

CITY OF GARDEN GROVE

QUARTERLY FINANCIAL REPORT

JUNE | 2025



ABOUT THIS REPORT

The City of Garden Grove Finance Department is committed to accuracy, compliance, and transparency in financial reporting. The Monthly 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.
- II. **Economic and Operational Statistics** provides summary of key economic indicators and the City's financial operational 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.

FISCAL YEAR HIGHLIGHT

- In November 2024, we received the 39th consecutive GFOA Certificate for Achievement for Excellence in Financial Reporting. This certificate is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by the City and its management.
- In December 2024, we successfully launched Lockbox services to streamline the utility bill payment process for our 35,000 water customers. Since implementation, more than \$8.0 million in water payments have been processed through the new system, making payment processing faster and more efficient.
- During Fiscal Year 20204-25, we successfully closed 188 subrogation cases, securing over \$424,000 in reimbursements for damages to City property. This achievement reflects our strong commitment to protecting City resources and ensuring accountability.



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, 2023



Executive Director/CEO





BE LEADERS /

- Business License Tax revenue reached a historic milestone this year, contributing more than \$3.2 million to the General Fund. Our team processed nearly 15,000 license renewals and issued over 2,000 new licenses, marking an outstanding year of growth and support for our business community.
- On June 10, 2025, the City Council adopted a balanced biennial budget for fiscal years 2026 and 2027. This budget reflects the City Council's visioning process – a collaborative effort to shape the City's future, aligning leadership priorities with the community's goals and aspirations.

SECTION I – FINANCIAL ANALYSIS

GENERAL FUND

Preliminary General Fund Performance as of June 30, 2025

GENERAL FUND REVENUE VS. EXPENDITURE								
	Revised <i>Preliminary</i> Actuals Variance							
		Budget ¹	As o	f June 30, 2024 ³		\$	%	
Revenues	\$	181,673,400 ²	\$	185,774,140	\$	4,100,740	2%	
Expenditures		194,033,100		180,414,610		13,618,490	7%	
Operating Surplus ⁴	\$	(12,359,700)	\$	5,359,530	\$	17,719,230		

¹ Revised budget includes capital carryovers from previous fiscal years, such as Pavement Management Acceleration Program and Civic Center Revitalization Project.

As the fiscal year concludes, preliminary year-end financial information is being prepared. Revenues exceeded expenditures by \$5.4 million, primarily due to higher-than-anticipated investment earnings.

General Fund Expenditures

		Revised	Prel	iminary Actuals	Variance	e
Department		Budget ¹	As c	of June 30, 2024	\$	%
Fire	\$	33,667,500	\$	33,381,354	\$ 286,146	99%
Police		85,737,800		84,241,070	1,496,730	98%
City Administration ²		5,116,400		4,076,565	1,039,835	80%
Human Resources		2,263,600		1,699,606	563,994	75%
Finance		4,484,950		3,427,143	1,057,807	76%
Information Technology		854,200		614,909	239,291	72%
Community Development		7,298,500		6,957,014	341,486	95%
Community Services		7,415,800		6,028,684	1,387,116	81%
Economic Development		13,496,300		9,337,714	4,158,586	69%
Public Works		25,668,950		22,524,025	3,144,925	88%
Non-Departmental		8,029,100		8,126,526	(97,426)	101%
Total	\$	194,033,100	\$	180,414,610	\$ 13,618,490	93%

¹ Revised budget includes capital carryovers from previous fiscal years, such as Pavement Management Acceleration Program and Civic Center Revitalization Project.

² Amount reflects operating revenue only. An additional one-time allocation of \$2,625,700 from FY2022-23 surplus and \$1,089,100 from fund balance was included in the Amended FY2024-25 General Fund budget to balance the budget for the year.

³ Preliminary amounts subject to additional year-end accruals and audit.

⁴ Operating surplus includes \$3.1M in unspent capital budget and \$2.3M in encumbrances, totaling \$5.4M, which will be carried over to FY2026.

Includes City Attorney.

As of June 30, 2025, all cost centers were operating at or below their current budgeted amounts. Overall expenditures represent approximately 93% of total General Fund appropriations. Budgetary savings attributable to staffing vacancies accounted for \$8.8 million of the total \$13.6 million favorable variance. In addition, \$3.1 million in unspent Capital Improvement Program funding will be carried forward to the next fiscal year.

Debt service and general utility expenditures are reported under "Non-Departmental" category. The slight overage was attributable to higher-than-anticipated utility costs.

General Fund Revenues

The City's General Fund serves as the primary funding source for essential municipal services, including public safety, public works, community planning, economic development, and community and park services. As a discretionary fund, it is primarily supported by tax revenues, which fluctuate in response to local and broader economic conditions.

On average, property tax contributes approximately 40% of total General Fund revenues, followed by sales and use tax (30%), and transient occupancy tax (15%). The remaining 15% is derived from business license taxes, franchise fees, permits, service charges, and fines and penalties. The City's revenue structure highlights a strong reliance on economically sensitive revenue sources, particularly sales tax and transient occupancy tax, which are directly tied to consumer spending and tourism activity.

Sales and use tax revenues, distributed quarterly by the California Department of Tax and Fee Administration, reflect the most immediate impact of changing economic conditions. While the City awaits the final distribution for Fiscal Year 2024–25, HdL's August 5, 2025 projection indicates that sales tax revenue will fall short of the budget by \$3.1 million. This shortfall is attributable to a cooling economy, where reduced consumer demand and slower retail activity have directly impacted the City's second-largest revenue stream.

Property tax revenues, allocated by the Orange County Auditor-Controller's Office, are comparatively more stable and provide a critical foundation for the General Fund. Current year secured property taxes, which make up about 45% of the City's overall property tax collections, are distributed in eight installments each fiscal year. While property values have remained resilient, long-term economic trends such as interest rate fluctuations and real estate market dynamics can affect future growth rates.

Transient occupancy tax (TOT), the City's third-largest tax source, is highly sensitive to tourism and regional economic conditions. In Fiscal Year 2024–25, TOT revenue totaled just over \$27 million, representing a 5.0% decline compared to the prior year and falling short of budget by 3.2%. This contraction signals a softening in the hospitality and tourism sector, which has a ripple effect on local businesses and City services dependent on visitor spending.

In contrast, investment earnings significantly outperformed expectations. Due to elevated interest rates throughout the year, investment income exceeded budgeted targets by nearly \$5 million. While this revenue boost helped offset economic softness in other categories, it underscores the City's exposure to external financial market conditions.

Overall, preliminary General Fund revenue closed Fiscal Year 2024–25 at \$4.1 million over budget. However, the underlying revenue performance paints a more nuanced picture: gains from investment

income masked weaker results in economically driven revenues such as sales tax and TOT. The trend highlights both the City's fiscal resilience and its vulnerability to broader economic cycles, emphasizing the importance of long-term financial planning, diversified revenue strategies, and prudent reserve policies.

		Revised	Prel	iminary Actuals	Variance		
Source		Budget	As o	of June 30, 2025	\$	%	
Property Tax	\$	67,134,400	\$	67,776,897	\$ 642,497	101%	
Sales Tax ¹		61,823,500		58,700,994	(3,122,506)	95%	
Hotel Visitor's Tax		28,000,000		27,090,813	(909,187)	97%	
Other Taxes		5,960,000		5,878,283	(81,717)	99%	
Licenses & Permits		3,045,100		3,479,362	434,262	114%	
Charges for Services		7,254,200		8,701,741	1,447,541	120%	
Investment Earnings		1,854,700		6,672,968	4,818,268	360%	
Other General Fund Revenue		6,601,500		7,473,082	871,582	113%	
Total	\$	181,673,400	\$	185,774,140	\$ 4,100,740	102%	

¹ Preliminary sales tax amount is based on HdL's updated projections as of August 5, 2025.

SECTION II – ECONOMIC AND OPERTIONAL STATISTICS

ECONOMIC ANALYSIS

For the City of Garden Grove, taxes account for nearly 90% of General Fund revenues. The three primary tax sources, property tax, sales and use tax, and transient occupancy tax, contribute approximately 40%, 30%, and 15% of total revenues, respectively.

The General Fund serves as the cornerstone of the City's finances, supporting essential municipal services such as public safety (police and fire), public works, community planning, economic development, and community and park services. Because the City relies so heavily on these tax revenues, overall economic conditions directly influence the resources available to fund core operations.

Given this close linkage between economic activity and revenue performance, it is critical for the City to monitor key economic indicators closely and to continuously adjust its spending plans in response to shifting revenue trends. This proactive approach ensures the City's ability to sustain service levels and maintain long-term fiscal stability, even in a changing economic environment.

Property Tax

Property tax revenue is directly tied to the assessed values of taxable properties within the City, with residential properties serving as the largest contributor. As of June 30, 2025, detached single-family residential full value sales increased by 4.1% compared to the same quarter of the prior year. However, the most recent quarter median price has dropped by 0.6%, signaling a softening in the housing market, which in turn translates into weaker growth in property tax revenues.

Because property tax represents the City's single largest source of General Fund revenue, this trend poses a potential constraint on the City's fiscal capacity. Sluggish growth in property tax revenue limits the City's ability to expand or enhance essential services and makes long-term fiscal planning more challenging. If the flattening of property values persists, it could erode one of the most stable revenue streams the City relies on to maintain its overall financial health and structural balance.

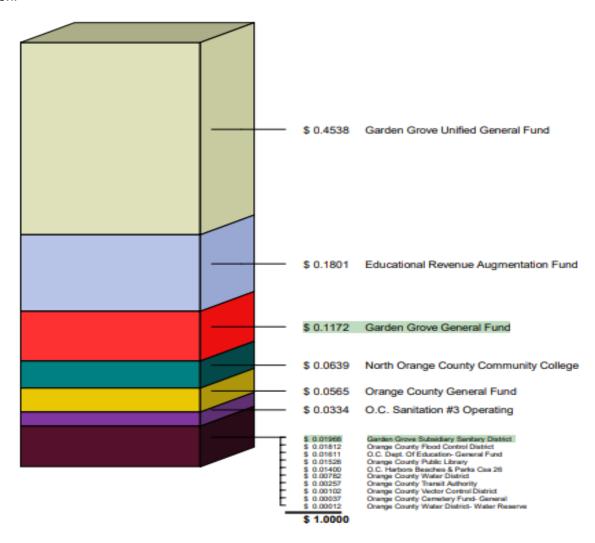
Year	Full Value Sales	Average Price	Median Price	Median % Change
2022 Q1	175	\$857,923	\$850,000	
2022 Q2	218	\$955,412	\$890,000	4.71%
2022 Q3	199	\$828,731	\$830,000	-6.74%
2022 Q4	143	\$835,410	\$830,000	0.00%
2023 Q1	115	\$848,183	\$850,000	2.41%
2023 Q2	169	\$898,663	\$895,000	5.29%
2023 Q3	145	\$906,441	\$876,000	-2.12%
2023 Q4	127	\$929,193	\$900,000	2.74%
2024 Q1	108	\$937,333	\$919,500	2.17%
2024 Q2	157	\$991,490	\$968,000	5.27%
2024 Q3	163	\$951,812	\$940,000	-2.89%
2024 Q4	138	\$992,167	\$975,000	3.72%
2025 Q1	114	\$998,566	\$997,000	2.26%
2025 Q2	168	\$1,032,208	\$991,250	-0.58%

Source: HdL Coren & Cone Companies.

The City's property tax base is well diversified, with the top 10 property owners collectively accounting for only about 4.6% of the total assessed valuation. These holdings are evenly distributed across commercial, industrial, and residential property types, reducing concentration risk and enhancing the stability of property tax revenues that support the City's fiscal health.

The City's property tax revenue comes from three main allocation sources: 1) the State General Fund 1% share; 2) the motor vehicle in-lieu tax or VLF; and 3) the Garden Grove paramedic override tax.

In addition, the City's General Fund receives residual tax, which is distributed through the Successor Agency's Redevelopment Property Tax Trust Fund (RPTTF). The City'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. For Fiscal Year 2024–25, the City's residual RPTTF revenue is estimated at \$3.5 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.

Property Tax in Lieu of Vehicle License Fee

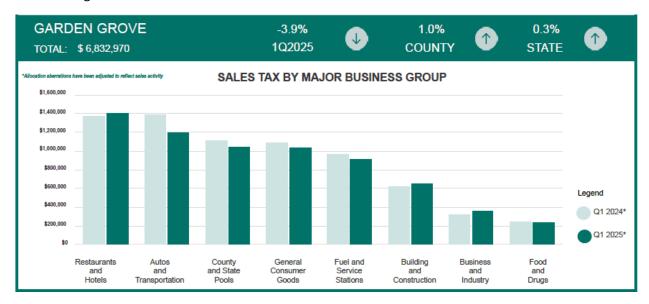
In May 2004, the State of California passed the vehicle license fee (VLF) swap with property tax in the 2004 State budget package. Prior to the 2004 budget act, VLF tax rate was 2% of the value of the vehicle. The State General Fund "offset" 67.5% of this tax resulting in an effective tax rate of 0.65%. 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 2024-25, VLF is estimated to be \$24.0 million.

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 preliminary paramedic tax revenue for Fiscal Year 2024-25 is approximately \$15.7 million.

Sales Tax

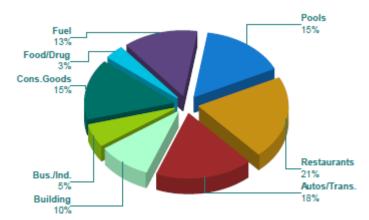
The most recent report from HdL indicated that sales tax for the quarter ended March 31, 2025 fell 3.9% from the same period in 2024. Auto and transportation revenues were the largest contributor to the quarterly loss, impacted by the closure of a used car dealership and weaker performance from new car sellers. Sales tax from restaurants and hotels increased slightly and became the largest business in terms of sales tax generation.



Source: HdL Companies.

Taxable sales across Orange County rose 1.0% during the first quarter of 2025 compared to the same period last year, while the broader Southern California region remained flat.

While this modest growth may signal the end of an eight-quarter decline, it could be temporary, as the broader economy remains on the edge between recovery and further slowdown.



The City benefits from a diverse industry base. There is no single dominate tax base, which effectively reduces the risk factors caused by economic downturns. Restaurants and auto dealerships each occupies about 20% of total sales tax revenue, followed by the countywide use tax pool. Consumer goods section contributes about 15% of overall sales tax during the quarter, taking the fourth place.

Measure O, the City's voter-approved district tax, outperformed the Bradley-Burns tax, supported by steady resident spending on auto and transportation goods. Measure O brought in \$7.0 million additional tax revenue during the quarter.

Table below shows changes in top business types during the quarter.

TOP NON-CONFIDENTIA	AL BUSINE	ESS TYP	ES	
Garden Grove Business Type	Q1 '25*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	782.3	-7.4% 🕕		-0.6%
Casual Dining	736.2	4.6%	1.2%	1.3%
Service Stations	545.9	-7.5% 🔱	-5.9% 🕕	-5.8%
Quick-Service Restaurants	382.2	-2.4% 🕕	-0.2% 🕕	-0.9%
Plumbing/Electrical Supplies	291.7	-7.6% 🕕	-0.7% 🕕	1.7%
Building Materials	284.9	16.8% 🕜	5.2%	3.8%
Used Automotive Dealers	143.5	-50.1% 🕕	8.4%	13.1%
Family Apparel	137.0	-6.2% 🕕	0.2%	-3.2%
Grocery Stores	128.1	-1.5% 🕕	-2.3% 🕕	-0.8%
Hotels/Motels	119.9	-8.6% 🕕	2.4%	1.8%
*Allocation aberrations have been adjuste	ed to reflect sales	activity	*In thous	ands of dollars

Source: HdL Companies

The first quarter is traditionally the lowest sales tax-generating period of the year, often influenced by seasonal weather and post-holiday consumer behavior.

Notably, the autos-transportation and building-construction sectors – both of which had been dragging down statewide results over the past two years – showed the strongest rebounds. In the autos sector, used car sales and leasing activity led the recovery. Consumers are increasingly opting for more affordable vehicles and shorter-term commitments, moving away from high-end purchases. In construction, pent-up

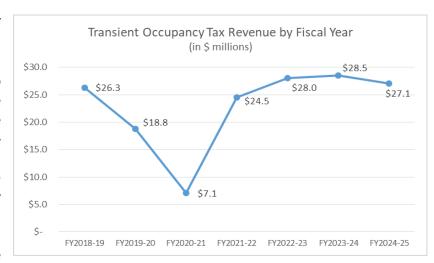
demand for repairs and improvements, especially in weather-affected and wildfire-damaged areas like Southern California, drove strong sales for building material suppliers.

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) represents the City's third-largest tax revenue source, making it a critical component of the General Fund. For the fiscal year ended June 30, 2025, TOT revenue is projected at \$27.1 million, a decline of \$1.4 million (5.0%) from the prior year and falling short of budget by \$909,000. This shortfall underscores the inherent volatility of this revenue stream and its sensitivity to broader economic and tourism-related conditions.

The chart on the right shows TOT revenue by year. It demonstrated both strong growth potential and significant vulnerability. Prior to the COVID-19 pandemic, the hotel industry in Garden Grove was thriving. In Fiscal Year 2018-19, the City collected \$26.3 million in TOT revenue. During the first eight months of Fiscal Year 2019-20, collections reached \$17.5 million – on pace to exceed the prior year. However, the



onset of the pandemic triggered an unprecedented collapse in the hospitality sector, and TOT revenue fell to just \$7.1 million in Fiscal Year 2020–21. It is estimated that the City lost over \$18 million in TOT revenue during Fiscal Years 2020 and 2021 combined. This experience illustrates the high degree of exposure TOT has to social, political, and economic shocks that can sharply reduce travel demand.

Because TOT is highly dependent on the performance of the local hotel and tourism industry, it remains one of the City's most volatile revenue sources. Factors such as global health crises, geopolitical tensions, inflationary pressures on travel, competition from short-term rental platforms, or fluctuations in convention and tourism demand can all materially impact collections. For this reason, the City cannot rely on TOT growth as a consistent source of long-term fiscal stability in the same manner as property tax revenues.

To support and strengthen the local tourism economy, the City established the Garden Grove Tourism Improvement District (GGTID) in 2010. Under this program, Tier I hotels are assessed 2.5% of gross rent, while Tier II hotels are assessed 0.5%. A total of 10 hotels currently participate in the GGTID, generating dedicated funds to promote tourism and attract visitors. While this initiative bolsters hotel performance and indirectly supports TOT revenue, the underlying vulnerability of this revenue stream underscores the need for fiscal diversification, prudent reserves, and cautious revenue forecasting.

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.



For Fiscal Year 2024–25, Business License Tax revenues reached a historic high of \$3.2 million, reflecting an average year-over-year growth rate of 2.5% over the past five years. This steady growth underscores the continued vitality of the City's business community and its contribution to the General Fund.

During the year, the City issued 2,020 new business licenses and processed nearly 15,000 renewals, demonstrating sustained entrepreneurial activity and economic engagement within the community. In addition, close to 2,000 business license audits were conducted, including on-site inspections. These efforts resulted in 293 citations and the recovery of more than \$300,000 in previously uncollected revenue, reinforcing both the fairness of the tax system and the City's commitment to fiscal accountability.

Administrative Citations

The enforcement of the City's municipal code and applicable state codes is an important public service and is vital to the protection of the public's health, safety and quality of life. The City implemented a comprehensive code enforcement system uses a combination of judicial and administrative remedies to gain compliance with code regulations. All violations are be subject to enforcement through the use of Administrative Citation in accordance with the City codes.

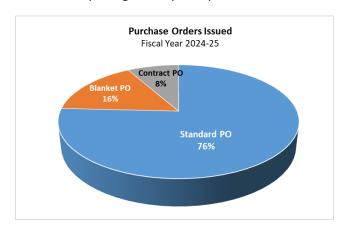
The chart to the right is a summary of all citations issued during the year. The goal of citing is to ensure compliance and promote the overall wellbeing of the health and safety of all community members. Accordingly, much efforts were invested in community outreach and education. An Administrative Citation Appeals Board was created as the formal channel for community members to challenge and dispute all citations issued.

Administrative Citation Stats July 1, 2024 - June 30, 2025						
		Revenu	ie			
	Issued	Collecte	ed			
Business License	440	\$ 15,	,300			
Code Enforcement	278	98	,264			
Animal Services	23	1	,948			
Environmental	23	13,	,000			
Police 16 26,12						
TOTAL \$ 154,63						

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 predetermined 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.

For Fiscal Year 2024-25, a total of 4,672 purchase orders were issued, the major (76%) of which was standard PO's. A total of 746 blanket PO's and 384 contract PO's were also issued during the year.

During the current fiscal year, the Purchasing Division administered a total of 50 formal bids and processed a total of 288 contracts and amendments.

Warehouse Operations

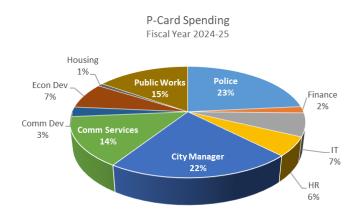
The City's Central Stores/Warehouse operates under the Purchasing Division and provides services that include receiving and acceptance of materials and supplies, and maintaining inventory for all City departments. Inventories ordered by departments citywide are shipped to the warehouse. The

warehouse staff receives, stores and delivers the inventory upon ordering by department users. Each fiscal year end, the warehouse conducts an annual physical inventory count. As of June 30, 2025, 1,460 items were counted, with a total valued of \$482,548.

<u>Citywide Procurement Card Program</u>

The City utilizes Procurement Cards (P-Cards) as a streamlined purchasing tool to facilitate the acquisition of routine goods and services while promoting efficiency and reducing administrative costs. P-Cards function much like a credit card but are specifically designed for government and organizational use, providing a controlled and accountable method of making small-dollar purchases without the need to generate a purchase order for every transaction.

Purchases made with a P-Card are generally limited to items under the \$1,000 threshold and must be of a non-capital nature. To ensure compliance with internal controls, cumulative purchases from the same vendor are subject to the limits established under Chapter 2 of the City's Purchasing Policy and Procedures Manual. This safeguard helps prevent the circumvention of competitive purchasing requirements while still allowing flexibility for day-to-day operational needs.



As of Fiscal Year 2024-25, the Purchasing Division administers 35 active P-Cards, which are issued either to individual employees or to departments under a departmental account. During the fiscal year, total purchases made through P-Cards amounted to \$611,246. In addition to the operational benefits of convenience and efficiency, the P-Card program generates financial returns for the City through rebates based on purchase volume. For Fiscal Year 2024-25, the City received \$10,186 in rebates, representing a 1.67% reward rate, thereby providing another source of unrestricted revenue.

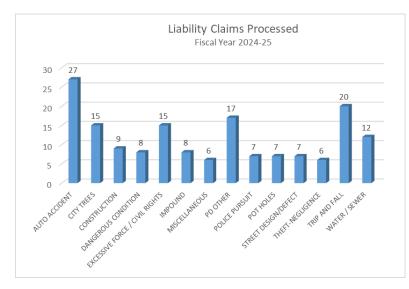
Risk Management

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.

During Fiscal Year 2024-25, a total of 164 claims were filed against the City, among which 16.5% relate to auto accidents. The second largest

category was trip and fall, accounts for 12.2% of total number of claims.

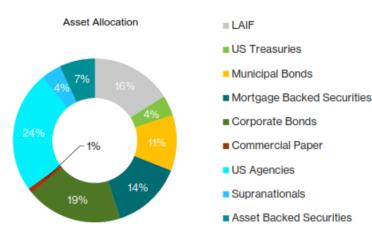
As of June 30, 2025, a total of 60 claims remained open. The table below categorizes the totality of these claims, and lists loss payments incurred cumulative to date. Based on estimates provided by Carl Warren, the City's third-party claims administrator, amounts have been set aside (reserved) for future expenses and potential settlements/loss payments. The total potential financial impact from these outstanding claims is \$10.4 million.

Open Claims as of June 30, 2025							
Claim Category	No. of Claims		tal Loss Paid	Tot	Total Estimated Loss		
AUTO ACCIDENT	12	\$	121,058	\$	6,767,356		
CITY TREES	4		-		14,000		
DANGEROUS CONDITION	4		-		643,912		
EXCESSIVE FORCE / CIVIL RIGHTS	7		-		918,060		
IMPOUND	3		-		81,100		
PD OTHER	5		-		62,800		
POLICE PURSUIT	3		-		378,040		
POT HOLES	3		-		8,500		
STREET DESIGN/DEFECT	2		-		671,000		
TRIP AND FALL	15		12,500		868,639		
Grand Total	60	\$	133,558	\$	10,413,406		

Source: Carl Warren Claims Register

SECTION III – INVESTMENT REPORT

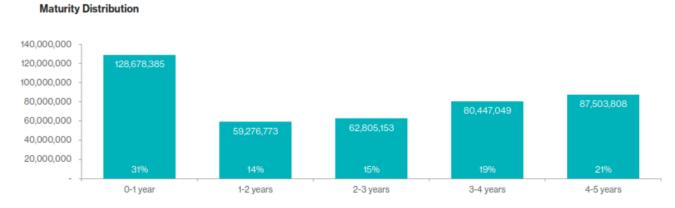
The City partners with Meeder Investment Management to actively manage its investment portfolio. As of June 30, 2025, the City's portfolio had a book value of \$418.7 million. The average weighted maturity is 2.3 years, with 31% of the holdings maturing within a year or less, providing sufficient liquidity. Estimated annualized investment income from the current portfolio is \$16.4 million.



The City's foremost investment objective is the safety of principal, followed by maintaining adequate liquidity. Once the portfolio is structured to meet anticipated operational cash flow needs, investments are selected with the goal of achieving the highest possible return within these constraints. To support these objectives, the City pursues a strategy of diversification to minimize overall risk. The graph on the left reflects the allocation of the City investment holdings

as of June 30, 2025.

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 June 30, 2025.



The complete portfolio report prepared by the City's investment advisor for the quarter ending June 30, 2025 is attached to this report.



JULY 17, 2025

City of Garden Grove Monthly Update

PRESENTED BY: NICK VACCARI, CTP





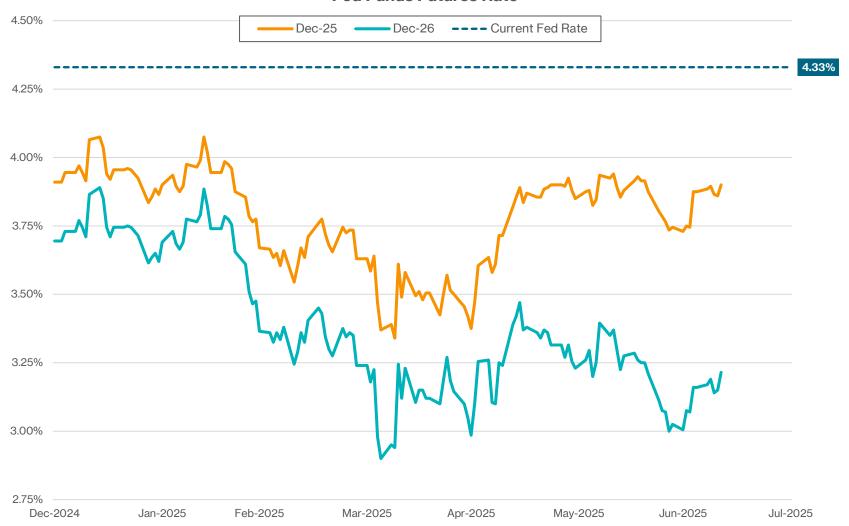


Economic Update

Fed Funds



Fed Funds Futures Rate



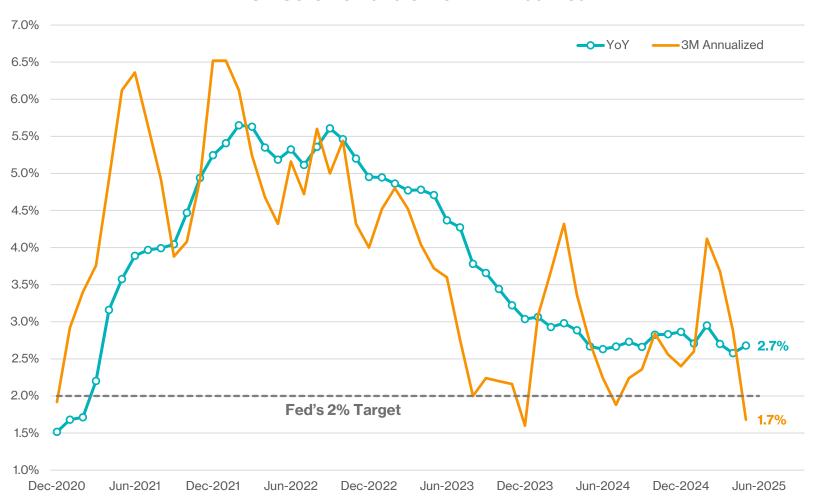
- The last Federal Reserve cut of the Fed Funds rate was Dec 2024.
- The Fed is expecting to cut the Fed Funds rate by .50% or 50 basis points by the end of 2025.
- The futures market is looking for the Fed to cut about 50 basis points, to an effective rate of approximately 3.9% by December 2025.

SOURCE: BLOOMBERG AS OF 7/11/25

Inflation



PCE Core YoY and 3 Month Annualized



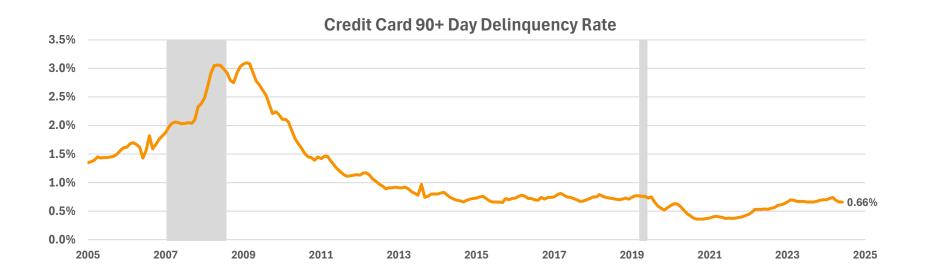
- Core Personal Consumption Expenditure YoY is the Fed's preferred inflation gauge.
- Core excludes food and energy components, which generally make the series less volatile.
- Core PCE YoY is currently at 2.7%, not yet at the Fed's 2% target, and moved higher last month.
- The Federal Reserve expects inflation to move higher later this year.

SOURCE: BLOOMBERG AS OF 7/11/25

Growth





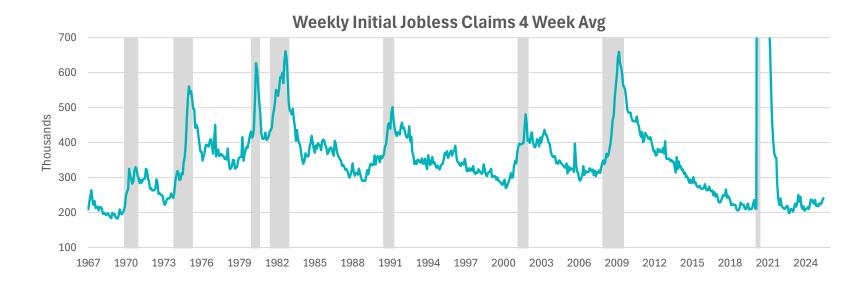


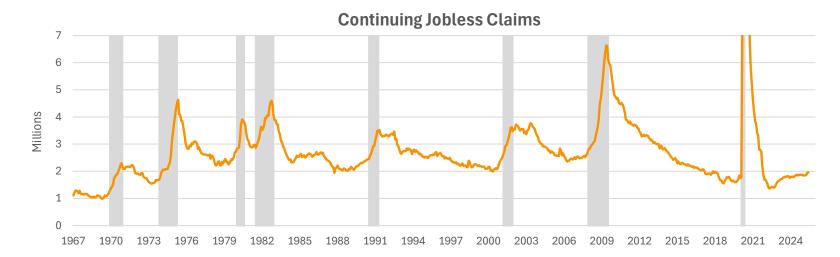
- Retail sales are an economic metric that tracks consumer demand for finished goods. This figure is a very important data set as it is a key monthly marketmoving event.
- Consumers continue to consume, especially the upper income households.
- Credit card delinquencies are heading higher but are still at historically low levels.
- Credit Card Index: Takes the average U.S. 90+ delinquency rate of the following credit card trusts: AmEx, BofA, Capital One, Chase, Citibank, and Discover.

SOURCE: BLOOMBERG AS OF 7/11/25

Employment







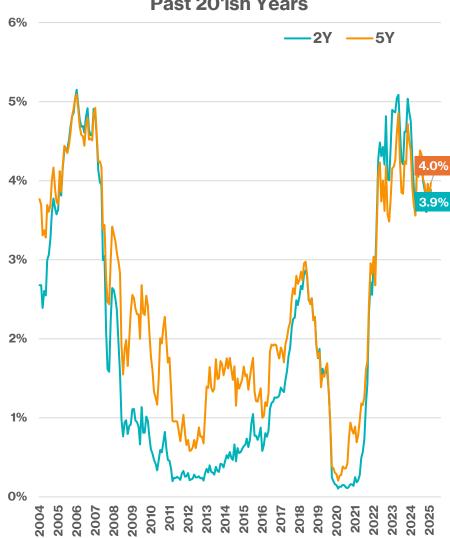
- At their June 2025 meeting, the Fed reiterated that the unemployment rate remains low, and the labor market is solid, reflecting continued expansion in economic activity.
- Fed policymakers emphasized their commitment to maximum employment and pledged to carefully consider labor market signals in future decisions.

SOURCE: FEDERAL RESERVE AND BLOOMBERG AS OF 7/11/25

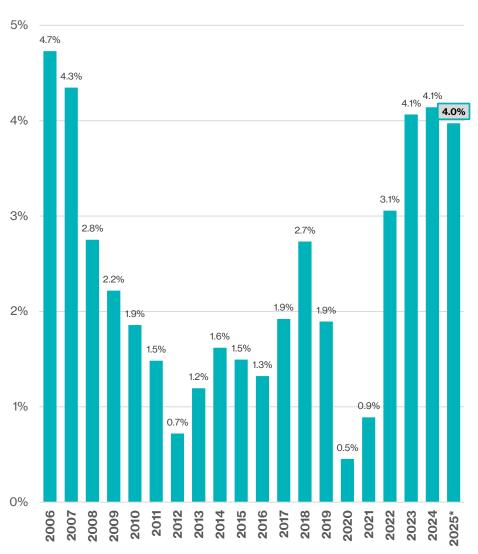
Yields







5Yr Treasury Yields: Avg Annual Yields



- Intermediate-term interest rates remain at the lower end of the past three-year range but are near levels last seen in 2007 (18 years ago).
- With the Fed expected lower short-term rates, Meeder believes it's still an opportune time to lock in interest income stability with purchases of intermediate-term securities.

Portfolio Review – ALL FUNDS



LAIF

US Treasuries

Municipal Bonds

■ Corporate Bonds

■ Commercial Paper

US Agencies

Supranationals

■ Mortgage Backed Securities

City of Garden Grove Portfolio as of 6.30.2025

Your Portfolio

 Cash
 \$65,873,232

 Securities
 \$352,837,936

 Total Portfolio
 \$418,711,168

Weighted Average Maturity

Weighted Average Yield

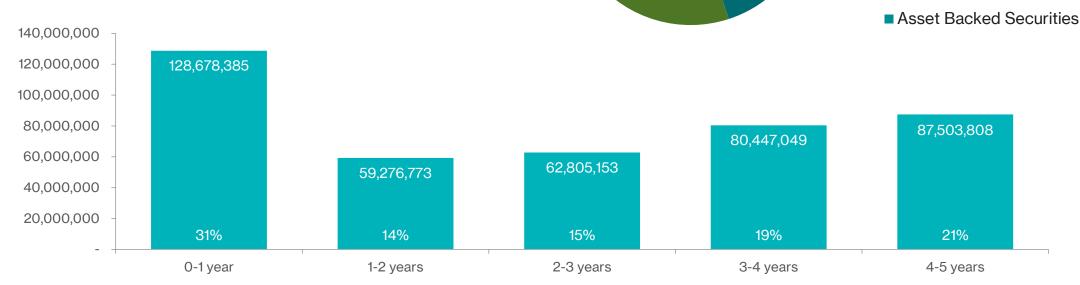
Estimated Annual Interest Income

June Earned Income

\$16,413,478

\$798,516

Your Maturity Distribution





7%

1%

19%

4%

14%

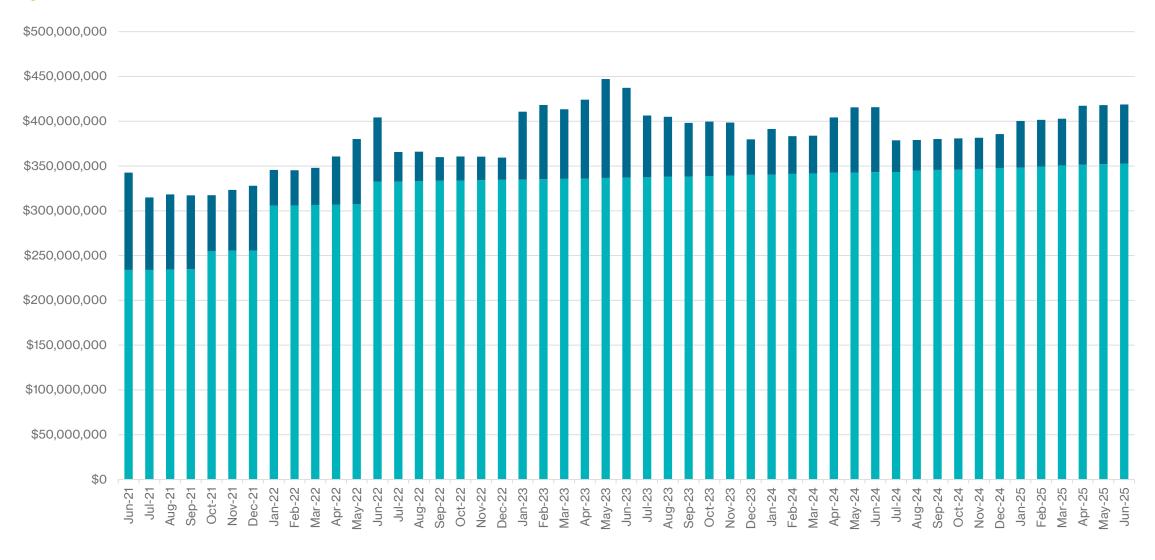
4%

24%

Portfolio Balances

MEEDER

City of Garden Grove







City of Garden Grove Portfolio – (April 2025 – June 2025)

CUSIP	SECURITY DESCRIPTION	MATURITY DATE	TRADE DATE	PAR	PRINCIPAL AMOUNT
24422LX24	John Deere Capital Corporation	10/02/2025	04/01/2025	\$2,000,000	\$1,957,373
06055JKL2	Bank of America Corporation 4.550%	09/04/2026	03/31/2025	\$1,852,000	\$1,852,000
05612LED0	BMW Bank of North America 4.000%	10/12/2027	04/15/2025	\$245,000	\$244,878
037833EY2	Apple Inc. 4.000%	05/12/2028	05/05/2025	\$3,135,000	\$3,130,266
037833EY2	Apple Inc. 4.000%	05/12/2028	05/05/2025	\$1,545,000	\$1,544,660
02582JKP4	American Express Credit Account Master Trust 4.280%	04/15/2030	05/06/2025	\$3,125,000	\$3,124,943
3133ETGZ4	FFCB 4.00%	05/16/2030	05/12/2025	\$4,000,000	\$3,978,080
3132XGZG4	FHLMC 4.750%	12/01/2028	05/29/2025	\$3,000,000	\$3,006,562
24422EYE3	John Deere Capital Corporation 4.550%	06/05/2030	06/06/2025	\$4,000,000	\$3,989,920
919853QU8	Valley National Bank 4.150%	06/20/2028	06/12/2025	\$244,000	\$243,756
3140NYKF7	FNMA 4.350%	06/01/2030	06/25/2025	\$7,362,000	\$7,390,183





City of Garden Grove Portfolio – (April 2025 – June 2025)

CUSIP	SECURITY DESCRIPTION	MATURITY DATE	TRADE DATE	PAR	PRINCIPAL COST	TOTAL PROCEEDS	ACTIVITY
3137EAEX3	FMCC 0.375%	09/23/2025	04/01/2025	\$3,000,000.00	\$2,950,560.00	\$2,945,130.00	SELL
3138LLJJ5	FNMA 2.900%	12/01/2027	04/25/2025	\$9,023.45	\$8,690.71	\$9,023.45	PAYDOWN
3137FHQ22	FHLMC 3.370%	07/25/2025	04/25/2025	\$486,566.01	\$528,687.55	\$486,566.01	PAYDOWN
3137BXQX3	FHLMC 2.891%	10/25/2026	04/25/2025	\$65,486.06	\$67,694.25	\$65,486.06	PAYDOWN
9128284N7	UST 2.875%	05/15/2028	05/06/2025	\$4,750,000.00	\$4,539,462.89	\$4,625,312.50	SELL
91282CBT7	UST 0.750%	03/31/2026	05/08/2025	\$2,500,000.00	\$2,500,683.60	\$2,427,441.41	SELL
037833DT4	Apple Inc. 1.125%	05/11/2025	05/11/2025	\$1,680,000.00	\$1,671,525.60	\$1,680,000.00	MATURITY
14913R2V8	Caterpillar Financial Services Corporation 3.400%	05/13/2025	05/13/2025	\$1,000,000.00	\$1,006,910.00	\$1,000,000.00	MATURITY
3134GWYS9	FMCC 0.600%	10/15/2025	05/16/2025	\$600,000.00	\$595,572.00	\$590,824.80	SELL
3138LLJJ5	Federal National Mortgage Association, Inc. 2.900%	12/01/2027	05/25/2025	\$9,536.50	\$9,184.84	\$9,536.50	PAYDOWN
3137FHQ22	Federal Home Loan Mortgage Corporation 3.370%	07/25/2025	05/25/2025	\$454,273.24	\$493,599.22	\$454,273.24	PAYDOWN
3137BXQX3	Federal Home Loan Mortgage Corporation 2.891%	10/25/2026	05/25/2025	\$70,200.57	\$72,567.73	\$70,200.57	PAYDOWN





City of Garden Grove Portfolio – (April 2025 – June 2025) *Continued*

CUSIP	SECURITY DESCRIPTION	MATURITY DATE	TRADE DATE	PAR	PRINCIPAL COST	TOTAL PROCEEDS	ACTIVITY
34153QUD6	Florida Department of Education 0.550%	06/01/2025	06/01/2025	\$2,000,000.00	\$1,993,920.00	\$2,000,000.00	MATURITY
24422EWF2	John Deere Capital Corporation 3.400%	06/06/2025	06/06/2025	\$4,000,000.00	\$4,009,800.00	\$4,000,000.00	MATURITY
3137FHQ22	FHLMC 3.370%	07/25/2025	06/25/2025	\$1,053,480.52	\$1,144,679.27	\$1,053,480.52	PAYDOWN
3137BXQX3	FHLMC 2.891%	10/25/2026	06/25/2025	\$65,976.01	\$68,200.72	\$65,976.01	PAYDOWN
3138LLJJ5	FNMA 2.900%	12/01/2027	06/25/2025	\$9,088.05	\$8,752.93	\$9,088.05	PAYDOWN
91282CEN7	UST 2.750%	04/30/2027	06/30/2025	\$6,000,000.00	\$5,869,238.28	\$5,892,187.50	SELL





City of Garden Grove Portfolio July 2025 – December 2025

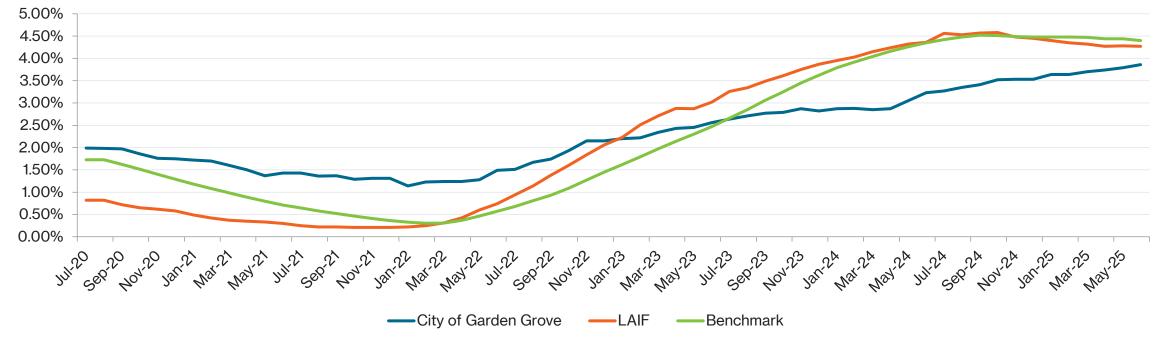
CUSIP	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST
917542QV7	UTAH ST 3.539%	07/01/2025	\$393,632	\$391,570.24
574193TR9	MARYLAND ST 0.660%	08/01/2025	\$2,975,000	\$2,989,458.50
969268DG3	WILLIAM S HART CALIF 0.757%	08/01/2025	\$500,000	\$500,000.00
874857KU8	TAMALPAIS CALIF UN HIGH SCH 0.505%	08/01/2025	\$1,000,000	\$1,000,000.00
795036CL4	SALINAS BY CALIF SOLID WAST 1.617%	08/01/2025	\$1,145,000	\$1,144,553.45
69371RR99	PACCAR 3.550%	08/11/2025	\$2,600,000	\$2,602,626.00
31422XML3	FARMER MAC 0.600%	09/08/2025	\$1,725,000	\$1,706,352.75
3133EM5W8	FED FARM CR BANKS 0.680%	09/22/2025	\$1,220,000	\$1,203,517.80
3133ENP95	FED FARM CR BANKS 4.250%	09/30/2025	\$1,600,000	\$1,589,024.00
24422LX24	JOHN DEERE CAP	10/02/2025	\$2,000,000	\$1,957,373.33
14041NGB1	COMET-223-A	10/15/2025	\$1,736,000	\$1,741,560.63
22533TXL5	CREDIT AGRICOLE NY	10/20/2025	\$1,500,000	\$1,451,512.50
69666JHW1	PALM SPRINGS CALIF FING	11/01/2025	\$600,000	\$600,000.00
3130AQUG6	FHLBANKS 1.770%	11/25/2025	\$2,300,000	\$2,097,761.00

Monthly Comparison

MEEDER

City of Garden Grove

	Month Ended June 30, 2024 Yield To Maturity	Month Ended May 31, 2025 Yield To Maturity	Month Ended June 30, 2025 Yield To Maturity
City of Garden Grove ¹	3.23%	3.79%	3.86%
Benchmark ²	4.42%	4.44%	4.40%
LAIF ³	4.56%	4.28%	4.27%



^{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



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Meeder Public Funds

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