



CITY OF GARDEN GROVE



QUARTERLY COMPREHENSIVE FINANCIAL REPORT

MARCH | 2024



ABOUT THIS REPORT

The City of Garden Grove Finance Department is committed to accuracy, compliance, and transparency in financial reporting. The Quarterly Comprehensive Financial Report is intended to provide timely fiscal information and improve general awareness of the City's overall fiscal health.

The report is comprised of three sections:

- I. **Financial Analysis** – reports budget performance of the City's major operating funds, including the General Fund, Water enterprise fund, and Sewer enterprise fund, as well as the status of capital improvement projects.
- II. **Economic and Operating Statistics** – provides summary of key economic indicators and the Department's operating data.
- III. **Investment Report** – provides the City's portfolio activities during the quarter, as well as cash flow and investment holdings at the quarter ending.

This report is designed for internal use and does not include all funds and accounts in the City's operations. It is not audited. For a complete financial report, please refer to the City of Garden Grove Annual Comprehensive Financial Report, available on the City's website, under Finance Department, Budget and Financial Reports: <https://ggcity.org/finance/budget-and-financial-reports>.

SECTION I – FINANCIAL ANALYSIS

GENERAL FUND

General Fund Expenditures as of March 31, 2024

The City follows the adopted budget and is on track with the current appropriation. As of March 31, 2024, most of the cost centers are under 75% of the current budgeted amounts. Overall spending is approximately 62% of the total General Fund appropriation. City staff anticipates some budget savings at the end of the fiscal year, primarily due to labor savings across all departments as a result of the amount of time necessary to fill vacant positions.

Budgeted amounts included in the Economic Development and Public Works departments contain appropriations for capital improvement plan; unspent funds in this category will either be carried over to the future years or reclassified to Capital Improvement Program budget during the mid-cycle budget review, depending on the status of the projects.

Department	Current		Actual		Variance	
	Budget	As of Mar 31, 2024	\$	%	\$	%
Fire ¹	\$ 31,759,700	\$ 27,253,051	\$ 4,506,649	86%		
Police	80,570,200	53,822,809	26,747,391	67%		
City Administration	4,298,300	2,413,347	1,884,953	56%		
Human Resources	2,303,500	1,373,553	929,947	60%		
Finance	4,018,800	2,175,325	1,843,475	54%		
Information Technology	833,000	397,731	435,269	48%		
Community Development	6,879,310	4,734,185	2,145,125	69%		
Community Services	6,851,700	3,946,725	2,904,975	58%		
Economic Development ²	38,998,890	18,604,061	20,394,829	48%		
Public Works ²	35,777,900	17,549,815	18,228,085	49%		
Non-Departmental	2,245,700	1,151,841	1,093,859	51%		
Total	\$ 214,537,000	\$ 133,422,443	\$ 81,114,557	62%		

1. Fire actuals include ten months' worth of payments as payments to OCFA are made at the beginning of the month.
 2. Revised budget includes capital carryovers from previous fiscal years (Pavement Mgmt. & P3 Public Safety Building).

General Fund Revenues as of March 31, 2024

The City’s General Fund is responsible for providing essential municipal services including public safety, public works, community planning, economic development, and community and park services. It is mostly funded with tax dollars. On average, property tax contributes 40% towards the overall General Fund revenue, followed by sales and use tax (30%) and transient occupancy tax (15%). Other taxes, fees and charges for services such as business license, franchise fee, license and permits, as well as fines and penalties make up the remaining 15% of the revenue.

Sales and use tax is distributed quarterly by the California Department of Tax and Fee Administration (CDTFA). As of March 31, 2024, the City received and posted seven months’ worth of sales tax, which is on track with what we have estimated in our adopted budget for Fiscal Year 2023-24.

Property tax is allocated by the Orange County Auditor-Controller’s Office. For current year secured property taxes, as of March 31, 2024, the City received 5 out of 8 apportionments, which accounts for about 60% of total secured tax revenue. Property tax in lieu of vehicle license fee, or VLF accounts for approximately 40.0% of total property tax revenue. It is distributed twice a year, the first apportionment is made available to the City in January, and the second is in May. Therefore, only 50% of total VLF was reflected in the actual revenue amount as of March 31, 2024. Approximately 25.0% of total property tax revenue comes from Paramedic Override Tax. This is a voter-approved tax that is designated to fund the ongoing costs to provide paramedic services to the community. Paramedic tax is also distributed to the City twice a year, in January and May.

Transient occupancy tax (TOT) is the third largest tax revenue source for the City. Amount reported as of March 31, 2024 included eight months of TOT revenue as hotel operators have until the 15th of the following month to remit their report and tax collected to the City. Out of the eight months, five hit historical highs when compared month to month to prior years. We anticipate TOT to exceed \$28.0 million at the end of the year.

Overall General Fund revenue is on track with the adopted budget as of March 31, 2024.

Revenue Source	Current		Actual		Variance	
	Budget	As of Mar 31, 2024	\$	%	\$	%
Property Tax ¹	\$ 60,890,200	\$ 39,268,133	\$ 21,622,067	64%		
Sales Tax ²	60,307,600	35,224,953	25,082,647	58%		
Hotel Visitor's Tax	25,000,000	18,871,077	6,128,923	75%		
Business Tax	2,800,000	2,359,523	440,477	84%		
Licenses & Permits	2,497,400	2,258,106	239,294	90%		
Other General Fund Revenue	17,390,200	16,521,185	869,015	95%		
Total	\$ 168,885,400	\$ 114,502,977	\$ 54,382,423	68%		

1. Vast majority of Property Taxes are received in the months of January and April.
 2. Sales Tax actuals reflect seven months' worth of Sales Tax received by the City.

ENTERPRISE FUND

The City operates its own water and sewer systems, and provides corresponding services to its residents. These services are accounted for in “Enterprise Funds”. An enterprise fund operates as a business: charges for services support the operation, as well as the infrastructure assets necessary to run those operations. Rates for these services are determined by a comprehensive study periodically, and subject to the City Council’s approval. The most recent water rate study was completed in November 2023. New rates went into effect in January 2024.

Expenses budgeted in the water and sewer utilities include capital improvement projects, and therefore actual expenses are not always proportionate to budgeted amounts in any given month during the year. Many of these projects will not be completed within the year; unused appropriations will be carried over into future years to complete the projects.

The table below summarizes the comparisons between budgeted amounts to actual expenses as of quarter ending March 31, 2024 for both enterprise funds.

Expenses

Fund	Budget	Actual As of Mar 31, 2024	Variance	
			\$	%
Water Operating & Capital Fund	\$ 66,201,400	\$ 30,130,289	\$ 36,071,111	46%
Sewer Operating & Capital Fund	23,120,700	7,467,518	15,653,182	32%
Total	\$ 103,117,800	\$ 41,606,490	\$ 61,511,310	40%

Revenue wise, both Water and Sewer funds are just slightly under budget estimates, primarily due to reduced consumption in winter months. Delinquencies have been declining due to the launch of the Low Income Household Water Assistance Program in June 2023. The program provides assistance to customers who are behind on their water payment.

Revenues

Fund	Budget	Actual As of Mar 31, 2024	Variance	
			\$	%
Water Operating & Capital Fund	\$ 41,692,000	\$ 28,653,028	\$ 13,038,972	69%
Sewer Operating & Capital Fund	11,950,000	7,875,389	4,074,611	66%
Total	\$ 54,352,000	\$ 40,529,869	\$ 13,822,131	75%

CAPITAL IMPROVEMENT PROJECTS

As part of the biennial budget, the City adopts a five-year Capital Improvement Plan. Projects are divided into seven broad categories, and are selected base on Council directed priorities, available funding, and economic value. Funding sources for each project differ: there are designated funds for certain projects, such as Measure M for street related projects, and General Fund funded initiatives, including the Civic Center Revitalization effort, and the Central Cities Navigation Center.

CIP CATEGORIES	Current Budget	Actual As of Mar 31, 2024	Variance	
			\$	%
Street Improvements	\$ 27,347,522	\$ 13,810,290	\$ 13,537,232	50%
Traffic Improvements	1,286,500	26,930	1,259,570	2%
Park Improvements	4,075,000	750,666	3,324,334	18%
Community & Economic Development Improvements	8,234,867	6,136,015	2,098,852	75%
Facility Improvement	300,000	-	300,000	0%
Water Improvements	15,786,407	3,970,467	11,815,940	25%
Sewer Improvements	10,709,216	2,308,240	8,400,976	22%
TOTAL	\$ 67,739,512	\$ 27,002,608	\$ 40,736,904	40%

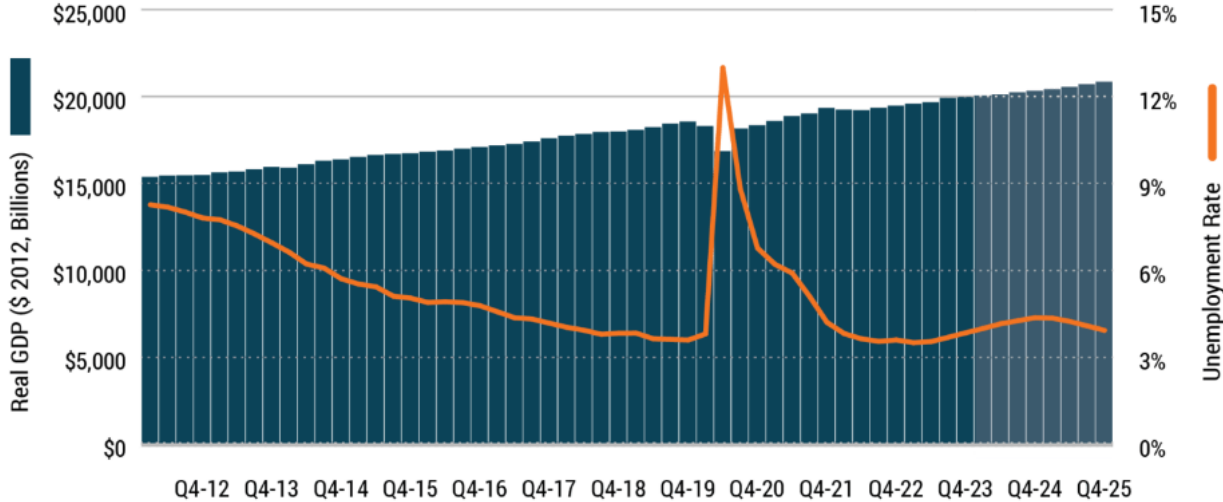
As of March 31, 2024, most of the projects programed for the current fiscal year is on track in terms of budget. Spending on capital projects typically cannot be matched with timing during the year due to various factors, such as contractor availability, material shortage, etc. Some projects might require more than one year to complete, and the corresponding funding will be carried over to the following year.

SECTION II – ECONOMIC AND OPERATIONAL STATISTICS

ECONOMIC ANALYSIS

Data from US Bureau of Labor Statistics show that real GDP grew at annual rate of 3.2% in the fourth quarter of 2023, driven by increases in consumer spending, exports, and local and state government spending. Consumer spending rose a solid 2.6% in 2023, and economists project a mild increase in 2024. This is positive news to the City, as our biggest revenue source is from taxes. GDP growth and lower unemployment are critical factors for a stable economic base.

REAL GDP AND UNEMPLOYMENT RATE



Source: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics

The employment sector remains robust. The US economy has experienced 38 consecutive months of job growth. Because of this, the Consumer Price Index (CPI) has somewhat stabilized, averaging about 3.2% since September 2023. This is still above the Federal Reserve’s preferred inflation metric, Core Personal Consumption Expenditure (excluding food and energy prices), which is targeted at 2%.

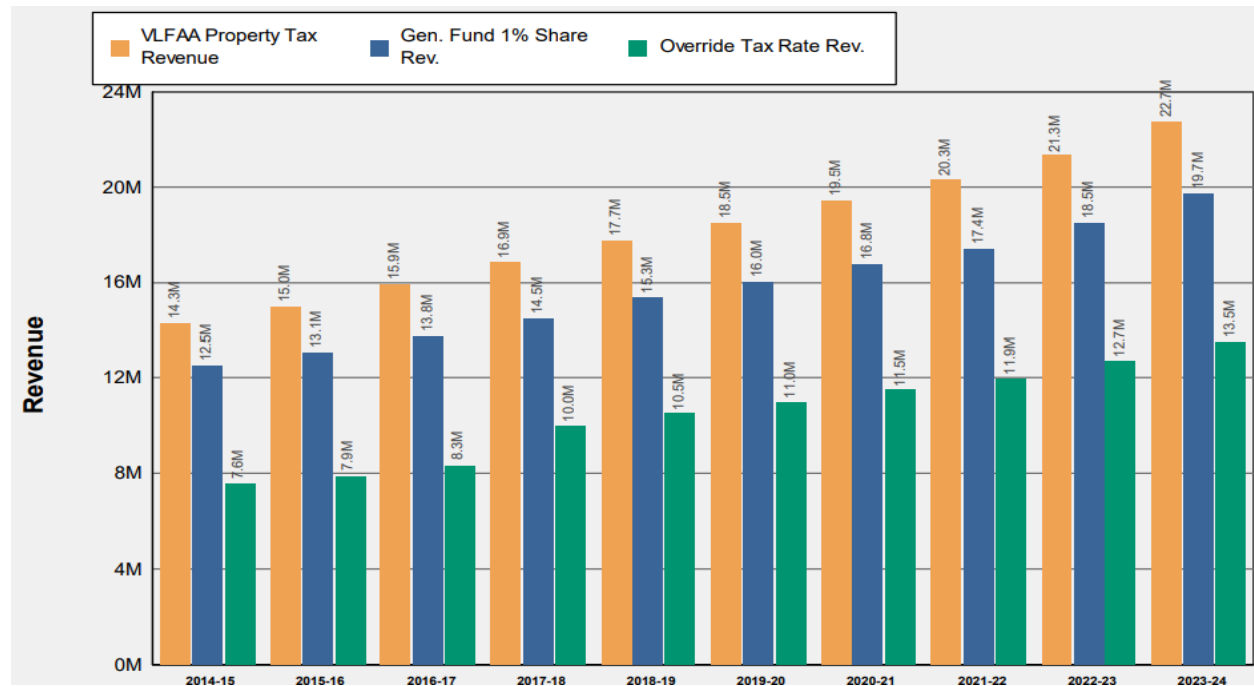
Because of the slowing down in inflation, it is anticipated that the Federal Reserves will cut the Fed rate about three times, contrasting from 7 cuts back in projections done in January 2024. Estimated cuts are shown below starting July 31, 2024.

Meeting Date	1/31/24	3/20/24	5/1/24	6/12/24	7/31/24	9/18/24	11/7/24	12/18/24
Hike/Pause/Cut	Pause	Pause	Pause	Pause	Cut	Pause	Cut	Cut
Basis Point Change	0	0	0	0	(25)	0	(25)	(25)
Fed Funds Mid Rate	5.375	5.375	5.375	5.375	5.125	5.125	4.875	4.625

The lowered rates will help the real estate market and small businesses, which both play significant roles in the City’s local economy, as sales tax and property tax are the top two revenue sources for the City, which contribute over 70% of overall General Fund revenues.

Property Tax

The diagram below is a trend summary of property tax revenues by category for the past 10 years. The average year-over-year growth is above 5.1%. The three main components of the City's property tax revenue are: 1) the State General Fund 1% share; 2) the motor vehicle in-lieu tax or VLF; and 3) the Garden Grove paramedic override tax.

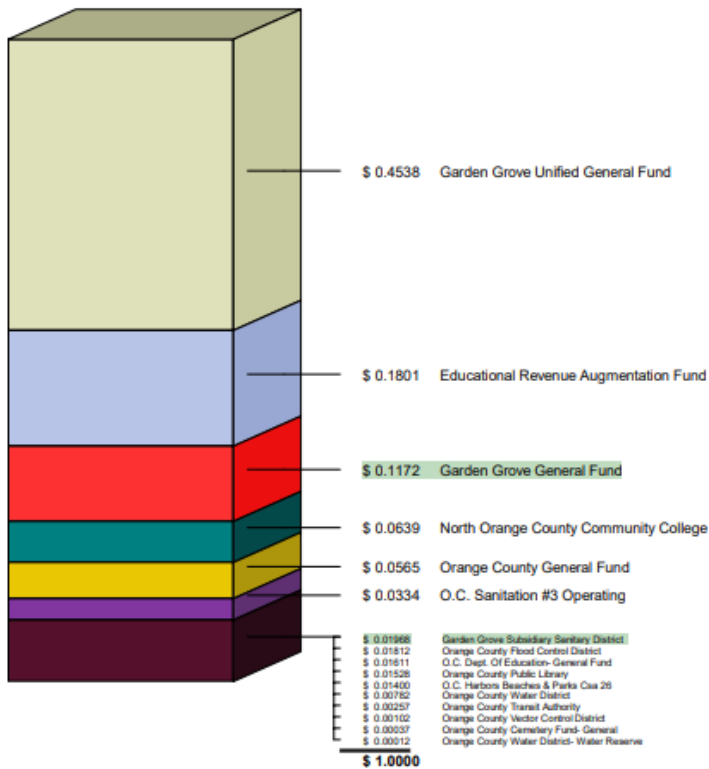


Source: HdL Coren & Cone Companies.

Revenue from residual tax is not included in the above diagram. Residual tax flows through a Successor Agency's Redevelopment Property Tax Trust Fund (RPTTF) distribution process. The City of Garden Grove's share of residual tax is approximately 18%, and is currently included in the City's total property tax distribution from the County of Orange. The City began receiving residual RPTTF in Fiscal Year 2012-13, and it is currently considered to be an unrestricted General Fund revenue, reported as Property Tax revenue in the City's Annual Comprehensive Financial Report. As the obligations of the Successor Agencies in the County gradually are paid off, the amount of residual RPTTF that is proportionally districted to the taxing entities, including to the City, will increase. In Fiscal Year 2022-23, the residual RPTTF received by the City was \$5.9 million.

Property Tax in Lieu of Vehicle License Fee

In May 2004, the State of California passed the vehicle license fee (VLF) swap with property tax in the 2004 State budget package. Prior to the 2004 budget act, VLF tax rate was 2% of the value of the vehicle. The State General Fund "offset" 67.5% of this tax resulting in an effective tax rate of 0.65%. Consequently, VLF tax revenue was supplemented with a backfill from the State General Fund to provide cities and counties with revenues equivalent to the full 2% VLF tax rate. For Fiscal Year 203-24, VLF is estimated to be \$22.7 million.



State General Fund 1% Share

The diagram on the left illustrates the breakdown of the General Fund 1% share. Over 60% of the 1% of the property tax collected from property owners goes to the Garden Grove Unified School District. The City and the GG Sanitary District combined receive approximately 13.7% of the total allocation.

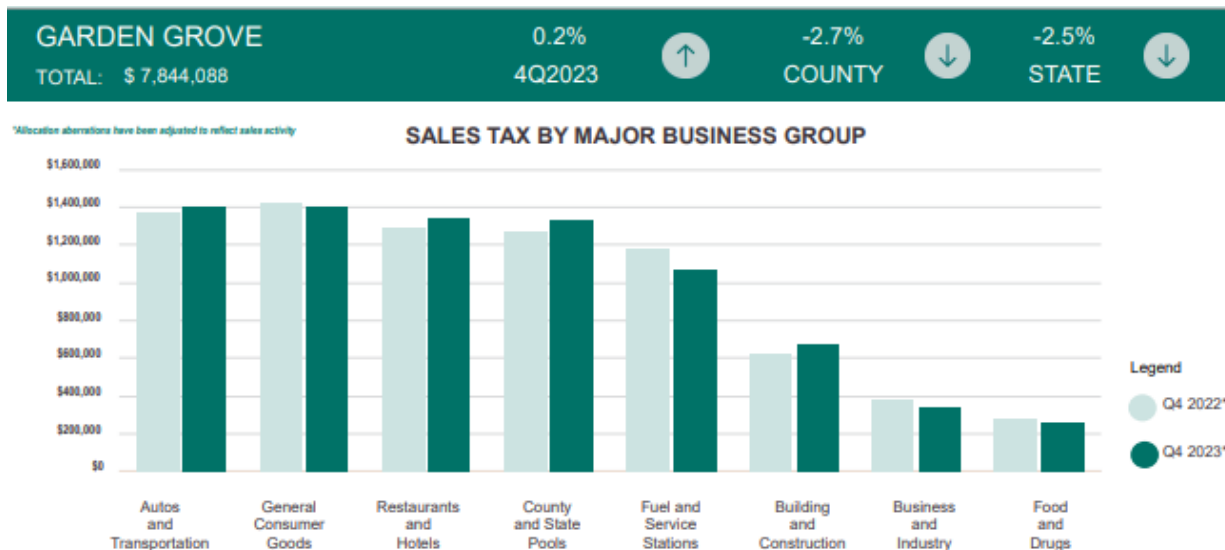
Garden Grove Paramedic Override Tax

In 1974, the Garden Grove voters passed a paramedic tax measure. The tax is designated to help fund the ongoing costs of paramedic services provided to the community. The 1974 ballot measure sets a limit of this ad valorem tax at 10 cents per \$100 of assessed value. Since 2017, the City has been

assessing this tax at a rate of 8 cents. The City projects paramedic tax revenue for Fiscal Year 2023-24 is approximately \$14.9 million.

Sales Tax

Statewide results in the fourth quarter of 2023 validated that customers held back on purchasing items that are more expensive and focused more on basic needs and household essentials. Thanks to our diversified business industries, despite that the State and County both had a decrease of nearly 3%, Garden Grove’s taxable sales held strong and even showed a slight increase from October through December 2023 comparing to the same quarter in the previous year.



Source: HdL Companies.

The City experienced the largest boost from the building & construction sector, including plumbing/electrical. Other positive results came from casual/fast casual dining, quick service restaurants, hotels/motels, food delivery/catering, used automotive dealers, automotive supply, specialty stores and the state and county pools.

Transaction and Use Tax Measure O generated 99.2% of the Bradley Burns amount, with the highest percentage growth from business & industry.

The chart on the right illustrates the top business types and their changes during the fourth quarter of 2023, with a comparison to the County and State movements.

TOP NON-CONFIDENTIAL BUSINESS TYPES				
Garden Grove Business Type	Q4 '23*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	870.1	-5.2% ↓	-7.5% ↓	-7.7% ↓
Service Stations	677.7	-5.4% ↓	-3.8% ↓	-4.9% ↓
Casual Dining	650.4	2.4% ↑	2.2% ↑	1.9% ↑
Quick-Service Restaurants	403.2	2.3% ↑	2.4% ↑	0.3% ↑
Plumbing/Electrical Supplies	360.5	13.4% ↑	2.1% ↑	-4.2% ↓
Used Automotive Dealers	261.0	24.0% ↑	11.2% ↑	-2.7% ↓
Family Apparel	176.8	-1.3% ↓	-5.8% ↓	-0.4% ↓
Grocery Stores	136.4	-4.6% ↓	-4.8% ↓	-4.6% ↓
Automotive Supply Stores	120.2	15.2% ↑	-1.3% ↓	-2.3% ↓
Hotels/Motels	117.0	5.0% ↑	11.0% ↑	0.9% ↑

**Allocation aberrations have been adjusted to reflect sales activity* **In thousands of dollars*

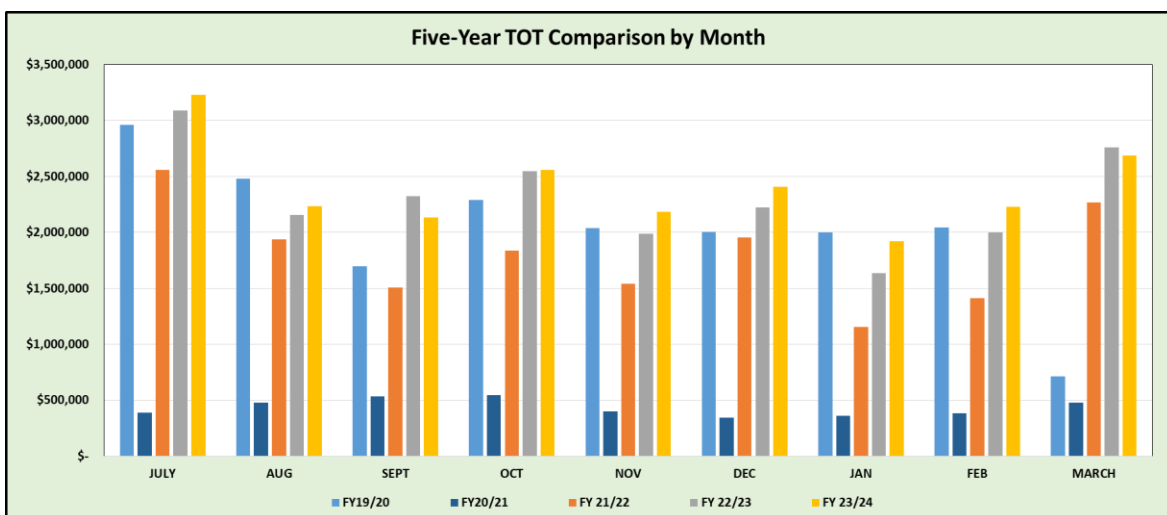
Higher interest rates had a negative impact on the auto and transportation sector, as sales in this sector dropped by 5.2%. Inventories for many dealers returned, creating downward pressure on prices, further constraining revenue. Lenders have tightened credit standards, making loan financing challenging for automobile consumers.

Per projections provided by HdL in April 2024, sales tax revenues for Fiscal Year 2023-24 and 2024-25 will be slightly higher than our adopted budget estimates of \$60.3 million and \$61.8 million respectively.

Transient Occupancy Tax

Garden Grove Municipal Code Section 3.12.030 codified the transient occupancy tax (TOT) at a rate of 14.5% of the rent charged by hotel operators. There are a total of 26 hotel establishments in the City.

Transient occupancy tax (TOT) is the third largest tax revenue source for the City. As of March 31, 2024, total TOT collected exceeded \$21.5 million, which represents over 86.3% of the budgeted amount of \$25.0 million. Out of the 9 months, we have seen five marked historical high.



In addition to the transient occupancy tax, 10 hotels in the Garden Grove Tourism Improvement District (GGTID) also collected a special assessment for GGTID improvement. GGTID was established in October 2010 by Ordinance No. 2782. The Ordinance authorized a levy and collection of GGTID assessments of 2.5% of gross rent charged for Tier I facilities, and 0.5% for Tier II facility.

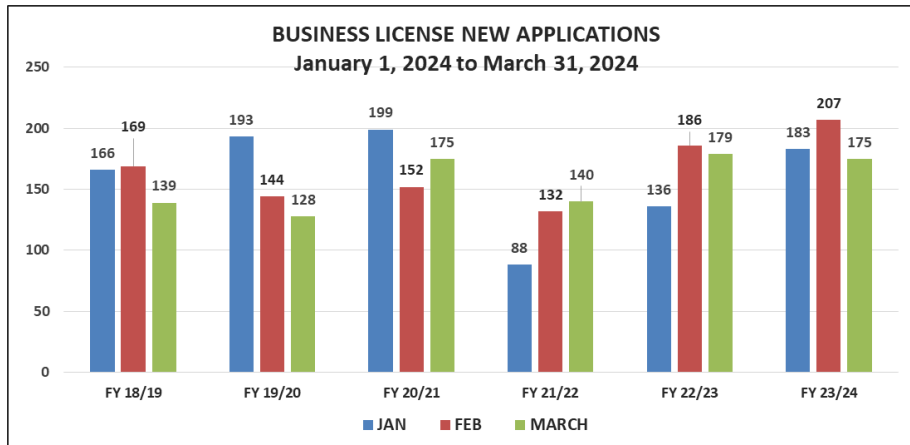
The Tier I hotels are located north of Lampson Avenue. Of the 2.5% GGTID assessment, 0.5% is allocated to the GGTID, and 2.0% is distributed to the Anaheim Visitors and Convention Bureau to support activities to promote the tourism business. The Tier I hotels include Anaheim Marriot Suites, Delta Hotels by Marriott Anaheim-Garden Grove, Embassy Suites by Hilton Anaheim South, Hampton Inn and Suites Anaheim-Garden Grove, Hilton Garden Inn Anaheim-Garden Grove, Hyatt Regency Orange County, Residence Inn Anaheim Resort Area/Garden Grove, Homewood Suites by Hilton Anaheim-Garden Grove, and Sheraton Garden Grove - Anaheim South Hotel.

The Tier II hotel is located south of Lampson Avenue. Total GGTID assessment is 0.5%, of which 0.1% goes to GGTID, and the remaining 0.4% is distributed to the Anaheim Visitors and Convention Bureau. There is only one hotel in this tier, the Great Wolf Lodge. It is North America's largest family indoor water park resort, and also the largest employer in the City of Garden Grove.

FINANCE DEPARTMENT OPERATING STATISTICS

Business License

A business license is a government document that certifies a business is safe for the public. Business license tax is a non-regulatory tax. Any person or entity that is physically present in the City of Garden Grove conducting business needs a Business License from the City. Revenues from Business License tax support the City’s operations in the areas of enforcing compliance, protecting the public, and promoting local businesses.



As of March 31, 2024, total revenues from Business License tax reached nearly \$2.4 million, exceeding 84.0% of the budgeted amount. New applications for the quarter averaged 188 per month, and exceeded the same quarter of last fiscal year by over 12.0%.

The Office of Business License conducts routine field inspections. A total of 105 site visits were conducted during the quarter ending March 31, 2024. Revenues generated from these site visits totaled \$12,700.

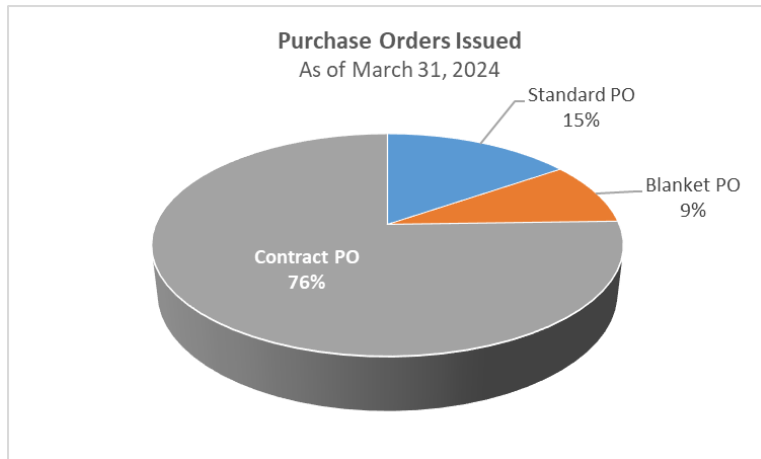
Business License Field Inspection - Jan. - Mar. 2024			
	# of Site Visits	# of License Renewed	# of License Closed
January	37	13	6
February	18	5	0
March	50	12	15
Total	105	30	21

Purchasing Activities

The City operates a centralized purchasing function. All purchasing activities are conducted in accordance with the Garden Grove Municipal Code, Chapter 2.50 Purchase and Sale of Property. Procedures are established to ensure the supplies, services, and equipment are procured at the lowest possible cost commensurate with quality needed. The Purchasing Division exercises positive financial control of purchases, defines purchasing authority, and strives for best value. All purchase orders are issued by the Finance Purchasing Division. Purchasing also administers citywide bids, conducts vendor insurance checks, and manages the City’s procurement card program.

The City issues three broad types of purchase orders (PO): blanket PO, Contract PO, and Standard PO, which makes up the vast majority of City issued PO’s.

Blanket PO (BPO) is a purchase order issued to a supplier that contains multiple delivery dates over a period of time, negotiated to take advantage of pre-determined pricing. Multiple departments can use the same BPO to streamline contract negotiation and achieve scale of economy. A not-to-exceed amount is established with each BPO. Contract PO relates to a fixed term contract with a set amount, typically



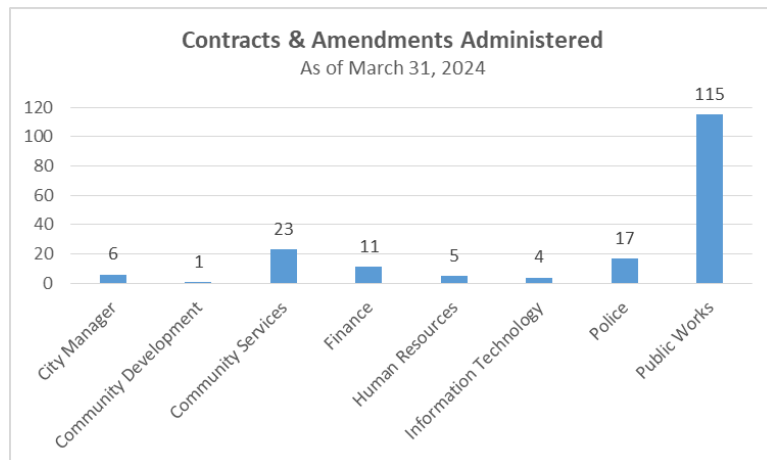
used in construction projects. Standard PO is the majority of all PO's issued. It is used to buy goods or services on a one-time basis, with one-year term.

As of March 31, 2024, a total of 3,975 purchase orders were issued for the current fiscal year, among which 3,000 or 75.5% were standard PO's. A total of 612 blanket PO's and 363 contract PO's were issued during the 9 months of the year.

During the quarter ending March 31, 2024, the Purchasing Division conducted the following 13 formal bids on PlanetBids:

Bid/Project Number	Project Name
IFB S-1319	Gate Valve Lids
IFB S-1319-A	Gate Valve Lids-Rebid
IFB S-1320	50 HP Elite Computers
CP135000-1F	Furniture, Fixtures and Equipment and Services
IFB S-1321	Package Units for Fire Station #81
IFB S-1322	Package Units for the Courtyard Center
IFB S-1323	Misc. Pipeline Materials
IFB S-1324	Eastgate Pool Improvement Project
RFP S-1325	Senior Mobility Program
RFP S-1325	On-Call Horizontal Cabling and Installation
GPM-NO 2401	Real Estate Service for Five-Story Office Building
CP1345000	Traffic Signal Modifications: Garden Grove Blvd/Nelson St.- Century Blvd and Garden Gove Blvd./Newland St.
CP-1344023	Traffic Signal Modifications: Various Locations - FY2023-24 CIP

As of March 31, 2024, the Purchasing Division processed a total of 182 contracts and amendments, among which 63.2% were for the Public Works Department.

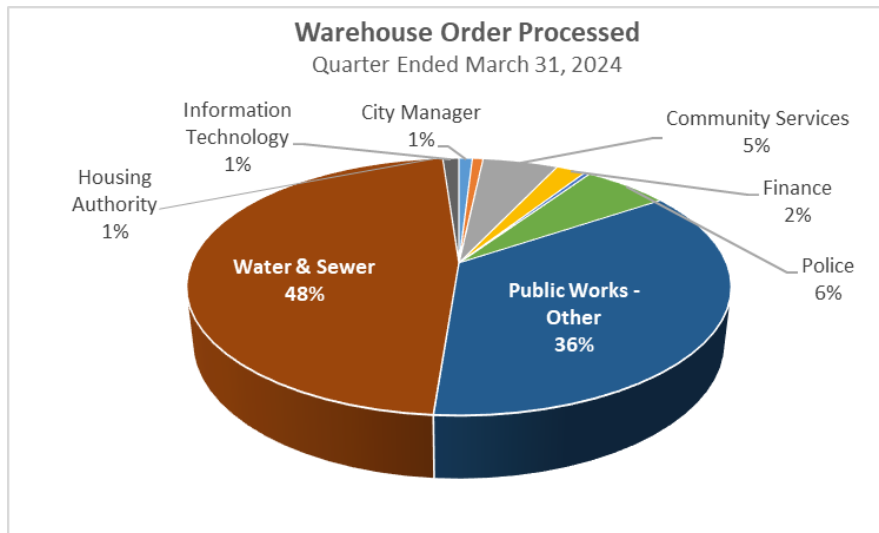


Warehouse Operations

The City’s Central Stores/Warehouse operates under the Purchasing Division and provides services that include receiving and acceptance of materials and supplies, and maintaining inventory of approximately 1,450 commonly used items for all City departments, valued about \$412,000. Inventories ordered by departments citywide are shipped to the warehouse: the warehouse staff receives, stores and delivers

the inventory upon ordering by department users. The central warehouse is also responsible for the disposal of surplus properties, and the storage of citywide records.

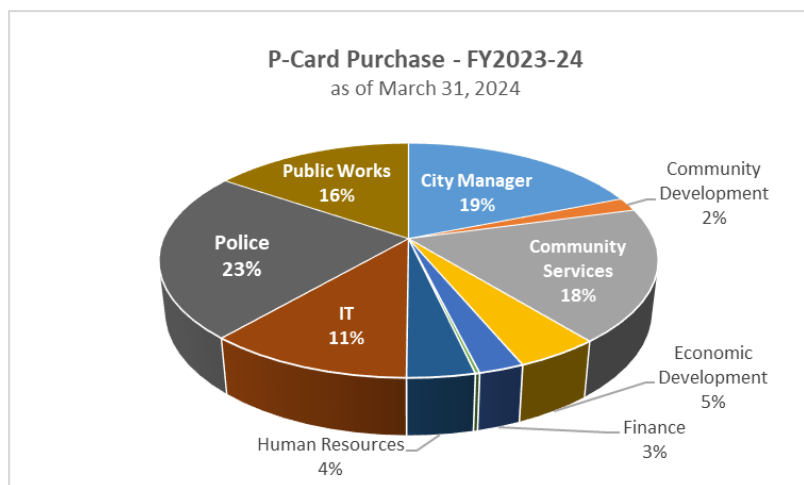
The central warehouse currently employs two full-time staff. For quarter ending March 31, 2024, a total of 525 requisitions were processed.



Citywide Procurement Card Program

The City uses Procurement Card (P-Card) to facilitate the acquisition of certain goods and services to promote efficiency. Purchases are intended to be under \$1,000 threshold and of a “non-capital” nature. Cumulative purchases from the same vendor should not exceed the thresholds established under Chapter 2 of the City’s Purchasing Policy and Procedures Manual.

Currently, the City uses a legacy P-Card program offered through our previous banking service provider, Union Bank of California. The Purchasing Division is in the process of transitioning to the CalCard Program, one of the State of California's commercial card services programs available to state and publicly funded local agencies. Besides the common benefit of a card program, CalCard provides additional advantages including no program costs, expanded supplier base, longer grace period, enhanced security and fraud protection features, and volume sales incentives (cash rebates).



The City currently has 33 active P-cards issued to individual employees and departmental users (these are departmental cards issued in the name of the department). Average spending per month is approximately \$50,600.

Risk Management

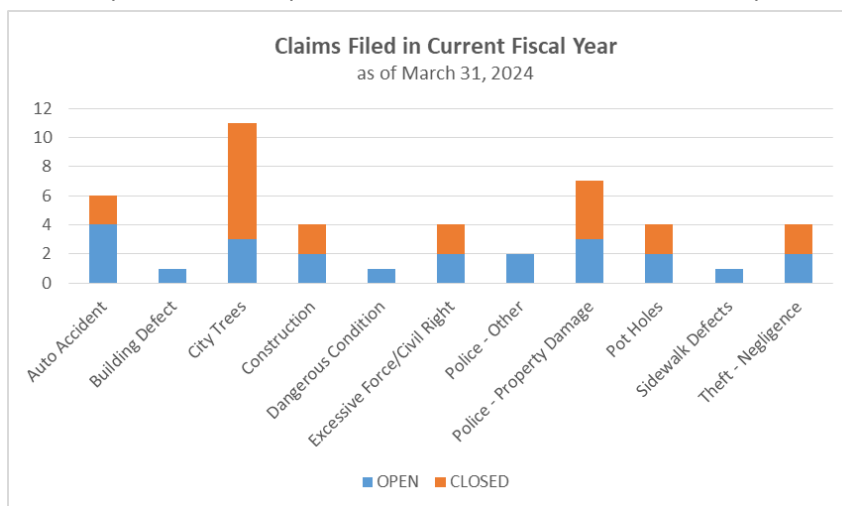
The City utilizes self-insured programs for its worker's compensation liability and tort and civil liabilities. The Human Resources Department administers the work's compensation liability program, and the Finance Risk Management Division oversees the tort and civil liabilities. Responsibilities of the Risk Management Division include insurance coverage procurement, loss control and prevention, and general liability self-insured program administration.

The City began its self-insured liability program on July 1, 1987. Our current self-insured retention (SIR) is \$2 million, and excess coverage is provided by Public Risk Innovation Solutions and Management (PRISM) for up to \$33 million per occurrence. Claims administration and adjusting services are provided by a third party administrator, Carl Warren. Representation in matters of litigation is performed through retaining outside legal counsel, supervised by the City Attorney.

Claims Information

To present a claim against the City, claimants have six months from the date of an incident to file a personal injury or property damage claim (§911.2). The claim form needs to include the name and address of the claimant; the address to which notices should be sent; date, location, and other circumstances relating to the claim event; a general description of the injury or damage or loss incurred; the names of public employees who caused the injury, damage, or loss (if known); and the amount claimed as damages (§910. (a)-(f)). Failure to include the above information can lead to the claim's being returned as "insufficient," in which case the claimant can amend the claim and resubmit it to the City.

The City has 45 days from receipt of the claim to provide a response. In order to determine potential City liability, Risk Management may request information related to circumstances described in the claim from other departments. A quick turnaround is critical so that a response can be generated in advance of the 45 day limit.



Since the beginning of the fiscal year, the City has received 45 new claims, of which 22 have been resolved. Of those 22 claims, the City settled four for a total of \$12,661, and the remainder were either returned as late or insufficient, and ultimately closed, or denied based on no liability on the part of the City.

As of March 31, 2024, there are a total of 51 open claims against the City, including the 23 that are still pending in the current fiscal year, and 28 with dates of loss in past fiscal years. The table below categorizes these claims, and lists loss payments and expenses incurred cumulative to date. Based on estimates provided by Carl Warren, amounts were set aside (reserved) for future expenses and potential settlement/loss payment. The aggregated potential financial impact from these outstanding claims amounts to \$13.4 million. The amounts reported in the table do not include the claims settled during the fiscal year. As of March 31, 2024, total amount of claim settlements paid was \$1.06 million, with additional legal fees of \$1.53 million for the current fiscal year.

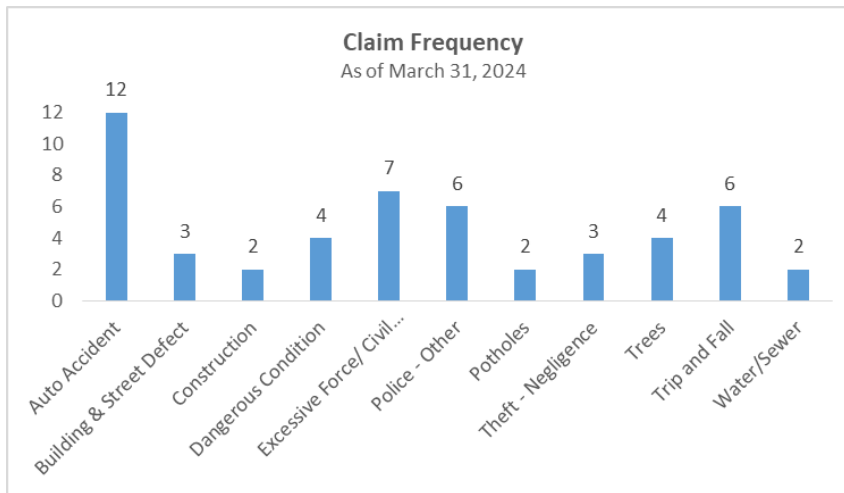
Summary of Outstanding Claims

As of March 31, 2024

Claim Category	# of Claims	Loss Payment	Expense Payment	Reserve for Loss Payment	Reserve for Expenses	Total
Auto Accident	12	\$ -	\$ 34,907	\$ 1,122,556	\$ 480,703	\$ 1,638,166
Building & Street Defect	3	-	4,950	61,000	100,000	165,950
Construction	2	-	473	75,200	-	75,673
Dangerous Condition	4	-	2,835	290,000	75,000	367,835
Excessive Force/ Civil Rights	7	-	1,330,756	5,826,900	679,436	7,837,092
Police - Other	6	-	179,580	697,130	150,000	1,026,710
Potholes	2	-	-	400	-	400
Theft - Negligence	3	-	-	10,200	-	10,200
Trees	4	-	42,927	39,882	19,319	102,128
Trip and Fall	6	-	120,865	825,000	581,370	1,527,235
Water/Sewer	2	-	111,181	179,000	368,567	658,748
TOTAL	51	\$ -	\$ 1,828,474	\$ 9,127,268	\$ 2,454,395	\$ 13,410,137

Source: Carl Warren Loss Register

* Amounts are cumulative to date. Amounts do not include claims settled during the fiscal year.



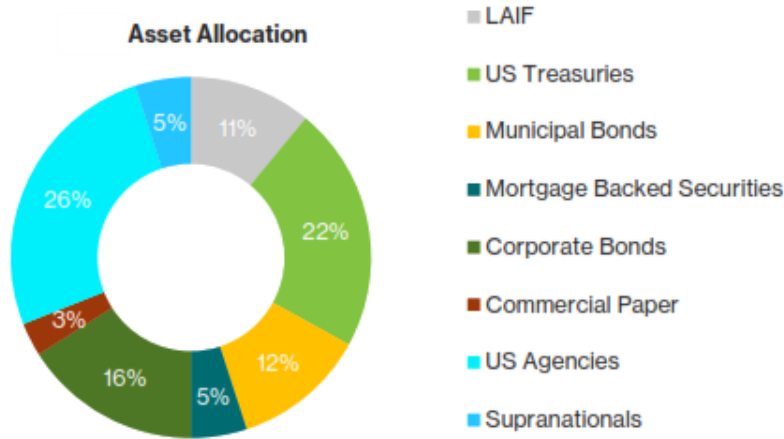
Frequency wise, 25.5% of total number of claims are police related, followed by 23.5% and 11.8% in the categories of Auto Accidents and Trip and Fall.

Severity wise, 66.1% of total potential losses relate to police activities; the second and third most costly claims were Construction and Dangerous Condition, which account for about 12.2% and 11.4% of overall loss respectively.

Risk Management collaborates with citywide departments on effective loss prevention measures throughout the year.

SECTION C – INVESTMENT REPORT

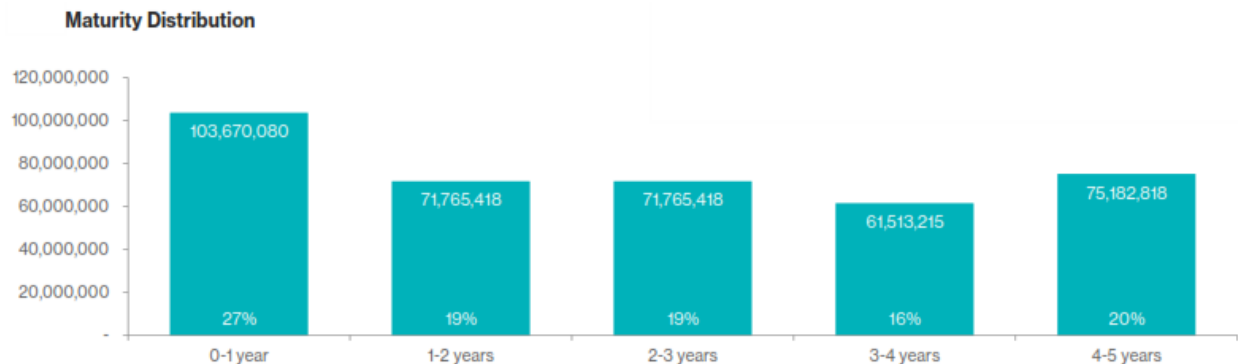
The City partners with Meeder Investment Management to actively manage its investment portfolio. As of March 31, 2024, the City’s portfolio had a book value of \$383.9 million. The average weighted maturity is 2.23 years, with 27% of the holdings maturing within a year or less, providing sufficient liquidity. Estimated annualized investment income from the current portfolio is \$11.6 million.



The City is committed to the most important objective of the investment program, which is the safety of principal, followed by liquidity. Once the portfolio is structured to timely meet expected cash flow needs for operations, investment selections are made to generate highest possible return. To meet these objectives, we strive to diversify our investments to minimize risk.

The graph above reflects the allocation of the City investment holdings as of March 31, 2024.

To ensure liquidity, we match investment maturities with forecasted cash flows and maintain an additional liquidity buffer for unexpected expenditures. The chart below shows the maturity distribution of the City’s portfolio as of March 31, 2024.



The complete portfolio report prepared by the City’s investment advisor for the quarter ending December 31, 2023 is attached to this report.



CITY OF GARDEN GROVE

PORTFOLIO REVIEW

QUARTER ENDING MARCH 31, 2024

PORTFOLIO REVIEW **ALL FUNDS**

City of Garden Grove Portfolio as of 3/31/2024

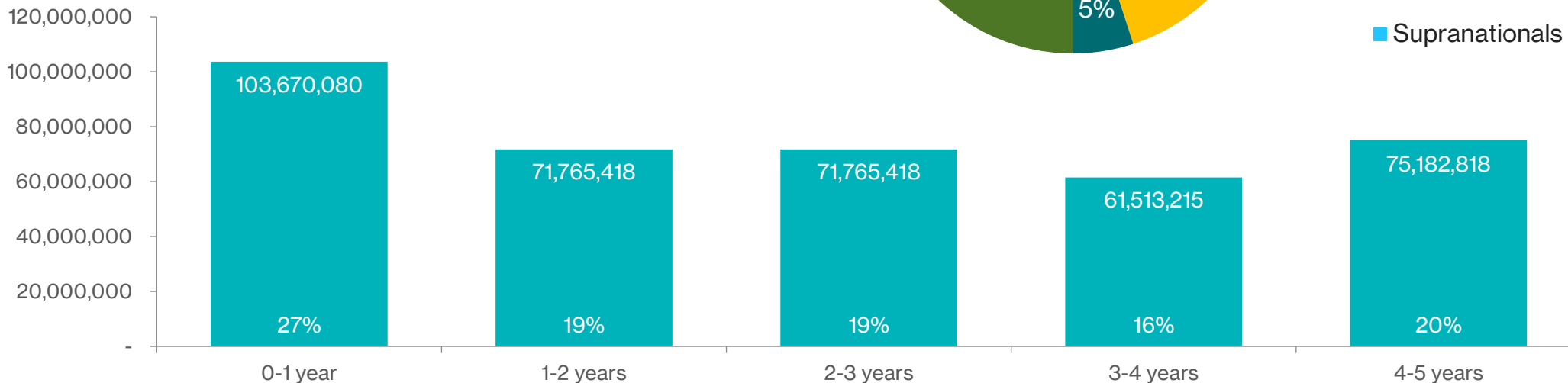
Your Portfolio

Cash	\$42,156,865
Securities	\$341,740,083
Total Portfolio	\$383,896,949

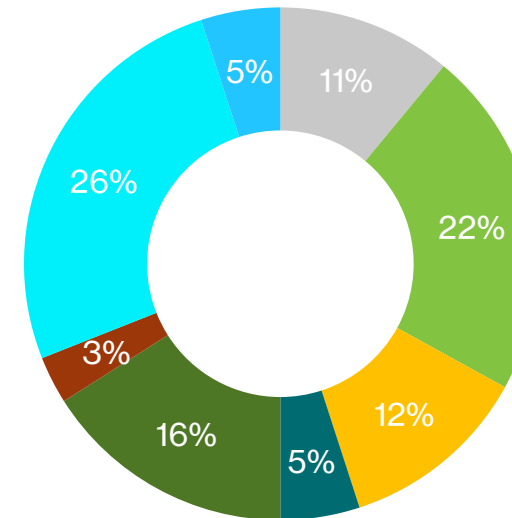
Your Portfolio

Weighted Average Maturity	2.23 years
Weighted Average Yield	3.01%
Estimated Annual Interest Income	\$11,555,298
March Earned Income	\$594,773

Your Maturity Distribution



Your Asset Allocation

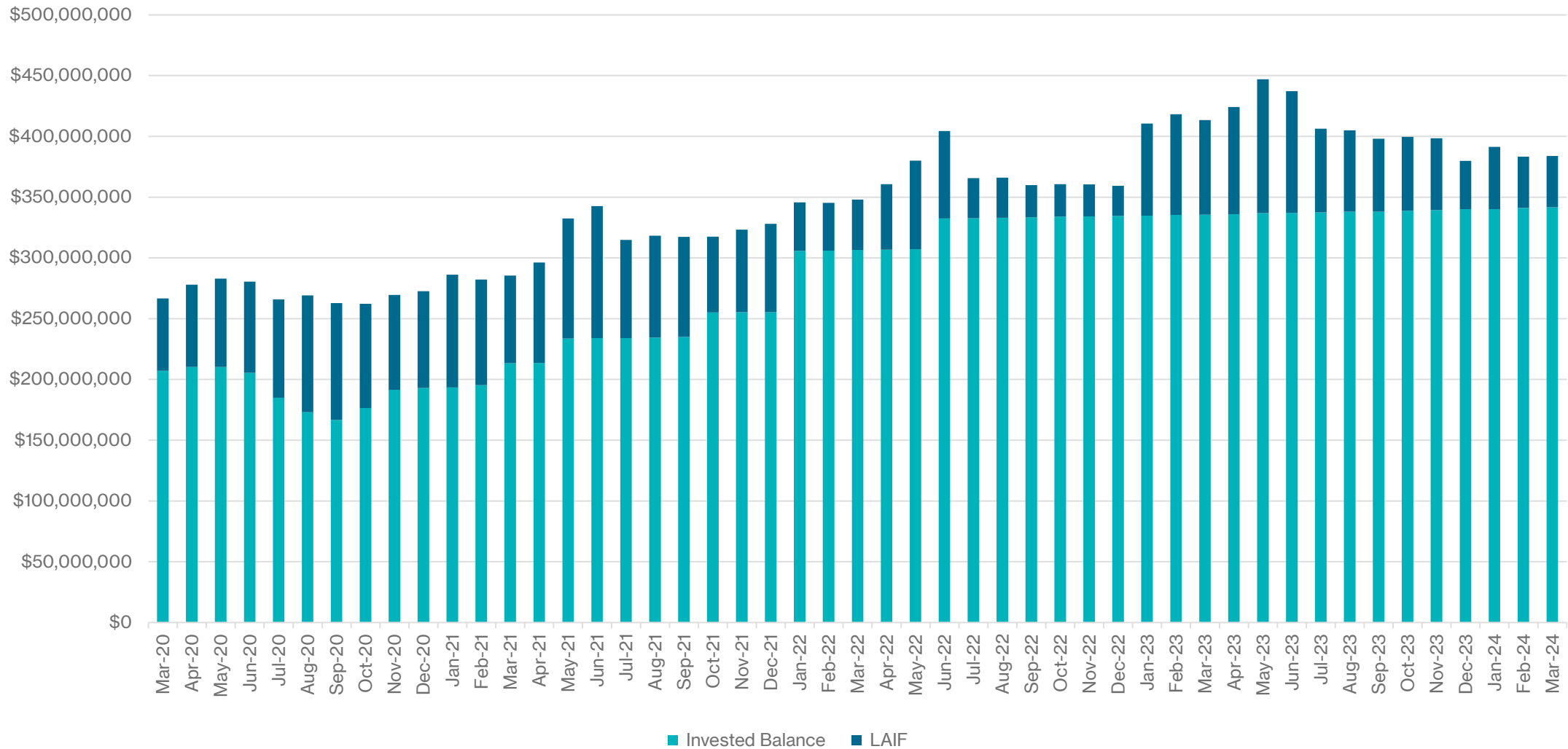


- LAIF
- US Treasuries
- Municipal Bonds
- Mortgage Backed Securities
- Corporate Bonds
- Commercial Paper
- US Agencies
- Supranationals

Yield and Interest Income information is annualized. All yield information is shown gross of any advisory and custody fees and is based on yield to maturity at cost. Past performance is not a guarantee of future results.

PORTFOLIO BALANCE

City of Garden Grove



PORTFOLIO PURCHASES



City of Garden Grove portfolio (January 2024 - March 2024)

CUSIP	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL AMOUNT
63873JG20	Natixis	07/02/2024	\$3,030,000	\$2,951,130
31424WEH1	Farmer Mac 4.06%	10/05/2028	\$4,200,000	\$4,200,000
91282CJR3	UST 3.750%	12/31/2028	\$3,100,000	\$3,074,813
9128285M8	UST 3.125%	11/15/2028	\$1,000,000	\$952,617
91282CJR3	UST 3.750%	12/31/2028	\$2,450,000	\$2,398,512
3140LK4E0	Federal National Mortgage Association, Inc. 4.650%	08/01/2028	\$3,700,000	\$3,685,547
17275RBR2	Cisco Systems, Inc. 4.850%	02/26/2029	\$5,000,000	\$5,033,150

PORTFOLIO **ACTIVITY**



City of Garden Grove portfolio (January 2024 - March 2024)

CUSIP	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	TOTAL PROCEEDS	ACTIVITY
3135GOV75	FNMA 1.750%	07/02/2024	\$3,000,000.00	\$3,180,000.00	\$2,949,196.10	SELL
14913R2S5	Caterpillar Financial Services Corporation 0.950%	01/10/2024	\$2,410,000.00	\$2,409,614.40	\$2,410,000.00	MATURITY
3137BXQX3	Federal Home Loan Mortgage Corporation 2.891%	10/25/2026	\$61,593.65	\$63,670.59	\$61,593.65	PAYDOWN
3137FHQ22	Federal Home Loan Mortgage Corporation 3.370%	07/25/2025	\$63,263.69	\$68,740.37	\$63,263.69	PAYDOWN
3137BXQX3	Federal Home Loan Mortgage Corporation 2.891%	10/25/2026	\$61,815.74	\$63,900.17	\$61,815.74	PAYDOWN
3137FHQ22	Federal Home Loan Mortgage Corporation 3.37%	07/25/2025	\$2,678.72	\$2,910.61	\$2,678.72	PAYDOWN
48133MAX8	JPMorgan Chase Financial Company LLC 4.00%	02/29/2024	\$2,730,000.00	\$2,730,000.00	\$2,730,000.00	MATURITY
13607EC15	Canadian Imperial Holdings Inc.	03/01/2024	\$3,065,000.00	\$2,948,659.42	\$3,065,000.00	MATURITY
46640PC43	J.P. Morgan Securities LLC	03/04/2024	\$5,000,000.00	\$4,798,250.00	\$5,000,000.00	MATURITY

PORTFOLIO **ACTIVITY** *Continued*



City of Garden Grove portfolio (January 2024 - March 2024)

CUSIP	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	TOTAL PROCEEDS	ACTIVITY
3137BXQX3	Federal Home Loan Mortgage Corporation 2.891%	10/25/2026	\$71,148.87	\$73,548.01	\$71,148.87	PAYDOWN
3137FHQ22	Federal Home Loan Mortgage Corporation 3.370%	07/25/2025	\$3,136.67	\$3,408.20	\$3,136.67	PAYDOWN

FUTURE MATURITIES



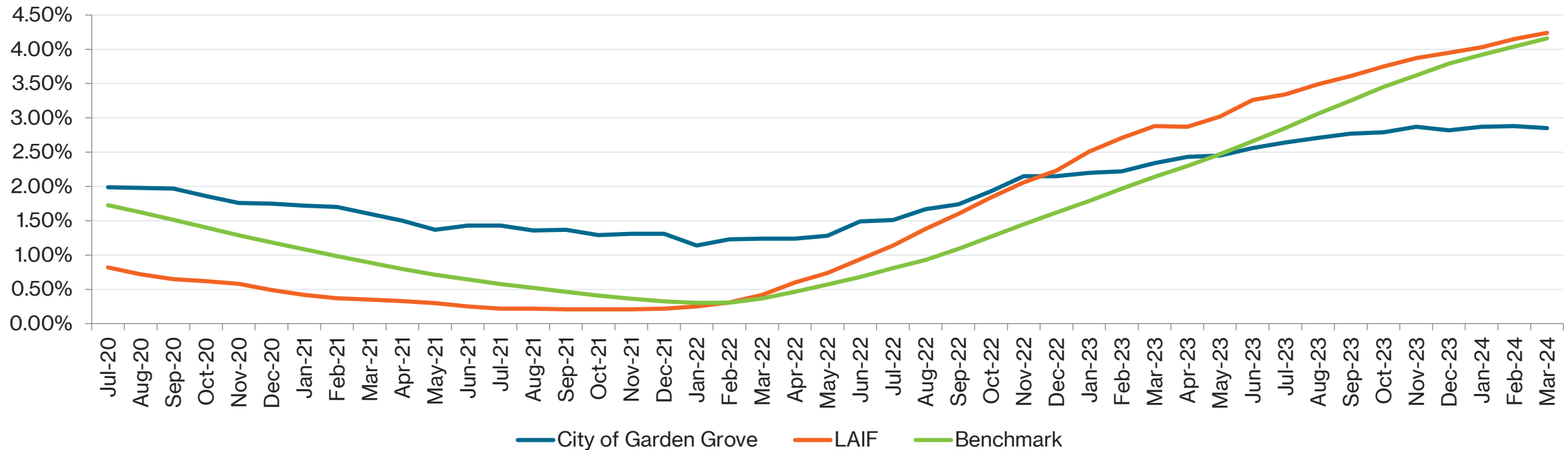
City of Garden Grove portfolio April 2024 – September 2024

CUSIP	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST
13063DLZ9	CALIFORNIA ST TAXABLE VAR PURP GO BDS	4/1/2024	\$2,180,000	\$2,352,067.40
91412HJK0	UNIVERSITY CALIF REVS TAXABLE GEN BDS 2021 B	5/15/2024	\$1,500,000	\$1,500,000.00
56052AG42	MAINE ST TAXABLE GO BDS 2021A	6/1/2024	\$1,050,000	\$1,068,259.50
4497W0FE3	ING U S FDG LLC 061424	6/14/2024	\$3,056,000	\$2,927,688.75
89236TJG1	TOYOTA MOTOR CRD .5% 06/14/2024	6/14/2024	\$4,000,000	\$4,000,000.00
89236TJH9	TOYOTA MOTOR CRD .5% 06/18/2024	6/18/2024	\$1,150,000	\$1,144,606.50
63873JG20	NATIXIS DISC COML PAPER 070224	7/2/2024	\$3,030,000	\$2,951,130.36
795036CK6	SALINAS VY CALIF SOLID WASTE A TAXABLE REF BDS 2022 A	8/1/2024	\$1,150,000	\$1,149,482.50
969268DF5	WILLIAM S HART CALIF UN HIGH S TAXABLE GO REF BDS 2020	8/1/2024	\$1,125,000	\$1,125,000.00
874857KT1	TAMALPAIS CALIF UN HIGH SCH DI TAXABLE GO REF BDS 2021	8/1/2024	\$745,000	\$745,000.00
78013VHD7	ROYAL BK CDA N Y BRH 081324	8/13/2024	\$3,055,000	\$2,930,356.00
45950VPQ3	IFC 0.250 08/22/24 MTN	8/22/2024	\$2,000,000	\$1,987,120.00
13607EHP7	CANADIAN IMPERIAL HLDGS INC 082324	8/23/2024	\$2,330,000	\$2,237,893.81
3133EKQA7	FEDERAL FARM 2.08%	9/10/2024	\$3,000,000	\$3,103,500.00
14913R2P1	CTRPLLR FIN SERV 0.60%	9/13/2024	\$1,395,000	\$650,234.00
3130A2UW4	FHLBANKS 2.875%	9/13/2024	\$3,000,000	\$3,205,200.00

MONTHLY COMPARISON

City of Garden Grove

	Month Ended March 31, 2024 Yield To Maturity
City of Garden Grove ¹	2.85%
Benchmark ²	4.16%
LAIF ³	4.24%



1. Securities performance on trade date basis, gross (i.e. before fees)

2. Benchmark is a 24 month moving average of the 2 year Constant Maturity Treasury

3. LAIF monthly distribution yields retrieved online from the State Treasurer of California website on the first of the month; yields are subject to change <https://www.treasurer.ca.gov/pmia-laif/laif/index.asp>

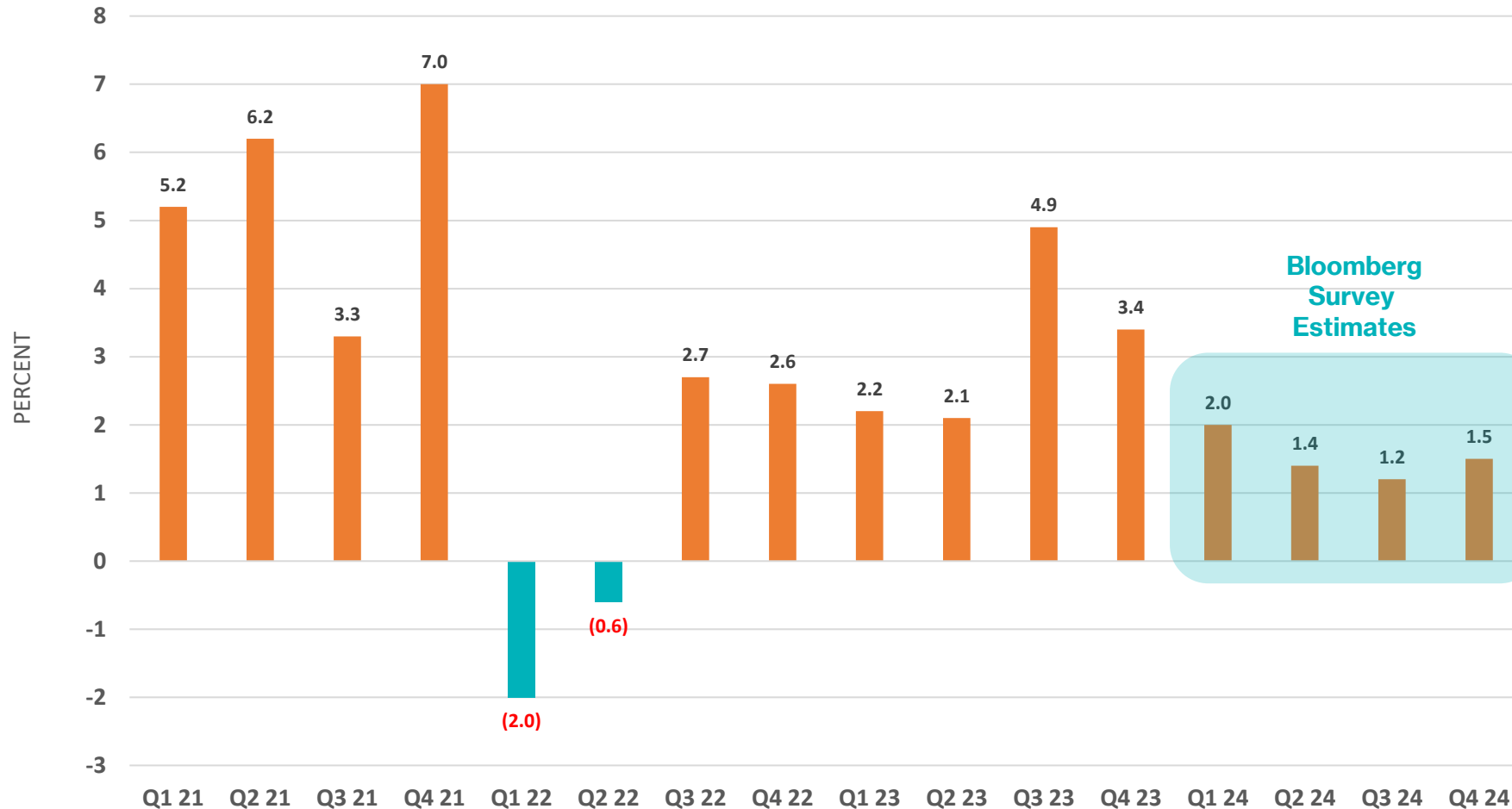


ECONOMIC UPDATE

QUARTER ENDING MARCH 31, 2024

Economic Growth

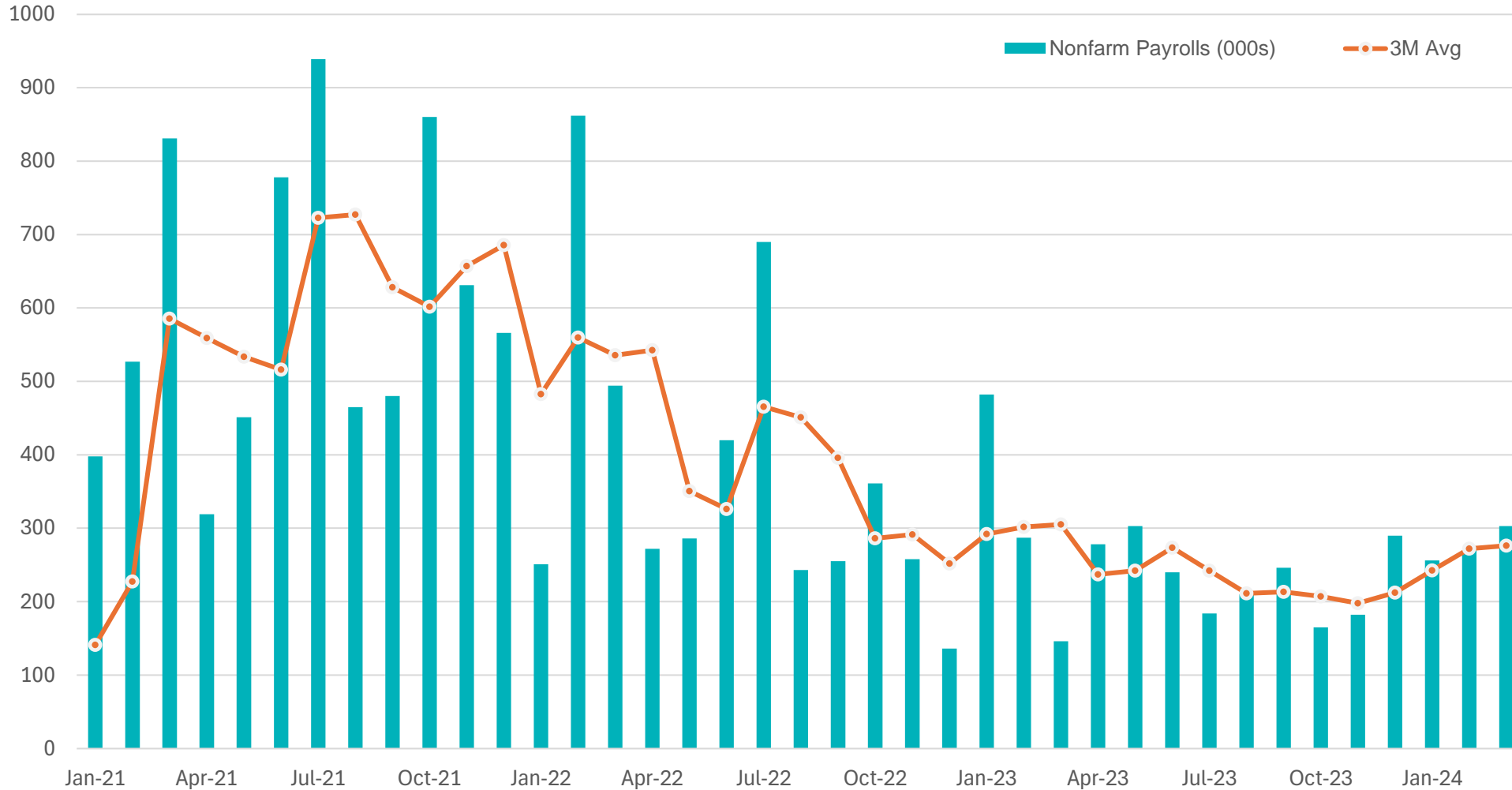
US QUARTERLY GDP CHANGE



SOURCE: BLOOMBERG

- The U.S. economy grew much faster than expected in the third and fourth quarters of 2023.
- Economists and strategists surveyed by Bloomberg expect GDP to slow below trend during 2024.
- This slowing growth is due to a few factors; one primary one is less stimulus from the federal government as compared to the previous few years.
- The estimates for the decline in GDP has been one of the contributors to lower intermediate-term interest rates since last October.

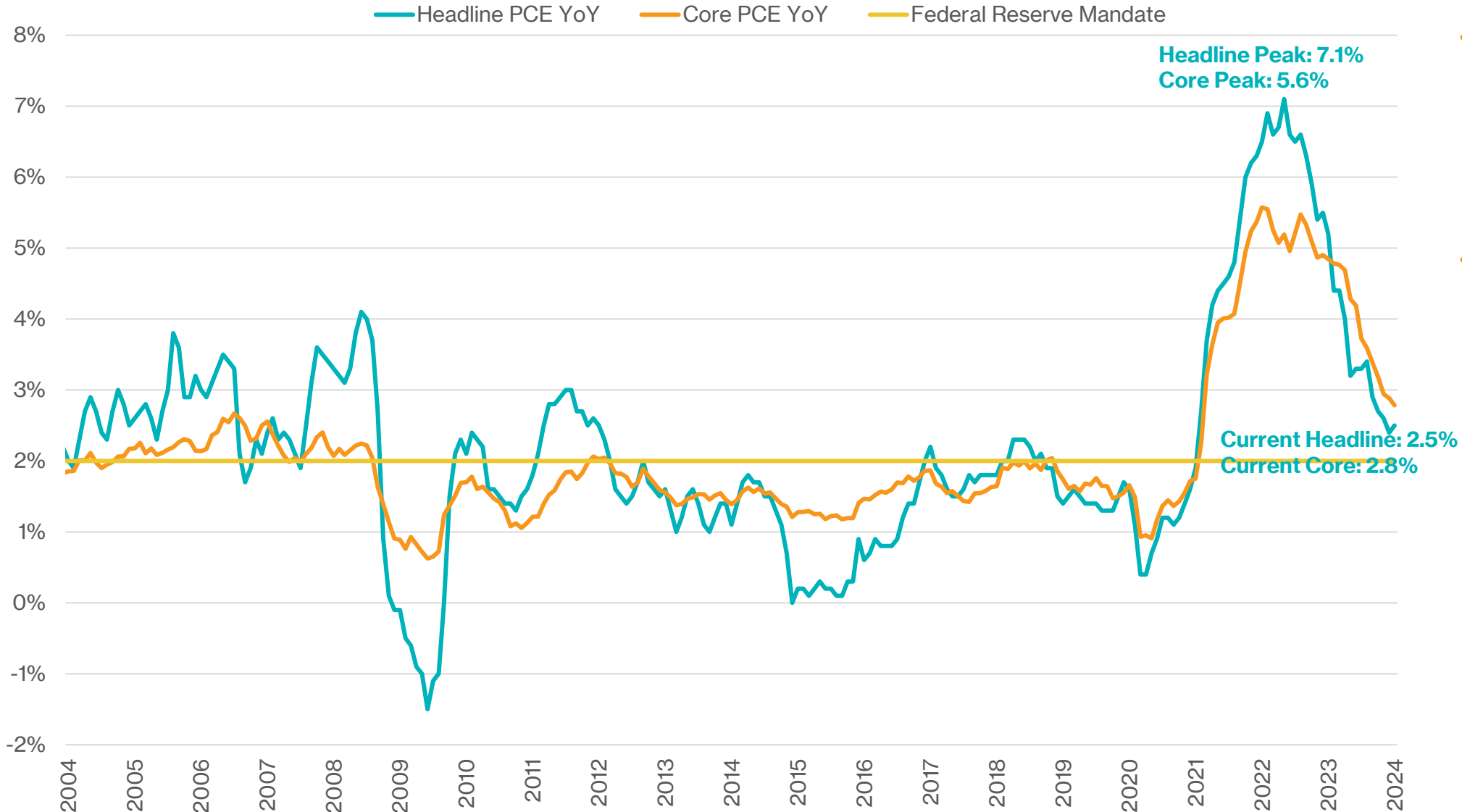
Nonfarm Payrolls



SOURCE: BLOOMBERG

- The U.S. employment sector remains robust.
- The U.S. economy has experienced 38 consecutive months of job growth.
- The 3-month average job growth has accelerated since the later part of last year.
- Job openings have declined but remain well above pre-pandemic levels.
- The healthy job market has helped keep consumer spending at a high level.

Inflation

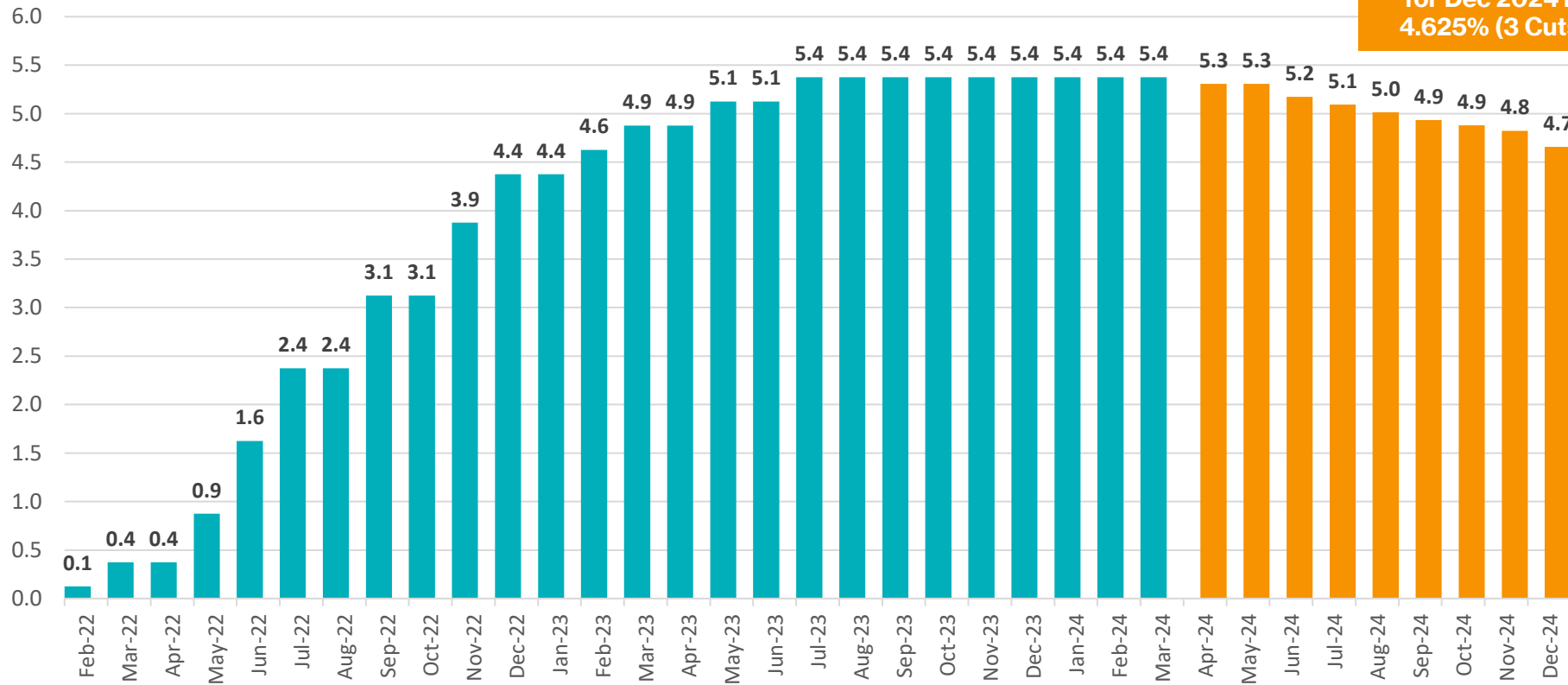


- The Consumer Price Index (CPI), has shown signs of stickiness the past six months, averaging about 3.2% since last September.
- The Fed's preferred inflation metric, Core Personal Consumption Expenditure (excluding food and energy prices), continues decelerating, but is still above the Fed's 2% target level.

Fed Funds

Fed Funds Mid-Rate Actual History and Fed Funds Futures

**Fed's Projection
for Dec 2024 is
4.625% (3 Cuts)**

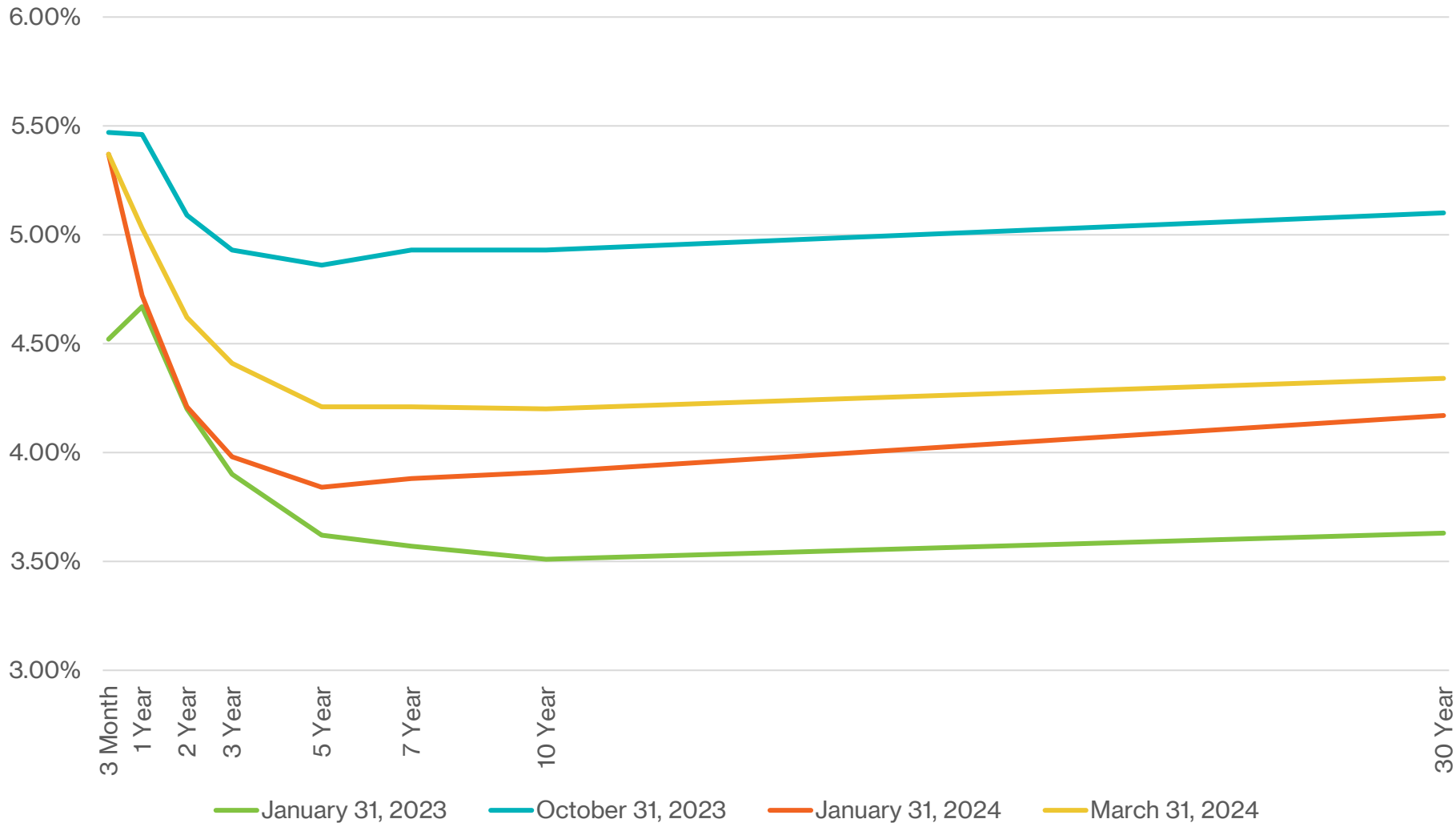


- The Fed Funds futures market is also expecting about 3 cuts this year. However, the futures market was projecting about 7 cuts back in January 2024.
- The futures market is currently expecting the first cut to occur at the July 31, 2024 meeting.

SOURCE: BLOOMBERG AS OF 4/1/24

Interest Rates

US Treasury Yield Curves



- With growth (GDP) estimates slowing this year and inflation declining materially from the summer 2022 highs, intermediate and longer-term rates have dropped from last fall's peaks.
- Intermediate and longer-term rates are generally much more correlated to growth and inflation expectations.
- Short-term rates, such as the 3-month treasury, generally have a high correlation to the Fed Funds rate.

SOURCE: BLOOMBERG