19,491,065)	(17,489,949)	(15,875,859)	(15,691,168)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 23,978,722	\$ 23,476,513	\$ 21,764,291	\$ 27,964,303	\$ 29,663,516
Contributions as a percentage of covered payroll	89.87%	83.02%	80.36%	56.77%	52.90%

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

**Notes to Schedule:**

Valuation date: 6/30/2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method/period	For details, see June 30, 2020 Funding Valuation Report.
Asset valuation method	Market value of assets. For details, see June 30, 2022 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.

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<b>Safety</b>				
<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
\$ 14,147,727	\$ 13,302,273	\$ 11,468,654	\$ 10,155,643	\$ 9,427,732
<u>(14,147,727)</u>	<u>(13,302,273)</u>	<u>(11,468,654)</u>	<u>(10,155,643)</u>	<u>(9,427,732)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 28,541,707	\$ 28,636,267	\$ 27,481,750	\$ 26,325,623	\$ 26,592,225
49.57%	46.45%	41.73%	38.58%	35.45%

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**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>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>TOTAL OPEB LIABILITY</b>						
Service cost	\$ 2,250,612	\$ 2,563,528	\$ 1,831,165	\$ 627,266	\$ 669,889	\$ 651,960
Interest on Total OPEB Liability	1,056,801	1,219,928	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	14	(11,665,240)	(94,837)	(216,121)	-	-
Changes in Assumptions	(8,394,004)	3,457,450	8,191,623	26,892,575	(922,346)	-
Benefit payments	(1,815,415)	(2,112,394)	(2,036,122)	-	-	(391,489)
<b>Net change in total OPEB liability</b>	<b>(6,901,992)</b>	<b>(6,536,728)</b>	<b>9,488,078</b>	<b>27,553,874</b>	<b>22,500</b>	<b>870,567</b>
<b>Total OPEB liability - beginning</b>	<b>48,708,347</b>	<b>55,245,075</b>	<b>45,756,997</b>	<b>18,203,123</b>	<b>18,180,623</b>	<b>17,310,056</b>
<b>Total OPEB liability - ending</b>	<b>\$ 41,806,355</b>	<b>\$ 48,708,347</b>	<b>\$ 55,245,075</b>	<b>\$ 45,756,997</b>	<b>\$ 18,203,123</b>	<b>\$ 18,180,623</b>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	58,884,749	56,905,216	56,638,122	55,122,260	55,704,304	57,674,182
Total OPEB liability as a percentage of covered-employee payroll	71.00%	85.60%	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, 2023**

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.



# **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***

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.

**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**

***Housing Authority Assets Fund***

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

***Housing Successor Agency Low/Mod Fund***

Capital projects for low and moderate income housing 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, 2023**

	<b>Special Revenue Funds</b>			
	<b>Public Safety</b>	<b>State Gas Tax</b>	<b>Developer Fees</b>	<b>Garden Grove Cable</b>
<b>ASSETS</b>				
Cash and investments	\$ 3,456,729	\$ 7,692,257	\$ 13,345,433	\$ 8,478
Cash with fiscal agents	-	-	-	-
Taxes receivable	74,250	726,564	-	-
Accounts receivable	-	-	-	5,867
Interest receivable	8,505	19,424	32,565	-
Due from Successor Agency	-	-	-	-
Deposits and prepaid items	4,646	-	-	6,875
Intergovernmental receivable	-	328,228	-	-
Notes receivable, net	-	-	-	-
Land held for resale	-	-	-	-
Total assets	<u>\$ 3,544,130</u>	<u>\$ 8,766,473</u>	<u>\$ 13,377,998</u>	<u>\$ 21,220</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 373,600	\$ 1,927,775	\$ 149,880	\$ 10,691
Accrued liabilities	4,818	297,421	99,349	7,341
Unearned revenue	-	-	-	-
Due to other funds	288	1,957	-	63
Intercity loan payable	-	-	-	-
Total liabilities	<u>378,706</u>	<u>2,227,153</u>	<u>249,229</u>	<u>18,095</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Non-Spendable:				
Deposits and Prepaid items	4,646	-	-	6,875
Restricted:				
Public safety	3,160,778	-	-	-
Public right of way	-	6,539,320	1,848,109	-
Drainage	-	-	264,186	-
Community planning and development	-	-	1,690,943	-
Community services	-	-	9,325,531	-
Unassigned	-	-	-	(3,750)
Total fund balances	<u>3,165,424</u>	<u>6,539,320</u>	<u>13,128,769</u>	<u>3,125</u>
Total liabilities and fund balances	<u>\$ 3,544,130</u>	<u>\$ 8,766,473</u>	<u>\$ 13,377,998</u>	<u>\$ 21,220</u>

**Special Revenue Funds**

<b>Street Lighting</b>	<b>Park Maintenance</b>	<b>Main Street District</b>	<b>Air Quality Improvement</b>
\$ 266,746	\$ 82,310	\$ 204,108	\$ 472,233
-	-	-	-
15,922	7,122	-	-
-	-	-	-
69	-	527	1,156
-	-	-	-
-	-	-	-
-	-	-	56,873
-	-	-	-
-	-	-	-
<u>\$ 282,737</u>	<u>\$ 89,432</u>	<u>\$ 204,635</u>	<u>\$ 530,262</u>
\$ 140,087	\$ 3,996	\$ 1,793	\$ 165
3,019	7,577	-	2,548
-	-	-	-
53	439	-	28
-	-	-	-
<u>143,159</u>	<u>12,012</u>	<u>1,793</u>	<u>2,741</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
139,578	-	202,842	527,521
-	-	-	-
-	77,420	-	-
-	-	-	-
-	-	-	-
<u>139,578</u>	<u>77,420</u>	<u>202,842</u>	<u>527,521</u>
<u>\$ 282,737</u>	<u>\$ 89,432</u>	<u>\$ 204,635</u>	<u>\$ 530,262</u>

**CITY OF GARDEN GROVE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2023**

	<b>Special Revenue Funds</b>		
	<b>GG Tourism Improvement District</b>	<b>Other Grants and Contributions</b>	<b>Street Rehabilitation</b>
<b>ASSETS</b>			
Cash and investments	\$ 307,435	\$ 3,014,661	\$ 3,383,686
Cash with fiscal agents	-	-	-
Taxes receivable	315,086	-	-
Accounts receivable	10,576	49,329	-
Interest receivable	-	9,165	9,589
Due from Successor Agency	-	-	-
Deposits and prepaid items	-	59	-
Intergovernmental receivable	-	2,643,344	1,340,247
Notes receivable, net	-	3,722,555	-
Land held for resale	-	-	-
Total assets	\$ 633,097	\$ 9,439,113	\$ 4,733,522
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 335,922	\$ 1,610,828	\$ 80,318
Accrued liabilities	-	140,604	82,518
Unearned revenue	-	2,628	-
Due to other funds	-	764	-
Intercity loan payable	-	-	-
Total liabilities	335,922	1,754,824	162,836
Deferred Inflows of Resources:			
Unavailable revenue	-	998,668	-
Total deferred inflows	-	998,668	-
Fund balances:			
Non-Spendable:			
Prepaid items	-	59	-
Restricted			
Public safety	-	-	-
Public right of way	-	834,066	4,570,686
Drainage	-	-	-
Community planning and development	297,175	5,607,050	-
Community services	-	244,446	-
Unassigned	-	-	-
Total fund balances	297,175	6,685,621	4,570,686
Total liabilities and fund balances	\$ 633,097	\$ 9,439,113	\$ 4,733,522

HOME Grant Special Revenue Fund	Capital Project Funds			Public Safety	Total Nonmajor Governmental Funds
	Housing Successor Agency	Housing Successor Agency Low/Mod			
\$ 214,358	\$ 686,402	\$ 6,081,842	\$ 37,787	\$ 39,254,465	
-	-	-	511,444	511,444	
-	-	-	-	1,138,944	
31,106	1,714	7,503	-	106,095	
-	1,741	18,148	-	100,889	
-	-	5,054,260	-	5,054,260	
-	-	-	-	11,580	
6,985	-	-	-	4,375,677	
19,002,426	2,001,824	6,628,528	-	31,355,333	
-	-	519,063	-	519,063	
<u>\$ 19,254,875</u>	<u>\$ 2,691,681</u>	<u>\$ 18,309,344</u>	<u>\$ 549,231</u>	<u>\$ 82,427,750</u>	
\$ 27,970	\$ -	\$ 9,778	\$ 16,809	\$ 4,689,612	
-	-	632	43,021	688,848	
-	-	-	-	2,628	
-	-	4	-	3,596	
-	-	5,550,000	-	5,550,000	
<u>27,970</u>	<u>-</u>	<u>5,560,414</u>	<u>59,830</u>	<u>10,934,684</u>	
-	-	-	-	998,668	
-	-	-	-	998,668	
-	-	-	-	11,580	
-	-	-	489,401	3,650,179	
-	-	-	-	14,662,122	
-	-	-	-	264,186	
19,226,905	2,691,681	12,748,930	-	42,340,104	
-	-	-	-	9,569,977	
-	-	-	-	(3,750)	
<u>19,226,905</u>	<u>2,691,681</u>	<u>12,748,930</u>	<u>489,401</u>	<u>70,494,398</u>	
<u>\$ 19,254,875</u>	<u>\$ 2,691,681</u>	<u>\$ 18,309,344</u>	<u>\$ 549,231</u>	<u>\$ 82,427,750</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, 2023**

	<b>Special Revenue Funds</b>			
	<b>Public Safety</b>	<b>State Gas Tax</b>	<b>Developer Fees</b>	<b>Garden Grove Cable</b>
<b>REVENUES:</b>				
Taxes	\$ 794,800	\$ -	\$ -	\$ -
Licenses and permits	-	-	82,861	-
Fines, forfeits and penalties	399,602	-	-	-
Investment earnings	38,378	86,520	159,286	-
Charges for current services	-	-	2,421,221	-
From other agencies	536,119	8,185,204	-	-
Other revenues	-	-	-	38,816
Total revenues	<u>1,768,899</u>	<u>8,271,724</u>	<u>2,663,368</u>	<u>38,816</u>
<b>EXPENDITURES:</b>				
Current:				
Police	1,080,240	-	-	-
Traffic safety	-	64,267	1,184,314	-
Public right of way	-	7,467,350	1,211	-
Community services	-	-	-	580,424
Economic development	-	-	-	-
Parks and greenbelts	-	-	523,922	-
Community planning and development	-	-	188,353	-
Municipal support	-	-	1,800	-
Debt service:				
Principal	-	-	-	39,940
Interest and fiscal charges	-	-	-	1,035
Total expenditures	<u>1,080,240</u>	<u>7,531,617</u>	<u>1,899,600</u>	<u>621,399</u>
Excess (deficiency) of revenues over (under) expenditures	<u>688,659</u>	<u>740,107</u>	<u>763,768</u>	<u>(582,583)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Gain (loss) of sale of capital assets	-	-	-	-
Transfers in	-	-	-	575,952
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>575,952</u>
Net change in fund balances	688,659	740,107	763,768	(6,631)
Fund balance, beginning of year	<u>2,476,765</u>	<u>5,799,213</u>	<u>12,365,001</u>	<u>9,756</u>
Fund balance, end of year	<u>\$ 3,165,424</u>	<u>\$ 6,539,320</u>	<u>\$ 13,128,769</u>	<u>\$ 3,125</u>

<b>Special Revenue Funds</b>			
<b>Street Lighting</b>	<b>Park Maintenance</b>	<b>Main Street District</b>	<b>Air Quality Improvement</b>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
109	(74)	2,606	5,825
1,371,435	707,865	26,620	-
-	-	-	225,103
-	-	-	-
<u>1,371,544</u>	<u>707,791</u>	<u>29,226</u>	<u>230,928</u>
-	-	-	-
1,704,089	-	-	-
-	-	36,534	-
-	-	-	-
-	-	-	-
-	952,002	-	-
-	-	-	15,998
25,780	-	-	181,674
-	-	-	-
-	-	-	-
<u>1,729,869</u>	<u>952,002</u>	<u>36,534</u>	<u>197,672</u>
<u>(358,325)</u>	<u>(244,211)</u>	<u>(7,308)</u>	<u>33,256</u>
-	-	-	-
373,661	234,544	-	-
-	-	-	-
<u>373,661</u>	<u>234,544</u>	<u>-</u>	<u>-</u>
15,336	(9,667)	(7,308)	33,256
<u>124,242</u>	<u>87,087</u>	<u>210,150</u>	<u>494,265</u>
<u>\$ 139,578</u>	<u>\$ 77,420</u>	<u>\$ 202,842</u>	<u>\$ 527,521</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, 2023**

	<b>Special Revenue Funds</b>			
	<b>GG Tourism Improvement District</b>	<b>Other Grants and Contributions</b>	<b>Street Rehabilitation</b>	<b>HOME Grant</b>
<b>REVENUES:</b>				
Taxes	\$ 3,332,713	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	612,828	-	-
Investment earnings	-	437,832	42,272	349,962
Charges for current services	-	-	-	-
From other agencies	-	5,356,325	4,428,713	531,424
Other revenues	-	25,298	-	-
Total revenues	<u>3,332,713</u>	<u>6,432,283</u>	<u>4,470,985</u>	<u>881,386</u>
<b>EXPENDITURES:</b>				
Current:				
Police	-	1,103,480	-	-
Traffic safety	-	441,789	-	-
Public right of way	-	2,182,221	1,820,222	-
Community services	-	552,724	140,247	-
Economic Development	2,558,033	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	2,393,348	-	342,058
Municipal support	-	-	-	-
Debt service:				
Principal	-	10,628	-	-
Interest and fiscal charges	-	22	-	-
Total expenditures	<u>2,558,033</u>	<u>6,684,212</u>	<u>1,960,469</u>	<u>342,058</u>
Excess (deficiency) of revenues over (under) expenditures	<u>774,680</u>	<u>(251,929)</u>	<u>2,510,516</u>	<u>539,328</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Gain (loss) of sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(762,889)	(38,560)	-	-
Total other financing sources (uses)	<u>(762,889)</u>	<u>(38,560)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	11,791	(290,489)	2,510,516	539,328
Fund balance, beginning of year	<u>285,384</u>	<u>6,976,110</u>	<u>2,060,170</u>	<u>18,687,577</u>
Fund balance, end of year	<u>\$ 297,175</u>	<u>\$ 6,685,621</u>	<u>\$ 4,570,686</u>	<u>\$ 19,226,905</u>

<b>Capital Project Funds</b>			<b>Total</b>
<b>Housing Authority Assets</b>	<b>Housing Successor Agency Low/Mod</b>	<b>Public Safety</b>	<b>Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 4,127,513
-	-	-	82,861
-	-	-	1,012,430
88,260	344,241	43	1,555,260
-	-	-	4,527,141
-	-	-	19,262,888
-	-	-	64,114
<u>88,260</u>	<u>344,241</u>	<u>43</u>	<u>30,632,207</u>
-	-	495,696	2,679,416
-	-	-	3,394,459
-	-	-	11,507,538
-	-	-	1,273,395
-	-	-	2,558,033
-	-	-	1,475,924
-	5,754,257	-	8,694,014
-	-	-	209,254
-	-	-	50,568
-	-	-	1,057
<u>-</u>	<u>5,754,257</u>	<u>495,696</u>	<u>31,843,658</u>
<u>88,260</u>	<u>(5,410,016)</u>	<u>(495,653)</u>	<u>(1,211,451)</u>
-	784,917	-	784,917
-	-	-	1,184,157
-	(3,000,000)	-	(3,801,449)
-	(2,215,083)	-	(1,832,375)
88,260	(7,625,099)	(495,653)	(3,043,826)
<u>2,603,421</u>	<u>20,374,029</u>	<u>985,054</u>	<u>73,538,224</u>
<u>\$ 2,691,681</u>	<u>\$ 12,748,930</u>	<u>\$ 489,401</u>	<u>\$ 70,494,398</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, 2023**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ 935,605	\$ 935,605	\$ 794,800	\$ (140,805)
Fines, forfeits and penalties	-	-	399,602	399,602
Investment earnings (loss)	-	-	38,378	38,378
From other agencies	-	-	536,119	536,119
Total revenues	<u>935,605</u>	<u>935,605</u>	<u>1,768,899</u>	<u>833,294</u>
<b>EXPENDITURES:</b>				
Current:				
Police	798,875	798,875	1,080,240	(281,365)
Total expenditures	<u>798,875</u>	<u>798,875</u>	<u>1,080,240</u>	<u>(281,365)</u>
Net change in fund balance	136,730	136,730	688,659	551,929
Fund balance, beginning of year	<u>2,476,765</u>	<u>2,476,765</u>	<u>2,476,765</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,613,495</u>	<u>\$ 2,613,495</u>	<u>\$ 3,165,424</u>	<u>\$ 551,929</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, 2023**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Investment earnings (loss)	\$ -	\$ -	\$ 86,520	\$ 86,520
From other agencies	8,950,838	8,950,838	8,185,204	(765,634)
Total revenues	<u>8,950,838</u>	<u>8,950,838</u>	<u>8,271,724</u>	<u>(679,114)</u>
<b>EXPENDITURES:</b>				
Current:				
Traffic safety	199,115	199,115	64,267	134,848
Public right of way	8,003,491	8,003,491	7,467,350	536,141
Total expenditures	<u>8,202,606</u>	<u>8,202,606</u>	<u>7,531,617</u>	<u>670,989</u>
Net change in fund balance	748,232	748,232	740,107	(8,125)
Fund balance, beginning of year	5,799,213	5,799,213	5,799,213	-
Fund balance, end of year	<u>\$ 6,547,445</u>	<u>\$ 6,547,445</u>	<u>\$ 6,539,320</u>	<u>\$ (8,125)</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, 2023**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Licenses and permits	\$ 90,032	\$ 90,032	\$ 82,861	\$ (7,171)
Investment earnings (loss)	-	-	159,286	159,286
Charges for current services	1,364,368	1,364,368	2,421,221	1,056,853
Total revenues	<u>1,454,400</u>	<u>1,454,400</u>	<u>2,663,368</u>	<u>1,208,968</u>
<b>EXPENDITURES:</b>				
Current:				
Traffic safety	1,485,000	1,485,000	1,184,314	300,686
Public right of way	-	-	1,211	(1,211)
Parks and greenbelts	2,875,000	2,875,000	523,922	2,351,078
Community planning and development	223,817	223,817	188,353	35,464
Municipal support	3,528	3,528	1,800	1,728
Total expenditures	<u>4,587,345</u>	<u>4,587,345</u>	<u>1,899,600</u>	<u>2,687,745</u>
Net change in fund balance	(3,132,945)	(3,132,945)	763,768	3,896,713
Fund balance, beginning of year	12,365,001	12,365,001	12,365,001	-
Fund balance, end of year	<u>\$ 9,232,056</u>	<u>\$ 9,232,056</u>	<u>\$ 13,128,769</u>	<u>\$ 3,896,713</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, 2023**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Other revenues	\$ 31,636	\$ 31,636	\$ 38,816	\$ 7,180
Total revenues	<u>31,636</u>	<u>31,636</u>	<u>38,816</u>	<u>7,180</u>
<b>EXPENDITURES:</b>				
Current:				
Community services	597,373	597,373	580,424	16,949
Debt service:				
Principal retirement	-	-	39,940	(39,940)
Interest	41,084	41,084	1,035	40,049
Total expenditures	<u>638,457</u>	<u>638,457</u>	<u>621,399</u>	<u>17,058</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(606,821)</u>	<u>(606,821)</u>	<u>(582,583)</u>	<u>24,238</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	575,952	575,952
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>575,952</u>	<u>575,952</u>
Net change in fund balance	(606,821)	(606,821)	(6,631)	600,190
Fund balance, beginning of year	9,756	9,756	9,756	-
Fund balance, end of year	<u>\$ (597,065)</u>	<u>\$ (597,065)</u>	<u>\$ 3,125</u>	<u>\$ 600,190</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, 2023**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Investment earnings (loss)	\$ -	\$ -	\$ 109	\$ 109
Charges for current services	1,346,099	1,346,099	1,371,435	25,336
Total revenues	<u>1,346,099</u>	<u>1,346,099</u>	<u>1,371,544</u>	<u>25,445</u>
<b>EXPENDITURES:</b>				
Current:				
Traffic safety	1,328,621	1,328,621	1,704,089	(375,468)
Municipal support	27,587	27,587	25,780	1,807
Total expenditures	<u>1,356,208</u>	<u>1,356,208</u>	<u>1,729,869</u>	<u>(373,661)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,109)</u>	<u>(10,109)</u>	<u>(358,325)</u>	<u>(348,216)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	373,661	373,661
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>373,661</u>	<u>373,661</u>
Net change in fund balance	(10,109)	(10,109)	15,336	25,445
Fund balance, beginning of year	124,242	124,242	124,242	-
Fund balance, end of year	<u>\$ 114,133</u>	<u>\$ 114,133</u>	<u>\$ 139,578</u>	<u>\$ 25,445</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, 2023**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Investment earnings (loss)	\$ -	\$ -	\$ (74)	\$ (74)
Charges for current services	708,284	708,284	707,865	(419)
Total revenues	<u>708,284</u>	<u>708,284</u>	<u>707,791</u>	<u>(493)</u>
<b>EXPENDITURES:</b>				
Current:				
Parks and greenbelts	714,679	714,679	952,002	(237,323)
Total expenditures	<u>714,679</u>	<u>714,679</u>	<u>952,002</u>	<u>(237,323)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,395)</u>	<u>(6,395)</u>	<u>(244,211)</u>	<u>(237,816)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	234,544	234,544
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>234,544</u>	<u>234,544</u>
Net change in fund balance	(6,395)	(6,395)	(9,667)	(3,272)
Fund balance, beginning of year	87,087	87,087	87,087	-
Fund balance, end of year	<u>\$ 80,692</u>	<u>\$ 80,692</u>	<u>\$ 77,420</u>	<u>\$ (3,272)</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, 2023**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Investment earnings (loss)	\$ -	\$ -	\$ 2,606	\$ 2,606
Charges for current services	27,200	27,200	26,620	(580)
Total revenues	<u>27,200</u>	<u>27,200</u>	<u>29,226</u>	<u>2,026</u>
<b>EXPENDITURES:</b>				
Current:				
Public right of way	34,411	34,411	36,534	(2,123)
Total expenditures	<u>34,411</u>	<u>34,411</u>	<u>36,534</u>	<u>(2,123)</u>
Net change in fund balance	(7,211)	(7,211)	(7,308)	(97)
Fund balance, beginning of year	<u>210,150</u>	<u>210,150</u>	<u>210,150</u>	<u>-</u>
Fund balance, end of year	<u>\$ 202,939</u>	<u>\$ 202,939</u>	<u>\$ 202,842</u>	<u>\$ (97)</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, 2023**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Investment earnings (loss)	\$ -	\$ -	\$ 5,825	\$ 5,825
From other agencies	287,922	287,922	225,103	(62,819)
Total revenues	<u>287,922</u>	<u>287,922</u>	<u>230,928</u>	<u>(56,994)</u>
<b>EXPENDITURES:</b>				
Current:				
Community planning and development	18,873	18,873	15,998	(2,875)
Municipal support	269,049	269,049	181,674	(87,375)
Total expenditures	<u>287,922</u>	<u>287,922</u>	<u>197,672</u>	<u>(90,250)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>33,256</u>	<u>(147,244)</u>
Net change in fund balance	-	-	33,256	(147,244)
Fund balance, beginning of year	<u>494,265</u>	<u>494,265</u>	<u>494,265</u>	<u>-</u>
Fund balance, end of year	<u>\$ 494,265</u>	<u>\$ 494,265</u>	<u>\$ 527,521</u>	<u>\$ (147,244)</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, 2023**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ 2,745,000	\$ 2,745,000	\$ 3,332,713	\$ 587,713
Total revenues	<u>2,745,000</u>	<u>2,745,000</u>	<u>3,332,713</u>	<u>587,713</u>
<b>EXPENDITURES:</b>				
Current:				
Economic development	1,954,733	1,954,733	2,558,033	(603,300)
Total expenditures	<u>1,954,733</u>	<u>1,954,733</u>	<u>2,558,033</u>	<u>(603,300)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>790,267</u>	<u>790,267</u>	<u>774,680</u>	<u>(15,587)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(762,889)	(762,889)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(762,889)</u>	<u>(762,889)</u>
Net change in fund balance	790,267	790,267	11,791	(778,476)
Fund balance, beginning of year	<u>285,384</u>	<u>285,384</u>	<u>285,384</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 1,075,651</u>	<u>\$ 1,075,651</u>	<u>\$ 297,175</u>	<u>\$ (778,476)</u>

**CITY OF GARDEN GROVE**  
**OTHER GRANTS AND CONTRIBUTIONS SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Fines, forfeits and penalties	\$ 700,000	\$ 700,000	\$ 612,828	\$ (87,172)
Investment earnings (loss)	-	-	437,832	437,832
From other agencies	11,015,573	10,532,553	5,356,325	(5,176,228)
Other revenues	-	-	25,298	25,298
Total revenues	<u>11,715,573</u>	<u>11,232,553</u>	<u>6,432,283</u>	<u>(4,800,270)</u>
<b>EXPENDITURES:</b>				
Current:				
Police	808,962	1,034,495	1,103,480	(68,985)
Traffic safety	460,186	460,186	441,789	18,397
Public right of way	9,835,257	10,435,256	2,182,221	8,253,035
Community services	521,098	521,098	552,724	(31,626)
Community planning and development	764,285	764,285	2,393,348	(1,629,063)
Debt service:				
Principal retirement	-	-	10,628	(10,628)
Interest	-	-	22	(22)
Total expenditures	<u>12,389,788</u>	<u>13,215,320</u>	<u>6,684,212</u>	<u>6,531,108</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(674,215)</u>	<u>(1,982,767)</u>	<u>(251,929)</u>	<u>1,730,838</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(38,560)	(38,560)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(38,560)</u>	<u>(38,560)</u>
Net change in fund balance	(674,215)	(1,982,767)	(290,489)	1,692,278
Fund balance, beginning of year	<u>6,976,110</u>	<u>6,976,110</u>	<u>6,976,110</u>	<u>-</u>
Fund balance, end of year	<u>\$ 6,301,895</u>	<u>\$ 4,993,343</u>	<u>\$ 6,685,621</u>	<u>\$ 1,692,278</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, 2023**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Investment earnings (loss)	\$ -	\$ -	\$ 42,272	\$ 42,272
From other agencies	3,369,869	3,369,869	4,428,713	1,058,844
Total revenues	<u>3,369,869</u>	<u>3,369,869</u>	<u>4,470,985</u>	<u>1,101,116</u>
<b>EXPENDITURES:</b>				
Current:				
Public right of way	2,742,370	2,742,370	1,820,222	922,148
Community services	205,000	205,000	140,247	64,753
Total expenditures	<u>2,947,370</u>	<u>2,947,370</u>	<u>1,960,469</u>	<u>986,901</u>
Net change in fund balance	422,499	422,499	2,510,516	2,088,017
Fund balance, beginning of year	<u>2,060,170</u>	<u>2,060,170</u>	<u>2,060,170</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,482,669</u>	<u>\$ 2,482,669</u>	<u>\$ 4,570,686</u>	<u>\$ 2,088,017</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, 2023**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Investment earnings (loss)	\$ -	\$ -	\$ 349,962	\$ 349,962
From other agencies	982,912	982,912	531,424	(451,488)
Total revenues	<u>982,912</u>	<u>982,912</u>	<u>881,386</u>	<u>(101,526)</u>
<b>EXPENDITURES:</b>				
Current:				
Community planning and development	982,912	982,912	342,058	640,854
Total expenditures	<u>982,912</u>	<u>982,912</u>	<u>342,058</u>	<u>640,854</u>
Net change in fund balance	-	-	539,328	539,328
Fund balance, beginning of year	<u>18,687,577</u>	<u>18,687,577</u>	<u>18,687,577</u>	-
Fund balance, end of year	<u>\$ 18,687,577</u>	<u>\$ 18,687,577</u>	<u>\$ 19,226,905</u>	<u>\$ 539,328</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, 2023**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Investment earnings (loss)	\$ -	\$ -	\$ 88,260	\$ 88,260
Total revenues	<u>-</u>	<u>-</u>	<u>88,260</u>	<u>88,260</u>
<b>EXPENDITURES:</b>				
Current:				
Economic development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	88,260	88,260
Fund balance, beginning of year	<u>2,603,421</u>	<u>2,603,421</u>	<u>2,603,421</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,603,421</u>	<u>\$ 2,603,421</u>	<u>\$ 2,691,681</u>	<u>\$ 88,260</u>

**CITY OF GARDEN GROVE**  
**HOUSING SUCCESSOR AGENCY LOW/MOD CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Investment earnings (loss)	\$ -	\$ -	\$ 344,241	\$ 344,241
Other revenues	133,871	133,871	-	(133,871)
Total revenues	<u>133,871</u>	<u>133,871</u>	<u>344,241</u>	<u>(210,370)</u>
<b>EXPENDITURES:</b>				
Current:				
Community planning and development	305,797	305,797	5,754,257	(5,448,460)
Total expenditures	<u>305,797</u>	<u>305,797</u>	<u>5,754,257</u>	<u>5,448,460</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(171,926)</u>	<u>(171,926)</u>	<u>(5,410,016)</u>	<u>5,238,090</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Gain (loss) on sale of capital assets	-	-	784,917	(784,917)
Transfers out	-	-	(3,000,000)	3,000,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,215,083)</u>	<u>2,215,083</u>
Net change in fund balance	(171,926)	(171,926)	(7,625,099)	7,453,173
Fund balance, beginning of year	<u>20,374,029</u>	<u>20,374,029</u>	<u>20,374,029</u>	<u>-</u>
Fund balance, end of year	<u>\$ 20,202,103</u>	<u>\$ 20,202,103</u>	<u>\$ 12,748,930</u>	<u>\$ 7,453,173</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, 2023**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Investment earnings	\$ -	\$ -	\$ 43	\$ 43
Total revenues	<u>-</u>	<u>-</u>	<u>43</u>	<u>43</u>
<b>EXPENDITURES:</b>				
Current:				
Police	-	-	495,696	(495,696)
Total expenditures	<u>-</u>	<u>-</u>	<u>495,696</u>	<u>(495,696)</u>
Net change in fund balance	-	-	(495,653)	(495,653)
Fund balance, beginning of year	<u>985,054</u>	<u>985,054</u>	<u>985,054</u>	<u>-</u>
Fund balance, end of year	<u>\$ 985,054</u>	<u>\$ 985,054</u>	<u>\$ 489,401</u>	<u>\$ (495,653)</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, 2023**

	<b>Solid Waste Disposal</b>	<b>Golf Course</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>ASSETS</b>			
Current Assets:			
Cash and cash investments	\$ 16,143,059	\$ 151,645	\$ 16,294,704
Taxes receivable	235,347	-	235,347
Accounts receivable	484,727	13,340	498,067
Interest receivable	40,665	179	40,844
Inventory	-	16,859	16,859
Prepaid Items	-	16,317	16,317
Total current assets	<u>16,903,798</u>	<u>198,340</u>	<u>17,102,138</u>
Noncurrent Assets:			
Capital assets			
Land	-	3,132,711	3,132,711
Construction in progress	-	20,325	20,325
Depreciable capital assets, net	-	250,048	250,048
Total noncurrent assets	<u>-</u>	<u>3,403,084</u>	<u>3,403,084</u>
Total assets	<u>16,903,798</u>	<u>3,601,424</u>	<u>20,505,222</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB related	213,200	-	213,200
Pension related	716,075	-	716,075
Total Deferred Outflows	<u>929,275</u>	<u>-</u>	<u>929,275</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	220,019	124,375	344,394
Accrued liabilities	13,011	-	13,011
Interest payable	-	7	7
Refundable deposits	1,510,160	-	1,510,160
Due to other funds	291	-	291
Current portion of long term liabilities			
Leases payable	-	25,567	25,567
Total current liabilities	<u>1,743,481</u>	<u>149,949</u>	<u>1,893,430</u>
Noncurrent liabilities:			
Leases payable	-	32,012	32,012
Net pension liability	2,334,891	-	2,334,891
OPEB liability	347,147	-	347,147
Total noncurrent liabilities	<u>2,682,038</u>	<u>32,012</u>	<u>2,714,050</u>
Total liabilities	<u>4,425,519</u>	<u>181,961</u>	<u>4,607,480</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB related	146,228	-	146,228
Pension related	36,658	-	36,658
Total Deferred Inflows	<u>182,886</u>	<u>-</u>	<u>182,886</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	3,345,505	3,345,505
Unrestricted	<u>13,224,668</u>	<u>73,958</u>	<u>13,298,626</u>
Total net position	<u>\$ 13,224,668</u>	<u>\$ 3,419,463</u>	<u>\$ 16,644,131</u>

**CITY OF GARDEN GROVE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2023**

	<b>Solid Waste Disposal</b>	<b>Golf Course</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Operating revenues:</b>			
Charges for services	\$ -	\$ 2,001,402	\$ 2,001,402
Solid waste disposal fees	3,011,646	-	3,011,646
Property assessments	614,055	-	614,055
Other	485,548	-	485,548
Total operating revenues	<u>4,111,249</u>	<u>2,001,402</u>	<u>6,112,651</u>
<b>Operating expenses:</b>			
	-	-	-
Salaries and benefits	609,107	-	609,107
Contractual services	1,394,363	-	1,394,363
Materials and supplies	54,031	-	54,031
Golf course operations	-	2,090,835	2,090,835
Depreciation	-	126,652	126,652
Total operating expenses	<u>2,057,501</u>	<u>2,217,487</u>	<u>4,274,988</u>
Operating income (loss)	<u>2,053,748</u>	<u>(216,085)</u>	<u>1,837,663</u>
<b>Nonoperating revenues:</b>			
Investment income (loss)	191,964	1,232	193,196
Interest expense	-	(190)	(190)
Total nonoperating revenue	<u>191,964</u>	<u>1,042</u>	<u>193,006</u>
Change in net position	2,245,712	(215,043)	2,030,669
<b>Total net position, beginning of year</b>	<u>10,978,956</u>	<u>3,634,506</u>	<u>14,613,462</u>
<b>Total net position, end of year</b>	<u>\$ 13,224,668</u>	<u>\$ 3,419,463</u>	<u>\$ 16,644,131</u>

**CITY OF GARDEN GROVE  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Solid Waste Disposal</u>	<u>Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 4,716,426	\$ 2,006,656	\$ 6,723,082
Payments to suppliers	(1,347,461)	(2,017,598)	(3,365,059)
Payments to employees	(577,679)	-	(577,679)
Net cash provided (used) by operating activities	<u>2,791,286</u>	<u>(10,942)</u>	<u>2,780,344</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>			
Cash paid to other funds	204	-	204
Net cash provided (used) by non capital financing activities	<u>204</u>	<u>-</u>	<u>204</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	-	(144,650)	(144,650)
Principal payments on capital debt	-	(111,461)	(111,461)
Interest paid on capital debt	-	(197)	(197)
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(256,308)</u>	<u>(256,308)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earnings	266,023	1,618	267,641
Increase (decrease) in fair value of investments	(106,258)	(467)	(106,725)
Net cash provided by investing activities	<u>159,765</u>	<u>1,151</u>	<u>160,916</u>
Net increase (decrease) in cash and cash equivalents	2,951,255	(266,099)	2,685,156
Cash and cash equivalents, beginning of year	<u>13,191,804</u>	<u>417,744</u>	<u>13,609,548</u>
Cash and cash equivalents, end of year	<u>\$ 16,143,059</u>	<u>\$ 151,645</u>	<u>\$ 16,294,704</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 2,053,748	\$ (216,085)	\$ 1,837,663
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	126,652	126,652
Changes in assets and liabilities:			
(Increase) decrease in taxes receivable	141,453	-	141,453
(Increase) decrease in accounts receivable	(32,406)	5,254	(27,152)
(Increase) decrease in inventory	-	(4,270)	(4,270)
(Increase) decrease in prepaid expense	-	72,824	72,824
Increase (decrease) in accounts payable	100,933	4,683	105,616
Increase (decrease) in accrued liabilities	3,480	-	3,480
Increase (decrease) in refundable deposits	496,130	-	496,130
Increase (decrease) in OPEB liability and related changes in deferred outflows and inflows of resources	25,808	-	25,808
Increase (decrease) in net pension liability and related changes in deferred outflows and inflows of resources	2,140	-	2,140
Total adjustments	<u>737,538</u>	<u>205,143</u>	<u>942,681</u>
Net cash provided (used) by operating activities	<u>\$ 2,791,286</u>	<u>\$ (10,942)</u>	<u>\$ 2,780,344</u>

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**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.

***Building and Structure Rehabilitation Fund***

This fund accounts for various City building and structure repairs and rehabilitation projects. Revenue into the fund is derived from charges to City Departments based on occupied square footage.

**CITY OF GARDEN GROVE**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2023**

	<b>Workers' Compensation</b>	<b>Fleet Management</b>	<b>Employee Benefits</b>	<b>Information Systems</b>
<b>ASSETS</b>				
Current Assets:				
Cash and cash investments	\$ 36,719,505	\$ 42,262,191	\$ 21,165,815	\$ 4,963,040
Accounts receivable, net	-	-	15,142	-
Interest receivable	93,245	107,377	47,765	12,594
Intergovernmental receivable	62	-	-	-
Due from other funds	90,594	-	-	-
Inventory	-	76,790	-	166
Prepaid items	16,939	4,087	207,552	226,469
Total current assets	<u>36,920,345</u>	<u>42,450,445</u>	<u>21,436,274</u>	<u>5,202,269</u>
Noncurrent Assets:				
Intercity loans receivable	-	1,201,518	-	-
Capital assets:				
Construction in progress	-	185,277	-	-
Depreciable capital assets, net	-	11,121,932	-	508,494
Total noncurrent assets	<u>-</u>	<u>12,508,727</u>	<u>-</u>	<u>508,494</u>
Total assets	<u>36,920,345</u>	<u>54,959,172</u>	<u>21,436,274</u>	<u>5,710,763</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
OPEB related	-	304,572	-	639,601
Pension related	-	686,949	-	1,574,872
Total Deferred Outflows	<u>-</u>	<u>991,521</u>	<u>-</u>	<u>2,214,473</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	-	486,618	7,101	77,331
Accrued liabilities	23,509	23,609	1,634,005	39,097
Interest payable	-	-	-	2,185
Due to other funds	-	1,393	-	285
Current portion of long term liabilities				
Subscription-based IT payable	-	-	-	11,224
Leases payable	-	-	-	83,278
Accrued compensated absences	-	-	7,609,598	-
Claims payable	5,010,907	-	-	-
Total current liabilities	<u>5,034,416</u>	<u>511,620</u>	<u>9,250,704</u>	<u>213,400</u>
Noncurrent liabilities:				
Accrued compensated absences	-	-	235,349	-
Claims payable	32,470,966	-	-	-
Subscription-based IT payable	-	-	-	11,586
Leases payable	-	-	-	350,373
Intercity loans payable	-	-	-	-
Net pension liability	-	2,239,921	-	5,135,155
OPEB liability	-	495,923	-	1,041,440
Total noncurrent liabilities	<u>32,470,966</u>	<u>2,735,844</u>	<u>235,349</u>	<u>6,538,554</u>
Total liabilities	<u>37,505,382</u>	<u>3,247,464</u>	<u>9,486,053</u>	<u>6,751,954</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
OPEB related	-	208,898	-	438,685
Pension related	-	35,168	-	80,624
Total Deferred Inflows	<u>-</u>	<u>244,066</u>	<u>-</u>	<u>519,309</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	11,307,209	-	52,033
Unrestricted	(585,037)	41,151,954	11,950,221	601,940
Total net position	<u>\$ (585,037)</u>	<u>\$ 52,459,163</u>	<u>\$ 11,950,221</u>	<u>\$ 653,973</u>

<b>Warehouse Operations</b>	<b>Telephone System</b>	<b>Risk Management</b>	<b>Communication Replacement</b>	<b>Building and Structure Rehab</b>	<b>Total</b>
\$ 683,554	\$ 1,906,514	\$ 9,532,673	\$ 1,513,394	\$ 3,000,000	121,746,686
-	-	1,229	-	-	16,371
1,660	4,839	23,188	3,704	-	294,372
-	-	-	-	-	62
-	-	-	-	-	90,594
403,020	-	-	-	-	479,976
-	-	17,179	-	-	472,226
<u>1,088,234</u>	<u>1,911,353</u>	<u>9,574,269</u>	<u>1,517,098</u>	<u>3,000,000</u>	<u>123,100,287</u>
-	-	2,353,050	-	-	3,554,568
-	-	-	-	-	185,277
-	-	-	1,301,579	-	12,932,005
-	-	2,353,050	1,301,579	-	16,671,850
<u>1,088,234</u>	<u>1,911,353</u>	<u>11,927,319</u>	<u>2,818,677</u>	<u>3,000,000</u>	<u>139,772,137</u>
-	-	-	-	-	944,173
-	-	-	-	-	2,261,821
-	-	-	-	-	3,205,994
49,293	14,287	10,600	-	-	645,230
4,661	3,220	6,719	-	-	1,734,820
-	-	-	-	-	2,185
348	22	47	-	-	2,095
-	-	-	-	-	11,224
-	-	-	-	-	83,278
-	-	-	-	-	7,609,598
-	-	2,492,410	-	-	7,503,317
<u>54,302</u>	<u>17,529</u>	<u>2,509,776</u>	<u>-</u>	<u>-</u>	<u>17,591,747</u>
-	-	-	-	-	235,349
-	-	4,367,628	-	-	36,838,594
-	-	-	-	-	11,586
-	-	-	-	-	350,373
-	-	-	1,201,519	-	1,201,519
-	-	-	-	-	7,375,076
-	-	-	-	-	1,537,363
-	-	4,367,628	1,201,519	-	47,549,860
<u>54,302</u>	<u>17,529</u>	<u>6,877,404</u>	<u>1,201,519</u>	<u>-</u>	<u>65,141,607</u>
-	-	-	-	-	647,583
-	-	-	-	-	115,792
-	-	-	-	-	763,375
-	-	-	1,301,579	-	12,660,821
<u>1,033,932</u>	<u>1,893,824</u>	<u>5,049,915</u>	<u>315,579</u>	<u>3,000,000</u>	<u>64,412,328</u>
<u>\$ 1,033,932</u>	<u>\$ 1,893,824</u>	<u>\$ 5,049,915</u>	<u>\$ 1,617,158</u>	<u>\$ 3,000,000</u>	<u>\$ 77,073,149</u>

**CITY OF GARDEN GROVE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2023**

	<b>Workers' Compensation</b>	<b>Fleet Management</b>	<b>Employee Benefits</b>	<b>Information Systems</b>
<b>Operating revenues:</b>				
Charges for services	\$ 4,750,466	\$ 5,310,754	\$ 3,923,390	\$ 3,148,154
Other	-	-	-	13,000
Total operating revenues	<u>4,750,466</u>	<u>5,310,754</u>	<u>3,923,390</u>	<u>3,161,154</u>
<b>Operating expenses:</b>				
Salaries and benefits	1,343,299	708,224	36,596	1,963,994
Contractual services	30,539	1,927,773	2,137	450,365
Liability claims	3,396,375	-	-	-
Materials and supplies	-	288,856	-	238,870
Depreciation	-	1,684,206	-	56,241
Total operating expenses	<u>4,770,213</u>	<u>4,609,059</u>	<u>38,733</u>	<u>2,709,470</u>
Operating income (loss)	<u>(19,747)</u>	<u>701,695</u>	<u>3,884,657</u>	<u>451,684</u>
<b>Nonoperating revenues (expenses):</b>				
Investment income (loss)	476,372	542,662	116,562	65,275
Gain (loss) on disposal of assets	-	139,503	-	(62,502)
Interest expense	-	-	-	(1,802)
Total nonoperating revenue (expenses)	<u>476,372</u>	<u>682,165</u>	<u>116,562</u>	<u>971</u>
Income (loss) before transfers and capital contributions	456,625	1,383,860	4,001,219	452,655
Capital contributions	-	117,990	-	-
Transfers in	2,000,000	-	-	-
Transfers out	-	-	(918,163)	-
Change in net position	<u>2,456,625</u>	<u>1,501,850</u>	<u>3,083,056</u>	<u>452,655</u>
<b>Total net position, beginning of year</b>	<u>(3,041,662)</u>	<u>50,957,313</u>	<u>8,867,165</u>	<u>201,318</u>
<b>Total net position, end of year</b>	<u>\$ (585,037)</u>	<u>\$ 52,459,163</u>	<u>\$ 11,950,221</u>	<u>\$ 653,973</u>



<b>Warehouse Operations</b>	<b>Telephone System</b>	<b>Risk Management</b>	<b>Communication Replacement</b>	<b>Building and Structure Rehab</b>	<b>Total</b>
\$ 382,066	\$ 430,392	\$ 3,125,421	\$ 600,008	\$ -	\$ 21,670,651
-	-	1,229	-	-	14,229
<u>382,066</u>	<u>430,392</u>	<u>3,126,650</u>	<u>600,008</u>	<u>-</u>	<u>21,684,880</u>
257,703	168,985	401,066	-	-	4,879,867
27,145	193,583	584,476	332	-	3,216,350
-	-	1,813,200	-	-	5,209,575
-	-	1,910	-	-	529,636
-	-	-	301,497	-	2,041,944
<u>284,848</u>	<u>362,568</u>	<u>2,800,652</u>	<u>301,829</u>	<u>-</u>	<u>15,877,372</u>
<u>97,218</u>	<u>67,824</u>	<u>325,998</u>	<u>298,179</u>	<u>-</u>	<u>5,807,508</u>
8,182	23,801	196,784	18,402	-	1,448,040
-	-	-	-	-	77,001
-	-	-	(12,826)	-	(14,628)
<u>8,182</u>	<u>23,801</u>	<u>196,784</u>	<u>5,576</u>	<u>-</u>	<u>1,510,413</u>
105,400	91,625	522,782	303,755	-	7,317,921
-	-	-	-	-	117,990
-	-	-	-	3,000,000	5,000,000
-	-	-	-	-	(918,163)
<u>105,400</u>	<u>91,625</u>	<u>522,782</u>	<u>303,755</u>	<u>3,000,000</u>	<u>11,517,748</u>
<u>928,532</u>	<u>1,802,199</u>	<u>4,527,133</u>	<u>1,313,403</u>	<u>-</u>	<u>65,555,401</u>
<u>\$ 1,033,932</u>	<u>\$ 1,893,824</u>	<u>\$ 5,049,915</u>	<u>\$ 1,617,158</u>	<u>\$ 3,000,000</u>	<u>\$ 77,073,149</u>

**CITY OF GARDEN GROVE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>Workers' Compensation</b>	<b>Fleet Management</b>	<b>Employee Benefits</b>	<b>Information Systems</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from user departments	\$ 4,750,452	\$ 5,310,754	\$ 3,934,565	\$ 3,161,154
Payments to suppliers	(5,526,390)	(1,957,864)	(2,137)	(1,275,733)
Payments to employees	(1,343,299)	(1,367,533)	(69,662)	(2,622,606)
Payments for employee benefits	-	-	832,387	-
Net cash (used) provided by operating activities	<u>(2,119,237)</u>	<u>1,985,357</u>	<u>4,695,153</u>	<u>(737,185)</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>				
Cash received from other funds	2,000,605	518,537	-	-
Cash paid to other funds	-	-	(678,469)	(110)
Net cash (used) provided by non capital financing activities	<u>2,000,605</u>	<u>518,537</u>	<u>(678,469)</u>	<u>(110)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	-	(1,346,845)	-	(530,921)
Proceeds from sale of capital assets	-	147,757	-	-
Proceeds from leases	-	-	-	433,651
Principal paid on capital debt	-	-	-	(15,976)
Interest paid on capital debt	-	-	-	383
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(1,199,088)</u>	<u>-</u>	<u>(112,863)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest earnings	649,986	741,834	206,783	89,278
Increase (decrease) in fair value of investments	(243,652)	(280,579)	(124,812)	(32,909)
Net cash provided by investing activities	<u>406,334</u>	<u>461,255</u>	<u>81,971</u>	<u>56,369</u>
Net increase (decrease) in cash and cash equivalents	287,702	1,766,061	4,098,655	(793,789)
Cash and cash equivalents, beginning of year	36,431,803	40,496,130	17,067,160	5,756,829
Cash and cash equivalents, end of year	<u>\$ 36,719,505</u>	<u>\$ 42,262,191</u>	<u>\$ 21,165,815</u>	<u>\$ 4,963,040</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (19,747)	\$ 701,695	\$ 3,884,657	\$ 451,684
Adjustments to reconcile operating income (income) to net cash (used) provided by operating activities:				
Depreciation expense	-	1,684,206	-	56,241
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	48	-	11,175	-
(Increase) decrease in intergovernmental receivable	(62)	-	-	-
(Increase) decrease in inventory	-	16,946	-	(166)
(Increase) decrease in prepaid expense	(16,939)	(3,949)	(176,766)	(72,540)
Increase (decrease) in accounts payable	(2,773)	245,168	(21,265)	(525,678)
Increase (decrease) in compensated absences	-	-	(69,662)	-
Increase (decrease) in accrued liabilities	3,610	600	1,067,014	(10,924)
Increase (decrease) in refundable deposits	-	-	-	22,810
Increase (decrease) in claims payable	(2,083,374)	-	-	-
changes in deferred outflows and inflows of resources	-	36,867	-	77,422
changes in deferred outflows and inflows of resources	-	(696,176)	-	(736,034)
Total adjustments	<u>(2,099,490)</u>	<u>1,283,662</u>	<u>810,496</u>	<u>(1,188,869)</u>
Net cash (used) provided by operating activities	<u>\$ (2,119,237)</u>	<u>\$ 1,985,357</u>	<u>\$ 4,695,153</u>	<u>\$ (737,185)</u>

<b>Warehouse Operations</b>	<b>Telephone System</b>	<b>Risk Management</b>	<b>Communication Replacement</b>	<b>Building and Structure Rehab</b>	<b>Total</b>
\$ 382,066	\$ 430,392	\$ 3,125,421	\$ 600,008	\$ -	\$ 21,694,812
(49,741)	(184,044)	(2,443,469)	(351)	-	(11,439,729)
(257,703)	(168,985)	(401,066)	-	-	(6,230,854)
-	-	-	-	-	832,387
<u>74,622</u>	<u>77,363</u>	<u>280,886</u>	<u>599,657</u>	<u>-</u>	<u>4,856,616</u>
10	-	82,722	-	3,000,000	5,601,874
-	(2)	-	(400,505)	-	(1,079,086)
<u>10</u>	<u>(2)</u>	<u>82,722</u>	<u>(400,505)</u>	<u>3,000,000</u>	<u>4,522,788</u>
-	-	-	-	-	(1,877,766)
-	-	-	-	-	147,757
-	-	-	-	-	433,651
-	-	-	-	-	(15,976)
-	-	-	(12,826)	-	(12,443)
-	-	-	(12,826)	-	(1,324,777)
11,247	32,768	239,910	25,219	-	1,997,025
(4,339)	(12,646)	(60,590)	(9,679)	-	(769,206)
<u>6,908</u>	<u>20,122</u>	<u>179,320</u>	<u>15,540</u>	<u>-</u>	<u>1,227,819</u>
81,540	97,483	542,928	201,866	3,000,000	9,282,446
602,014	1,809,031	8,989,745	1,311,528	-	112,464,240
<u>\$ 683,554</u>	<u>\$ 1,906,514</u>	<u>\$ 9,532,673</u>	<u>\$ 1,513,394</u>	<u>\$ 3,000,000</u>	<u>\$ 121,746,686</u>
\$ 97,218	\$ 67,824	\$ 325,998	\$ 298,179	\$ -	\$ 5,807,508
-	-	-	301,497	-	2,041,944
-	-	(1,229)	-	-	9,994
-	-	-	-	-	(62)
(20,728)	-	-	-	-	(3,948)
-	-	17,178	-	-	(253,016)
(2,129)	9,483	(13,237)	(19)	-	(310,450)
-	-	-	-	-	(69,662)
261	56	4,237	-	-	1,064,854
-	-	-	-	-	22,810
-	-	(52,061)	-	-	(2,135,435)
-	-	-	-	-	114,289
-	-	-	-	-	(1,432,210)
<u>(22,596)</u>	<u>9,539</u>	<u>(45,112)</u>	<u>301,478</u>	<u>-</u>	<u>(950,892)</u>
<u>\$ 74,622</u>	<u>\$ 77,363</u>	<u>\$ 280,886</u>	<u>\$ 599,657</u>	<u>\$ -</u>	<u>\$ 4,856,616</u>

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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			
	2014	2015	2016	2017
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 644,220	\$ 642,786	\$ 641,661	\$ 631,964
Restricted	22,150	17,848	21,967	24,613
Unrestricted	117,646	(83,857)	(88,223)	(86,633)
Total governmental activities net position	<u>\$ 784,016</u>	<u>\$ 576,777</u>	<u>\$ 575,405</u>	<u>\$ 569,944</u>
<b>Business-type activities:</b>				
Net investment in capital assets	\$ 107,299	\$ 111,947	\$ 117,488	\$ 118,371
Restricted	-	-	-	-
Unrestricted	44,291	29,703	26,011	28,288
Total business-type activities net position	<u>\$ 151,590</u>	<u>\$ 141,650</u>	<u>\$ 143,499</u>	<u>\$ 146,659</u>
<b>Primary government:</b>				
Net investment in capital assets	\$ 751,519	\$ 754,733	\$ 759,149	\$ 750,335
Restricted	22,150	17,848	21,967	24,613
Unrestricted	161,937	(54,154)	(62,212)	(58,345)
Total primary government net position	<u>\$ 935,606</u>	<u>\$ 718,427</u>	<u>\$ 718,904</u>	<u>\$ 716,603</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



<b>Fiscal Year</b>					
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 622,932	\$ 621,163	\$ 619,138	\$ 617,316	\$ 618,070	\$ 633,327
65,456	69,820	72,470	75,669	77,360	74,580
<u>(111,538)</u>	<u>(104,976)</u>	<u>(108,833)</u>	<u>(94,620)</u>	<u>(35,673)</u>	<u>(17,843)</u>
<u>\$ 576,850</u>	<u>\$ 586,007</u>	<u>\$ 582,775</u>	<u>\$ 598,365</u>	<u>\$ 659,757</u>	<u>\$ 690,064</u>
\$ 119,954	\$ 125,805	\$ 132,671	\$ 120,399	\$ 129,173	\$ 132,656
-	-	-	-	-	-
<u>29,677</u>	<u>32,485</u>	<u>37,725</u>	<u>63,654</u>	<u>64,562</u>	<u>78,050</u>
<u>\$ 149,631</u>	<u>\$ 158,290</u>	<u>\$ 170,396</u>	<u>\$ 184,053</u>	<u>\$ 193,735</u>	<u>\$ 210,706</u>
\$ 742,886	\$ 746,968	\$ 751,809	\$ 737,715	\$ 747,243	\$ 765,983
65,456	69,820	72,470	75,669	77,360	74,580
<u>(81,861)</u>	<u>(72,491)</u>	<u>(71,108)</u>	<u>(30,966)</u>	<u>28,889</u>	<u>60,207</u>
<u>\$ 726,481</u>	<u>\$ 744,297</u>	<u>\$ 753,171</u>	<u>\$ 782,418</u>	<u>\$ 853,492</u>	<u>\$ 900,770</u>

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

	Fiscal Year			
	2014	2015	2016	2017
Expenses:				
Governmental activities:				
Fire	\$ 20,876	\$ 21,939	\$ 20,700	\$ 23,934
Police	49,289	50,837	47,309	53,783
Traffic safety	3,872	3,517	3,001	4,425
Public right of way	14,051	16,903	16,917	18,456
Drainage	1,284	1,445	1,453	1,438
Community buildings	4,504	4,973	4,691	4,998
Community services	4,679	4,797	4,606	5,184
Economic Development	-	1,944	2,333	4,271
Parks and greenbelts	1,973	2,146	1,957	1,861
Community planning and development	8,491	7,837	5,633	6,989
Municipal support	7,112	7,609	6,151	8,434
Interest on long-term debt	1,305	862	1,962	1,212
Total governmental activities expenses	<u>117,436</u>	<u>124,809</u>	<u>116,713</u>	<u>134,985</u>
Business-type activities:				
Water	26,761	30,003	26,982	31,109
Sanitary District	7,092	8,128	8,095	8,709
Mobile home parks/RV park	-	-	-	-
Housing authority	30,489	30,707	36,947	30,390
Golf course	-	-	-	-
Total business-type activities expenses	<u>64,342</u>	<u>68,838</u>	<u>72,024</u>	<u>70,208</u>
Total primary government expenses	<u>181,778</u>	<u>193,647</u>	<u>188,737</u>	<u>205,193</u>
Program revenues:				
Governmental activities:				
Charges for services:				
Fire	1,422	1,011	1,683	1,347
Police	3,169	3,019	2,717	3,150
Traffic safety	1,349	1,351	1,347	1,356
Public right of way	358	272	391	394
Drainage	-	-	-	-
Community buildings	-	-	-	401
Community services	859	986	768	1,015
Economic development	-	-	-	108
Parks and greenbelts	1,282	1,264	1,226	1,265
Community planning and development	2,128	1,839	2,320	2,031
Municipal support	2,693	2,656	3,109	3,555
Operating grants and contributions	13,277	13,295	15,819	14,868
Capital grants and contributions	5,435	6,032	3,569	497
Total governmental activities program revenues	<u>31,972</u>	<u>31,725</u>	<u>32,949</u>	<u>29,987</u>
Business-type activities:				
Charges for services:				
Water	35,186	33,145	29,158	32,130
Sanitary District	12,051	12,095	12,339	12,939
Mobile home parks	-	-	-	-
Golf course	-	-	-	-
Operating grants and contributions	30,656	30,726	31,730	31,379
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>77,893</u>	<u>75,966</u>	<u>73,227</u>	<u>76,448</u>
Total primary government program revenues	<u>109,865</u>	<u>107,691</u>	<u>106,176</u>	<u>106,435</u>
Net revenues (expenses):				
Governmental activities	(85,464)	(93,084)	(83,764)	(104,998)
Business-type activities	13,551	7,128	1,203	6,240
Total net revenues (expenses)	<u>\$ (71,913)</u>	<u>\$ (85,956)</u>	<u>\$ (82,561)</u>	<u>\$ (98,758)</u>

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 27,428	\$ 27,053	\$ 32,910	\$ 29,810	\$ 27,035	\$ 31,188
64,245	62,965	76,176	78,689	64,172	75,053
5,088	5,214	5,734	5,947	5,839	5,786
18,952	19,108	17,499	18,389	16,553	21,099
1,561	1,464	1,396	1,547	1,589	1,488
5,096	4,552	4,802	4,958	4,780	6,423
5,677	5,684	6,268	5,250	5,090	7,102
3,099	3,235	2,950	2,595	3,595	4,323
5,628	2,367	2,190	2,161	2,295	2,966
9,590	8,235	9,352	10,521	9,248	13,837
8,721	10,812	9,914	9,360	7,595	13,927
1,133	1,049	1,112	1,083	1,058	1,107
<u>156,218</u>	<u>151,738</u>	<u>170,303</u>	<u>170,310</u>	<u>148,849</u>	<u>184,299</u>
35,410	34,062	37,937	36,220	35,862	32,579
9,671	9,554	9,509	8,984	10,424	8,741
-	-	-	-	-	-
33,130	34,218	37,038	39,631	43,524	46,706
-	-	1,479	1,589	1,763	2,218
<u>78,211</u>	<u>77,834</u>	<u>85,963</u>	<u>86,424</u>	<u>91,573</u>	<u>90,244</u>
<u>234,429</u>	<u>229,572</u>	<u>256,266</u>	<u>256,734</u>	<u>240,422</u>	<u>274,543</u>
1,830	1,329	698	596	740	705
3,599	3,293	3,470	3,058	2,889	3,324
1,355	1,350	1,352	1,356	1,365	1,293
406	450	362	272	429	372
-	-	-	-	-	-
-	510	508	230	444	-
1,145	1,446	761	682	968	833
-	-	-	-	-	-
834	678	776	754	577	857
3,605	4,360	3,275	4,252	4,118	4,885
3,730	3,646	3,256	3,456	1,806	5,436
14,771	21,660	22,125	49,746	49,242	24,534
2,329	3,739	3,036	1,906	3,442	2,392
<u>33,604</u>	<u>42,461</u>	<u>39,619</u>	<u>66,308</u>	<u>66,020</u>	<u>44,631</u>
35,595	36,966	38,575	42,246	43,256	40,912
12,837	14,002	14,413	13,959	15,966	15,956
-	-	-	-	-	-
-	-	1,243	1,837	1,744	2,001
31,461	34,417	37,376	41,155	43,400	47,472
-	-	-	-	-	-
<u>79,893</u>	<u>85,385</u>	<u>91,607</u>	<u>99,197</u>	<u>104,366</u>	<u>106,341</u>
<u>113,497</u>	<u>127,846</u>	<u>131,226</u>	<u>165,505</u>	<u>170,386</u>	<u>150,972</u>
(122,614)	(109,277)	(130,684)	(104,002)	(82,829)	(139,666)
1,682	7,551	5,644	12,773	12,793	16,097
<u>\$ (120,932)</u>	<u>\$ (101,726)</u>	<u>\$ (125,040)</u>	<u>\$ (91,229)</u>	<u>\$ (70,036)</u>	<u>\$ (123,569)</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			
	2014	2015	2016	2017
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Sales taxes	\$ 20,285	\$ 19,251	\$ 22,052	\$ 21,793
Property taxes	35,286	36,972	40,574	42,113
Transient occupancy taxes	16,443	17,217	20,897	25,121
Other taxes	7,438	7,761	8,214	8,314
Motor vehicle taxes, levied for general purposes	75	72	71	79
Investment income	1,945	2,005	3,344	1,337
Other general revenues	297	534	7,270	488
Gain/(Loss) on sale of capital assets	(1,002) <sup>5</sup>	3 <sup>5</sup>	2,774 <sup>5</sup>	-
Transfers	-	(7)	-	292
Capital Contribution	-	-	-	-
Special Item	-	-	-	-
Total governmental activities	<u>80,767</u>	<u>83,808</u>	<u>105,196</u>	<u>99,537</u>
Business-type activities:				
Investment income	715	523	428	142
Gain/(Loss) on sale of capital assets	41	169	59	-
Other general revenues	169	29	159	182
Discontinued operations	-	-	-	-
Transfers	-	7	-	(292)
Total business-type activities	<u>925</u>	<u>728</u>	<u>646</u>	<u>32</u>
Total primary government	<u>81,692</u>	<u>84,536</u>	<u>105,842</u>	<u>99,569</u>
Changes in net position				
Governmental activities	(4,697)	(9,276)	21,432	99,537
Business-type activities	14,476	7,856	1,849	32
Total primary government	<u>\$ 9,779</u>	<u>\$ (1,420)</u>	<u>\$ 23,281</u>	<u>\$ 99,569</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.

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.

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

<b>Fiscal Year</b>					
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 20,737	\$ 24,612	\$ 43,122	\$ 49,305	\$ 59,703	\$ 60,104
47,033	49,356	50,765	55,004	59,509	66,366
25,983	26,285	18,277	7,136	24,509	28,016
8,660	8,350	8,010	5,866	8,027	9,287
93	85	139	128	199	176
1,870	7,666	9,067	1,739	(8,007)	4,238
622	766	1,672	233	242	34
-	-	-	-	-	1,352
581	1,000	50	178	39	400
-	-	-	-	-	-
30,058	-	-	-	-	-
<u>135,637</u>	<u>118,120</u>	<u>131,102</u>	<u>119,589</u>	<u>144,221</u>	<u>169,973</u>
410	1,917	2,658	253	(3,072)	1,273
-	-	-	-	-	-
208	191	204	810	-	-
-	-	-	-	-	-
(581)	(1,000)	(50)	(178)	(39)	(400)
37	1,108	2,812	885	(3,111)	873
<u>135,674</u>	<u>119,228</u>	<u>133,914</u>	<u>120,474</u>	<u>141,110</u>	<u>170,846</u>
13,023	8,843	418	15,589	61,392	30,307
1,719	8,659	8,456	13,657	9,682	16,970
<u>14,742</u>	<u>17,502</u>	<u>\$ 8,874</u>	<u>\$ 29,246</u>	<u>\$ 71,074</u>	<u>\$ 47,277</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			
	2014	2015	2016	2017
General fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Non-Spendable:				
Agency reimbursement agreement	-	-	-	-
COP reimbursement agreement	-	-	-	-
Intercity loan	13,375	13,375	13,375	13,414
Land held for resale	-	-	-	-
Prepaid items	-	-	13	10
Deposits	-	-	-	-
Restricted:				
Public safety	-	-	-	103
Public right of way	-	-	-	-
Community services	-	-	-	161
Community planning and development	-	-	-	7
Municipal support	-	-	-	15
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	231	231	314	404
Property tax lawsuit	500	500	500	500
Building improvements	1,300	1,300	1,300	1,300
General Plan	223	273	239	325
Paramedic Tax	-	-	-	-
Other purposes	-	-	-	-
Unreserved	-	-	-	-
Unassigned	16,217	16,330	18,331	22,629
Total general fund	<u>\$ 32,846</u>	<u>\$ 33,009</u>	<u>\$ 35,072</u>	<u>\$ 39,868</u>
All other governmental funds:				
Reserved	\$ -	\$ -	\$ -	\$ -
Non-Spendable:				
Intercity loan	-	-	-	-
Land held for resale	-	-	-	-
Prepaid items	-	-	-	-
Deposits	-	-	-	-
Restricted:				
Fire	-	-	-	-
Police	2,814	1,754	9,260	9,521
Public right of way	3,665	5,358	7,639	8,434
Drainage	569	647	754	529
Community services	-	180	196	945
Community planning and development	12,695	10,385	16,712	18,080
Municipal support	304	-	755	-
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	(551)	(755)	(4)	466
Total all other governmental funds	<u>\$ 19,496</u>	<u>\$ 17,569</u>	<u>\$ 35,312</u>	<u>\$ 37,975</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					
2018	2019	2020	2021	2022	2023
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
13,456	12,793	12,102	8,873	8,197	13,048
-	-	2,300	2,300	2,300	2,300
17	21	40	90	85	3,330
-	-	-	-	-	-
84	90	90	90	90	95
-	-	-	-	-	-
166	177	177	177	177	192
2,764	3,469	4,039	4,039	4,261	4,841
35	57	57	48	48	41
-	-	662	1,635	1,635	2,129
-	-	-	-	-	-
-	-	-	-	-	-
-	-	22,500	22,500	22,500	25,700
1,000	1,000	1,000	1,000	1,000	1,000
-	-	-	-	-	-
500	500	500	-	-	-
1,300	1,300	1,300	1,300	1,300	1,300
301	262	357	428	428	576
617	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
29,428	47,448	37,206	69,951	120,244	128,755
<u>\$ 49,668</u>	<u>\$ 67,117</u>	<u>\$ 82,330</u>	<u>\$ 112,431</u>	<u>\$ 162,265</u>	<u>\$ 183,307</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	519	-	-
-	-	195	238	31	12
-	-	-	-	-	-
5,336	3,210	4,103	4,064	3,682	3,650
9,021	11,502	10,355	12,195	12,347	14,662
412	273	76	129	107	264
2,370	4,505	5,841	6,401	8,166	42,340
48,376	48,098	44,971	45,947	47,945	9,570
-	-	-	-	1,264	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(40)	(59)	(18)	(4)	53
<u>\$ 65,515</u>	<u>\$ 67,548</u>	<u>\$ 65,482</u>	<u>\$ 69,475</u>	<u>\$ 73,538</u>	<u>\$ 70,551</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		
	2014	2015	2016
<b>Revenues:</b>			
Taxes	\$ 80,010	\$ 81,823	\$ 92,268
Licenses and permits	1,405	1,139	1,554
Fines, forfeitures and penalties	2,755	2,629	2,222
Investment earnings	1,780	1,546	1,285
Charges for current services	10,267	9,528	9,943
From other agencies	12,857	15,945	15,991
Other revenues	1,991	2,079	11,071
Total revenues	<u>111,065</u>	<u>114,689</u>	<u>134,334</u>
<b>Expenditures</b>			
<b>Current:</b>			
Fire	20,143	21,672	23,195
Police	47,027	49,389	51,942
Traffic safety	3,105	3,102	2,959
Public right of way	5,662	6,886	7,515
Drainage	-	-	-
Community buildings	3,086	3,408	3,317
Community services	4,562	4,793	5,470
Economic development	-	1,944	2,333
Parks and greenbelts	2,019	2,247	2,217
Community planning and development	8,156	7,359	7,229
Municipal support	7,215	7,600	8,012
Capital outlay	14,956	9,032	7,371
<b>Debt service:</b>			
Principal retirement	2,036	1,937	2,097
Interest	1,280	1,199	939
Total expenditures	<u>119,247</u>	<u>120,568</u>	<u>124,596</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,182)</u>	<u>(5,879)</u>	<u>9,738</u>
<b>Other financing sources (uses):</b>			
Transfers in	3,232	7,761	11,783
Transfers out	(1,181)	(3,558)	(11,683)
Issuance of debt	-	-	25,962
Proceeds of leases	-	-	-
Gain/(Loss) on sale of capital assets	1,307	22	1,735
Contribution to Housing Authority	-	-	-
Extraordinary Gain/(Loss)	-	-	-
Payment to bond escrow agent	-	-	(17,462)
Total other financing sources (uses)	<u>3,358</u>	<u>4,225</u>	<u>10,335</u>
Special Item			
Net change in fund balances	<u>\$ (4,824)</u>	<u>\$ (1,654)</u>	<u>\$ 20,073</u>
Debt service as a percentage of noncapital expenditures	3.2%	2.8%	2.6%

Source: Finance Department, City of Garden Grove



Fiscal Year						
2017	2018	2019	2020	2021	2022	2023
\$ 98,042	\$ 103,090	\$ 114,078	\$ 119,853	\$ 118,044	\$ 150,869	\$ 164,058
1,687	2,005	2,645	2,647	2,419	2,763	3,155
2,622	3,134	2,850	3,157	2,859	2,546	3,318
1,275	1,846	4,344	6,402	793	(4,594)	2,265
10,041	11,945	15,122	11,180	11,670	13,301	12,252
11,640	12,047	13,599	17,884	47,729	45,322	25,048
3,847	4,193	3,940	4,386	3,003	3,494	2,191
<u>129,154</u>	<u>138,260</u>	<u>156,578</u>	<u>165,509</u>	<u>186,517</u>	<u>213,701</u>	<u>212,287</u>
23,707	25,067	24,483	27,975	28,470	26,975	30,933
53,168	56,128	56,282	64,770	68,032	71,121	75,134
4,215	3,925	4,282	4,471	4,997	5,663	6,183
7,257	7,197	7,107	7,155	17,543	19,057	22,610
-	66	-	-	-	-	-
3,185	3,421	3,007	2,781	3,164	3,713	10,569
4,852	4,687	4,855	5,333	4,839	5,767	6,578
2,757	3,099	3,212	2,950	2,609	3,592	4,314
1,939	2,325	2,300	2,057	2,607	2,952	2,904
6,497	7,982	7,124	8,130	10,588	11,095	26,487
7,903	7,626	9,353	8,467	8,684	9,011	10,108
6,754	10,938	13,635	14,021	-	-	-
3,342	573	580	495	494	592	630
1,184	1,087	1,064	1,137	1,112	1,094	1,152
<u>126,760</u>	<u>134,121</u>	<u>137,284</u>	<u>149,742</u>	<u>153,139</u>	<u>160,632</u>	<u>197,602</u>
2,394	4,139	19,294	15,767	33,378	53,069	14,685
1,396	2,826	1,403	4,380	1,346	2,275	9,212
(1,296)	(1,253)	(1,303)	(7,357)	(629)	(1,448)	(12,894)
-	-	-	-	-	-	-
-	-	-	-	-	-	278
4,965	-	-	874	-	-	6,775
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,065</u>	<u>1,573</u>	<u>100</u>	<u>(2,103)</u>	<u>717</u>	<u>827</u>	<u>3,371</u>
<u>\$ 7,459</u>	<u>\$ 35,741</u>	<u>\$ 19,394</u>	<u>\$ 13,664</u>	<u>\$ 34,095</u>	<u>\$ 53,896</u>	<u>\$ 18,056</u>
3.8%	1.3%	1.3%	1.2%	1.1%	1.1%	1.0%

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

<b>Fiscal Year</b>	<b>Sales Tax</b>	<b>Property Tax</b>	<b>Franchise Tax</b>	<b>Business Operation Tax</b>	<b>Transient Occupancy Tax</b>	<b>Motor Vehicle Tax</b>	<b>Total</b>
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
2022	59,702,605	59,508,746	2,538,622	5,489,432	24,508,840	199,254	151,947,499
2023	60,103,880	66,366,493	2,863,122	6,423,628	28,016,033	176,351	163,949,507

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 <sup>1</sup>	Total Direct Tax Rate
	Secured	Unsecured		Secured <sup>1</sup>	Unsecured <sup>1</sup>		
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%
2022	15,071,294	278,284	15,349,578	4,359,480	446,933	4,806,413	1.094%
2023	16,030,786	364,320	16,395,106	4,635,798	475,012	5,110,810	1.178%

**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.*

<sup>1</sup> *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**

<b>Fiscal Year</b>	<b>Basic Levy</b>	<b>City Paramedic</b>	<b>Metropolitan Water District</b>	<b>Orange County</b>	<b>Sanitation and Water</b>	<b>School Services</b>	<b>Other</b>	<b>Total</b>
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
2022	1.0000	0.08000	0.00350	-	-	0.01004	-	1.09354
2023	1.0000	0.08000	0.00350	-	-	0.09430	-	1.17780

*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  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	2023		2013	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
GWGG LLC	\$ 250,494,041	1.20%		
Investel Harbor Resorts LLC	136,199,694	0.66%		
House Foods Holding USA INC	36,245,400	0.17%		
Landmark Hotel LLC	87,693,395	0.42%		
Rexford Industrial Realty LP	82,783,568	0.40%		
New Age Brookhurst LLC	81,862,665	0.39%		
Christ Catholic Cathedral	57,805,296	0.28%		
Khanna Enterprises Limited	60,150,533	0.29%		
SPS Techonolgies LLC	2,865,051	0.01%		
TNA Distributions LLC	61,518,043	0.30%		
Landmark Marriott Suites			99,542,060	0.97%
American Lodging			56,316,887	0.55%
Chatham Rigg LLC			42,624,653	0.42%
Newage Garden Grove			42,590,097	0.42%
HGGA Promedade			42,022,116	0.41%
Ohi Resort Hotels			40,579,806	0.40%
Walton CWCA Garden Grove			29,546,615	0.29%
Swedlow Inc.			25,786,166	0.25%
Car Noa GGT			25,194,000	0.25%
CRP-2 Monarch			25,097,993	0.25%
	<u>\$ 857,617,686</u>	<u>4.13%</u>	<u>\$ 429,300,393</u>	<u>4.19%</u>
BB Promenade				

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

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

<b>Fiscal Year</b>	<b>City Tax Rate (Per \$100)</b>	<b>Total Tax Levied</b>	<b>Current Tax Collections</b>	<b>Percent of Current Taxes Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Ratio of Delinquent Taxes to Total Tax Levy</b>
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%
2022	0.0025	31,282,250	30,586,260	97.8	305,759	30,892,019	98.8	1,817,047	5.8%
2023	0.0025	34,509,263	33,301,324	96.5	255,498	33,556,822	97.2	1,960,347	5.7%

*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

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**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 <sup>1</sup>	Lease Revenue Bonds <sup>2</sup>	RDA 2008 Bonds <sup>3</sup>	Tax Allocation Bonds <sup>4</sup>	Loans <sup>5 6</sup>	Capital Leases <sup>7</sup>	
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
2022	-	22,487,297	-	-	-	167,990	22,655,287
2023	-	21,892,930	-	-	-	637,981	22,530,911

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

<sup>3</sup> 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.

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

<sup>5</sup> 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.

<sup>6</sup> 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.

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

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

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

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

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

Source: Finance Department, City of Garden Grove



<b>Business-type Activities</b>						
<b>Water Revenue Bonds <sup>8</sup></b>	<b>Sewer Revenue COP <sup>9</sup></b>	<b>Certificates of Participation <sup>10</sup></b>	<b>Total Business-type Activities</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income <sup>11</sup></b>	<b>Debt Per Capita <sup>11</sup></b>
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
28,342,104	13,558,347	-	41,900,451	64,555,738	0.10%	379
26,823,912	12,840,891	-	39,664,803	62,195,714	0.09%	363

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

<b>Outstanding General Bonded Debt</b>						
<b>Fiscal Year Ended June 30</b>	<b>Certificates of Participation</b>	<b>Lease Revenue Bonds</b>	<b>Tax Allocation Bonds</b>	<b>Total</b>	<b>Percent of Assessed Value <sup>1</sup></b>	<b>Per Capita</b>
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
2022	-	22,487	-	22,487	0.11%	132
2023	-	21,893	-	21,893	0.10%	128

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

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

Source: Finance Department, City of Garden Grove

**SCHEDULE XII  
CITY OF GARDEN GROVE  
DIRECT AND OVERLAPPING BONDS AND DEBT  
JUNE 30, 2023**

CITY OF GARDEN GROVE

<u>2022-23 Assessed Valuation:</u>	19,305,133,053		
	<u>Total Debt</u>		<u>City's Share of</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>6/30/2023</u>	<u>% Applicable (1)</u>	<u>Debt 6/30/23</u>
Metropolitan Water District	19,215,000	0.006	107,220
Coast Community College District	920,781,084	6.190	56,996,349
North Orange County Joint Community College District	324,914,503	2.283	7,417,798
Rancho Santiago Community College District	176,539,286	6.291	11,106,086
Rancho Santiago Community College District School Facilities Improvement District No. 1	149,820,000	10.824	16,216,517
Garden Grove Unified School District	524,835,000	57.856	303,648,538
Orange Unified School District	277,865,000	1.190	3,306,594
Anaheim Union High School District	245,578,955	0.079	194,007
Huntington Beach Union High School District	151,029,998	1.273	1,922,612
Anaheim School District	270,656,858	0.098	265,244
Magnolia School District	18,728,305	0.227	42,513
Westminster School District	137,049,559	7.210	<u>9,881,273</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>411,104,751</b>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	451,165,000	0.028	12,637,132
Orange County Board of Education General Fund Obligations	10,860,000	2.801	304,189
North Orange Regional Occupation Program Certificates of Participation	7,790,000	0.028	2,181
Coast Community College District General Fund Obligations	1,480,000	6.190	91,612
Coast Community College District Pension Obligation Bonds	1,380,000	6.190	85,422
Orange Unified School District Certificates of Participation	12,945,618	1.190	154,053
Orange Unified School District Benefit Obligations	58,570,000	1.190	696,983
Anaheim Union High School District Certificates of Participation	29,580,000	0.079	23,368
Huntington Beach Union High School District Certificates of Participation	55,086,090	1.273	701,246
Magnolia School District General Fund Obligations	12,501,268	0.227	28,378
Westminster School District Certificates of Participation	25,875,000	7.210	1,865,588
<b>City of Garden Grove General Fund Obligations</b>	<b>20,715,000</b>	<b>100.000</b>	<b><u>20,715,000</u></b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>37,305,152</b>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>	52,590,000	100%	46,600,000
<b>TOTAL DIRECT DEBT</b>			<b>20,715,000</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>474,294,903</b>
<b>COMBINED TOTAL DEBT</b>			<b>495,009,903 (2)</b>

(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 2021-22 Assessed Valuation:

1 Total Overlapping Tax and Assessment Debt		2.03%	
<b>Total Direct Debt</b>	<b>20,715,000</b>	<b>0.10%</b>	
2 Combined Total Debt		2.44%	
<u>Ratios to Redevelopment Successor Agencies Incremental Valuation</u>	<u>4,372,730,035</u>		
Total Overlapping Tax Increment Debt		1.05%	

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

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

	Fiscal Year			
	2014 1	2015	2016	2017
Assessed valuation	\$ 10,242,047	\$ 10,895,219	\$ 10,803,156	\$ 12,591,500
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	2,560,512	2,723,805	2,700,789	3,147,875
Debt limit percentage	15%	15%	15%	15%
Debt limit	384,077	408,571	405,118	472,181
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 384,077</u>	<u>\$ 408,571</u>	<u>\$ 405,118</u>	<u>\$ 472,181</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

<sup>1</sup> 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

<b>Fiscal Year</b>						
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	
\$ 13,209,728	\$ 12,637,323	\$ 13,233,355	\$ 14,420,228	\$ 15,349,578	\$ 16,395,106	
25%	25%	25%	25%	25%	25%	
3,302,432	3,159,331	3,308,339	3,605,057	3,837,395	4,098,777	
15%	15%	15%	15%	15%	15%	
495,365	473,900	496,251	540,759	575,609	614,816	
-	-	-	-	-	-	
<u>\$ 495,365</u>	<u>\$ 473,900</u>	<u>\$ 496,251</u>	<u>\$ 540,759</u>	<u>\$ 575,609</u>	<u>\$ 614,816</u>	
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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

<b>Fiscal Year</b>	<b>Gross Revenue</b>	<b>Expenses <sup>1</sup></b>	<b>Water Revenue Bonds</b>				<b>Coverage</b>
			<b>Resources Available for Debt Service</b>	<b>Debt Service Requirement</b>			
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
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
2022	43,256,322	31,628,164	11,628,158	955,000	894,825	1,849,825	6.29
2023	40,911,604	28,154,739	12,756,865	1,405,000	875,425	2,280,425	5.59

Source: Finance Department, City of Garden Grove

<sup>1</sup> Total operating expense less depreciation and amortization.

<sup>2</sup> 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.

<b>Sewer Revenue Bond</b>							
<b>Fiscal Year</b>	<b>Gross Revenue</b>	<b>Expenses</b>	<b>Resources Available for Debt Service</b>	<b>Debt Service Requirement</b>			<b>Coverage</b>
				<b>Principal <sup>2</sup></b>	<b>Interest <sup>2</sup></b>	<b>Total</b>	
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
2022	12,025,031	5,958,254	6,066,777	615,000	582,125	1,197,125	5.07
2023	11,845,037	4,599,376	7,245,661	645,000	551,375	1,196,375	6.06

(Continued)

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

<b>Fiscal Year</b>	<b>2014 Tax Allocation Refunding Bonds Debt Service Requirement</b>				<b>Coverage</b>
	<b>Tax Increment <sup>1</sup></b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
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
2022	3,301,040	2,905,000	514,225	3,419,225	0.97
2023	1,126,186	3,015,000	836,875	3,851,875	0.29

Source: Finance Department, City of Garden Grove

<sup>1</sup> 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**

<b>Fiscal Year</b>	<b>2016 Tax Allocation Bonds Debt Service Requirement</b>			<b>Coverage</b>	
	<b>Tax Increment <sup>1</sup></b>	<b>Principal</b>	<b>Interest</b>		
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
2022	3,301,040	1,975,000	1,536,750	3,511,750	0.94
2023	1,126,186	2,055,000	1,445,875	3,500,875	0.32

Source: Finance Department, City of Garden Grove

<sup>1</sup> 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**

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
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%
2022	170,526	6,275,992	36,804	3.6%
2023	171,183	6,723,012	39,274	3.6%

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**

<b>Employer</b>	<b>2023</b>		<b>2013</b>	
	<b>Number of Employees</b>	<b>Percent of Total Employment</b>	<b>Number of Employees</b>	<b>Percent of Total Employment</b>
Great Wolf Lodge Southern California	700	0.83%		
Air Industries Company	625	0.74%	465	0.60%
Garden Grove Hospital Medical Center	516	0.61%		
Hyatt Regency Orange County	424	0.50%	350	0.45%
GKN Aerospace Transparency Systems Inc	409	0.49%	331	0.43%
Safran Cabin Inc	350	0.42%		
Costco #126	323	0.38%		
Full Clip	310	0.37%		
Walmart #4171	272	0.32%		
Saint Gobain Performance Plastics Corp.	226	0.27%		
Saint Gobain Performance Plastics			363	0.47%
Prime Healthcare Services			516	0.67%
Driessen Aircraft Interior Systems			370	0.48%
Office Max Inc.			360	0.47%
American Apparel Knit & Dye			500	0.47%
C&D Zodiac			286	0.37%
NBTY Acquisition, LLC			298	0.39%

*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**

<b>Department</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
City Manager	9	9	10	29	29	30	35	33	33	44
Community Development	58	58	53	37	37	35	37	37	31	22
Community Services	157	151	147	146	153	157	116	106	97	115
Economic Development	-	-	-	-	-	-	-	-	-	-
Finance	40	40	41	38	38	37	36	33	31	34
Fire	109	111	111	106	106	103	- *	- *	- *	*
Information Technology	19	19	19	20	20	20	20	18	17	19
Personnel	9	9	10	11	11	12	12	11	11	11
Police	268	273	272	289	293	263	282	281	260	264
Public Works	<u>195</u>	<u>194</u>	<u>196</u>	<u>198</u>	<u>198</u>	<u>186</u>	<u>184</u>	<u>176</u>	<u>150</u>	<u>153</u>
Total	<u>864</u>	<u>864</u>	<u>859</u>	<u>874</u>	<u>885</u>	<u>843</u>	<u>722</u>	<u>695</u>	<u>630</u>	<u>662</u>
Full time employees	623	633	632	640	641	642	560	538	510	519
Part time employees	241	231	227	234	244	201	162	157	120	143

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**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Police:</b>										
Arrests Report	6,423	6,478	5,468	6,358	7,476	6,112	5,436	4,439	4,921	5,250
Traffic citations issued	10,903	9,604	9,890	9,114	11,114	8,598	7,403	3,921	6,264	6,575
<b>Fire:</b>										
Number of emergency calls	26,785	26,785	14,627	15,134	15,297	15,142	13,092 <sup>3</sup>	13,557 <sup>3</sup>	14,936 *	15,476 *
<b>Public Right-of-Way:</b>										
Parking citations issued	25,919	28,017	25,500	27,127	33,797	34,508	28,430	45,931	35,746	34,520
Permits issued	501	605	546	482	566	563	560	700	757	665
<b>Community Services:</b>										
Number of recreation classes	2,016	2,416	1,918	1,947	1,701	2,057	1,932	977	1,038	1,590
Housing vouchers	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,325
<b>Community Planning and Development</b>										
Building permits issued	2,808	2,041	2,259	2,233	3,066	3,986	3,954	4,723	5,133	6,488
<b>Water:</b>										
Number of accounts	33,807	33,834	33,870	33,892	33,893	33,911	34,054	34,150	34,292	34,376
Average daily consumption (thousands of gallons)	22,024	20,391	17,563	17,946	20,249	18,298	18,038	18,669	17,815	16,927
<b>Solid Waste Disposal:</b>										
Number of accounts	34,136	33,658	33,968	33,966	33,786	33,700	33,542	33,213	33,720	33,853
<b>Drainage:</b>										
Channels cleaned (miles)	5	5	5	5	5	5	5	5	5	5
<b>Municipal Support:</b>										
Passports issued <sup>1</sup>	507	247	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: City of Garden Grove

<sup>1</sup> 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**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
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	19	19	20	19	19	19	19	19
Park acreage	142	142	137	137	140	124	124	124	124	124
Community centers	2	2	2	2	2	9	9	9	9	9
Water:										
Water mains (miles)	433	433	433	433	433	433	433	433	433	433
Number of connections	34,257	34,294	34,313	34,336	34,347	34,380	34,459	34,447	34,447	34,689
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.