

City of Garden Grove
California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

July 1, 2009 - June 30, 2010



City of Garden Grove, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended
June 30, 2010

Department of Finance

Kingsley Okereke
Finance Director

**CITY OF GARDEN GROVE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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Introductory Section



CITY OF GARDEN GROVE

William J. Dalton
Mayor

Steven R. Jones
Mayor Pro Tem

Dina Nguyen
Council Member

Bruce A. Broadwater

Council Member

Andrew Do

Council Member

December 7, 2010

Honorable Mayor and City Council
City of Garden Grove, California

Transmitted through the City Manager

Honorable Mayor and Council:

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Garden Grove, California, (the "City"), for the fiscal year ended June 30, 2010. Responsibility for both the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To accomplish this, City Management designed and established internal controls, which provide reasonable, but not absolute, assurance as to the effectiveness and efficiency of its operations, reliability of its financial reporting, and its compliance with applicable laws and regulations. Cost benefit considerations are weighed in meeting reasonable assurance objectives.

We believe the data, as presented, is accurate in all material respects and is presented in a manner which fairly represents the financial position, and changes in financial position of the City as measured by the financial activity of its governmental activities, business type activities, each major fund and the remaining aggregate fund information. We also believe that all disclosures necessary to enable the reader to fully understand the City's financial activities have been presented. The financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB) and include the unqualified opinion of Mayer Hoffman McCann P.C., independent auditors for the City of Garden Grove. The Independent Auditor's Report is presented as the first component of the financial section of this report.

The City of Garden Grove's independent audit is an element of a more comprehensive, federally mandated "Single Audit", which has been established to meet the specific needs and requirements of federal grantor agencies. Single Audit Standards require the independent auditor to report on the audited government's internal controls and compliance with legal requirements while focusing on administration of federal grant awards. Satisfying these

requirements are duties required of the independent auditor, which are in addition to the Single Audit report, and the fair presentation of the financial statements. These Single Audit reports are available, as a separately issued report, upon a request to the Finance Director.

GAAP requires a narrative introduction, overview and analysis to accompany basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Garden Grove's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Garden Grove

The City of Garden Grove is located in central Orange County approximately twenty-five miles southeast of downtown Los Angeles with a population of approximately 176,000. It is the fifth largest City in Orange County and the twenty-seventh largest in the State of California. Despite the City's comparatively large size, it is a relatively young community, incorporated on June 18, 1956. During the late 1950's and the 1960's, Garden Grove experienced rapid growth as a significant segment of the population and suburban development moved from Los Angeles County to Orange County. In the 1970's, the initial construction boom was completed and redevelopment was actively pursued with efforts continuing through the 1980's and 1990's, and into the 2000's. There has been significant benefit from quality construction projects and an improved economic base as a result of these activities.

The City spans an area of 17.8 square miles and is the largest general law city in the State of California. It has the Council-Manager form of government, with the Mayor elected at large for a two-year term, and four council members elected at large for four-year staggered terms. The City Council engages the City Manager and City Attorney. The City Manager has the responsibility for hiring the department heads and for administering the City's programs in accordance with the policies adopted by the Council.

Garden Grove is a full service city. The services provided by the City include police, fire, paramedic, street maintenance, park maintenance, water, sewer, refuse, recreation, traffic/transportation, public improvements, planning, zoning and general administrative services. Also included in the City's overall operations are Garden Grove Agency for Community Development, Garden Grove Housing Authority, Garden Grove Sanitary District, and Garden Grove Public Financing Authority. Additional information is available on these blended component units in note A.1.a - d, in the notes to the financial statements.

A key element of the City's financial management process is the development and approval of the annual budget. Section 2.08.150 of the Garden Grove Municipal Code requires the City Manager to prepare and submit the proposed annual budget and salary plan to the City Council for approval. The City Council conducts various public budget review sessions, as necessary, and

adopts the budget at a noticed public hearing. The adopted budget is prepared pursuant to generally accepted accounting procedures (GAAP) and is balanced by fund. The City Council adopts a fund level budget annually. The City Council thus controls appropriations at the fund level. The City Manager is authorized to transfer appropriations within a fund between the various programs and/or departments. Budgetary control is maintained by a monthly financial reporting system. Unspent appropriations lapse at year-end unless specifically approved for carry-over to the subsequent year by resolution of the City Council.

Local Economy and Economic Outlook

The local economy is still struggling to weather the impact of the severe economic downturn of the past few years, which has been fittingly referred to as "The Great Recession." Over these past years, California's economy and its local communities experienced rampant job losses, falling property values, and significant decline in overall consumer confidence. The City's unemployment increased substantially to 12.2% from 5.0% reported in 2008. These factors triggered dramatic drop-offs in major city revenues including property tax, sales tax and hotel tax, which created a considerable structural budget deficit for the City.

The City has continued to manage its Finances during these bleak economic times via implementation of specific measures to bring spending in line with declining revenues. These measures included a freeze on hiring, lock-down on expenditures, and the development of a 3-Year Financial/Budget Implementation Plan. The plan articulates the City's budget cost reduction and revenue strategies designed to ride out the economic recession and bring the City's structural budget deficit under control.

Recent reports and economic indicators suggest the State and national economies are beginning to stabilize, a sign that a turnaround could be underway. While the recession is technically over, economy hangovers such as high unemployment, tight credit, and low consumer confidence are projected to remain through 2012. Thus, unlike previous recessions substantive recovery in this case has been forecast to be very slow and long.

However, the local Orange County economy appears to be more resilient as growth is projected to begin to accelerate by mid 2011 fueled by consumer spending. This, in turn would build momentum and expansion of the local workforce by 2012, culminating in a more palatable County unemployment rate in the single digits (UCLA forecast - 8.5% in 2011 & 7.4% in 2012).

For the longer term, the City believes and is committed to community development and redevelopment activities as a viable and sustainable source of economic growth in the City. Garden Grove will continue to take advantage of its strategic location in North-Central Orange County near major tourist attractions, convention facilities, and its close proximity to major employment centers. The trend toward improving efficiency in operations, by using the

latest computer hardware and software will continue. The City will continue to pursue and consider cooperative ventures with other public agencies and the private sector in its efforts to control and reduce the costs of services. Compliance with new rules, regulations and procedures has always been the highest priority in the past and present and will continue to be in the future.

Long-Term Financial Planning

For Financial Planning purposes, the City maintains a comprehensive citywide Five-Year Financial Forecast and Plan, and a focused General Fund Three-Year Budget Plan.

Five-Year Operating Plan

In accordance with the provisions of the City of Garden Grove Municipal Code, a five-year forecast covering operating revenue and expenditures, labor usage, sources and uses of funds are prepared annually based on national and local economic assumptions.

Five-Year Capital Plan

The City of Garden Grove is responsible for the planning and operation of capital improvements that lie within the public right-of-way. These improvements include streets, traffic signals and control devices, storm drains, streetlights, parks, sewers and water systems. In addition, the City must develop and maintain the elements of its own buildings and systems.

General Fund Three-Year Budget Plan

The Three-Year Budget plan articulates the City's budget cost reduction and revenue strategies designed to ride out short to medium term situations such as the current economic recession and bring the City's structural budget deficit under control. The City's 3-Year Budget Implementation Plan focuses on a range of temporary and permanent cost reduction initiatives, economic development and revenue generation priorities and the use of fiscal reserves to be implemented over the next three fiscal years. Addressing the situation over a three year approach allows the City to continue to provide critical services to the public while allowing the City Council to achieve its goals for public safety, improved transportation infrastructure, park improvements and enhanced long-term financial stability for the City. The FY 2010-2011 budget reflects the implementation of the second year of the 3-Year Plan that included \$7.8 million in cost reductions initiatives, the use of \$5 million in reserves, transfers and other one-time revenues. With the additional reductions, the City continues to weather the effects of the recession while providing requisite services to its residents.

Major Initiatives

(1) Employee Development

The City continues to invest in developing its managers and professional staff by providing employee training and development opportunities that enhance employee skills, knowledge and organizational effectiveness.

These programs include: Franklin Covey's Seven Habits for Managers and Leading at the Speed of Trust workshops; ethics, writing, public speaking and computer trainings; as well as a variety of job specific trainings and educational seminars. These training programs have allowed the City to foster an environment in which it provides efficient, quality services and improved performance while maintaining a smaller staff.

(2) Economic Development

Significant Economic Development activities this year include continuing to implement the International West Master Plan; assisting in the development and expansion of new hotels, continuing to implement the Disposition and Development Agreement for the McWhinney Water Park Hotel on the west side of Harbor Boulevard, facilitating development of a 600 unit residential mixed-use project for the Brookhurst Triangle; and continuing to implement the development of 53 town homes for the Century Triangle. The Water Park Hotel and Century Triangle developments together are expected to generate over 600 new jobs and \$6 million in annual tax revenue for the City.

(3) Public Works

The City and its refuse contractor have entered into a new long-term agreement, which allows for a greater share of revenues to be earned by the City. Additionally, the City has continued to improve the quality of life of its citizens via the opening of a \$2.5 million grant funded youth facility, Buena-Clinton Youth and Family Center, and the continued quality maintenance of its infrastructure and park facilities.

Financial Policies

The City maintains financial policies over various programs and activities:

Enterprise Fund Business Principles

The City of Garden Grove maintains a set of business principles and policies for managing its enterprise fund operations. They include the following: To break even and operate efficiently; To maintain two months cash flow as well as \$500,000.00 in reserves for contingencies. Additionally, replacement sinking funds should approach 5% of system value, and system and facilities are maintained up to industry standards by adequately funding new Capital Improvement Programs.

Investment Policy

The City of Garden Grove 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 of Garden Grove 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 6-month Treasury Bill as listed in the Money Rates section of the Wall Street Journal.

Purchasing Policy

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Garden Grove for its comprehensive annual financial report for the fiscal year ended June 30, 2009. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

Preparation of the City's Annual Financial Report, in a timely manner, is an undertaking that requires the dedicated efforts of many of the staff in the Finance Department and other City departments. I would like to express my appreciation to all City and Finance department staff who assisted in, and contributed to, its preparation. I particularly would like to commend the Finance Department - Accounting Division team that led this effort. Finally, I would also like to thank the Mayor, the City Council, Board members, the City Manager and the Central Management team of the City for their continued interest and support in planning and conducting the financial operations of the City in a professional and progressive manner.



Kingsley Okereke
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Garden Grove
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

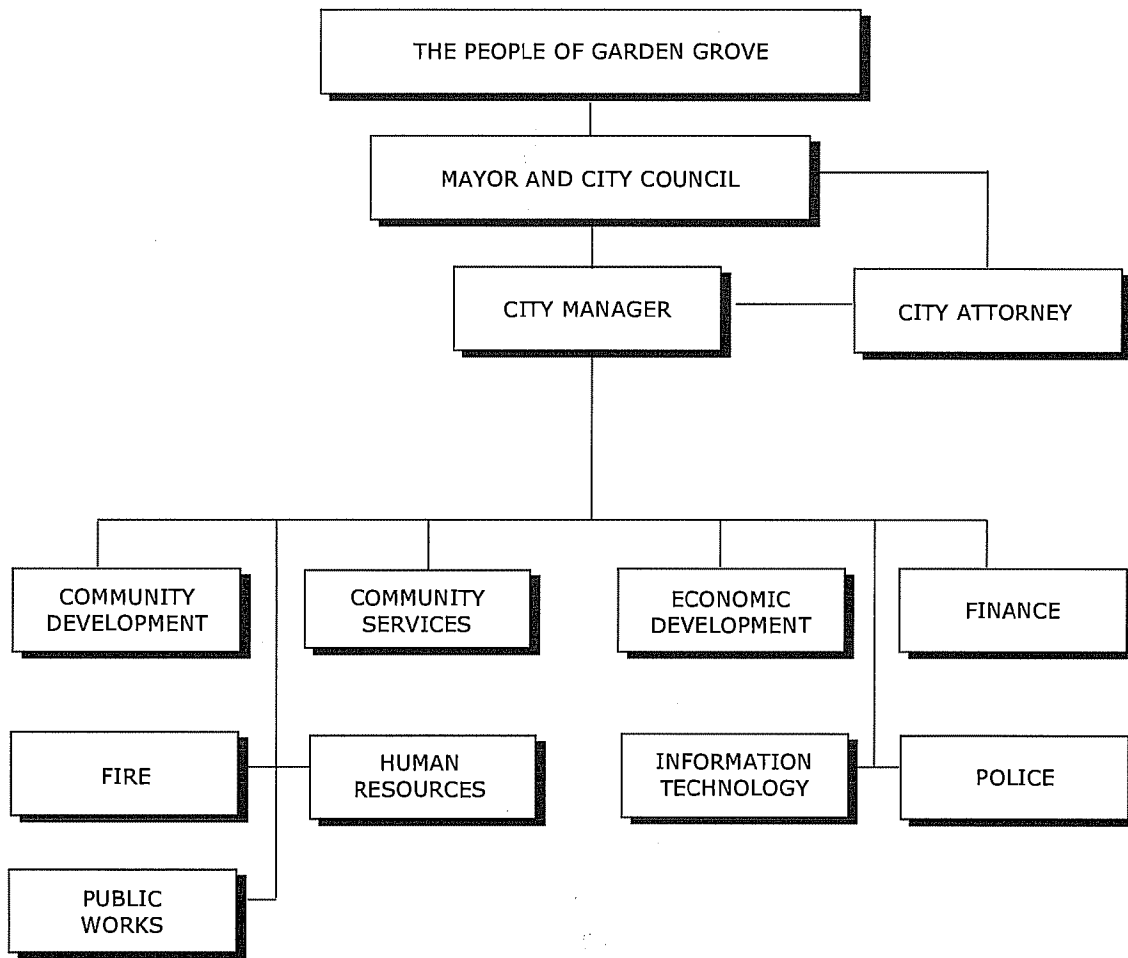
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CITY OF GARDEN GROVE



CITY OF GARDEN GROVE

CITY COUNCIL

William Dalton
Mayor

Steven R Jones
Mayor Pro Tem

Bruce A Broadwater
Council Member

Dina Nguyen
Council Member

Andrew Do
Council Member

CITY OFFICIALS

Matthew J Fertal
City Manager

Tom Nixon
City Attorney

Dave Bertka
Fire Chief

Susan Emery
Community Development Director

Charles Kalil
Information Technology Director

Kim Huy
Community Services Director

John Clark
Human Resources Director

Chet Yoshizaki
Economic Development Director

Joseph Polisar
Police Chief

Kingsley Okereke
Finance Director

Keith Jones
Public Works Director

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Financial Section



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The Honorable City Council
City of Garden Grove, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Garden Grove, California ("City") as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Garden Grove. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Garden Grove, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, of the City of Garden Grove for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* and *required supplementary information* is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements, schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Honorable City Council
City of Garden Grove
Page Two

In accordance with *Government Auditing Standards*, we have also issued a report dated December 7, 2010 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mayer Hoffman McCann P.C.

Irvine, California
December 7, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Garden Grove, we offer readers of the City of Garden Grove's financial statements this narrative overview and analysis of the financial activities of the City of Garden Grove for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- The Assets of the City exceeded its liabilities at June 30, 2010, by \$890.5 million, an increase of \$18.4 million over prior year. Of the \$890.5 million of net assets, \$638.2 million is invested in capital assets net of related debt and \$94.6 million is restricted for specific purposes. The unrestricted balance of \$157.7 million is available to meet the City's ongoing obligations to citizens and creditors.
- As of June 30, 2010, the City's governmental funds fund balance totaled \$140.9 million, a decrease of \$5.2 million compared to the prior year.
- The unreserved deficit amount of \$34.7 million reported in the Community Project Capital Projects fund is as a result of capital project acquisitions and improvements funded with long-term debt and intercity loans.
- Garden Grove Public Financing Authority issued Water Revenue Bonds in the amount of \$16.6 million that is being used to fund approved water capital projects and main replacements.

OVERVIEW OF THE FINANCIAL STATEMENTS

These discussions and analysis are intended to serve as an introduction to the City of Garden Grove's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Garden Grove's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the City of Garden Grove's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The focus of the *Statement of Activities* is to present the City's major program costs and their corresponding major resources. To the extent a program's cost is not recovered by grants and direct charges, it is paid from general taxes and other resources. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include fire, police, traffic safety, public right of way, drainage, community buildings, community services, parks and greenbelts, community planning and development, and municipal support. The business-type activities of the City include a Water Utility, Sewage Collection, Solid Waste Disposal, Mobile Home Parks and RV Park operations.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Garden Grove, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Garden Grove maintains various individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General fund, Housing Authority special revenue fund, Community Project debt service fund, Community Project capital projects fund, Low Income Housing capital projects fund, and 2003 Tax Allocation capital projects fund, all of which are considered to be major funds. Data from the other seventeen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Generally, the City adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for the General fund and the Housing Authority special revenue fund as required supplementary information, and for all other governmental funds in other supplementary information, to demonstrate compliance with the budget.

Proprietary funds. The City of Garden Grove maintains five different types of proprietary (enterprise) funds. These enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water Utility, Sewage Collection, Solid Waste Disposal, Mobile Home Parks operations and RV Park.

The City also uses internal service funds to account for its Workers' Compensation fund, Fleet Management fund, Employee Benefits fund, Information Systems fund, Warehouse Operations fund, Telephone System fund and Risk Management fund. Because all of the internal service funds provide services that predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary funds reports provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the Water Utility, Sewage Collection, Solid Waste Disposal, Mobile Home Parks and RV Park. All but the RV Park is considered to be major funds of the City.

Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the budgetary comparison reports.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Garden Grove, assets exceeded liabilities by \$890.5 million at the close of the current fiscal year.

The largest portion of the City's net assets, 71.7%, reflects its investment in capital assets (e.g., land, street, water, sewer and storm drain systems, buildings and park assets, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its 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 used to liquidate these liabilities.

**City of Garden Grove, Net Assets
(in millions)**

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 283.2	\$ 284.4	\$ 55.4	\$ 37.0	\$ 338.6	\$ 321.4
Capital assets	665.9	665.5	127.2	119.8	793.1	785.3
Total assets	<u>949.1</u>	<u>949.9</u>	<u>182.6</u>	<u>156.8</u>	<u>1,131.7</u>	<u>1,106.7</u>
Long-term liabilities	146.4	130.4	62.3	45.4	208.7	175.8
Other liabilities	25.5	48.9	7.0	9.9	32.5	58.8
Total liabilities	<u>171.9</u>	<u>179.3</u>	<u>69.3</u>	<u>55.3</u>	<u>241.2</u>	<u>234.6</u>
Net assets	<u>\$ 777.2</u>	<u>\$ 770.6</u>	<u>\$ 113.3</u>	<u>\$ 101.5</u>	<u>\$ 890.5</u>	<u>\$ 872.1</u>
Invested in capital assets, net of related debt	553.1	661.3	85.1	75.9	638.2	737.2
Restricted	94.6	71.4	-	-	94.6	71.4
Unrestricted	129.5	37.9	28.2	25.6	157.7	63.5
Total net assets	<u>\$ 777.2</u>	<u>\$ 770.6</u>	<u>\$ 113.3</u>	<u>\$ 101.5</u>	<u>\$ 890.5</u>	<u>\$ 872.1</u>

A portion of the City's net assets, \$94.6 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$157.7 million, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Garden Grove is able to report positive total net asset balance for the government as a whole with a \$18.4 million increase in City's net assets over the restated prior fiscal year-end balance.

	(in millions)					
	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 15.3	\$ 12.1	\$ 48.8	\$ 47.0	\$ 64.1	\$ 59.1
Operating grants and contributions	43.0	36.1	-	0.8	43.0	36.9
Capital grants and contributions	14.5	9.6	2.0	-	16.5	9.6
General revenues:						
Sales taxes	14.1	16.2	-	-	14.1	16.2
Property taxes	42.2	43.8	-	-	42.2	43.8
Other taxes	15.6	30.2	-	-	15.6	30.2
Earning on investments	8.8	6.3	1.6	1.7	10.4	8.0
Other	2.2	3.6	-	(0.1)	2.2	3.5
Total revenues	<u>155.7</u>	<u>157.9</u>	<u>52.4</u>	<u>49.4</u>	<u>208.1</u>	<u>207.3</u>
Expenses:						
Fire	18.8	21.3	-	-	18.8	21.3
Police	42.6	47.0	-	-	42.6	47.0
Traffic safety	3.6	4.1	-	-	3.6	4.1
Public right of way	16.1	14.9	-	-	16.1	14.9
Drainage	1.4	1.5	-	-	1.4	1.5
Community buildings	4.5	4.3	-	-	4.5	4.3
Community services	4.4	4.7	-	-	4.4	4.7
Parks and greenbelts	2.1	1.6	-	-	2.1	1.6
Community planning and development	44.7	44.4	-	-	44.7	44.4
Municipal support	5.1	8.5	-	-	5.1	8.5
Interest on Long-term debt	5.8	8.2	-	-	5.8	8.2
Water utility	-	-	25.3	24.3	25.3	24.3
Sewage collection	-	-	5.4	5.6	5.4	5.6
Solid waste disposal	-	-	7.7	7.8	7.7	7.8
Mobile home parks	-	-	1.8	1.6	1.8	1.6
RV park	-	-	0.4	0.6	0.4	0.6
Total expenses	<u>149.1</u>	<u>160.5</u>	<u>40.6</u>	<u>39.9</u>	<u>189.7</u>	<u>200.4</u>
Change in net assets	6.6	(2.6)	11.8	9.5	18.4	6.9
Net assets, July 1, as restated	<u>770.6</u>	<u>773.2</u>	<u>101.5</u>	<u>92.0</u>	<u>872.1</u>	<u>865.2</u>
Net assets, June 30	<u>\$ 777.2</u>	<u>\$ 770.6</u>	<u>\$ 113.3</u>	<u>\$ 101.5</u>	<u>\$ 890.5</u>	<u>\$ 872.1</u>

Governmental Activities. The City of Garden Grove governmental activities Net assets increased by \$6.6 million for the year ended June 30, 2010. Key element of this increase is as follows:

- Revenue decreased by \$2.3 million from prior year. Fire and Police expenditures also decreased in the amount of \$2.5 million and \$4.4 million respectively compared to the prior year. The reduction in expenses reflects the City's commitment in reducing expenditures during a time of great economic uncertainty.

Business-type activities. Business-type activities net assets increased by \$11.8 million over the prior year. Key elements of this increase are as follows:

- Expenses remained stable, however capital grants and contributions revenues increased by \$2.0 million as a result of the City obtaining County and Federal Grants to support infrastructure improvements
- Revenue related to Charges for services increased from prior fiscal year in the amount of \$1.8 million due to increase in water and sewer rates.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Garden Grove uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *expendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Garden Grove's governmental funds ending fund balances totaled \$140.9 million, a decrease of \$5.2 million compared to the prior year. Reserved Fund balance at year-end is \$190.0 million, which represents a decrease of \$18.0 million from prior year. In addition, unreserved fund balance deficit was reduced by \$16.0 from prior year.

- **General fund.** The general fund is the chief operating fund of the City of Garden Grove. At the end of the fiscal year, the total general fund balance was \$48.0 million of which \$0.1 million was unreserved. The total general fund year-end balance decreased by \$4.9 million compared to the previous year.

The Cash and cash investments balance is \$7.9 million at year-end which represents a decrease of \$14.1 million from the prior year. The decrease in the Cash and cash investments balance is as a result of the City paying down its liabilities throughout the year. Accounts payable balance was \$1.9 million at year-end, which represents a decrease of \$9.6 million from the prior year.

Overall, the General Fund revenues for fiscal year ended June 30, 2010 decreased \$3.1 million or 4% from the previous year. The reduction in revenues was largely a result of lower tax revenues caused by the recent economic downturn.

- **Housing Authority special revenue fund.** The Housing Authority special revenue fund balance decreased in the amount of \$1.0 million due to decrease in Section 8 program funding per the Department of Housing and Urban Development policies. This program at year-end has a fund balance of \$1.4 million.
- **Community Project debt service fund.** The Community Project debt service fund reserve, which provides an accounting of resources used to pay principal and interest on the Agency's Tax Allocation Bonds, ended the year with a fund balance \$0.5 million.

- **Community Project capital projects fund.** The Community Project capital projects fund provides an accounting for the City's redevelopment projects within the "Community Project Area." The program at year-end has a fund balance of \$27.8 million. The reserved fund balance of \$62.5 million reflects an increase of \$9.4 million over prior year due primarily to a \$7.2 million increase in land held for resale.
- **Low Income Housing capital projects fund.** The Low Income Housing capital projects fund accounts for the proceeds of the 20 percent set-aside of tax increment revenues for the City's redevelopment Agency. The ending fund balance of \$26.3 million represents an increase of \$2.5 million from the prior fiscal year.
- **2003 Tax Allocation capital projects fund.** The 2003 Tax Allocation capital projects fund accounts for capital projects, as well as the principal and interest on the 2003 Tax Allocation Refunding Bonds within the Agency for Community Development Community project area. The ending fund balance reported at year-end was \$7.6 million. No significant increase or decrease occurred from the prior year. However, the fund balance was moved from reserved to unreserved during the current fiscal year as recommended by the City's Auditors.

Proprietary funds. The RV Park is the only non-major proprietary fund of the City's six proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Water Utility fund ended the year with a balance of \$41.4 million, which represents an increase of \$4.2 million over the prior year balance. The increase is due mainly to the proceeds of the 2010 Water Revenue Bonds. The ending fund balance for the Sewage Collection, Solid Waste Disposal, Mobile Home Parks and RV Park funds were \$58.3 million, \$1.9 million, \$7.0 million and \$3.7 million respectively. Other factors concerning the finances of these funds are also addressed in the discussion of the City of Garden Grove business-type activities.

MAJOR FUND BUDGETARY HIGHLIGHTS

General fund. There were some changes between the original budget and the final amended budget, and between the final amended budget and actual results. The changes are outlined below.

Original Budget vs. Final Budget

There were no significant budgetary differences between the original and the final amended budget. The amendments to the original budget totaled \$0.5 million, which is less than 1% of the total budget.

Final Budget vs. Actual

General Fund actual revenues of \$75.0 million were less than final budgeted revenues of \$75.4 million by \$0.4 million. The reduction is due to a decrease in tax revenue.

Actual General Fund expenditures of \$84.4 million were less the final budgeted expenditures of \$85.8 million by \$1.4 million or 2%.

CAPITAL ASSET AND LONG-TERM DEBT

Capital assets. The City of Garden Grove’s investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to \$793.1 million (net of accumulated depreciation). This investment in capital assets includes land, street, sewer, water and storm drain systems, buildings and structures, machinery and equipment and construction in progress reported as net of related accumulated depreciation.

The implementation of GASB Statement 34 required the City to perform an inventory of its capital assets. The objective of this inventory was to develop cost data that could be used to comply with the infrastructure and capital asset reporting requirements. In fiscal year ended June 30, 2002, all infrastructure and capital assets were reported. In fiscal year ended June 30, 2003, the estimated value of converted street land was reported. The value of the City’s capital assets as of June 30, 2010 is as follows:

	Government activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 413.0	\$ 411.9	\$ 18.2	\$ 17.3	\$ 431.2	\$ 429.2
Construction in progress	9.8	6.9	2.1	1.7	11.9	8.6
Depreciable Capital Assets	243.1	246.7	106.9	88.0	350.0	334.7
Total capital assets	<u>\$ 665.9</u>	<u>\$ 665.5</u>	<u>\$ 127.2</u>	<u>\$ 107.0</u>	<u>\$ 793.1</u>	<u>\$ 772.5</u>

Major capital asset improvements and additions during the current fiscal year included the following:

- A variety of street widening and expansion projects for \$2.5 million and related construction in progress projects for \$9.8 million.
- An improvement to the City water utility system of \$2.2 million.
- An improvement to the City sewer system of \$10.0 million.

Additional information on the City of Garden Grove’s capital assets can be found in the financial statements Note 6 of this report.

Long-term debt. The City’s long-term debt was \$181.1 million at the end of the fiscal year. The debt increased by \$12.7 million over the prior year largely as a result of the 2010 Water Revenue Bonds.

California statutes limit the amount of general obligation debt a governmental entity may issue to 3.75 percent of its total assessed valuation. The City of Garden Grove assessed valuation as of June 30, 2010 is \$9,676,926,613. The current debt limitation for the City of Garden Grove is \$363.0 million. There are no outstanding general obligation bonds of the City for the fiscal year ended June 30, 2010.

Additional information on the City of Garden Grove’s long-term debt can be found in the financial statements Note 8 of this report.

	Government activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Tax allocation bonds	\$ 51.3	\$ 53.1	\$ -	\$ -	\$ 51.3	\$ 53.1
Certificates of participation	20.0	20.5	10.4	10.9	30.4	31.4
2008 Subordinate Note	2.0	2.0	-	-	2.0	2.0
Agreements payable	42.3	42.3	-	-	42.3	42.3
Capital lease purchase	3.2	3.9	-	-	3.2	3.9
Sewer renew COP	-	-	21.8	22.2	21.8	22.2
Water revenue bonds	-	-	30.1	13.4	30.1	13.4
Total	<u>\$ 118.8</u>	<u>\$ 121.8</u>	<u>\$ 62.3</u>	<u>\$ 46.5</u>	<u>\$ 181.1</u>	<u>\$ 168.3</u>

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The local economy continues to struggle with weathering the impact of the severe economic downturn of the past few years, which has been fittingly referred to as “The Great Recession.” During this time, California’s economy and most of its local communities have experienced rampant job losses, falling property values, and significant decline in overall consumer confidence. The City’s unemployment increased substantially to 12.2% from 5.0% reported in 2008. These factors triggered dramatic drop-offs in major city revenues including property tax, sales tax and hotel tax that created a considerable structural budget deficit for the City.

The City has continued to manage its Finances during these bleak economic times via implementation of specific measures to bring spending in line with declining revenues.

The City’s 2010-11 fiscal year basic operating budget of \$87.8 million and capital budget of \$3.8 million was balanced in part with a large projected General Fund balance carry-over from 2009-2010 of approximately \$4.8 million. The City’s basic operating budget reflects the economic situation in which the City has operated under since 2008. To mitigate the expected decreases in revenues, the City in 2009 developed and implemented a 3-Year Strategy which outlines the City’s cost-containment efforts, which include a freeze on hiring additional personnel, purchasing non-essential equipment and a reduction in travel by city employees.

Recent reports and economic indicators suggest the State and national economies are beginning to stabilize, a sign that a turnaround could be underway. While the recession is technically over, the economy hangovers such as high unemployment, tight credit, and low consumer confidence are projected to remain through 2012. Thus, unlike previous recessions substantive recovery in this case has been forecast to be very slow and long. However, the local Orange County economy appears to be more resilient as growth is projected to begin to accelerate by mid 2011 fueled by consumer spending. This in turn would build momentum and expansion of the local workforce by 2012, culminating in a more palatable County unemployment rate in the single digits (UCLA forecast - 8.5% in 2011 & 7.4% in 2012).

The City will continue to aggressively expand its economic base to continue and improve the quality of life provided to its residents. Overall the City is in a stable financial position as reflected in the financial data, which illustrates the decrease in expenditures during a period of declining revenues. Additionally, the City and its staff will continue to achieve greater efficiency and increased customer level satisfaction, which should help reduce or eliminate a reduction in the services provided.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Garden Grove's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Garden Grove, Office of the Finance Director, 11222 Acacia Parkway, Garden Grove, CA., 92840.



Basic Financial Statements

**CITY OF GARDEN GROVE
STATEMENT OF NET ASSETS
JUNE 30, 2010**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current Assets:			
Cash and investments	\$ 159,586,609	37,602,648	197,189,257
Cash and investments with fiscal agents	6,055,230	20,219,777	26,275,007
Taxes receivable	4,738,622	176,750	4,915,372
Accounts receivable	4,471,540	7,710,195	12,181,735
Interest receivable	1,315,168	406,276	1,721,444
Intergovernmental receivable	6,159,331	-	6,159,331
Internal balances	11,684,758	(11,684,758)	-
Inventory	868,054	-	868,054
Prepaid items	27,082	832	27,914
Total current assets	194,906,394	54,431,720	249,338,114
Noncurrent assets:			
Deposits	1,359,067	15,000	1,374,067
Notes receivable, net	18,527,575	-	18,527,575
Land held for resale	66,953,759	-	66,953,759
Deferred issuance costs	1,416,082	947,511	2,363,593
Capital assets:			
Land	413,028,775	18,187,782	431,216,557
Construction in progress	9,760,472	2,081,701	11,842,173
Depreciable capital assets, net	243,053,626	106,897,943	349,951,569
Total noncurrent assets	754,099,356	128,129,937	882,229,293
Total assets	949,005,750	182,561,657	1,131,567,407
LIABILITIES			
Current Liabilities:			
Accounts payable	12,962,700	5,478,586	18,441,286
Accrued liabilities	3,666,780	594,962	4,261,742
Refundable deposits	2,584,454	531,384	3,115,838
Unearned revenue	4,893,047	-	4,893,047
Interest payable	1,393,360	343,582	1,736,942
Total current liabilities	25,500,341	6,948,514	32,448,855
Noncurrent liabilities:			
Due within one year	14,135,683	2,010,000	16,145,683
Due in more than one year	132,215,864	60,298,276	192,514,140
Total noncurrent liabilities	146,351,547	62,308,276	208,659,823
Total liabilities	171,851,888	69,256,790	241,108,678
NET ASSETS			
Invested in capital assets, net of related debt	553,140,656	85,078,927	638,219,583
Restricted for:			
Community planning and development	42,562,385	-	42,562,385
Low income housing	26,303,710	-	26,303,710
Streets and roads	17,035,328	-	17,035,328
Public safety	2,789,249	-	2,789,249
Developer impact projects	5,877,798	-	5,877,798
Unrestricted	129,444,736	28,225,940	157,670,676
Total net assets	\$ 777,153,862	113,304,867	890,458,729

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

**CITY OF GARDEN GROVE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>Functions/programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenue Operating Grants and Contributions</u>
Governmental activities:			
Fire	\$ 18,756,452	1,114,507	-
Police	42,553,900	3,591,920	1,010,025
Traffic safety	3,570,143	1,349,962	120,000
Public right of way	16,143,408	117,345	5,964,082
Drainage	1,351,988	-	-
Community buildings	4,518,788	-	-
Community services	4,388,469	878,113	271,628
Parks and greenbelts	2,098,377	1,367,510	262,389
Community planning and development	44,682,411	1,114,146	34,908,034
Municipal support	5,157,051	5,728,500	443,974
Interest on long term debt	5,795,332	-	-
Total governmental activities	<u>149,016,319</u>	<u>15,262,003</u>	<u>42,980,132</u>
Business-type activities:			
Water utility	25,250,594	28,877,774	-
Sewage collection	5,372,566	9,071,262	-
Solid waste disposal	7,715,594	7,776,807	-
Mobile home parks	1,791,563	2,640,553	-
RV park	413,199	386,159	-
Total business-type activities	<u>40,543,516</u>	<u>48,752,555</u>	<u>-</u>
Total	<u>\$ 189,559,835</u>	<u>64,014,558</u>	<u>42,980,132</u>

General revenues:

Taxes:

Sales taxes

Property taxes, levied for general purposes

Franchise taxes

Business operation taxes

Transient occupancy taxes

Motor vehicle taxes, levied for general purposes

Investment income

Miscellaneous

Total general revenues

Change in net assets

Net assets-July 1, as restated

Net assets-June 30

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

Net (Expense) Revenue and Changes in Net Assets			
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
2,832	(17,639,113)	-	(17,639,113)
60,000	(37,891,955)	-	(37,891,955)
4,044	(2,096,137)	-	(2,096,137)
11,584,020	1,522,039	-	1,522,039
1,909,041	557,053	-	557,053
-	(4,518,788)	-	(4,518,788)
-	(3,238,728)	-	(3,238,728)
521,981	53,503	-	53,503
379,986	(8,280,245)	-	(8,280,245)
-	1,015,423	-	1,015,423
-	(5,795,332)	-	(5,795,332)
<u>14,461,904</u>	<u>(76,312,280)</u>	<u>-</u>	<u>(76,312,280)</u>
-	-	3,627,180	3,627,180
2,037,633	-	5,736,329	5,736,329
-	-	61,213	61,213
-	-	848,990	848,990
-	-	(27,040)	(27,040)
<u>2,037,633</u>	<u>-</u>	<u>10,246,672</u>	<u>10,246,672</u>
<u>16,499,537</u>	<u>(76,312,280)</u>	<u>10,246,672</u>	<u>(66,065,608)</u>
	14,075,879	-	14,075,879
	42,212,276	-	42,212,276
	2,482,292	-	2,482,292
	2,381,098	-	2,381,098
	10,195,885	-	10,195,885
	513,106	-	513,106
	8,830,300	1,562,117	10,392,417
	2,153,364	21,043	2,174,407
	<u>82,844,200</u>	<u>1,583,160</u>	<u>84,427,360</u>
	6,531,920	11,829,832	18,361,752
	<u>770,621,942</u>	<u>101,475,035</u>	<u>872,096,977</u>
	<u>\$ 777,153,862</u>	<u>113,304,867</u>	<u>890,458,729</u>

**CITY OF GARDEN GROVE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	General Fund	Special Revenue Fund	Debt Service Fund
		Housing Authority	Community Project
ASSETS			
Cash and cash investments	\$ 7,904,017	1,812,322	138,014
Cash and cash investments with fiscal agents	-	-	-
Taxes receivable	3,388,666	-	447,916
Accounts receivable	2,583,519	20,755	-
Interest receivable	257,580	12,533	-
Intergovernmental receivable	-	-	-
Notes receivable	255,145	-	-
Allowance for note receivable	-	-	-
Intercity loans receivable	43,481,440	-	-
Due from other funds	123,639	-	-
Land held for resale	-	-	-
Prepaid items	27,082	-	-
Deposits	-	-	-
Total assets	<u>\$ 58,021,088</u>	<u>1,845,610</u>	<u>585,930</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,877,010	10,476	-
Accrued liabilities	3,226,255	77,728	-
Refundable deposits	1,462,536	326,878	-
Due to other funds	-	-	119,707
Deferred revenue	3,433,367	-	-
Intercity loans payable	-	-	-
Total liabilities	<u>9,999,168</u>	<u>415,082</u>	<u>119,707</u>
Fund balances			
Reserved for:			
Property tax lawsuit	500,000	-	-
Building improvements	1,300,000	-	-
Contingencies	3,000,000	-	-
Intercity loans receivable	41,527,953	-	-
Continuing projects	198,454	424,212	-
Postemployment benefits	1,000,000	-	-
General plan	397,632	-	-
Land held for resale	-	-	-
Contractual commitments	-	-	-
Debt service	-	-	466,223
Deposits	-	-	-
Prepays	27,082	-	-
Unreserved, reported in:			
General fund	70,799	-	-
Special revenue funds	-	1,006,316	-
Debt service funds	-	-	-
Capital projects funds	-	-	-
Total fund balances	<u>48,021,920</u>	<u>1,430,528</u>	<u>466,223</u>
Total liabilities and fund balances	<u>\$ 58,021,088</u>	<u>1,845,610</u>	<u>585,930</u>

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

Capital Projects Funds			Nonmajor	Total
Community	Low Income	2003 Tax	Governmental	Governmental
Project	Housing	Allocation	Funds	Funds
20,022,316	4,290,907	3,047,011	34,027,194	71,241,781
-	-	4,596,027	1,459,203	6,055,230
-	112,453	-	789,587	4,738,622
66,746	6,229	-	467,090	3,144,339
69,097	73,096	2,766	164,778	579,850
-	-	-	6,159,331	6,159,331
1,730,428	4,871,721	-	12,105,136	18,962,430
-	(434,855)	-	-	(434,855)
-	12,120,726	-	-	55,602,166
-	-	-	-	123,639
57,214,038	9,739,721	-	-	66,953,759
-	-	-	-	27,082
50,000	-	-	1,254,736	1,304,736
<u>79,152,625</u>	<u>30,779,998</u>	<u>7,645,804</u>	<u>56,427,055</u>	<u>234,458,110</u>

5,881,637	-	-	2,643,999	10,413,122
17,177	39,422	-	306,198	3,666,780
725,340	-	-	68,180	2,582,934
-	-	-	7,205,241	7,324,948
1,730,427	4,436,866	-	16,993,993	26,594,653
42,977,188	-	-	-	42,977,188
<u>51,331,769</u>	<u>4,476,288</u>	<u>-</u>	<u>27,217,611</u>	<u>93,559,625</u>

-	-	-	-	500,000
-	-	-	-	1,300,000
-	-	-	-	3,000,000
-	12,120,726	-	-	53,648,679
5,223,748	15,871,441	-	39,064,430	60,782,285
-	-	-	-	1,000,000
-	-	-	-	397,632
57,214,038	9,739,721	-	-	66,953,759
-	670,000	-	-	670,000
-	-	-	-	466,223
50,000	-	-	1,254,736	1,304,736
-	-	-	-	27,082
-	-	-	-	70,799
-	-	-	(12,376,987)	(11,370,671)
-	-	-	1,398,581	1,398,581
(34,666,930)	(12,098,178)	7,645,804	(131,316)	(39,250,620)
<u>27,820,856</u>	<u>26,303,710</u>	<u>7,645,804</u>	<u>29,209,444</u>	<u>140,898,485</u>
<u>79,152,625</u>	<u>30,779,998</u>	<u>7,645,804</u>	<u>56,427,055</u>	<u>234,458,110</u>

**CITY OF GARDEN GROVE
RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
JUNE 30, 2010**

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

Fund balances - total governmental funds.	\$ 140,898,485
Capital assets used in governmental activities are not current financial resources, and therefore are not reported in the governmental funds balance sheet.	657,820,154
Certain notes and grants receivables are not available to pay for current period expenditures, and therefore are offset by deferred revenue in the governmental funds.	21,701,606
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 assets. Internal service funds net assets are:	75,480,907
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 assets. Also, governmental funds report the effect of issuance cost, 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.	<u>(118,747,290)</u>
Net assets of governmental activities	<u>\$ 777,153,862</u>

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

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CITY OF GARDEN GROVE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Debt Service Fund
		Housing Authority	Community Project
REVENUES:			
Taxes	\$ 57,643,015	-	21,281,936
Licenses and permits	1,528,941	-	-
Fines, forfeits and penalties	2,013,500	-	-
Investment earnings	4,280,621	114,308	14,670
Charges for current services	7,374,567	-	-
From other agencies	568,965	28,269,516	-
Other revenues	1,581,784	18,277	-
Total revenues	<u>74,991,393</u>	<u>28,402,101</u>	<u>21,296,606</u>
EXPENDITURES:			
Current:			
Fire	19,211,569	-	-
Police	42,439,495	-	-
Traffic safety	601,525	-	-
Public right of way	4,634,348	-	-
Drainage	530	-	-
Community buildings	3,339,895	-	-
Community services	2,244,272	-	-
Parks and greenbelts	835,463	-	-
Community planning and development	2,412,750	29,401,634	-
Municipal support	6,642,039	50,434	174,633
Capital outlay:			
Fire	-	-	-
Police	-	-	-
Traffic safety	-	-	-
Public right of way	-	-	-
Drainage	-	-	-
Parks and greenbelts	-	-	-
Community planning and development	10,880	-	-
Debt service:			
Principal retirement	846,673	-	1,765,000
Interest and other charges	1,187,777	-	2,580,413
Total expenditures	<u>84,407,216</u>	<u>29,452,068</u>	<u>4,520,046</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,415,823)</u>	<u>(1,049,967)</u>	<u>16,776,560</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	6,517,902	-	10,106,676
Transfers out	(2,042,565)	-	(30,840,236)
Proceeds of bonds	-	-	-
Total other financing sources (uses)	<u>4,475,337</u>	<u>-</u>	<u>(20,733,560)</u>
Net change in fund balances	(4,940,486)	(1,049,967)	(3,957,000)
Fund balances, July 1 , as restated	<u>52,962,406</u>	<u>2,480,495</u>	<u>4,423,223</u>
Fund balances, June 30	<u>\$ 48,021,920</u>	<u>1,430,528</u>	<u>466,223</u>

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

Capital Projects Funds				
Community Project	Low Income Housing	2003 Tax Allocation	Nonmajor Governmental Funds	Total Governmental Funds
-	5,423,863	-	1,004,623	85,353,437
-	-	-	23,800	1,552,741
-	-	-	1,089,274	3,102,774
1,789,291	419,261	35,570	1,035,007	7,688,728
-	-	-	4,037,991	11,412,558
-	-	-	27,040,181	55,878,662
53,990	189,539	-	256,686	2,100,276
<u>1,843,281</u>	<u>6,032,663</u>	<u>35,570</u>	<u>34,487,562</u>	<u>167,089,176</u>
-	-	-	119,534	19,331,103
-	249,635	-	1,174,023	43,863,153
-	-	-	2,365,870	2,967,395
38,434	-	-	2,700,247	7,373,029
-	-	-	11,994	12,524
18,773	-	-	7,108	3,365,776
-	-	-	2,183,375	4,427,647
-	-	-	813,466	1,648,929
21,007,479	1,246,700	-	5,744,742	59,813,305
375,809	125,846	-	270,259	7,639,020
-	-	-	39,807	39,807
-	-	-	96,054	96,054
-	-	-	1,146,912	1,146,912
-	-	-	7,435,532	7,435,532
-	-	-	2,467,676	2,467,676
-	-	-	2,511,663	2,511,663
-	1,782,155	-	1,180,011	2,973,046
1,534,165	-	-	810,000	4,955,838
2,102,699	-	-	1,854,975	7,725,864
<u>25,077,359</u>	<u>3,404,336</u>	<u>-</u>	<u>32,933,248</u>	<u>179,794,273</u>
<u>(23,234,078)</u>	<u>2,628,327</u>	<u>35,570</u>	<u>1,554,314</u>	<u>(12,705,097)</u>
34,663,329	81,074	-	1,415,858	52,784,839
(10,531,148)	(232,863)	-	(3,949,947)	(47,596,759)
2,320,000	-	-	-	2,320,000
<u>26,452,181</u>	<u>(151,789)</u>	<u>-</u>	<u>(2,534,089)</u>	<u>7,508,080</u>
3,218,103	2,476,538	35,570	(979,775)	(5,197,017)
<u>24,602,753</u>	<u>23,827,172</u>	<u>7,610,234</u>	<u>30,189,219</u>	<u>146,095,502</u>
<u>27,820,856</u>	<u>26,303,710</u>	<u>7,645,804</u>	<u>29,209,444</u>	<u>140,898,485</u>

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, 2010

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

Net change in fund balances - total governmental funds	\$ (5,197,017)
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 exceeded capital expenditures in the current period.	1,351,656
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 assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,215,301
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	8,196,803
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 revenues of these internal service funds are reported as governmental activities.	(34,823)
Change in net assets of governmental activities	<u><u>\$ 6,531,920</u></u>

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

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**CITY OF GARDEN GROVE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010**

	Business-Type Activities - Enterprise Funds	
	Water Utility	Sewage Collection
ASSETS		
Current Assets:		
Cash and cash investments	\$ 10,125,452	22,185,177
Cash and cash investments with fiscal agents	17,557,093	1,467,250
Taxes receivable	-	96,854
Accounts receivable	5,152,388	983,084
Interest receivable	90,297	254,021
Due from other funds	-	-
Intercity loans receivable	750,000	-
Inventory	-	-
Prepaid items	832	-
Total current assets	<u>33,676,062</u>	<u>24,986,386</u>
Noncurrent assets:		
Deposits	15,000	-
Deferred issuance costs	360,668	254,185
Capital assets:		
Land	1,470,305	915,537
Construction in progress	-	2,081,701
Depreciable capital assets, net	<u>53,495,053</u>	<u>53,381,866</u>
Total noncurrent assets	<u>55,341,026</u>	<u>56,633,289</u>
Total assets	<u>89,017,088</u>	<u>81,619,675</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	3,344,099	1,153,515
Accrued liabilities	275,046	296,040
Interest payable	53,593	41,906
Refundable deposits	422,040	8,383
Due to other funds	-	-
Current portion of long-term obligations	<u>1,040,000</u>	<u>460,000</u>
Total current liabilities	<u>5,134,778</u>	<u>1,959,844</u>
Noncurrent liabilities:		
Intercity loans payable	13,374,978	-
Accrued compensated absences	-	-
Claims payable	-	-
Noncurrent portion of long-term obligations:		
Accrued compensated absences	-	-
Claims payable	-	-
Long-term debt	<u>29,069,576</u>	<u>21,311,281</u>
Total noncurrent liabilities	<u>42,444,554</u>	<u>21,311,281</u>
Total liabilities	<u>47,579,332</u>	<u>23,271,125</u>
NET ASSETS		
Invested in capital assets, net of related debt	42,412,875	36,075,073
Restricted for future claims	-	-
Unrestricted	<u>(975,119)</u>	<u>22,273,477</u>
Total net assets	<u>\$ 41,437,756</u>	<u>58,348,550</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
Net assets of business-type activities

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

Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Solid Waste Disposal	Mobile Home Parks	Nonmajor RV Park	Total	
1,328,253	3,826,471	137,295	37,602,648	88,344,828
-	1,195,434	-	20,219,777	-
79,896	-	-	176,750	-
1,478,179	13,832	82,712	7,710,195	1,327,201
16,467	45,491	-	406,276	735,318
-	541,569	-	541,569	7,260,456
-	-	-	750,000	-
-	-	-	-	868,054
-	-	-	832	-
<u>2,902,795</u>	<u>5,622,797</u>	<u>220,007</u>	<u>67,408,047</u>	<u>98,535,857</u>
-	-	-	15,000	54,331
-	332,658	-	947,511	-
-	11,801,940	4,000,000	18,187,782	-
-	-	-	2,081,701	-
<u>2,200</u>	<u>18,824</u>	<u>-</u>	<u>106,897,943</u>	<u>8,022,719</u>
<u>2,200</u>	<u>12,153,422</u>	<u>4,000,000</u>	<u>128,129,937</u>	<u>8,077,050</u>
<u>2,904,995</u>	<u>17,776,219</u>	<u>4,220,007</u>	<u>195,537,984</u>	<u>106,612,907</u>
974,404	6,568	-	5,478,586	2,549,578
23,876	-	-	594,962	-
-	248,083	-	343,582	258,377
-	100,961	-	531,384	1,520
-	-	541,569	541,569	59,147
-	510,000	-	2,010,000	392,398
<u>998,280</u>	<u>865,612</u>	<u>541,569</u>	<u>9,500,083</u>	<u>3,261,020</u>
-	-	-	13,374,978	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	7,764,842
-	-	-	-	18,257,000
-	9,917,419	-	60,298,276	908,918
-	9,917,419	-	73,673,254	26,930,760
<u>998,280</u>	<u>10,783,031</u>	<u>541,569</u>	<u>83,173,337</u>	<u>30,191,780</u>
2,200	2,588,779	4,000,000	85,078,927	7,113,801
-	-	-	-	21,952,995
1,904,515	4,404,409	(321,562)	27,285,720	47,354,331
<u>1,906,715</u>	<u>6,993,188</u>	<u>3,678,438</u>	<u>112,364,647</u>	<u>76,421,127</u>
			940,220	
			<u>113,304,867</u>	

CITY OF GARDEN GROVE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-Type Activities	
	- Enterprise Funds	
	Water	Sewage
	Utility	Collection
Operating revenues:		
Charges for services	\$ -	-
Water sales	28,766,909	-
Mobile home parks operation	-	-
Solid waste disposal fees	-	-
Property assessments	-	1,946,942
Sewer user fees	-	7,118,679
RV park operations	-	-
Other	110,865	5,641
Total operating revenues	<u>28,877,774</u>	<u>9,071,262</u>
Operating expenses:		
Salaries and wages	3,528,265	1,860,185
Contractual services	5,310,225	1,071,082
Liability claims	-	-
Materials and supplies	692,154	113,680
Water production expenses	11,182,583	-
Mobile home parks on-site operations	-	-
RV park on-site operations	-	-
Depreciation	2,026,390	1,185,927
Amortization	40,329	(3,800)
Total operating expenses	<u>22,779,946</u>	<u>4,227,074</u>
Operating income (loss)	<u>6,097,828</u>	<u>4,844,188</u>
Nonoperating revenues (expenses):		
Investment income	434,943	885,465
Gain on disposal of assets	-	-
Other nonoperating revenues	2,000	16,758
Interest expense	(2,286,208)	(1,062,816)
Total nonoperating revenues (expenses)	<u>(1,849,265)</u>	<u>(160,593)</u>
Income (loss) before contributions and transfers	4,248,563	4,683,595
Capital contributions	-	2,037,633
Transfers in	-	-
Transfers out	-	-
Change in net assets	4,248,563	6,721,228
Total net assets, July 1, as restated	<u>37,189,193</u>	<u>51,627,322</u>
Total net assets, June 30	<u>\$ 41,437,756</u>	<u>58,348,550</u>

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

Change in net assets of business-type activities.

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

Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Solid Waste Disposal	Mobile Home Parks	Nonmajor RV Park	Total	
-	-	-	-	43,987,223
9,993	-	-	28,776,902	-
-	2,626,467	-	2,626,467	-
7,507,083	-	-	7,507,083	-
258,966	-	-	2,205,908	-
-	-	-	7,118,679	-
-	-	382,963	382,963	-
765	14,086	3,196	134,553	-
<u>7,776,807</u>	<u>2,640,553</u>	<u>386,159</u>	<u>48,752,555</u>	<u>43,987,223</u>
345,291	-	-	5,733,741	32,501,556
7,365,160	-	-	13,746,467	2,031,664
-	-	-	-	3,151,672
4,593	29,090	-	839,517	1,909,329
-	-	-	11,182,583	-
-	1,130,546	-	1,130,546	-
-	-	413,199	413,199	-
550	2,629	-	3,215,496	1,350,970
-	28,119	-	64,648	-
<u>7,715,594</u>	<u>1,190,384</u>	<u>413,199</u>	<u>36,326,197</u>	<u>40,945,191</u>
<u>61,213</u>	<u>1,450,169</u>	<u>(27,040)</u>	<u>12,426,358</u>	<u>3,042,032</u>
86,200	155,509	-	1,562,117	2,448,959
-	-	-	-	(3,243)
2,285	-	-	21,043	9,649
-	(601,179)	-	(3,950,203)	(77,024)
<u>88,485</u>	<u>(445,670)</u>	<u>-</u>	<u>(2,367,043)</u>	<u>2,378,341</u>
149,698	1,004,499	(27,040)	10,059,315	5,420,373
-	-	-	2,037,633	-
-	-	-	-	-
-	-	-	-	(5,188,080)
149,698	1,004,499	(27,040)	12,096,948	232,293
<u>1,757,017</u>	<u>5,988,689</u>	<u>3,705,478</u>		<u>76,188,834</u>
<u>1,906,715</u>	<u>6,993,188</u>	<u>3,678,438</u>		<u>76,421,127</u>
			(267,116)	
			<u>11,829,832</u>	

**CITY OF GARDEN GROVE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Business-Type Activities - Enterprise Funds	
	Water Utility	Sewage Collection
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 28,409,217	9,261,454
Payments to suppliers	(16,914,741)	(1,943,213)
Payments to employees	(3,528,265)	(1,860,185)
Receipts from user departments	-	-
Net cash provided by operating activities	<u>7,966,211</u>	<u>5,458,056</u>
CASH FLOWS FROM (TO) NONCAPITAL FINANCING ACTIVITIES		
Operating subsidies and transfers to other funds	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM (TO) CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(4,558,047)	(6,058,401)
Proceeds from disposal of capital assets	-	-
Proceeds of bonds	16,625,000	-
Principal paid on capital debt	(695,000)	(440,000)
Interest paid on capital debt	(1,623,908)	(1,067,350)
Capital contribution	-	2,037,633
Net cash provided (used) by capital and related financing activities	<u>9,748,045</u>	<u>(5,528,118)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	<u>414,837</u>	<u>832,262</u>
Net cash provided by investing activities	<u>414,837</u>	<u>832,262</u>
Net increase (decrease) in cash and cash equivalents	18,129,093	762,200
Cash and cash equivalents, July 1	<u>9,553,452</u>	<u>22,890,227</u>
Cash and cash equivalents, June 30	<u>\$ 27,682,545</u>	<u>23,652,427</u>

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

Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Solid Waste Disposal	Mobile Home Parks	Nonmajor RV Park	Total	
6,741,853	2,741,624	369,586	47,523,734	-
(7,296,307)	(1,181,187)	(432,128)	(27,767,576)	(13,650,935)
(345,291)	-	-	(5,733,741)	(18,580,903)
-	-	-	-	43,934,529
<u>(899,745)</u>	<u>1,560,437</u>	<u>(62,542)</u>	<u>14,022,417</u>	<u>11,702,691</u>
-	(50,935)	50,935	-	(6,486,884)
-	(50,935)	50,935	-	(6,486,884)
-	(11,868)	-	(10,628,316)	(397,307)
-	-	-	-	1,900
-	-	-	16,625,000	-
-	(485,000)	-	(1,620,000)	(6,817,161)
(15,258)	(584,476)	-	(3,290,992)	(77,024)
-	-	-	2,037,633	-
<u>(15,258)</u>	<u>(1,081,344)</u>	<u>-</u>	<u>3,123,325</u>	<u>(7,289,592)</u>
<u>81,829</u>	<u>140,228</u>	<u>-</u>	<u>1,469,156</u>	<u>2,298,730</u>
<u>81,829</u>	<u>140,228</u>	<u>-</u>	<u>1,469,156</u>	<u>2,298,730</u>
(833,174)	568,386	(11,607)	18,614,898	224,945
<u>2,161,427</u>	<u>4,453,519</u>	<u>148,902</u>	<u>39,207,527</u>	<u>88,119,883</u>
<u>1,328,253</u>	<u>5,021,905</u>	<u>137,295</u>	<u>57,822,425</u>	<u>88,344,828</u>

CONTINUED

**CITY OF GARDEN GROVE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Business-Type Activities - Enterprise Funds	
	Water Utility	Sewage Collection
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 6,097,828	4,844,188
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	2,026,390	1,185,927
Nonoperating revenue	2,000	16,758
Decrease (increase) in taxes receivable	-	(32,301)
Decrease (increase) in accounts receivable	(519,522)	207,667
Decrease (increase) in interest receivable	-	-
Decrease (increase) in notes receivable	-	-
Decrease (increase) in due to/from other funds	-	-
Decrease (increase) in inventory	-	-
Decrease (increase) in prepaid expenses	(832)	-
Decrease (increase) in deposits	-	-
Increase (decrease) in accounts payable	277,893	(621,792)
Increase (decrease) in accrued compensated absences	-	-
Increase (decrease) in accrued interest payable	-	-
Increase (decrease) in accrued liabilities	33,489	(140,459)
Increase (decrease) in refundable deposits	48,965	(1,932)
Increase (decrease) in deferred revenue	-	-
Increase (decrease) in claims payable	-	-
Total adjustments	<u>1,868,383</u>	<u>613,868</u>
Net cash provided by operating activities	<u>\$ 7,966,211</u>	<u>5,458,056</u>

There were no noncash investing, capital, or financing activities for the year ended June 30, 2010.

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

Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
Solid Waste Disposal	Mobile Home Parks	Nonmajor RV Park	Total	
61,213	1,450,169	(27,040)	12,426,358	3,042,032
550	2,629	-	3,215,496	1,350,970
2,285	-	-	21,043	9,649
15,581	-	-	(16,720)	-
(46,040)	1,071	(16,573)	(373,397)	(59,195)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(356,457)
-	-	-	(832)	-
-	-	-	-	(3,148)
49,570	6,568	(18,929)	(306,690)	1,165,776
-	-	-	-	788,803
-	-	-	-	-
23,876	-	-	(83,094)	30,845
(2,010)	100,000	-	145,023	(3,551)
(1,004,770)	-	-	(1,004,770)	-
-	-	-	-	5,736,967
(960,958)	110,268	(35,502)	1,596,059	8,660,659
(899,745)	1,560,437	(62,542)	14,022,417	11,702,691

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**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2010**

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.

1. Reporting entity

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

Blended component units:

- a. The Garden Grove Agency for Community Development (the "Agency") was established in November 1970 pursuant to California Community Redevelopment Laws and is reported as a capital project fund as if it were part of the primary government because the City Council, although acting in a different capacity, is the governing board. Council members approve the agency budget, and the City provides staffing.
- b. The Garden Grove Housing Authority (the "Housing Authority") was established in October 1975, pursuant to the provisions of the Housing and Community Development Act of 1974 and is reported as a special revenue fund as if it were part of the primary government because the City Council, although acting in a different capacity, is the governing board. Council members approve the Housing Authority budget, and the City provides staffing.
- c. The Garden Grove Sanitary District (the "Sanitary District") began its operations in 1924 as a special district operating under the authority of the State of California. The Health and Safety Code of California (the Sanitary District Act of 1923) is the governing law. The Sanitary District provides portions of the cities of Garden Grove, Fountain Valley, Westminster and County of Orange unincorporated areas with sewage collection services, maintenance and cleaning of sewage collection lines, inspection of sewage lines built within the district by developers and the provision for trash and solid waste collection and disposal for residents and commercial establishments. The district became a subsidiary district and component unit of the City of Garden Grove on May 30, 1997. The Sanitary District is reported as two enterprise funds, the Sewage Collection enterprise fund and Solid Waste Disposal enterprise fund as if it were part of the primary City government because the City Council, although acting in a different capacity, is the governing board. Council members approve the Sanitary District budget and the City provides staffing.

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

- d. 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 is composed of the City and the Agency for Community Development and was formed to assist in the financing of public and capital improvements. It is reported as debt service funds and enterprise funds as if it were part of the primary City government because the City Council, although acting in a different capacity, is the governing board. Council members approve the Authority budget and the City provides staffing.

Complete financial statements for the Garden Grove Agency for Community Development and Garden Grove Housing Authority can be obtained from: The City of Garden Grove Finance Department, 11222 Acacia Parkway. The Garden Grove Sanitary District and Garden Grove Public Financing Authority do not issue separate reports.

2. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets 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 and proprietary funds. 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 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

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

requirements have been met. Grant funds received before the revenue recognition criteria have been met are reported as deferred revenues.

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 funds:

General fund

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

Housing Authority special revenue fund

The Housing Authority special revenue fund accounts for the revenues and expenditures pertaining to the federal Section 8 Housing Program.

Community Project debt service fund

The Community Project debt service fund is used to account for resources provided to pay principal and interest on the Agency for Community Development project debt.

Community Project capital projects fund

Capital projects within the Agency for Community Development Community project area are accounted for in this fund.

Low Income Housing capital projects fund

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

2003 Tax Allocation capital projects fund

This fund accounts for capital projects resulted from the 2003 Tax Allocation Refunding Bonds within the Agency for Community Development Community project area.

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

The City reports the following major enterprise funds:

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.

Solid Waste Disposal fund

The Garden Grove Sanitary District comprises two funds, the Sewage Collection fund and the Solid Waste Disposal fund. The Solid Waste Disposal fund accounts for the operation of the trash and solid waste collections and disposal services.

Mobile Home Parks fund

The purpose of this fund is to account for the operation and debt service obligations of the Bahia Trailer Village and Emerald Isle mobile home parks located within the City. These mobile home parks were purchased as a way to help further the City's goal of preservation and protection of low and moderate-income housing.

Additionally, the City reports the following fund type:

Internal Service funds

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

As a general rule the effect of inter fund 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, forfeits 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.

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 services funds are charges to customers for sales and services. Operating expenses for

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

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.

The City has elected, for all proprietary type activities, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), or any Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they contradict or conflict with GASB pronouncements. The City has elected not to follow subsequent private-sector guidance.

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.

4. Assets, liabilities, and net assets or equity

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) in accordance with GASB Statement No. 31. Interest income on investments is allocated to individual funds on the basis of monthly cash and investment balances except for the Fleet Management, Employee Benefits, Warehouse Operations, and Telephone System Internal Service Funds by management decision.

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

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 "advances to/from other funds" (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".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Utility accounts are billed on a bi-monthly cyclical basis. Receivables are recorded at the time consumption is determined. Sanitary refuse collection accounts are billed quarterly, with the last quarterly billing completed in June covering June, July and August services. Unbilled receivables are recorded at year end to adjust for the billing cycle and are included as accounts receivables in the Water Utility and Sanitary District funds.

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

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. In addition, a voter-approved property tax of two and one-half cents per hundred dollars actual value is levied against all property in the City for the purpose of providing emergency medical services.

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

The property tax calendar is as follows:

Lien date:	January 1
Levy date:	July 1
Due date:	First installment - November 1 Second installment - February 1
Delinquent date:	First installment - December 10 Second installment - April 10

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

November 20, 2009	7% - 10%
December 12, 2009	20% - 25%
December 18, 2009	15% - 20%
January 23, 2010	1% - 5%
March 6, 2010	5% - 7%
April 24, 2010	30% - 35%
May 22, 2010	1% - 5%
July 14, 2010	1% - 2% (Collections through June 30)

d. Inventory, prepaid items and land held for resale

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

Land held for resale is valued at lower of cost or estimated net realizable value, determined upon execution of a disposition and development agreement, at June 30, 2010 and is located in the City's redevelopment project area.

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

e. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, medians, traffic signals, storm drains), are reported in the applicable governmental or business-type activities columns in the government-wide

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

financial statements and in the proprietary 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 estimated fair market 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 assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The net interest cost incurred in the financing of projects during the construction period are capitalized.

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	2-10
Furniture and equipment	10

f. Accrued compensated absences

The City accounts for compensated absences (unpaid vacation, annual leave, comp time and sick leave) in an internal service (Employee Benefit) 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.

g. Long term obligations

In the government-wide financial statements, and proprietary 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

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

h. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities and are added to the subsequent year's adopted appropriations.

i. 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.

j. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Fund equity reserves in the Governmental Funds include the following:

- Amounts reserved for encumbrances are commitments for materials and services on purchase orders.
- Amount reserved for property tax lawsuit represents an amount reserved for an anticipated property tax revenue reduction if the outcome of a lawsuit currently in litigation against the County of Orange is unfavorable.
- Amount reserved for building improvements represents an amount reserved for anticipated building upgrades to city hall.
- Amounts reserved for contingencies are for unknown future City commitments.
- Amounts reserved for intercity loans receivable indicate that repayments are not available as a resource to meet expenditures of the current year.
- Amounts reserved for continuing projects are unexpended appropriations on incomplete capital improvement projects which have been carried forward into the new fiscal year.
- The reserve for postemployment benefits will be used to pay for OPEB liabilities.

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

- The reserve for land held for resale in the capital projects funds is equal to the amount of land inventory available for sale to developers for development purposes in future years.
- Amounts reserved for contractual commitments represent commitments for future year expenditures against the current balance available.
- Amount reserved for debt service is equal to the available equity accumulated in the Community Project debt service fund.
- Amounts reserved for deposits represent an amount reserved to cover refunding of deposits.
- The reserve for prepaid items agrees to the balance of prepaid items.

k. Reimbursement agreements

There is a written reimbursement agreement between the City and the Agency for Community Development stating that funds needed for Agency expenditures are to be advanced by the City’s general fund. The debt service funds receive tax increment money, which is only available for payment of debt; therefore, advances are repaid by the debt service funds.

B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets.

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The capital assets reported in the *Statement of Net Assets* excluding internal service fund capital assets are as follows:

Capital assets	\$ 889,434,599
Accumulated depreciation	<u>(231,614,445)</u>
	<u>\$ 657,820,154</u>

Certain notes and grants receivables are not available to pay for current period expenditures, and therefore are offset by deferred revenue in the governmental funds.

Note receivables not available to pay for current period expenditures	\$ 17,536,938
Intercity loans receivable not available to pay for current period expenditures	1,928,404
Grant receivables not available to pay for current period expenditures	<u>2,236,264</u>
	<u>\$ 21,701,606</u>

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

Internal service funds are used by management to charge the costs of certain activities, such as workers' compensation, fleet management, employee benefits, information systems, warehouse operations, telephone system, and risk management to individual funds. The internal service funds are allocated primarily to the governmental activities.

Internal service funds net assets-beginning of year	\$ 76,188,834
Change in net assets	<u>232,293</u>
Internal service funds net assets - end of year	76,421,127
Less allocation to enterprise funds	<u>(940,220)</u>
Adjustment to Statement of Net Assets - Governmental	<u>\$ 75,480,907</u>

One element of that reconciliation explains that "long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds." The details of this \$118,747,290 adjustment are as follows:

Tax allocation bonds	\$ 50,265,000
Certificates of participation	20,025,000
2008 Subordinate note	1,955,000
Agreements payable	42,304,693
Capital leases	1,920,191
Interest payable	1,134,983
Postemployment benefit obligation	1,572,258
Unamortized bond issuance costs	(1,416,082)
Unamortized bond premiums	986,247
	<u>\$ 118,747,290</u>

2. Explanation of certain differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "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 and reported as depreciation expense. The details of this difference are as follows:

Capital outlay capitalization for year	\$ 13,634,505
Current year governmental depreciation	<u>(12,282,849)</u>
	<u>\$ 1,351,656</u>

Another element of that reconciliation states that "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 assets". The details of this adjustment are as follows:

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

Debt principal repayments:	
Tax allocation bonds	\$ (1,765,000)
Certificates of participation	(500,000)
Agreements payable	(2,346,737)
Capital lease payable	(344,101)
Proceeds from notes	2,320,000
Amortization of issuance costs	68,894
Amortization of premium	(49,313)
Change in interest payable	(177,253)
Change in postemployment benefit obligation	578,209
Total long term debt adjustment	<u>\$ (2,215,301)</u>

C. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Budgetary information

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

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, debt service funds, special revenue funds, and capital projects funds. These funds are budgeted based on the modified accrual basis of accounting and include proposed expenditures and the means of financing them. The City Council approves the total budgeted appropriations and any amendments to total appropriations which may be required during the year. Revenues are budgeted by source, and expenditures are budgeted based by program. The City does not budget for the RDA Loan 2008 debt service fund, 2002 Capital Improvement Project debt service fund, and 2003 Tax Allocation capital projects fund.

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, the budget is used as a management information, planning and control device. To facilitate this process, encumbrances are recorded for commitments of the City to acquire materials, supplies and services under purchase order or contract. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. All unexpended appropriations at year-end lapse, unless they are specifically designated by City Council Resolution.

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

2. Excess of expenditures over appropriations

The following individual fund exceeded its expenditures budget:

<u>Fund</u>	<u>Type of Fund</u>	<u>Amount over Budget</u>
Garden Grove Cable	Special revenue fund	\$ 22,947
Street Lighting	Special revenue fund	907
Air Quality Improvement	Special revenue fund	5,168
Community Project	Capital projects fund	4,332,446

The unbudgeted expenditures in Community Project capital projects fund were funded by transfers in. The Garden Grove Cable special revenue fund, street lighting fund, and air quality improvement fund unbudgeted expenditures will be funded by future revenues and transfers.

3. Deficit fund equity

The following funds had a deficit at June 30, 2010:

<u>Fund</u>	<u>Type of Fund</u>	<u>Deficit Fund Equity</u>
Garden Grove Cable	Special revenue fund	\$ 123,015
Park Maintenance	Special revenue fund	4,798
Other Grants and Contributions	Special revenue fund	519,677
Buena-Clinton Project	Debt service fund	2,036

All the deficits are expected to be eliminated with future revenues and transfers.

4. Tax increment financing - Agency for Community Development

Under provisions of the California Constitution and the City's redevelopment plan, taxes levied by any taxing agency on all taxable property in the project area, when collected, are divided as follows:

An amount each year, equal to the current tax rates applied to the assessed valuation (within the project area) prior to the adoption of the redevelopment plan, is paid into the funds of the respective taxing agencies.

Taxes received over and above that amount as computed above are deposited in the debt service funds of the Agency. The plan calls for a 20 percent set-aside of tax increment revenue for low-income housing. In accordance with the Health and Safety Code, these funds have been placed in the Low Income Housing capital projects fund, to be used for replacement or improvement of low-income housing.

D. DETAILED NOTES ON ALL FUNDS

1. Cash and investments

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

Statement of net assets:

Cash and investments	\$ 197,189,257
Cash and investments with fiscal agents	26,275,007
Total cash and investments	<u>\$ 223,464,264</u>

Cash and investments as of June 30, 2010 consist of the following:

Cash on hand	\$ 45,369
Deposits with financial institutions	7,026,364
Investments	216,392,531
Total cash and investments	<u>\$ 223,464,264</u>

Investments Authorized by the City's Investment Policy

The table below identifies the investment types that are authorized by 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 City's investment policy.

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

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

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

Investments Authorized by 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
U.S. Treasury	None	None	None
Money Market Funds	N/A	None	None
Investment Contracts	30 years	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.

Authorized Investment Type	Amount	Weighted Average Maturity (in years)
U.S. Treasury Securities	\$ 29,500,000	0.74
U.S. Agency Securities		
FHLB	43,780,000	1.71
FFCB	46,525,000	1.22
FNMA	23,430,000	1.88
Mortgage-backed Securities (GNMA)	1,742	0.5
Local Agency Investment Fund (LAIF)	46,880,780	0.5
Held by fiscal agent:		
Investment Contracts	2,770,500	0.5
Money Market Funds	<u>23,504,509</u>	0.5
Total	<u>\$ 216,392,531</u>	

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments (including investments held by bond trustees) include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.

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:

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End	
				AAA	Not Rated
U.S. Treasury Securities	\$ 29,500,000	N/A	29,500,000	-	-
U.S. Agency Securities					
FHLB	43,780,000	N/A	-	43,780,000	-
FFCB	46,525,000	N/A	-	46,525,000	-
FNMA	23,430,000	N/A	-	23,430,000	-
Local Agency Investment Fund	46,880,780	N/A	-	-	46,880,780
Mortgage-backed Securities	1,742	N/A	1,742	-	-
Held by fiscal agent:					
Investment Contracts	2,770,500	N/A	-	-	2,770,500
Money Market Funds	23,504,509	AAA	-	23,504,509	-
Total	\$ 216,392,531		29,501,742	137,239,509	49,651,280

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 issue (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Investment Type
FHLB	U.S. Agency Securities	\$ 43,780,000
FFCB	U.S. Agency Securities	46,525,000
FNMA	U.S. Agency Securities	23,430,000
FSA Capital Management	Investment Contracts	2,770,500

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 failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
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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 market 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.

2. Intercity loans receivable/payable at June 30, 2010 consisted of the following:

a. Loan from General fund to 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 of street damage repairs throughout the City that have been a benefit to the Water Utility. The loan accrues interest at 6.5% per annum. The balance will be repaid at amounts to be determined through the annual budget process.

\$13,374,978

b. Loans from the General fund to the Community Project capital projects fund:

The General Fund has loaned to the Community Project capital projects fund 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. There is no set repayment schedule for these loans. Interest of \$1,122,344 has accrued.

3,985,457

c. Loan from the General fund to the Community Project capital projects fund:

On May 21, 1984 the City Council approved an agreement between the City and the Agency for Community Development Community Project capital projects fund wherein the Agency agreed to reimburse the City \$2,405,511, plus any accruing

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

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 June 18, 1991, the City Council authorized an annual repayment in the amount of \$240,000. The loan has no fixed amortization date, with all unpaid interest being added to the principal.

4,646,210

d. Loan from the General fund to the Community Project capital projects fund:

On February 26, 2002, the City Council approved an agreement between the City and the Agency wherein the City will 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 are being used to fund the advances from the City to the Agency. The Agency also reimbursed the City for the \$683,739 issuance costs related to the Certificates of Participation. Beginning March 1, 2005, the The accumulated difference between the interest accrued on the agreement and the actual interest payments on the 2002 COPs of \$1,928,406 has been added to the balance of the advance to the City.

21,474,795

e. Loan from the Water Utility fund to the Community Project capital projects fund:

The Community Project capital projects fund 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.

750,000

f. Loan from Low Income Housing capital project fund to the Community Projects capital project fund:

The Community Project Capital projects fund has four loans from the Low Income Housing Capital Project fund, that were used to make the fiscal year 2003-04 (\$912,172), 2004-05 (\$1,577,177), 2005-06 (\$1,386,434), 2009-10 (7,906,610) mandated Educational Revenue Augmentation Fund payments. Interest is accrued annually for the respective loans based upon the City's investment rate of return of the prior year. The rate accrued on the loans for fiscal year 2003-04 was 2.30%, 2004-05 was 1.60%, and 2005-06 was 2.28%. No interest is accrued on the 2009-10 loan. All loans are due 10 years from the loan establishment except for the 2009-10 loan which is due on May 20, 2015.

12,120,726

TOTAL INTERCITY LOANS RECEIVABLE/PAYABLE

\$56,352,166

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

3. Interfund receivables, payables, and transfers

a. The composition of interfund receivable/payable balances as of June 30, 2010 is as follows:

	Due From Other Funds	Due To Other Funds
General fund	\$ 123,639	-
Community Project debt service fund	-	119,707
Mobile Home Parks enterprise fund	541,569	-
Nonmajor governmental funds	-	7,205,241
Nonmajor RV Park enterprise fund	-	541,569
Internal service funds	<u>7,260,456</u>	<u>59,147</u>
Total	<u>\$ 7,925,664</u>	<u>7,925,664</u>

The interfund payable balances represent routine and temporary cash flow assistance from the Workers' Compensation internal service fund until the amounts receivable are collected to reimburse eligible expenditures.

b. The composition of interfund transfer balances as of June 30, 2010 is as follows:

Transfers out:	Transfers In					Total
	General fund	Community Project debt service fund	Community Project capital projects fund	Low Income Housing capital projects fund	Nonmajor governmental funds	
General fund	\$ -	-	1,912,453	-	130,112	2,042,565
Community Project debt service fund	-	-	30,737,965	-	102,271	30,840,236
Community Project capital projects fund	222,976	10,106,676	-	81,074	120,422	10,531,148
Low Income Housing capital projects fund	-	-	-	-	232,863	232,863
Nonmajor governmental	1,194,926	-	2,012,911	-	742,110	3,949,947
Internal service funds	5,100,000	-	-	-	88,080	5,188,080
Total	<u>\$ 6,517,902</u>	<u>10,106,676</u>	<u>34,663,329</u>	<u>81,074</u>	<u>1,415,858</u>	<u>52,784,839</u>

Significant transfers are summarized as follows:

- \$1,912,453 transfer from the General Fund to the Community Project capital projects fund was to provide hotel assistance payments.
- \$30,737,965 transfer from the Community Project debt service fund to the Community Project capital projects fund was to provide financing of Community Project expenditures based on the reimbursement agreement (see note A.4.k).
- \$10,106,676 transfer from the Community Project capital projects fund to the Community Project debt service fund was for repayment of outstanding debt.

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Notes to Basic Financial Statements
(Continued)

- Nonmajor governmental fund transfers of \$1,194,926 to the General Fund included a \$600,000 transfer from the Golf Course special revenue fund to cover administrative costs.
- Nonmajor governmental fund transfers of \$2,012,911 to the Community Project capital projects fund included a transfer of \$1,910,639 from the 2008 RDA Loan special revenue fund was to provide funding for certain parcels of real property.
- Internal service fund transfers to the General Fund of \$5,100,000 were generated by short-term budgetary policy changes and cost cutting measures that resulted in temporary expense reductions in the indicated internal service funds. The transfers included a \$1,000,000 transfer from the Fleet Management internal service fund, a \$3,000,000 transfer from the Employee Benefits internal service fund, and a \$1,100,000 transfer from the Risk Management fund.

4. Notes receivable at June 30, 2010 consisted of the following:

a. Commercial rehabilitation:

The Garden Grove Agency for Community Development Community Project capital projects fund holds seven notes related to commercial property rehabilitation loans. The terms of each note vary by circumstance. Some of these loans allow for credits against the outstanding note balance based on net new sales tax and/or property tax generated from the site. Since the note repayments are not available for current expenditures, these notes receivable are offset by deferred revenue in the Community Project capital projects fund. Revenue will be recognized when received.

\$68,974

b. Property acquisitions:

The Garden Grove Agency for Community Development Community Project capital projects fund and other governmental funds have entered into agreements with various commercial businesses throughout the City for the purpose of assisting them in the acquisition and development of commercial property. Some of these loans allow for credits against the outstanding note balance based on either net new sales tax and/or new property tax generated at the business site. Since the note payments are not available for current expenditures, these note receivables are offset by deferred revenue in the Community Project capital projects fund. Revenue will be recognized when received.

1,417,000

c. Trask Avenue relocation:

A mortgage assistance program was established for residents displaced as a result of the Trask Avenue widening project. The Garden Grove Agency for Community Development has made four loans under this program to assist in the purchasing of new

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

residences for those displaced. The loans are evidenced by promissory notes which are secured by second trust deeds on the replacement property. The terms of each note vary by circumstance. Since the note repayments are not available for current expenditures, these notes receivable are offset by deferred revenue in the Community Project capital projects fund. Revenue will be recognized when payments are received. 19,827

d. Rental rehabilitation:

The Garden Grove Agency for Community Development Low Income Housing capital projects fund and Community Project capital projects fund holds seven 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. Since these note repayments are not available for current expenditures, the notes receivable are offset by deferred revenue. Revenue will be recognized when received. An allowance of \$434,855 has been recorded to reflect the amount of the loans not expected to be collectible. 5,096,348

e. Rental rehabilitation –Other governmental funds:

The City has entered into fifteen Housing Rehabilitation Agreements utilizing CDBG and HOME funds, which are reflected in other 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. Since the note repayments are not available for current expenditures, these notes receivable are offset by deferred revenue in other governmental funds. Revenue will be recognized when received. 12,105,136

f. Affordable housing agreement – General fund:

The City has entered into an Affordable Housing Agreement with a developer wherein the developer has 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 2 percent annually. Since the note repayments are not available for current expenditures, the note receivable is offset by deferred revenue in the General fund. Revenue will be recognized when received. 255,145

TOTAL NOTES RECEIVABLE 18,962,430
 Less: Allowance for doubtful accounts (434,855)

TOTAL NOTES RECEIVABLE, NET \$18,527,575

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Notes to Basic Financial Statements
(Continued)

5. Inventories – Land held for resale

The Community Project capital projects fund and Low Income Housing capital projects fund's land held for resale is an inventory of land purchased by the Agency for Community Development which is intended to be sold to developers. The land is carried at the lower of cost or estimated net realizable value, as determined upon execution of a disposition and development agreement. Land held for resale at June 30, 2010 is \$66,953,759.

6. Capital assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 411,921,150	1,107,625	-	413,028,775
Construction in progress	6,835,047	7,999,552	(5,074,127)	9,760,472
Total capital assets, not being depreciated	<u>418,756,197</u>	<u>9,107,177</u>	<u>(5,074,127)</u>	<u>422,789,247</u>
Capital assets, being depreciated:				
Infrastructure				
Street system	336,557,213	6,617,961	(1,493,927)	341,681,247
Storm drain assets	68,528,762	729,540	-	69,258,302
Buildings and park assets	42,357,492	2,255,108	-	44,612,600
Furniture and equipment	30,560,408	423,587	(629,132)	30,354,863
Total capital assets, being depreciated	<u>478,003,875</u>	<u>10,026,196</u>	<u>(2,123,059)</u>	<u>485,907,012</u>
Less accumulated depreciated for:				
Infrastructure:				
Street system	(160,061,711)	(8,717,154)	1,493,927	(167,284,938)
Storm drain assets	(35,318,020)	(1,368,588)	-	(36,686,608)
Buildings and park assets	(17,665,307)	(1,201,346)	-	(18,866,653)
Furniture and equipment	(18,265,011)	(2,346,731)	596,555	(20,015,187)
Total accumulated depreciation	<u>(231,310,049)</u>	<u>(13,633,819)</u>	<u>2,090,482</u>	<u>(242,853,386)</u>
Total capital assets, being depreciated, net	<u>246,693,826</u>	<u>(3,607,623)</u>	<u>(32,577)</u>	<u>243,053,626</u>
Total	<u>\$ 665,450,023</u>	<u>5,499,554</u>	<u>(5,106,704)</u>	<u>665,842,873</u>

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

	<u>Beginning Balance</u>	<u>Inreases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 18,175,914	11,868	-	18,187,782
Construction in progress	9,832,885	5,038,530	(12,789,714)	2,081,701
Total capital assets, not being depreciated	<u>28,008,799</u>	<u>5,050,398</u>	<u>(12,789,714)</u>	<u>20,269,483</u>
Capital assets, being depreciated:				
Buildings and structures	124,023	-	-	124,023
Water system	87,802,697	5,580,106	(59,909)	93,322,894
Sewer system	80,267,907	12,787,527	(77,182)	92,978,252
Machinery and equipment	293,420	-	-	293,420
Total capital assets, being depreciated:	<u>168,488,047</u>	<u>18,367,633</u>	<u>(137,091)</u>	<u>186,718,589</u>
Less accumulated depreciated for:				
Buildings and structures	(99,096)	(993)	-	(100,089)
Water system	(37,923,202)	(2,011,302)	59,909	(39,874,595)
Sewer system	(38,516,154)	(1,181,285)	77,182	(39,620,257)
Machinery and equipment	(203,789)	(21,916)	-	(225,705)
Total accumulated depreciation	<u>(76,742,241)</u>	<u>(3,215,496)</u>	<u>137,091</u>	<u>(79,820,646)</u>
Total capital assets, being depreciated, net	<u>91,745,806</u>	<u>15,152,137</u>	<u>-</u>	<u>106,897,943</u>
Total	<u>\$ 119,754,605</u>	<u>20,202,535</u>	<u>(12,789,714)</u>	<u>127,167,426</u>

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Traffic safety	\$ 995,763	-
Right of way	8,717,152	-
Drainage	1,368,588	-
Community buildings	1,201,346	-
Water	-	2,026,390
Sewer collection	-	1,185,927
Solid waste disposal	-	550
Mobile home park	-	2,629
Internal service funds	1,350,970	-
Total	<u>\$ 13,633,819</u>	<u>3,215,496</u>

7. Deferred revenue

The deferred revenue in the General fund in the amount of \$3,433,367 represents \$1,192,502 due from the State of California for mandated cost reimbursements, \$1,928,403 for accumulated interest on an intercity loan with the Agency for Community Development capital projects fund (see Note D2), and \$312,462 for a long term receivable.

Deferred revenue in the Community Project and Low Income Housing capital projects funds and the HOME non-major special revenue fund are associated with the notes receivable discussed in Note D4.

Certain federal, state and county grants have advanced funds for project expenditures. These funds are recorded in nonmajor governmental funds as deferred revenue in the

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
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amount of \$3,169,070 in the Other Grants and Contributions special revenue fund and \$2,372,854 in the Street Rehabilitation special revenue fund.

8. Noncurrent Liabilities

a. Following is a summary of long-term debt transactions for the City for the year ended June 30, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Long-term debt					
Tax allocation bonds	\$ 52,030,000	-	(1,765,000)	50,265,000	1,850,000
Certificates of participation	20,525,000	-	(500,000)	20,025,000	515,000
Unamortized premium	1,035,560	-	(49,313)	986,247	-
2008 Subordinate note	2,015,000	-	(60,000)	1,955,000	65,000
Agreements payable	42,331,430	2,320,000	(2,346,737)	42,304,693	902,268
Capital leases payable	3,881,383	-	(659,876)	3,221,507	1,274,088
Governmental activities long term debt	121,818,373	2,320,000	(5,380,926)	118,757,447	4,606,356
Other noncurrent liabilities:					
Claims payable	18,186,304	3,819,523	(3,748,827)	18,257,000	3,317,453
Compensated absences	7,751,153	5,884,791	(5,871,102)	7,764,842	6,211,874
OPEB liability	994,049	827,400	(249,191)	1,572,258	-
Governmental activities noncurrent liabilities	<u>\$148,749,879</u>	<u>12,851,714</u>	<u>(15,250,046)</u>	<u>146,351,547</u>	<u>14,135,683</u>
<u>Business-type activities</u>					
Long-term debt:					
Water revenue bonds	\$ 13,790,000	-	(695,000)	13,095,000	720,000
Add: premium	158,458	-	(10,564)	147,894	-
Less: deferred refunding	(539,276)	-	35,952	(503,324)	-
Water revenue COP	-	16,625,000	-	16,625,000	320,000
Add: premium/discount	-	745,006	-	745,006	-
Sewer revenue COP	21,845,000	-	(440,000)	21,405,000	460,000
Add: premium	380,460	-	(14,179)	366,281	-
Mobile Home COP	10,950,000	-	(485,000)	10,465,000	510,000
Less: discount	(40,435)	-	2,854	(37,581)	-
Business-type activities long-term debt	<u>\$ 46,544,207</u>	<u>17,370,006</u>	<u>(1,605,937)</u>	<u>62,308,276</u>	<u>2,010,000</u>

9. Governmental long-term debt at June 30, 2010 consisted of the following:

2003 Tax allocation refunding bonds:

\$57,025,000 Tax allocation refunding bonds were issued on August 25, 2003. The bonds were issued for the purpose of (i) refunding the Agency's previously issued \$62,000,000 community project tax allocation bonds, Series 1993, which refunded the Agency's previously issued \$30,000,000 community project tax allocation bonds, Series 1996 and \$10,800,000 Community Center Project 1979 tax allocation bonds; and to (ii) finance additional redevelopment activities of the Agency. The tax allocation refunding bonds are secured and to be serviced from tax increment revenues excluding dedicated housing tax increment, through the fiscal year 2029. Principal payments ranging from \$1,625,000 to \$3,320,000 are

CITY OF GARDEN GROVE
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due annually starting October 1, 2006 through the year 2022, and two lump sum payments of \$9,465,000 and \$8,375,000 due on October 1, 2024 and October 1, 2028 respectively. Interest is due semi-annually on October 1 and April 1, at rates ranging from 2.250% to 5.250%.

\$50,265,000

Unamortized bond premium

986,247
51,251,247

2002 Certificates of participation:

\$22,735,000 City of Garden Grove Certificates of Participation, Series A of 2002, were executed to provide funds for the acquisition of land to assist certain redevelopment activity of the Garden Grove Agency for Community development and for other improvement projects of the Agency or the City. The Certificates represent fractional interests of the owners in the lease payments, for certain real property and improvements thereon, to be made by the City, as lessee, to the Garden Grove Public Financing Authority, as lessor, under a Lease/Purchase Agreement. The leased properties consist of Garden Grove Park, Willowick Golf Course, a municipal amphitheater, a community meeting center, fire station, and related land. Lease payments are structured to be sufficient to pay, when due, the principal and interest on the Certificates. Principal payments ranging from \$410,000 to \$1,150,000 are due annually on March 1, beginning March 1, 2005, and continuing until March 1, 2027. Interest is payable semiannually, beginning on September 1, 2002, with an interest rate ranging from 3.500% to 5.125% over the life of the bond.

20,025,000

2008 Subordinate Note:

On June 1, 2008, the 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 \$60,000 to \$170,000.

1,955,000

Agreements payable:

\$7,660,000 Federal Housing and Community Development Section 108 Loan was issued for the purposes of refinancing the \$13,380,000 Section 108 Loan that was issued for the purpose of acquisition and development of property located in the section of the City identified as the Harbor Corridor. The Agency for Community Development has pledged future Community Development Grant funds including program income to satisfy the City's obligations under this loan agreement until fiscal year 2016. Principal payments ranging from \$750,000 to \$1,200,000 are due annually on August 1 through the year 2016. Interest is due semi-annually on February 1 and August 1.

6,910,000

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<p>\$300,000 capital improvement loan. On November 6, 2002 the City received an energy efficiency loan from the California Energy Commission to assist in the funding of an energy retrofit project. The loan has an annual interest rate of 4% with payments due semi-annually due until the loan is paid off on December 22, 2013.</p>	110,504
<p>\$829,159 real property purchase. On March 13, 2002 the Agency for Community Development entered into a real property purchase and sale agreement wherein the Agency assumed the balance on an existing promissory note bearing interest at an annual rate of 8.5%. Equal monthly payments in the amount of \$7,355 will continue until February 13, 2016 when all unpaid principal and interest will be due and payable.</p>	617,633
<p>\$513,900 capital improvement loan. On July 27, 2004 the City received an energy efficiency loan from the California Energy Commission to assist in the funding of the second energy retrofit project. The loan has an annual interest rate of 3.95% with payments due semi-annually, in the amount of \$24,201, through June 22, 2018.</p>	346,556
<p>On June 2, 2008, the Agency for Community Development entered into an agreement with Union Bank of California for a term loan in the amount of \$32,000,000 for the purpose of acquiring certain parcels of real property. The terms of the loan comprise of pre-funded interest only payments with a fixed annual interest rate of 4.22% for years 1 through 3, followed by interest only payments with an interest rate of Libor plus 0.75 basis points for year 4 and fully amortized loan with principal and interest payments of Libor plus 0.75 basis points for years 5 through 12.</p>	32,000,000
<p>In July 2009, the Agency for Community Development entered into a real property purchase agreement with M. David Paul and Associates of \$2,320,000 for the acquiring of certain parcels of land. Payments range from \$609,000 to \$696,000 including interest at 5% and are due each year beginning August 25, 2010.</p>	<u>2,320,000</u>
<p><i>Total agreements payable</i></p>	<u>42,304,693</u>
<p><i>Capital leases payable</i></p>	
<p>\$2,449,937 Lease purchase of retrofit heating and air conditioning systems for City government buildings. Quarterly payments range from \$32,768 to \$80,927 including interest at 5.35% through September 2014.</p>	1,118,081

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In September 2004, the City entered into a lease purchase arrangement in the amount of \$1,156,741 for the retrofit of certain heating and air conditioning system of City government buildings. The interest rate is 4.51% with a quarterly payment of \$26,634 through to August 2019. 802,112

In November 2007, the City entered into a capital lease arrangement in the amount of \$376,774 for 22 copy machines. The interest rate is 5.35% with a monthly payment of \$7,170 through December 2012. 200,937

In October 2008, the City entered into a capital lease arrangement in the amount of \$1,598,140 for three fire pumper trucks. The interest rate is 3.99% with a monthly payment of \$29,425 through October 2013. 1,100,377

Total capital leases payable 3,221,507

TOTAL GOVERNMENTAL LONG TERM DEBT \$118,757,447

c. Proprietary long-term debt at June 30, 2010 consisted of the following items:

2004 Revenue certificates of participation – Water utility enterprise fund:

\$16,845,000 Refunding Revenue Certificates of Participation, Series 2004, were issued on April 20, 2004, for a current refunding of \$20,495,000 of the Water Revenue Bonds, Series 1993. The refunding was undertaken to reduce total future debt service payments of \$2,354,695. Deferred refunding cost of \$719,034 was incurred during the refunding, which is being netted against the new debt and amortized over the new debt's life, which is shorter than the refunded debt.

The City's previously issued \$20,495,000 water revenue bonds, series 1993, was originally issued to finance the construction of water storage and transmission facilities, and certain other city water systems. Principal payments for the Series 2004 Certificates of Participation range from \$435,000 to \$1,165,000 due annually on December 15, 2004 through 2023. Interest is due semi-annually on June 15 and December 15, at rates ranging from 2.000% to 5.000% over the life of the bond. \$13,095,000

Unamortized bond premium 147,894
 Unamortized deferred refunding charges (503,324)

Total 2004 Revenue certificates of participation 12,739,570

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

Revenue certificates of participation debt service coverage:

The Refunding 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 2024. At June 30, 2010 total interest and principal remaining on the certificates is \$17,805,359. Revenues recognized during the year was \$28.9 million against debt service payments of \$1,290,513. The Utility covenants that rates and charges for water service will be sufficient to yield net revenues equal to 125% of the debt service coming due and payable during the next succeeding bond year. The following analysis shows the test result for compliance with this covenant:

Operating revenues	28,877,774
Non-operating revenues	<u>436,943</u>
Gross revenue	29,314,717
Less: Expense (excluding depreciation, amortizations, interest and fiscal charges)	(20,713,227)
Net revenues	8,601,490
Debt service requirement for next year: \$1,290,513 x 125%	1,613,141

2010 Revenue Bonds – Water utility enterprise fund:

\$16,625,000 Revenue Certificates of Participation, Series 2010, were issued on April 30, 2010 to finance the acquisition, expansion, construction and improvement of certain additional water facilities of the water system of the City. The bonds are secured and to be serviced from net revenues derived from the ownership or operation of the water system excluding proceeds from customers' deposits and any proceeds of taxes or assessments restricted by law to be used by the City to pay parity obligations or other obligations. The Bonds are due in annual principal installments of \$320,000 to \$1,165,000 beginning December 15, 2010 through 2031. Interest rates range from 2% to 5% and is payable semiannually on June 15 and December 15.

	16,625,000
Unamortized bond premium	<u>745,006</u>
Total 2010 Revenue bonds	<u>17,370,006</u>

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

2006 Revenue certificates of participation – Sewer collection enterprise fund:

Garden Grove Sanitation District Revenue Certificates of Participation in the amount of \$21,845,000 were issued on April 12, 2006 to finance the rehabilitation, replacement and improvement of the wastewater collection system of the Garden Grove Sanitation District. 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. The Bonds are due in annual principal installments of \$440,000 to \$1,395,000 beginning June 15, 2010 through 2036. Interest rates range from 4% to 4.5% and is payable semiannually on June 15 and December 15. The total amount outstanding as of June 30, 2010 is \$21,845,000. Such bonds are subject to federal arbitrage regulations.

21,405,000

Unamortized bond premium

366,281

Total 2006 Revenue certificates of participation

21,771,281

Revenue certificates of participation debt service coverage:

The Garden Grove Sanitary District Revenue Certificates of Participation are to be secured and to be serviced from revenues derived by the ownership and operations of the sewer system including all connection charges and fees collected by the District through the fiscal year 2036. At June 30, 2010, total interest and principal remaining on the certificates is \$38,085,516. Revenues recognized during the year was \$9.1 million against debt service payments of \$1,465,741. The Utility covenants that rates and charges for sewer service Will be sufficient to yield net revenues equal to 115% of the debt service coming due and payable during the next succeeding bond year. The following analysis shows the test result for compliance with this covenant:

Operating revenues	9,071,262
Non-operating revenues	<u>902,223</u>
Gross revenue	9,973,485
Less: Expense (excluding depreciation, amortizations, interest and fiscal charges)	(3,044,947)
Net revenues	6,928,538
Debt service requirement for next year: \$1,290,513 x 15%	1,685,602

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

1993 Certificates of Participation – Mobile Home enterprise fund:

\$15,645,000 1993 Certificates of Participation (Bahia Village/Emerald Isle Project) were issued on August 26, 1993. Proceeds from the sale of the certificates were used to finance the acquisition by the Garden Grove Housing Authority of certain real property constituting two Mobile Home parks within the City (excluding the Mobile Homes in such parks): Bahia Village Mobile Home Park located at 13096 Blackbird Street and Emerald Isle Mobile Home Park located at 13741 Clinton Street. The City is obligated under a lease agreement with the Garden Grove Housing Authority to make lease payments and additional rental payments from any source of legally available funds, as the rental for the right to the use and possession of the projects. Principal payments ranging from \$330,000 to \$1,045,000 are due annually on August 1 through the year 2023. Interest is due semiannually on August 1 and February 1 at rates ranging from 4.0% to 5.7%.

10,465,000

Unamortized bond discount

(37,581)

Total 1993 certificates of participation

10,427,419

TOTAL BUSINESS-TYPE LONG TERM DEBT

\$63,308,276

d. The scheduled annual requirements to amortize all governmental long-term debt outstanding as of June 30, 2010, including interest payments, are as follows.

Year Ending June 30	2003 Tax Allocation Refunding Bonds		
	Principal	Interest	Total
2011	\$ 1,850,000	2,533,638	4,383,638
2012	1,945,000	2,441,138	4,386,138
2013	2,020,000	2,363,338	4,383,338
2014	2,105,000	2,277,488	4,382,488
2015	2,195,000	2,188,025	4,383,025
2016-2020	12,840,000	9,075,788	21,915,788
2021-2025	16,625,000	5,283,644	21,908,644
2026-2030	10,685,000	1,561,000	12,246,000
Total	\$ 50,265,000	27,724,059	77,989,059

Year Ending June 30	2002 Certificates of Participation		
	Principal	Interest	Total
2011	\$ 515,000	1,041,340	1,556,340
2012	540,000	1,019,452	1,559,452
2013	560,000	995,828	1,555,828
2014	580,000	970,328	1,550,328
2015	620,000	944,528	1,564,528
2016-2020	3,580,000	4,209,519	7,789,519
2021-2025	4,665,000	3,114,763	7,779,763
2026-2030	6,075,000	1,710,219	7,785,219
2031-2032	2,890,000	223,963	3,113,963
Total	\$ 20,025,000	14,229,940	34,254,940

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

Year Ending June 30	2008 Subordinate Note		
	Principal	Interest	Total
2011	\$ 65,000	117,300	182,300
2012	65,000	113,400	178,400
2013	70,000	109,500	179,500
2014	75,000	105,300	180,300
2015	80,000	100,800	180,800
2016-2020	475,000	426,000	901,000
2021-2025	645,000	264,600	909,600
2026-2028	480,000	58,800	538,800
Total	\$ 1,955,000	1,295,700	3,250,700

Year Ending June 30	Agreements Payable		
	Principal	Interest	Total
2011	\$ 1,482,268	1,937,112	3,419,380
2012	1,871,461	1,859,659	3,731,120
2013	5,604,455	1,605,927	7,210,382
2014	5,664,098	1,346,828	7,010,926
2015	5,143,167	1,083,947	6,227,114
2016-2020	22,539,244	1,940,919	24,480,163
Total	\$ 42,304,693	9,774,392	52,079,085

Year Ending June 30	Capital Leases Payable		
	Principal	Interest	Total
2011	\$ 694,088	137,286	831,374
2012	731,939	104,581	836,520
2013	721,817	70,196	792,013
2014	498,240	40,208	538,448
2015	165,481	21,983	187,464
2016-2020	409,942	42,842	452,784
Total	\$ 3,221,507	417,096	3,638,603

e. The scheduled annual requirements to amortize all proprietary long-term debt outstanding as of June 30, 2010, excluding unamortized premiums, discounts, and deferred charges, are as follows.

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

Year Ending June 30	2004 Water Revenue Certificates of Participation		
	Principal	Interest	Total
2011	\$ 720,000	570,513	1,290,513
2012	740,000	544,938	1,284,938
2013	765,000	515,763	1,280,763
2014	800,000	484,463	1,284,463
2015	830,000	449,788	1,279,788
2016-2020	4,700,000	1,682,394	6,382,394
2021-2024	4,540,000	462,500	5,002,500
Total	\$ 13,095,000	4,710,359	17,805,359

Year Ending June 30	2010 Water Revenue Bonds		
	Principal	Interest	Total
2011	\$ 320,000	728,807	1,048,807
2012	555,000	721,527	1,276,527
2013	565,000	817,427	1,382,427
2014	580,000	800,477	1,380,477
2015	605,000	777,277	1,382,277
2016-2020	3,425,000	3,482,937	6,907,937
2021-2025	4,180,000	2,657,220	6,837,220
2026-2030	5,230,000	1,226,782	6,456,782
2031	1,165,000	37,216	1,202,216
Total	\$ 16,625,000	11,249,670	27,874,670

Year Ending June 30	2006 Sewer Revenue Certificates of Participation		
	Principal	Interest	Total
2011	\$ 460,000	1,005,741	1,465,741
2012	475,000	987,341	1,462,341
2013	495,000	968,341	1,463,341
2014	515,000	948,541	1,463,541
2015	535,000	927,941	1,462,941
2016-2020	3,030,000	4,293,736	7,323,736
2021-2025	3,740,000	3,585,100	7,325,100
2026-2030	4,715,000	2,609,275	7,324,275
2031-2035	6,045,000	1,284,750	7,329,750
2036	1,395,000	69,750	1,464,750
Total	\$ 21,405,000	16,680,516	38,085,516

Year Ending June 30	1993 Mobile Home Park Certificate of Participation		
	Principal	Interest	Total
2011	\$ 510,000	580,990	1,090,990
2012	535,000	551,469	1,086,469
2013	570,000	520,253	1,090,253
2014	600,000	487,200	1,087,200
2015	635,000	452,153	1,087,153
2016-2020	3,760,000	1,658,415	5,418,415
2021-2024	3,855,000	454,718	4,309,718
Total	\$ 10,465,000	4,705,198	15,170,198

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

C. Compensated absences

The City accounts for compensated absences (unpaid vacation, annual leave, comp time off and sick leave) in the Employee Benefit internal service fund. The balance for accrued compensated absences at June 30, 2010 is \$7,764,842.

Vacation accrues for all employee groups other than fire at 10 hours per month after 1 year of service, 12 hours per month after 9 years, 14 hours per month after 14 years, 17.25 hours per month after 19 years, and 20.50 hours per month after 24 years. The maximum an employee may accumulate is an amount equivalent to 2 full calendar years of service.

Annual leave accrues for all fireman at 18 hours per month from date of hire through 1 year, 22 hours per month after 1 year, 24 hours per month after 4 years, 26 hours per month after 9 years, 28 hours per month after 14 years, 30 hours per month after 19 years, and 33 hours per month after 24 years. The maximum a fireman may accumulate is an amount equivalent to 2 full calendar years of service plus 72 hours. Accumulated vacation, annual leave benefits and comp time, payable in future years when used by City employees, totaled \$5,404,100 at June 30, 2010.

Sick leave is accumulated on the basis of 8 hours for each month of service beginning from the date of hire for all employee groups other than police and fire. The City has adopted a policy for payment of unused sick leave benefits at time of retirement, miscellaneous and league employees can be paid 50% for all unused hours up to 1000, police employees 75% of up to 1,000 unused hours, and management employees 50% of all unused hours. Fire employees do not accumulate sick leave benefits since converting to the annual leave benefit. Studies have indicated that only 25 percent of all accumulated sick leave is actually used by employees, therefore, the sick leave liability is estimated at 25 percent of the total accumulated benefit, or \$2,360,742 June 30, 2010.

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.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Vacation, annual leave, benefits, and comp time	\$ 5,468,669	4,691,909	(4,756,478)	5,404,100	4,323,280
Sick leave	2,282,484	1,429,096	(1,350,838)	2,360,742	1,888,594
	<u>\$ 7,751,153</u>	<u>6,121,005</u>	<u>(6,107,316)</u>	<u>7,764,842</u>	<u>6,211,874</u>

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

D. 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 or litigation. Excess coverage is placed with a joint powers authority for losses from \$1 million up to \$150 million per occurrence. This self-insurance program is accounted for in the Workers' Compensation internal service fund. There is an estimated liability of \$13,993,000 for claims outstanding including claims incurred but not reported on June 30, 2010, 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-funded for the first \$2 million of each occurrence. Excess liability insurance is carried thereafter to \$10 million per occurrence with commercial insurers. Claims administration and adjusting services are provided by contract with 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 liability for claims outstanding, including claims incurred but not reported, on June 30, 2010, in the amount of \$4,264,000, which has been included as liabilities in the Risk Management internal service fund.

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, 2010. Nonincremental claims adjustment expenses have been included as part of the liability for claims and judgments. Changes in the aggregate liability for claims for fiscal year ended June 30, 2010 and June 30, 2009 are as follows:

	<u>2010</u>	<u>2009</u>
	<u>Worker's Compensation</u>	
Liability, July 1	\$ 28,702,313	25,206,867
Prior year adjustment	(14,081,848)	-
Changes in estimates	1,677,409	5,748,161
Claim payments	(2,304,874)	(2,252,715)
Liability, June 30	<u>\$ 13,993,000</u>	<u>28,702,313</u>
Due within one year	\$ 2,763,414	10,264,311
Due in more than one year	<u>11,229,586</u>	<u>18,438,002</u>
	\$ 13,993,000	28,702,313
	<u>Risk Management</u>	
Liability, July 1	\$ 11,436,986	7,158,768
Prior year adjustment	(7,871,147)	-
Changes in estimates	2,142,114	5,140,464
Claim payments	<u>(1,443,953)</u>	<u>(862,246)</u>
Liability, June 30	\$ 4,264,000	11,436,986
Due within on year	\$ 554,039	5,666,271
Due in more than one year	<u>3,709,961</u>	<u>5,770,715</u>
	<u>\$ 4,264,000</u>	<u>11,436,986</u>

E. Public Employees Retirement System

1. Plan description

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

2. Funding policy

Active plan members in the miscellaneous plan of the City are required to contribute 8% of their annual covered salary for a 2.5% at 55 retirement plan. Active plan members in the safety plan of the City are required to contribute 9% of their annual covered salary for a 3% at 50 retirement plan. To be eligible for CalPERS retirement, employees must be at least age 55 for the miscellaneous plan and age 50 for safety plan and have five years of service credit. Upon retirement, retirement benefits are calculated using a formula that includes using years of service credit at retirement age and final compensation. Final compensation is calculated from the highest average full-time monthly pay rate for a 1-year period. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members based on the entry Age Actuarial Cost Method. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administrations. The required employer contribution rate for fiscal year ended June 30, 2010 was 14.10% for miscellaneous employees and 27.40% for public safety employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

The funded status of the plan based on actuarial valuations is as follows:

Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	Unfunded Liability % of Payroll
<u>Miscellaneous Plan</u>						
2006	\$ 148,531,509	143,399,961	5,131,548	96.5%	21,487,451	23.9%
2007	161,461,946	145,956,233	15,505,713	90.4%	24,164,759	64.2%
2008	175,458,019	156,014,164	19,443,855	88.9%	26,708,350	72.8%
<u>Safety Plan</u>						
2006	\$ 268,313,084	221,927,999	46,385,085	82.7%	21,696,132	213.8%
2007	285,650,077	239,310,860	46,339,217	83.8%	23,068,092	200.9%
2008	307,528,360	255,332,325	52,196,035	83.0%	25,387,713	205.6%

The actuarial valuation for 6/30/2008 is the most recent valuation available.

3. Annual pension cost

For the fiscal year ended June 30, 2010 the City of Garden Grove's annual pension cost of \$11,118,875 for PERS was equal to the City's required and actual contributions. The required contribution for fiscal year ended June 30, 2010 was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members and from 3.25% to 13.15% for safety members. Both (a) and (b) include an inflation component of 3.00%.

FYE	Annual Pension Cost		% of Annual Person Cost Contribution	Net Pension Obligation
	Miscellaneous	Safety		
6/30/08	\$ 3,120,147	6,369,591	100%	0
6/30/09	3,717,488	7,458,119	100%	0
6/30/10	3,843,311	7,275,564	100%	0

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

F. Postemployment benefits

1. Plan Description

The City provides retiree medical benefits under the CalPERS health plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

2. Eligibility

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible for a PERS pension. The benefits are available only to employees who retire from the City. Membership of the plan consisted of 716 eligible active employees and 213 enrolled eligible retirees at June 30, 2010. There amounts do not reflect current retirees not enrolled in the CalPERS health plan who are eligible to enroll in the plan at a later date.

3. Funding Policy

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 required contribution is based on projected pay-as-you-go financing requirements Effective January 1, 2007 and the City's contribution rate was \$80.80 per month for each retiree. For the year ended June 30, 2010, the City contributed \$249,191 to the plan. Plan members receiving benefits contributed \$1,589,864 (approximately 87% of total premiums) through their required contribution.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	<u>June 30, 2010</u>
Annual required contribution	\$ 827,400
Interest on net OPEB obligation	49,702
Adjustment to annual required contribution	<u>(49,702)</u>
Annual OPEB cost (expense)	827,400
Contributions made	<u>249,191</u>
Increase in net OPEB obligation	578,209
Net OPEB Obligation, Beginning of Year	<u>994,049</u>
Net OPEB Obligation, End of Year	<u>\$ 1,572,258</u>

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years were as follows:

Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	OPEB Obligation
6/30/08	\$ 627,359	34.8%	408,875
6/30/09	827,400	29.3%	994,049
6/30/10	827,400	30.1%	1,572,258

4. Funding Status and Progress

Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	Actuarial Accrued Liability % of Payroll
7/1/2005	\$ 7,586,050	-	7,586,050	0.0%	5,437,434	139.5%
3/1/2009	8,860,567	-	8,860,567	0.0%	5,943,594	149.1%

The actuarial valuation as of 3/1/2009 is the most recent actuarial valuation available.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

5. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the entry age normal cost method. The actuarial assumptions included a 5 percent investment rate of return, which is based on assumed long-term investment returns on plan assets and on the City's assets, as appropriate, and an annual healthcare cost trend rate of 4 percent annual. Both rates included a 3 percent inflation assumption. The using a closed amortization period. It is assumed the City's payroll will increase 3 percent per year.

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

G. Non-committal debt:

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

b. Garden Grove Housing Authority Variable Rate Demand Multifamily Housing Revenue Bonds, Series A of 1990, for \$12,000,000 were issued as an obligation of the Housing Authority. These bonds are not reflected in the City's financial statements since the use and disposition of the bond proceeds are controlled by an outside trustee, rather than the City, and since neither the Housing Authority, nor the City, is, in any event, liable for the payment of the principal or interest on the bonds. The bonds were issued to provide funds for the cost of developing the Valley View Senior Village, a multifamily rental housing project in the City. The outstanding balance of the bonds at June 30, 2010 was \$9,100,000

c. On March 16, 1996, the Garden Grove Housing Authority issued Multifamily Housing Revenue Bonds (Stuart Drive/Rose Garden Apartments Project) Series 1996A in the amount of \$7,790,000, Taxable Multifamily Housing Revenue Bonds (Stuart Drive/Rose Garden Apartments Project) Series 1996B in the amount of \$2,000,000, and Low Income Housing Tax Increment Revenue Bonds (Stuart Drive/Rose Garden Apartments Project) Series 1996C in the amount of \$8,500,000. The proceeds of the bonds were used to provide funds for the purpose of the acquisition and rehabilitation of multifamily rental housing projects in the City. The Series A, B and C Bonds are special obligations of the Authority and are not reflected in the City's financial statements since the use and disposition of the bond proceeds are controlled by an outside trustee, rather than the City, and since neither the Housing Authority, nor the City, is liable for the payment of principal or interest on the bonds. The City has, however, guaranteed the annual principal and interest payments on the Series C Bonds. The City's obligation under the limited guarantee does not accumulate and transfer to the following fiscal year of the City. The City will receive a promissory note from the developer of the multifamily rental housing project for any payments made by the City on the limited guarantee. As of June 30, 2010, the City has made payments totaling \$1,935,160 towards the guarantee. The outstanding balance of the bonds at June 30, 2010 was \$12,795,000.

d. Utilizing special assessment bond financing under the authority of the Improvement Bond Act of 1915, the City formed a special assessment district for the purpose of improving the water distribution system and fire hydrant infrastructure in the Dale-Josephine neighborhood of the City. The bonds, which financed this debt, were issued on September 15, 1990 for \$656,608. The bonds were considered a non-obligation special assessment debt and are wholly a liability of the property owners. The City's role is limited to acting in an agent capacity for the property owners. The interest rate on the bonds ranges from 8.10% to 8.15% and the bonds mature on September 2, 2010. The outstanding balance at June 30, 2010 was \$65,000.

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

H. Commitments and contingencies

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.

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

I. Low Income Housing Loan Programs

The Garden Grove Agency for Community Development Low Income Housing capital projects fund and CDBG HOME other governmental fund provide down payment assistance to first time low or moderate income homebuyers and rental and home rehabilitation assistance to eligible low and moderate income persons. This financial assistance is provided in the form of deferred second mortgages, secured by promissory notes and deeds of trust on the property. These second mortgage loans become due upon the sale of the property or if the property no longer qualifies as the applicants principal residence. These loans are interest-free for up to thirty years. There is an equity participation interest on some of the loans. The balance of these loans at June 30, 2010 totaled \$1,361,194 in the Low Income Housing capital projects fund and \$37,641 in the HOME other governmental fund. Since the loans do not bear interest for at least thirty years, the present value of the loans is significantly less than the principal amounts. For this reason and because collection may be dependent on equity in the home when sold, the loans are not included as an asset. These loans are expensed when made and repayments are recorded as revenues in the year received.

J. Joint venture

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

CITY OF GARDEN GROVE
Notes to Basic Financial Statements
(Continued)

K. Prior period adjustment

The beginning fund balance of the Governmental Funds had been restated as follows:

	<u>General Fund</u>	<u>Community Project Capital Project</u>
Fund balance at June 30, 2009, as previously reported	\$54,654,971	19,277,262
To reduce beginning balance of advances Receivable/payable for prior year's principal repayments	(1,692,565)	8,325,491
To remove escrow deposit with the State of California that was liquidated in 2009 for acquisition of property	<u>-</u>	<u>(3,000,000)</u>
Fund balance at June 30, 2009, as restated	<u>\$52,962,406</u>	<u>24,602,753</u>

The beginning net assets of the Internal Service Funds have been restated as follows:

	<u>Workers Compensation</u>	<u>Risk Management</u>
Fund balance at June 30, 2009, as previously reported	\$ 3,697,324	15,412,399
To reduce prior year claims payable to the 95% confidence level reported in the most current actuarial valuation	<u>14,081,848</u>	<u>7,871,147</u>
Fund balance at June 30, 2009, as restated	<u>\$17,779,172</u>	<u>23,283,546</u>

L. Subsequent Event – Sale of Property

On September 15, 2010, the City sold the Bahia Village mobile home park and the Emerald Isle mobile home park for \$25,774,000. These capital assets were reported in the Mobile Home Park enterprise fund at June 30, 2010.



Required Supplemental Information

**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, 2010**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 60,653,000	60,653,000	57,643,015	(3,009,985)
Licenses and permits	599,000	599,000	1,528,941	929,941
Fines, forfeits and penalties	2,030,000	2,030,000	2,013,500	(16,500)
Investment earnings	2,835,000	2,835,000	4,280,621	1,445,621
Charges for current services	7,659,938	7,659,938	7,374,567	(285,371)
From other agencies	361,000	361,000	568,965	207,965
Other revenues	1,310,000	1,310,000	1,581,784	271,784
Total revenues	<u>75,447,938</u>	<u>75,447,938</u>	<u>74,991,393</u>	<u>(456,545)</u>
EXPENDITURES:				
Current:				
Fire	18,930,827	18,930,827	19,211,569	(280,742)
Police	41,810,867	41,810,867	42,439,495	(628,628)
Traffic safety	1,076,672	1,076,672	601,525	475,147
Public right of way	5,423,280	5,423,280	4,634,348	788,932
Drainage	-	-	530	(530)
Community buildings	3,476,993	3,476,993	3,339,895	137,098
Community services	2,420,922	2,420,922	2,244,272	176,650
Parks and greenbelts	988,505	988,505	835,463	153,042
Community planning and development	4,293,380	4,293,380	2,412,750	1,880,630
Municipal support	6,691,236	6,691,236	6,642,039	49,197
Capital outlay:				
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	10,880	(10,880)
Debt service:				
Principal retirement	653,000	653,000	846,673	(193,673)
Interest and other charges	-	-	1,187,777	(1,187,777)
Total expenditures	<u>85,765,682</u>	<u>85,765,682</u>	<u>84,407,216</u>	<u>1,358,466</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,317,744)</u>	<u>(10,317,744)</u>	<u>(9,415,823)</u>	<u>901,921</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	7,200,000	7,200,000	6,517,902	(682,098)
Transfers out	<u>(2,200,000)</u>	<u>(2,200,000)</u>	<u>(2,042,565)</u>	<u>(157,435)</u>
Total other financing sources (uses)	<u>5,000,000</u>	<u>5,000,000</u>	<u>4,475,337</u>	<u>(839,533)</u>
Net change in fund balances	(5,317,744)	(5,317,744)	(4,940,486)	62,388
Fund balances, July 1, as restated	<u>52,962,406</u>	<u>52,962,406</u>	<u>52,962,406</u>	<u>-</u>
Fund balances, June 30	<u>\$47,644,662</u>	<u>47,644,662</u>	<u>48,021,920</u>	<u>62,388</u>

See accompanying note to required supplementary information.

**CITY OF GARDEN GROVE
HOUSING AUTHORITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	114,308	114,308
Charges for current services	-	-	-	-
From other agencies	33,110,144	29,510,144	28,269,516	(1,240,628)
Other revenues	-	-	18,277	18,277
Total revenues	<u>33,110,144</u>	<u>29,510,144</u>	<u>28,402,101</u>	<u>(1,108,043)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	25,869,534	29,469,534	29,401,634	67,900
Municipal support	40,610	40,610	50,434	(9,824)
Capital outlay:				
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>25,910,144</u>	<u>29,510,144</u>	<u>29,452,068</u>	<u>58,076</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,200,000</u>	<u>-</u>	<u>(1,049,967)</u>	<u>(1,049,967)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	7,200,000	-	(1,049,967)	(1,049,967)
Fund balances, July 1	<u>2,480,495</u>	<u>2,480,495</u>	<u>2,480,495</u>	<u>-</u>
Fund balances, June 30	<u>\$9,680,495</u>	<u>2,480,495</u>	<u>1,430,528</u>	<u>(1,049,967)</u>

See accompanying note to required supplementary information.

**CITY OF GARDEN GROVE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2010**

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, debt service funds, special revenue funds, and capital projects funds. These funds are budgeted based on the modified accrual basis of accounting and include proposed expenditures and the means of financing them. The City Council approves the total budgeted appropriations and any amendments to total appropriations which may be required during the year. Revenues are budgeted by source, and expenditures are budgeted based by program. However, the City does not budget for the 2003 Tax Allocation capital projects fund because there is no expenditure in the fund.

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, the budget is used as a management information, planning and control device. To facilitate this process, encumbrances are recorded for commitments of the City to acquire materials, supplies and services under purchase order or contract. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. All unexpended appropriations at year-end lapse, unless City Council Resolution specifically designates them.

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Other Supplemental Information

**CITY OF GARDEN GROVE
COMMUNITY PROJECT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 21,892,000	21,892,000	21,281,936	(610,064)
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	38,000	14,670	(23,330)
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>21,892,000</u>	<u>21,930,000</u>	<u>21,296,606</u>	<u>(633,394)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	5,000	5,000	174,633	(169,633)
Capital outlay:				
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Debt service:				
Principal retirement	1,765,000	1,765,000	1,765,000	-
Interest and other charges	2,577,763	2,577,763	2,580,413	(2,650)
Total expenditures	<u>4,342,763</u>	<u>4,342,763</u>	<u>4,520,413</u>	<u>(177,650)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,544,237</u>	<u>17,582,237</u>	<u>16,776,560</u>	<u>(805,677)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	10,106,676	10,106,676
Transfers out	-	-	(30,840,236)	(30,840,236)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(20,733,560)</u>	<u>(20,733,560)</u>
Net change in fund balances	17,544,237	17,582,237	(3,957,000)	(21,539,237)
Fund balances, July 1	<u>4,423,223</u>	<u>4,423,223</u>	<u>4,423,223</u>	<u>-</u>
Fund balances, June 30	<u>\$ 21,967,460</u>	<u>22,005,460</u>	<u>466,223</u>	<u>(21,539,237)</u>

**CITY OF GARDEN GROVE
COMMUNITY PROJECT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	64,000	64,000	1,789,291	1,725,291
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	1,000	1,000	53,990	52,990
Total revenues	<u>65,000</u>	<u>65,000</u>	<u>1,843,281</u>	<u>1,778,281</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	305,066	305,066	38,434	266,632
Drainage	-	-	-	-
Community buildings	50,584	50,584	18,773	31,811
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	18,097,657	18,097,657	21,007,479	(2,909,822)
Municipal support	351,355	351,355	375,809	(24,454)
Capital outlay:				
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Debt service:				
Principal retirement	1,651,590	1,651,590	1,534,165	117,425
Interest and other charges	558,244	558,244	2,102,699	(1,544,455)
Total expenditures	<u>21,014,496</u>	<u>21,014,496</u>	<u>25,077,359</u>	<u>(4,062,863)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,949,496)</u>	<u>(20,949,496)</u>	<u>(23,234,078)</u>	<u>(2,284,582)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,200,000	2,200,000	34,663,329	32,463,329
Transfers out	-	-	(10,531,148)	10,531,148
Proceeds of bonds	735,000	735,000	2,320,000	(1,585,000)
Total other financing sources (uses)	<u>2,935,000</u>	<u>2,935,000</u>	<u>26,452,181</u>	<u>41,409,477</u>
Net change in fund balances	(18,014,496)	(18,014,496)	3,218,103	39,124,895
Fund balances, July 1, as restated	<u>24,602,753</u>	<u>24,602,753</u>	<u>24,602,753</u>	<u>-</u>
Fund balances, June 30	<u>\$ 6,588,257</u>	<u>6,588,257</u>	<u>27,820,856</u>	<u>39,124,895</u>

**CITY OF GARDEN GROVE
LOW INCOME HOUSING CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ 5,600,000	5,600,000	5,423,863	(176,137)
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	63,000	63,000	419,261	356,261
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	<u>207,000</u>	<u>207,000</u>	<u>189,539</u>	<u>(17,461)</u>
Total revenues	<u>5,870,000</u>	<u>5,870,000</u>	<u>6,032,663</u>	<u>162,663</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	260,908	260,908	249,635	11,273
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	2,599,745	2,599,745	1,246,700	1,353,045
Municipal support	74,917	74,917	125,846	(50,929)
Capital outlay:				
Police	-	-	-	-
Traffic safety	55,000	55,000	-	55,000
Public right of way	-	-	-	-
Drainage	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	16,569,113	16,569,113	1,782,155	14,786,958
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	60,000	60,000	-	60,000
Total expenditures	<u>19,619,683</u>	<u>19,619,683</u>	<u>3,404,336</u>	<u>16,215,347</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,749,683)</u>	<u>(13,749,683)</u>	<u>2,628,327</u>	<u>16,378,010</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	81,074	81,074
Transfers out	-	-	(232,863)	232,863
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(151,789)</u>	<u>313,937</u>
Net change in fund balances	(13,749,683)	(13,749,683)	2,476,538	16,691,947
Fund balances, July 1	<u>23,827,172</u>	<u>23,827,172</u>	<u>23,827,172</u>	<u>-</u>
Fund balances, June 30	<u>\$ 10,077,489</u>	<u>10,077,489</u>	<u>26,303,710</u>	<u>16,691,947</u>

**CITY OF GARDEN GROVE
2003 TAX ALLOCATION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	35,570	35,570
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>35,570</u>	<u>35,570</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>35,570</u>	<u>35,570</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	35,570	35,570
Fund balances, July 1	<u>7,610,234</u>	<u>7,610,234</u>	<u>7,610,234</u>	<u>-</u>
Fund balances, June 30	<u>\$7,610,234</u>	<u>7,610,234</u>	<u>7,645,804</u>	<u>35,570</u>

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SPECIAL REVENUE FUNDS

Public Safety Fund

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

State Gas Tax Fund

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

Golf Course Fund

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

Self-supporting Revenue Fund

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

Developer Fees Fund

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

Garden Grove Cable Fund

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

Street Lighting Fund

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

Park Maintenance Fund

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

Parking District Fund

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

Air Quality Improvement Fund

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

Federal Employment Grants Fund

This fund is used to account for federal grant money received for the Federal Workforce investment Act (WIA), Temporary Aide for Needy Families (TANF), and Welfare to Work federal employment training programs.

SPECIAL REVENUE FUNDS (continued)

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.

HOME Grant Fund

This 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.

Street Rehabilitation Fund

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

DEBT SERVICE FUND

2002 Capital Improvement Project Fund

This fund accounts for the money held by fiscal agent in connection with the 2002-Series A Certificates of Participation issue.

Buena-Clinton Project Fund

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

CAPITAL PROJECTS FUND

Buena-Clinton Project Fund

Capital projects within the Agency for Community Development Buena-Clinton Project Area are accounted for in this fund.

**CITY OF GARDEN GROVE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010**

	Special Revenue Funds			
	Public Safety	State Gas Tax	Golf Course	Self Supporting Revenue
ASSETS				
Cash and investments	\$ 2,605,576	5,136,649	1,182,228	108,733
Cash and cash investments with fiscal agents	-	-	-	-
Taxes receivable	70,964	256,837	-	-
Accounts receivable	74,618	-	-	1,000
Interest receivable	13,893	32,380	-	-
Intergovernmental receivable	40,165	-	-	-
Notes receivable	-	-	-	-
Deposits	2,600	-	-	-
Total assets	<u>\$ 2,807,816</u>	<u>5,425,866</u>	<u>1,182,228</u>	<u>109,733</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 15,990	336,960	-	16,865
Other accrued liabilities	2,577	103,721	-	36,092
Refundable deposits	-	-	-	56,625
Due to other funds	-	79,137	-	-
Deferred revenue	-	-	29,297	-
Total liabilities	<u>18,567</u>	<u>519,818</u>	<u>29,297</u>	<u>109,582</u>
Fund balances:				
Reserved for:				
Continuing projects	1,640,709	4,585,119	14,010	-
Deposits	2,600	-	-	-
Unreserved	1,145,940	320,929	1,138,921	151
Total fund balances (deficit)	<u>2,789,249</u>	<u>4,906,048</u>	<u>1,152,931</u>	<u>151</u>
Total liabilities and fund balances	<u>\$ 2,807,816</u>	<u>5,425,866</u>	<u>1,182,228</u>	<u>109,733</u>

Special Revenue Funds					
Developer Fees	Garden Grove Cable	Street Lighting	Park Maintenance	Parking District	Air Quality Improvement
5,889,115	-	137,572	-	209,693	220,080
-	-	-	-	-	-
-	-	13,038	6,398	652	-
-	23,678	7,700	-	-	1,230
35,520	-	-	-	1,318	1,182
-	-	-	-	-	53,127
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,924,635</u>	<u>23,678</u>	<u>158,310</u>	<u>6,398</u>	<u>211,663</u>	<u>275,619</u>
37,294	-	11,711	3,205	1,185	1,227
4,745	6,750	5,396	578	-	3,112
-	-	-	-	-	-
-	139,943	-	7,413	-	-
-	-	-	-	-	53,127
<u>42,039</u>	<u>146,693</u>	<u>17,107</u>	<u>11,196</u>	<u>1,185</u>	<u>57,466</u>
481,836	-	243,117	-	-	28,128
-	-	-	-	-	-
5,400,760	(123,015)	(101,914)	(4,798)	210,478	190,025
<u>5,882,596</u>	<u>(123,015)</u>	<u>141,203</u>	<u>(4,798)</u>	<u>210,478</u>	<u>218,153</u>
<u>5,924,635</u>	<u>23,678</u>	<u>158,310</u>	<u>6,398</u>	<u>211,663</u>	<u>275,619</u>

Continued

**CITY OF GARDEN GROVE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2010**

	Special Revenue Funds		
	Federal Employment Grants	Other Grants and Contributions	HOME Grant
ASSETS			
Cash and investments	-	2,479,599	444,385
Cash and cash investments with fiscal agents	-	-	-
Taxes receivable	-	439,802	-
Accounts receivable	-	82,553	-
Interest receivable	-	-	6,298
Intergovernmental receivable	-	3,776,404	51,986
Notes receivable	-	735,492	11,369,644
Deposits	-	1,252,136	-
Total assets	-	<u>8,765,986</u>	<u>11,872,313</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	-	1,256,020	315,912
Other accrued liabilities	-	95,242	-
Refundable deposits	-	1,379	10,176
Due to other funds	-	4,763,952	-
Deferred revenue	-	3,169,070	11,369,645
Total liabilities	-	<u>9,285,663</u>	<u>11,695,733</u>
Fund balances:			
Reserved for:			
Continuing projects	-	5,210,499	182,622
Deposits	-	1,252,136	-
Unreserved	-	(6,982,312)	(6,042)
Total fund balances (deficit)	-	<u>(519,677)</u>	<u>176,580</u>
Total liabilities and fund balances	-	<u>8,765,986</u>	<u>11,872,313</u>

Special Revenue Fund	Debt Service Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	2002 Capital Improvement Project	2008 RDA Loan	Buena- Clinton Project	Buena- Clinton Project	
14,370,057	64	-	-	1,243,443	34,027,194
-	12,477	1,446,726	-	-	1,459,203
-	-	-	1,896	-	789,587
275,781	-	-	-	530	467,090
66,712	-	-	-	7,475	164,778
2,237,649	-	-	-	-	6,159,331
-	-	-	-	-	12,105,136
-	-	-	-	-	1,254,736
<u>16,950,199</u>	<u>12,541</u>	<u>1,446,726</u>	<u>1,896</u>	<u>1,251,448</u>	<u>56,427,055</u>
546,862	-	-	-	100,768	2,643,999
42,020	-	-	-	5,965	306,198
-	-	-	-	-	68,180
2,210,864	-	-	3,932	-	7,205,241
2,372,854	-	-	-	-	16,993,993
<u>5,172,600</u>	<u>-</u>	<u>-</u>	<u>3,932</u>	<u>106,733</u>	<u>27,217,611</u>
25,343,709	-	58,650	-	1,276,031	39,064,430
-	-	-	-	-	1,254,736
<u>(13,566,110)</u>	<u>12,541</u>	<u>1,388,076</u>	<u>(2,036)</u>	<u>(131,316)</u>	<u>(11,109,722)</u>
<u>11,777,599</u>	<u>12,541</u>	<u>1,446,726</u>	<u>(2,036)</u>	<u>1,144,715</u>	<u>29,209,444</u>
<u>16,950,199</u>	<u>12,541</u>	<u>1,446,726</u>	<u>1,896</u>	<u>1,251,448</u>	<u>56,427,055</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, 2010**

	Special Revenue Funds			
	Public Safety	State Gas Tax	Golf Course	Self Supporting Revenue
REVENUES:				
Taxes	\$ 590,727	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	164,822	-	-	-
Investment earnings	80,185	181,732	-	8,004
Charges for current services	86,740	-	541,228	648,346
From other agencies	270,058	3,052,150	-	-
Other revenues	-	-	-	10,278
Total revenues	<u>1,192,532</u>	<u>3,233,882</u>	<u>541,228</u>	<u>666,628</u>
EXPENDITURES:				
Current:				
Fire	99,293	-	-	-
Police	293,339	-	-	-
Traffic safety	-	531,938	-	-
Public right of way	-	1,084,360	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	811,731
Parks and greenbelts	-	-	55,163	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	88,329	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	228,247	-	-
Drainage	-	460,189	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>480,961</u>	<u>2,304,734</u>	<u>55,163</u>	<u>811,731</u>
Excess (deficiency) of revenues over (under) expenditures	<u>711,571</u>	<u>929,148</u>	<u>486,065</u>	<u>(145,103)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	114,418
Transfers out	-	(118,240)	(600,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(118,240)</u>	<u>(600,000)</u>	<u>114,418</u>
Net change in fund balances	711,571	810,908	(113,935)	(30,685)
Fund balances (deficit), July 1	<u>2,077,678</u>	<u>4,095,140</u>	<u>1,266,866</u>	<u>30,836</u>
Fund balances (deficit), June 30	<u>\$ 2,789,249</u>	<u>4,906,048</u>	<u>1,152,931</u>	<u>151</u>

Special Revenue Funds

Developer Fees	Garden Grove Cable	Street Lighting	Park Maintenance	Parking District	Air Quality Improvement
-	-	-	-	385	-
23,800	-	-	-	-	-
-	-	-	-	-	-
237,218	-	-	-	7,456	8,576
679,174	-	1,349,960	706,673	25,870	-
-	-	-	-	-	198,804
-	109,594	-	-	-	1,130
<u>940,192</u>	<u>109,594</u>	<u>1,349,960</u>	<u>706,673</u>	<u>33,711</u>	<u>208,510</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,317,536	-	-	-
-	-	27,043	-	22,560	-
-	-	-	-	-	-
-	-	-	-	-	-
72,256	138,249	-	-	-	-
58,303	-	-	700,000	-	-
39,921	-	-	-	-	12,026
-	-	29,051	-	-	241,208
-	-	-	-	-	-
-	-	-	-	-	-
21,868	-	-	-	-	-
38,376	-	-	-	-	-
876,034	-	-	-	-	-
330,096	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,436,854</u>	<u>138,249</u>	<u>1,373,630</u>	<u>700,000</u>	<u>22,560</u>	<u>253,234</u>
<u>(496,662)</u>	<u>(28,655)</u>	<u>(23,670)</u>	<u>6,673</u>	<u>11,151</u>	<u>(44,724)</u>
-	-	-	-	-	88,080
<u>(500,000)</u>	-	-	-	-	-
<u>(500,000)</u>	-	-	-	-	<u>88,080</u>
(996,662)	(28,655)	(23,670)	6,673	11,151	43,356
<u>6,879,258</u>	<u>(94,360)</u>	<u>164,873</u>	<u>(11,471)</u>	<u>199,327</u>	<u>174,797</u>
<u>5,882,596</u>	<u>(123,015)</u>	<u>141,203</u>	<u>(4,798)</u>	<u>210,478</u>	<u>218,153</u>

Continued

**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, 2010**

	Special Revenue Funds		
	Federal Employment Grants	Other Grants and Contributions	HOME Grant
REVENUES:			
Taxes	-	-	-
Licenses and permits	-	-	-
Fines, forfeits and penalties	-	924,452	-
Investment earnings	-	861	24,744
Charges for current services	-	-	-
From other agencies	-	9,462,693	2,854,186
Other revenues	-	6,497	122,643
Total revenues	-	10,394,503	3,001,573
EXPENDITURES:			
Current:			
Fire	-	20,241	-
Police	-	731,919	-
Traffic safety	-	516,396	-
Public right of way	-	1,159,709	-
Drainage	-	11,994	-
Community buildings	-	7,108	-
Community services	-	1,161,139	-
Parks and greenbelts	-	-	-
Community planning and development	-	2,120,294	3,544,304
Municipal support	-	-	-
Capital outlay:			
Fire	-	39,807	-
Police	-	7,725	-
Traffic safety	-	-	-
Public right of way	-	1,365,616	-
Drainage	-	1,011,453	-
Parks and greenbelts	-	2,181,567	-
Community planning and development	-	880,204	-
Debt service:			
Principal retirement	-	750,000	-
Interest and other charges	-	283,633	-
Total expenditures	-	12,248,805	3,544,304
Excess (deficiency) of revenues over (under) expenditures	-	(1,854,302)	(542,731)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	248,556	-
Transfers out	(1,176)	(93,749)	-
Total other financing sources (uses)	(1,176)	154,807	-
Net change in fund balances	(1,176)	(1,699,495)	(542,731)
Fund balances (deficit), July 1	1,176	1,179,818	719,311
Fund balances (deficit), June 30	-	(519,677)	176,580

Special Revenue Fund	2002 Capital Improvement Project	Debt-Service Funds 2008 RDA Loan	Buena-Clinton Project	Capital Projects Funds Buena-Clinton Project	Total Nonmajor Governmental Funds
-	-	-	413,511	-	1,004,623
-	-	-	-	-	23,800
-	-	-	-	-	1,089,274
439,609	-	337	-	46,285	1,035,007
-	-	-	-	-	4,037,991
11,202,290	-	-	-	-	27,040,181
374	-	-	-	6,170	256,686
<u>11,642,273</u>	<u>-</u>	<u>337</u>	<u>413,511</u>	<u>52,455</u>	<u>34,487,562</u>
-	-	-	-	-	119,534
-	-	-	-	148,765	1,174,023
-	-	-	-	-	2,365,870
406,575	-	-	-	-	2,700,247
-	-	-	-	-	11,994
-	-	-	-	-	7,108
-	-	-	-	-	2,183,375
-	-	-	-	-	813,466
-	-	-	-	28,197	5,744,742
-	-	-	-	-	270,259
-	-	-	-	-	39,807
-	-	-	-	-	96,054
1,125,044	-	-	-	-	1,146,912
5,803,293	-	-	-	-	7,435,532
120,000	-	-	-	-	2,467,676
-	-	-	-	-	2,511,663
-	-	-	-	299,807	1,180,011
-	-	60,000	-	-	810,000
-	-	1,571,342	-	-	1,854,975
<u>7,454,912</u>	<u>-</u>	<u>1,631,342</u>	<u>-</u>	<u>476,769</u>	<u>32,933,248</u>
<u>4,187,361</u>	<u>-</u>	<u>(1,631,005)</u>	<u>413,511</u>	<u>(424,314)</u>	<u>1,554,314</u>
118,240	-	120,451	141,419	584,694	1,415,858
-	-	(1,910,669)	(584,694)	(141,419)	(3,949,947)
<u>118,240</u>	<u>-</u>	<u>(1,790,218)</u>	<u>(443,275)</u>	<u>443,275</u>	<u>(2,534,089)</u>
4,305,601	-	(3,421,223)	(29,764)	18,961	(979,775)
7,471,998	12,541	4,867,949	27,728	1,125,754	30,189,219
<u>11,777,599</u>	<u>12,541</u>	<u>1,446,726</u>	<u>(2,036)</u>	<u>1,144,715</u>	<u>29,209,444</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, 2010**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 523,820	523,820	590,727	66,907.00
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	20,000	20,000	164,822	144,822
Investment earnings	26,180	26,180	80,185	54,005
Charges for current services	50,000	50,000	86,740	36,740
From other agencies	-	-	270,058	270,058
Other revenues	-	-	-	-
Total revenues	<u>620,000</u>	<u>620,000</u>	<u>1,192,532</u>	<u>572,532</u>
EXPENDITURES:				
Current:				
Fire	111,000	111,000	99,293	11,707
Police	872,109	872,109	293,339	578,770
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital under expenditures				
Police	1,379,094	1,379,094	88,329	1,290,765
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Parks and greenbelts	-	-	-	-
Debt service:				
Interest and other charges	-	-	-	-
Total expenditures	<u>2,362,203</u>	<u>2,362,203</u>	<u>480,961</u>	<u>1,881,242</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,742,203)</u>	<u>(1,742,203)</u>	<u>711,571</u>	<u>2,453,774</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,742,203)	(1,742,203)	711,571	2,453,774
Fund balances, July 1	<u>2,077,678</u>	<u>2,077,678</u>	<u>2,077,678</u>	<u>-</u>
Fund balances, June 30	<u>\$ 335,475</u>	<u>335,475</u>	<u>2,789,249</u>	<u>2,453,774</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, 2010**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	182,000	182,000	181,732	(268)
Charges for current services	-	-	-	-
From other agencies	2,818,000	2,818,000	3,052,150	234,150
Other revenues	-	-	-	-
Total revenues	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,233,882</u>	<u>233,882</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	277,494	277,494	531,938	(254,444)
Public right of way	1,722,506	1,722,506	1,084,360	638,146
Drainage	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital under expenditures				
Police	-	-	-	-
Traffic safety	264,521	26,988	-	26,988
Public right of way	4,065,571	3,749,803	228,247	3,521,556
Drainage	943,464	1,496,765	460,189	1,036,576
Parks and greenbelts	-	-	-	-
Debt service:				
Interest and other charges	-	-	-	-
Total expenditures	<u>7,273,556</u>	<u>7,273,556</u>	<u>2,304,734</u>	<u>4,968,822</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,273,556)</u>	<u>(4,273,556)</u>	<u>929,148</u>	<u>5,202,704</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(118,240)	118,240
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(118,240)</u>	<u>118,240</u>
Net change in fund balances	(4,273,556)	(4,273,556)	810,908	5,320,944
Fund balances, July 1	<u>4,095,140</u>	<u>4,095,140</u>	<u>4,095,140</u>	<u>-</u>
Fund balances (deficit), June 30	<u>\$ (178,416)</u>	<u>(178,416)</u>	<u>4,906,048</u>	<u>5,320,944</u>

**CITY OF GARDEN GROVE
GOLF COURSE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	600,000	600,000	541,228	(58,772)
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>600,000</u>	<u>600,000</u>	<u>541,228</u>	<u>(58,772)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	69,173	69,173	55,163	14,010
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital under expenditures				
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Parks and greenbelts	-	-	-	-
Debt service:				
Interest and other charges	-	-	-	-
Total expenditures	<u>69,173</u>	<u>69,173</u>	<u>55,163</u>	<u>14,010</u>
Excess (deficiency) of revenues over (under) expenditures	<u>530,827</u>	<u>530,827</u>	<u>486,065</u>	<u>(44,762)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(600,000)	600,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(600,000)</u>	<u>600,000</u>
Net change in fund balances	530,827	530,827	(113,935)	555,238
Fund balances, July 1	<u>1,266,866</u>	<u>1,266,866</u>	<u>1,266,866</u>	<u>-</u>
Fund balances (deficit), June 30	<u>\$ 1,797,693</u>	<u>1,797,693</u>	<u>1,152,931</u>	<u>555,238</u>

**CITY OF GARDEN GROVE
 SELF SUPPORTING REVENUE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	8,004	8,004
Charges for current services	600,000	600,000	648,346	48,346
From other agencies	-	-	-	-
Other revenues	-	-	10,278	10,278
Total revenues	<u>600,000</u>	<u>600,000</u>	<u>666,628</u>	<u>66,628</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community services	871,503	871,503	811,731	59,772
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital under expenditures				
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Parks and greenbelts	-	-	-	-
Debt service:				
Interest and other charges	-	-	-	-
Total expenditures	<u>871,503</u>	<u>871,503</u>	<u>811,731</u>	<u>59,772</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(271,503)</u>	<u>(271,503)</u>	<u>(145,103)</u>	<u>126,400</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	268,866	114,418	(154,448)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>268,866</u>	<u>114,418</u>	<u>(154,448)</u>
Net change in fund balances	(271,503)	(2,637)	(30,685)	(28,048)
Fund balances, July 1	<u>30,836</u>	<u>30,836</u>	<u>30,836</u>	<u>-</u>
Fund balances, June 30	<u>\$ (240,667)</u>	<u>28,199</u>	<u>151</u>	<u>(28,048)</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, 2010**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	-	-	-
Licenses and permits	40,000	40,000	23,800	(16,200)
Fines, forfeits and penalties	-	-	-	-
Investment earnings	98,000	98,000	237,218	139,218
Charges for current services	387,000	387,000	679,174	292,174
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>525,000</u>	<u>525,000</u>	<u>940,192</u>	<u>415,192</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community services	79,250	79,250	72,256	6,994
Parks and greenbelts	53,475	53,475	58,303	(4,828)
Community planning and development	84,874	84,874	39,921	44,953
Municipal support	-	-	-	-
Capital under expenditures				
Police	-	-	-	-
Traffic safety	223,146	101,278	21,868	79,410
Public right of way	206,843	328,711	38,376	290,335
Drainage	890,259	890,259	876,034	14,225
Parks and greenbelts	599,161	675,041	330,096	344,945
Debt service:				
Interest and other charges	-	-	-	-
Total expenditures	<u>2,137,008</u>	<u>2,212,888</u>	<u>1,436,854</u>	<u>776,034</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,612,008)</u>	<u>(1,687,888)</u>	<u>(496,662)</u>	<u>1,191,226</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(500,000)	500,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(500,000)</u>	<u>500,000</u>
Net change in fund balances	(1,612,008)	(1,687,888)	(996,662)	1,691,226
Fund balances, July 1	<u>6,879,258</u>	<u>6,879,258</u>	<u>6,879,258</u>	<u>-</u>
Fund balances, June 30	<u>\$5,267,250</u>	<u>5,191,370</u>	<u>5,882,596</u>	<u>1,691,226</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, 2010**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	302	302	-	(302)
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	115,000	115,000	109,594	(5,406)
Total revenues	<u>115,302</u>	<u>115,302</u>	<u>109,594</u>	<u>(5,708)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community services	115,302	115,302	138,249	(22,947)
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital under expenditures				
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Parks and greenbelts	-	-	-	-
Debt service:				
Interest and other charges	-	-	-	-
Total expenditures	<u>115,302</u>	<u>115,302</u>	<u>138,249</u>	<u>(22,947)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(28,655)</u>	<u>(28,655)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	(28,655)	(28,655)
Fund balances (deficit), July 1	<u>(94,360)</u>	<u>(94,360)</u>	<u>(94,360)</u>	<u>-</u>
Fund balances (deficit), June 30	<u>\$ (94,360)</u>	<u>(94,360)</u>	<u>(123,015)</u>	<u>(28,655)</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, 2010**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	-	-	1,349,960	1,349,960
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>1,349,960</u>	<u>1,349,960</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	1,078,977	1,078,977	1,317,536	(238,559)
Public right of way	266,571	266,571	27,043	239,528
Drainage	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	27,175	27,175	29,051	(1,876)
Capital outlay:				
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Parks and greenbelts	-	-	-	-
Debt service:				
Interest and other charges	-	-	-	-
Total expenditures	<u>1,372,723</u>	<u>1,372,723</u>	<u>1,373,630</u>	<u>(907)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,372,723)</u>	<u>(1,372,723)</u>	<u>(23,670)</u>	<u>1,349,053</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,372,723)	(1,372,723)	(23,670)	1,349,053
Fund balances, July 1	<u>164,873</u>	<u>164,873</u>	<u>164,873</u>	<u>-</u>
Fund balances (deficit), June 30	<u><u>\$(1,207,850)</u></u>	<u><u>(1,207,850)</u></u>	<u><u>141,203</u></u>	<u><u>1,349,053</u></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, 2010**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	700,000	700,000	706,673	6,673
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>700,000</u>	<u>700,000</u>	<u>706,673</u>	<u>6,673</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	700,000	700,000	700,000	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Parks and greenbelts	-	-	-	-
Debt service:				
Interest and other charges	-	-	-	-
Total expenditures	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>6,673</u>	<u>6,673</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	6,673	6,673
Fund balances (deficit), July 1	<u>(11,471)</u>	<u>(11,471)</u>	<u>(11,471)</u>	<u>-</u>
Fund balances (deficit), June 30	<u>\$ (11,471)</u>	<u>(11,471)</u>	<u>(4,798)</u>	<u>6,673</u>

**CITY OF GARDEN GROVE
PARKING DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	-	385	385
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	5,200	5,200	7,456	2,256
Charges for current services	28,115	28,115	25,870	(2,245)
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>33,315</u>	<u>33,315</u>	<u>33,711</u>	<u>396</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	28,693	28,693	22,560	6,133
Drainage	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Parks and greenbelts	-	-	-	-
Debt service:				
Interest and other charges	-	-	-	-
Total expenditures	<u>28,693</u>	<u>28,693</u>	<u>22,560</u>	<u>6,133</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,622</u>	<u>4,622</u>	<u>11,151</u>	<u>6,529</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,622	4,622	11,151	6,529
Fund balances, July 1	<u>199,327</u>	<u>199,327</u>	<u>199,327</u>	<u>-</u>
Fund balances, June 30	<u>\$ 203,949</u>	<u>203,949</u>	<u>210,478</u>	<u>6,529</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, 2010

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	4,760	4,760	8,576	3,816
Charges for current services	-	-	-	-
From other agencies	195,240	195,240	198,804	3,564
Other revenues	-	-	1,130	1,130
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>208,510</u>	<u>8,510</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	14,982	12,026	2,956
Municipal support	233,084	233,084	241,208	(8,124)
Capital outlay:				
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Parks and greenbelts	-	-	-	-
Debt service:				
Interest and other charges	-	-	-	-
Total expenditures	<u>233,084</u>	<u>248,066</u>	<u>253,234</u>	<u>(5,168)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,084)</u>	<u>(48,066)</u>	<u>(44,724)</u>	<u>3,342</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	88,080	88,080
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>88,080</u>	<u>88,080</u>
Net change in fund balances	(33,084)	(48,066)	43,356	91,422
Fund balances, July 1	<u>174,797</u>	<u>174,797</u>	<u>174,797</u>	<u>-</u>
Fund balances, June 30	<u>\$ 141,713</u>	<u>126,731</u>	<u>218,153</u>	<u>91,422</u>

**CITY OF GARDEN GROVE
FEDERAL EMPLOYMENT GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Parks and greenbelts	-	-	-	-
Debt service:				
Interest and other charges	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(1,176)	1,176
Total other financing sources (uses)	-	-	(1,176)	1,176
Net change in fund balances	-	-	(1,176)	1,176
Fund balances, July 1	1,176	1,176	1,176	-
Fund balances, June 30	\$ 1,176	1,176	-	1,176

**CITY OF GARDEN GROVE
OTHER GRANTS AND CONTRIBUTIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	1,000,000	1,000,000	924,452	(75,548)
Investment earnings	-	-	861	861
Charges for current services	-	-	-	-
From other agencies	24,339,799	16,649,931	9,462,693	(7,187,238)
Other revenues	-	-	6,497	6,497
Total revenues	<u>25,339,799</u>	<u>17,649,931</u>	<u>10,394,503</u>	<u>(7,255,428)</u>
EXPENDITURES:				
Current:				
Fire	-	20,590	20,241	349
Police	1,002,564	1,172,024	731,919	440,105
Traffic safety	745,510	745,510	516,396	229,114
Public right of way	520,224	1,120,224	1,159,709	(39,485)
Drainage	43,494	43,494	11,994	31,500
Community buildings	-	-	7,108	(7,108)
Community services	1,299,148	1,349,148	1,161,139	188,009
Parks and greenbelts	-	-	-	-
Community planning and development	4,868,354	4,868,354	2,120,294	2,748,060
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	39,922	39,807	115
Police	-	-	7,725	(7,725)
Traffic safety	-	-	-	-
Public right of way	1,834,063	1,798,636	1,365,616	433,020
Drainage	4,556,300	4,041,300	1,011,453	3,029,847
Parks and greenbelts	97,781	2,312,621	2,181,567	131,054
Community planning and development	1,613,435	2,144,434	880,204	1,264,230
Debt service:				
Principal	-	-	750,000	(750,000)
Interest and other charges	-	-	283,633	(283,633)
Total expenditures	<u>16,580,873</u>	<u>19,656,257</u>	<u>12,248,805</u>	<u>7,407,452</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,758,926</u>	<u>(2,006,326)</u>	<u>(1,854,302)</u>	<u>152,024</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	248,556	248,556
Transfers out	-	-	(93,749)	93,749
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>154,807</u>	<u>342,305</u>
Net change in fund balances	8,758,926	(2,006,326)	(1,699,495)	494,329
Fund balances, July 1	<u>1,179,818</u>	<u>1,179,818</u>	<u>1,179,818</u>	<u>-</u>
Fund balances (deficits), June 30	<u>\$ 9,938,744</u>	<u>(826,508)</u>	<u>(519,677)</u>	<u>494,329</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, 2010**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	24,744	24,744
Charges for current services	-	-	-	-
From other agencies	6,318,340	3,726,926	2,854,186	(872,740)
Other revenues	-	-	122,643	122,643
Total revenues	<u>6,318,340</u>	<u>3,726,926</u>	<u>3,001,573</u>	<u>(725,353)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	3,726,926	3,726,926	3,544,304	182,622
Municipal support	-	-	-	-
Capital outlay:				
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Parks and greenbelts	-	-	-	-
Debt service:				
Interest and other charges	-	-	-	-
Total expenditures	<u>3,726,926</u>	<u>3,726,926</u>	<u>3,544,304</u>	<u>182,622</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,591,414</u>	<u>-</u>	<u>(542,731)</u>	<u>(542,731)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,591,414	-	(542,731)	(542,731)
Fund balances, July 1	<u>719,311</u>	<u>719,311</u>	<u>719,311</u>	<u>-</u>
Fund balances, June 30	<u>\$ 3,310,725</u>	<u>719,311</u>	<u>176,580</u>	<u>(542,731)</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, 2010**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	230,000	230,000	439,609	209,609
Charges for current services	-	-	-	-
From other agencies	85,585,004	46,795,637	11,202,290	(35,593,347)
Other revenues	-	-	374	374
Total revenues	<u>85,815,004</u>	<u>47,025,637</u>	<u>11,642,273</u>	<u>(35,383,364)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	500,000	406,575	93,425
Drainage	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Police	-	-	-	-
Traffic safety	3,021,075	2,696,159	1,125,044	-
Public right of way	56,170,388	56,375,304	5,803,293	50,572,011
Drainage	-	120,000	120,000	-
Parks and greenbelts	-	-	-	-
Debt service:				
Interest and other charges	-	-	-	-
Total expenditures	<u>59,191,463</u>	<u>59,691,463</u>	<u>7,454,912</u>	<u>50,665,436</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,623,541</u>	<u>(12,665,826)</u>	<u>4,187,361</u>	<u>15,282,071</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	118,240	118,240
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>118,240</u>	<u>118,240</u>
Net change in fund balances	26,623,541	(12,665,826)	4,305,601	15,400,311
Fund balances, July 1	<u>7,471,998</u>	<u>7,471,998</u>	<u>7,471,998</u>	<u>-</u>
Fund balances (deficit), June 30	<u>\$ 34,095,539</u>	<u>(5,193,828)</u>	<u>11,777,599</u>	<u>15,400,311</u>

**CITY OF GARDEN GROVE
2002 CAPITAL IMPROVEMENT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Parks and greenbelts	-	-	-	-
Debt service:				
Interest and other charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances, July 1	<u>12,541</u>	<u>12,541</u>	<u>12,541</u>	<u>-</u>
Fund balances, June 30	<u>\$ 12,541</u>	<u>12,541</u>	<u>12,541</u>	<u>-</u>

**CITY OF GARDEN GROVE
2008 RDA LOAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	25,000	25,000	337	(24,663)
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>337</u>	<u>(24,663)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Parks and greenbelts	-	-	-	-
Debt service:				
Principal retirement	60,000	60,000	60,000	-
Interest and other charges	1,610,300	1,610,300	1,571,342	38,958
Total expenditures	<u>1,670,300</u>	<u>1,670,300</u>	<u>1,631,342</u>	<u>38,958</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,645,300)</u>	<u>(1,645,300)</u>	<u>(1,631,005)</u>	<u>14,295</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	120,451	120,451
Transfers out	-	-	(1,910,669)	1,910,669
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,790,218)</u>	<u>2,031,120</u>
Net change in fund balances	(1,645,300)	(1,645,300)	(3,421,223)	2,045,415
Fund balances, July 1	<u>4,867,949</u>	<u>4,867,949</u>	<u>4,867,949</u>	<u>-</u>
Fund balances, June 30	<u>\$ 3,222,649</u>	<u>3,222,649</u>	<u>1,446,726</u>	<u>2,045,415</u>

**CITY OF GARDEN GROVE
 BUENA-CLINTON PROJECT DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 550,000	550,000	413,511	(136,489)
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>550,000</u>	<u>550,000</u>	<u>413,511</u>	<u>(136,489)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Parks and greenbelts	-	-	-	-
Debt service:				
Interest and other charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>550,000</u>	<u>550,000</u>	<u>413,511</u>	<u>(136,489)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	141,419	141,419
Transfers out	-	-	(584,694)	584,694
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(443,275)</u>	<u>726,113</u>
Net change in fund balances	550,000	550,000	(29,764)	589,624
Fund balances, July 1	<u>27,728</u>	<u>27,728</u>	<u>27,728</u>	<u>-</u>
Fund balances (deficit), June 30	<u>\$ 577,728</u>	<u>577,728</u>	<u>(2,036)</u>	<u>589,624</u>

**CITY OF GARDEN GROVE
 BUENA-CLINTON PROJECT CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	25,000	25,000	46,285	21,285
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	6,170	6,170
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>52,455</u>	<u>27,455</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	142,800	142,800	148,765	(5,965)
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	28,500	28,500	28,197	303
Municipal support	-	-	-	-
Capital outlay:				
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	1,581,500	1,581,500	299,807	1,281,693
Debt service:				
Interest and other charges	-	-	-	-
Total expenditures	<u>1,752,800</u>	<u>1,752,800</u>	<u>476,769</u>	<u>1,276,031</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,727,800)</u>	<u>(1,727,800)</u>	<u>(424,314)</u>	<u>1,303,486</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	584,694	584,694
Transfers out	-	-	(141,419)	141,419
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>443,275</u>	<u>726,113</u>
Net change in fund balances	(1,727,800)	(1,727,800)	18,961	2,029,599
Fund balances, July 1	<u>1,125,754</u>	<u>1,125,754</u>	<u>1,125,754</u>	<u>-</u>
Fund balances (deficit), June 30	<u>\$ (602,046)</u>	<u>(602,046)</u>	<u>1,144,715</u>	<u>2,029,599</u>

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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 vehicle/equipment replacement. Actual costs include depreciation, maintenance and other factors necessary for the provision of the service.

Employee Benefits Fund

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

Information Systems Fund

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

Warehouse Operations Fund

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

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.

**CITY OF GARDEN GROVE
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2010**

	<u>Workers' Compensation</u>	<u>Fleet Management</u>	<u>Employee Benefits</u>
ASSETS			
Current Assets:			
Cash and cash investments	\$ 28,197,717	11,926,336	17,761,097
Accounts receivable	849	41,988	1,280,295
Interest receivable	406,693	-	-
Due from other funds	7,260,456	-	-
Inventory	-	71,001	-
Total current assets	<u>35,865,715</u>	<u>12,039,325</u>	<u>19,041,392</u>
Noncurrent Assets:			
Deposits	-	-	54,331
Capital assets			
Depreciable buildings, property, and equipment, net	518	7,517,771	-
Total assets	<u>35,866,233</u>	<u>19,557,096</u>	<u>19,095,723</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	98,271	93,522	2,244,755
Other current liabilities	40,867	48,947	72,421
Refundable deposits	-	1,520	-
Due to other funds	-	-	-
Current portion of long term liabilities	-	315,225	-
Total current liabilities	<u>139,138</u>	<u>459,214</u>	<u>2,317,176</u>
Noncurrent liabilities:			
Lease purchase	-	785,152	-
Accrued compensated absences	-	-	7,764,842
Claims payable - actuarially determined	13,993,000	-	-
Total noncurrent liabilities	<u>13,993,000</u>	<u>785,152</u>	<u>7,764,842</u>
Total liabilities	<u>14,132,138</u>	<u>1,244,366</u>	<u>10,082,018</u>
NET ASSETS			
Invested in capital assets, net of related debt	518	6,732,619	-
Restricted for future claims	14,081,848	-	-
Unrestricted	7,651,729	11,580,111	9,013,705
Total net assets	<u>\$ 21,734,095</u>	<u>18,312,730</u>	<u>9,013,705</u>

Information Systems	Warehouse Operations	Telephone System	Risk Management	Total
2,293,421	-	1,687,355	26,478,902	88,344,828
1,569	-	2,500	-	1,327,201
25,398	-	-	303,227	735,318
-	-	-	-	7,260,456
-	797,053	-	-	868,054
<u>2,320,388</u>	<u>797,053</u>	<u>1,689,855</u>	<u>26,782,129</u>	<u>98,535,857</u>
-	-	-	-	54,331
<u>488,849</u>	<u>15,581</u>	<u>-</u>	<u>-</u>	<u>8,022,719</u>
<u>2,809,237</u>	<u>812,634</u>	<u>1,689,855</u>	<u>26,782,129</u>	<u>106,612,907</u>
2,241	76,913	33,579	297	2,549,578
70,244	9,576	5,042	11,280	258,377
-	-	-	-	1,520
-	59,147	-	-	59,147
<u>77,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>392,398</u>
<u>149,658</u>	<u>145,636</u>	<u>38,621</u>	<u>11,577</u>	<u>3,261,020</u>
123,766	-	-	-	908,918
-	-	-	-	7,764,842
-	-	-	4,264,000	18,257,000
<u>123,766</u>	<u>-</u>	<u>-</u>	<u>4,264,000</u>	<u>26,930,760</u>
<u>273,424</u>	<u>145,636</u>	<u>38,621</u>	<u>4,275,577</u>	<u>30,191,780</u>
365,083	15,581	-	-	7,113,801
-	-	-	7,871,147	21,952,995
<u>2,170,730</u>	<u>651,417</u>	<u>1,651,234</u>	<u>14,635,405</u>	<u>47,354,331</u>
<u>2,535,813</u>	<u>666,998</u>	<u>1,651,234</u>	<u>22,506,552</u>	<u>76,421,127</u>

CITY OF GARDEN GROVE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Workers'</u> <u>Compensation</u>	<u>Fleet</u> <u>Management</u>	<u>Employee</u> <u>Benefits</u>
Operating revenues:			
Charges for services	\$ 5,291,172	6,244,118	27,759,637
Operating expenses:			
Salaries and wages	1,107,649	1,128,286	28,407,060
Contractual services	24,443	422,030	80,549
Liability claims	1,533,564	-	-
Materials and supplies	2,174	1,588,865	173,256
Depreciation	518	1,216,889	-
Total operating expenses	<u>2,668,348</u>	<u>4,356,070</u>	<u>28,660,865</u>
Operating income (loss)	<u>2,622,824</u>	<u>1,888,048</u>	<u>(901,228)</u>
Nonoperating revenues (expenses):			
Investment income	1,332,099	-	-
Gain (loss) on disposal of assets	-	(5,143)	-
Other nonoperating revenues	-	9,649	-
Interest expense	-	(64,136)	-
Total nonoperating revenues (expenses)	<u>1,332,099</u>	<u>(59,630)</u>	<u>-</u>
Income (loss) before transfers	3,954,923	1,828,418	(901,228)
Transfers out	<u>-</u>	<u>(1,088,080)</u>	<u>(3,000,000)</u>
Change in net assets	3,954,923	740,338	(3,901,228)
Total net assets, July 1, as restated	<u>17,779,172</u>	<u>17,572,392</u>	<u>12,914,933</u>
Total net assets, June 30	<u>\$ 21,734,095</u>	<u>18,312,730</u>	<u>9,013,705</u>

Information Systems	Warehouse Operations	Telephone System	Risk Management	Total
1,929,432	225,900	595,326	1,941,638	43,987,223
1,348,377	180,978	87,787	241,419	32,501,556
154,483	23,187	551,902	775,070	2,031,664
-	-	-	1,618,108	3,151,672
141,230	636	1	3,167	1,909,329
125,772	7,791	-	-	1,350,970
1,769,862	212,592	639,690	2,637,764	40,945,191
159,570	13,308	(44,364)	(696,126)	3,042,032
97,728	-	-	1,019,132	2,448,959
-	1,900	-	-	(3,243)
-	-	-	-	9,649
(12,888)	-	-	-	(77,024)
84,840	1,900	-	1,019,132	2,378,341
244,410	15,208	(44,364)	323,006	5,420,373
-	-	-	(1,100,000)	(5,188,080)
244,410	15,208	(44,364)	(776,994)	232,293
2,291,403	651,790	1,695,598	23,283,546	76,188,834
2,535,813	666,998	1,651,234	22,506,552	76,421,127

**CITY OF GARDEN GROVE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Workers' Compensation</u>	<u>Fleet Management</u>	<u>Employee Benefits</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from user departments	\$ 5,290,323	6,257,126	27,694,784
Payments to suppliers	(2,404,509)	(2,086,483)	(11,347,602)
Payments to employees	(1,107,649)	(1,112,703)	(14,501,989)
Net cash provided (used) by operating activities	<u>1,778,165</u>	<u>3,057,940</u>	<u>1,845,193</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers to/ from other funds	<u>(1,357,951)</u>	<u>(1,088,080)</u>	<u>(3,000,000)</u>
Net cash provided (used) by non capital financing activities	<u>(1,357,951)</u>	<u>(1,088,080)</u>	<u>(3,000,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	-	(307,751)	-
Payments on lease purchase agreement	-	(302,614)	(775,115)
Interest paid	-	(64,136)	-
Proceeds from disposal of capital assets	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(674,501)</u>	<u>(775,115)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	<u>1,232,536</u>	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>1,232,536</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,652,750	1,295,359	(1,929,922)
Cash and cash equivalents, July 1	<u>26,544,967</u>	<u>10,630,977</u>	<u>19,691,019</u>
Cash and cash equivalents, June 30	<u>\$ 28,197,717</u>	<u>11,926,336</u>	<u>17,761,097</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$ 2,622,824</u>	<u>1,888,048</u>	<u>(901,228)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	518	1,216,889	-
Nonoperating revenue	-	9,649	-
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(849)	3,359	(61,705)
(Increase) decrease in inventory	-	(15,773)	-
(Increase) decrease in deposits	-	-	(3,148)
Increase (decrease) in accounts payable	(207,576)	(49,521)	1,986,182
Increase (decrease) in compensated absences	-	-	788,803
Increase (decrease) in other accrued liabilities	(9,287)	5,289	36,289
Increase (decrease) in refundable deposits	-	-	-
Increase (decrease) in claims payable	(627,465)	-	-
Total adjustments	<u>(844,659)</u>	<u>1,169,892</u>	<u>2,746,421</u>
Net cash provided (used) by operating activities	<u>\$ 1,778,165</u>	<u>3,057,940</u>	<u>1,845,193</u>

There were no noncash investing, capital, or financing activities for the year ended June 30, 2010.

Information Systems	Warehouse Operations	Telephone System	Risk Management	Total
1,929,432	225,900	595,326	1,941,638	43,934,529
(303,897)	(362,703)	(519,286)	3,373,545	(13,650,935)
(1,348,378)	(180,978)	(87,787)	(241,419)	(18,580,903)
277,157	(317,781)	(11,747)	5,073,764	11,702,691
-	59,147	-	(1,100,000)	(6,486,884)
-	59,147	-	(1,100,000)	(6,486,884)
(89,556)	-	-	-	(397,307)
(73,161)	-	-	(5,666,271)	(6,817,161)
(12,888)	-	-	-	(77,024)
-	1,900	-	-	1,900
(175,605)	1,900	-	(5,666,271)	(7,289,592)
92,070	-	-	974,124	2,298,730
92,070	-	-	974,124	2,298,730
193,622	(256,734)	(11,747)	(718,383)	224,945
2,099,799	256,734	1,699,102	27,197,285	88,119,883
2,293,421	-	1,687,355	26,478,902	88,344,828
159,570	13,308	(44,364)	(696,126)	3,042,032
125,772	7,791	-	-	1,350,970
-	-	-	-	9,649
-	-	-	-	(59,195)
-	(340,684)	-	-	(356,457)
-	-	-	-	(3,148)
(5,011)	4,774	32,056	(595,128)	1,165,776
-	-	-	-	788,803
(3,174)	581	561	586	30,845
-	(3,551)	-	-	(3,551)
-	-	-	6,364,432	5,736,967
117,587	(331,089)	32,617	5,769,890	8,660,659
277,157	(317,781)	(11,747)	5,073,764	11,702,691

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Statistical Section

Statistical Section

This part of the City of Garden Grove's Comprehensive Annual 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

Contain trend information to assist the reader understand and assess how the City's financial position has changed over time

Revenue Capacity

Contain information to help the reader understand and assess factors affecting the City's most significant local revenue source, the property tax

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

Demographic and Economic Information

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

Operation 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

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 FY2002; the government-wide schedules include information beginning in that year.

**CITY OF GARDEN GROVE
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)
(In Thousands)**

	Fiscal Year			
	2002	2003	2004	2005
Governmental activities:				
Invested in capital assets, net of related debt	\$ 277,821	\$ 673,346	\$ 669,375	\$ 668,448
Restricted	26,469	27,433	40,237	42,863
Unrestricted	1,867	4,915	2,604	15,484
Total governmental activities net assets	<u>\$ 306,157</u>	<u>\$ 705,694</u>	<u>\$ 712,216</u>	<u>\$ 726,795</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 54,296	\$ 56,157	\$ 59,287	\$ 60,506
Restricted	53	53	-	-
Unrestricted	5,955	5,023	3,872	2,603
Total business-type activities net assets	<u>\$ 60,304</u>	<u>\$ 61,233</u>	<u>\$ 63,159</u>	<u>\$ 63,109</u>
Primary government:				
Invested in capital assets, net of related debt	\$ 332,117	\$ 729,503	\$ 728,662	\$ 728,954
Restricted	26,522	27,486	40,237	42,863
Unrestricted	7,822	9,938	6,476	18,087
Total primary government net assets	<u>\$ 366,461</u>	<u>\$ 766,927</u>	<u>\$ 775,375</u>	<u>\$ 789,904</u>

Fiscal Year				
2006	2007	2008	2009	2010
\$ 667,547	\$ 666,751	\$ 662,476	\$ 661,323	\$ 553,141
48,109	52,214	79,980	68,985	94,568
23,592	35,623	13,004	22,510	129,445
<u>\$ 739,248</u>	<u>\$ 754,588</u>	<u>\$ 755,460</u>	<u>\$ 752,818</u>	<u>\$ 777,154</u>
\$ 66,085	\$ 64,996	\$ 65,581	\$ 75,932	\$ 85,079
-	-	-	-	-
4,256	14,855	26,444	25,543	28,226
<u>\$ 70,341</u>	<u>\$ 79,851</u>	<u>\$ 92,025</u>	<u>\$ 101,475</u>	<u>\$ 113,305</u>
\$ 733,632	\$ 731,747	\$ 728,057	\$ 737,255	\$ 638,220
48,109	52,214	\$ 79,980	\$ 68,985	94,568
27,848	50,478	\$ 39,448	\$ 48,053	157,671
<u>\$ 809,589</u>	<u>\$ 834,439</u>	<u>\$ 847,485</u>	<u>\$ 854,293</u>	<u>\$ 890,459</u>

The City of Garden Grove implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is not available.

Source: Finance Office, City of Garden Grove

**CITY OF GARDEN GROVE
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)
(In Thousands)**

	Fiscal Year			
	2002	2003	2004	2005
Expenses:				
Governmental activities:				
Municipal support	\$ 4,732	\$ 5,384	\$ 5,224	\$ 6,967
Fire	12,498	13,847	14,048	16,288
Police	27,709	28,229	29,078	33,519
Traffic safety	3,051	3,164	2,500	2,309
Public right of way	11,817	12,116	12,419	13,910
Drainage	1,298	1,426	1,411	871
Community buildings	2,750	2,352	2,580	1,818
Community services	6,657	5,024	3,319	3,377
Parks and greenbelts	1,215	1,558	1,338	1,526
Community planning and development	28,643	32,809	36,715	40,820
Interest on long-term debt	5,232	6,427	8,018	5,585
Total governmental activities expenses	<u>105,602</u>	<u>112,336</u>	<u>116,650</u>	<u>126,990</u>
Business-type activities:				
Water	16,888	17,697	19,141	20,066
Sanitary District	8,400	8,217	9,576	10,010
Mobile home parks/RV park	1,341	1,512	1,483	1,498
Total business-type activities expenses	<u>26,629</u>	<u>27,426</u>	<u>30,200</u>	<u>31,574</u>
Total primary government expenses	<u>132,231</u>	<u>139,762</u>	<u>146,850</u>	<u>158,564</u>
Program revenues:				
Governmental activities:				
Charges for services:				
Municipal support	1,755	2,012	1,912	1,974
Fire	679	771	793	663
Police	1,996	2,191	2,958	3,144
Traffic safety	1,323	1,738	1,326	1,324
Public right of way	185	135	229	413
Drainage	-	64	-	-
Community services	973	901	884	923
Parks and greenbelts	1,381	1,434	1,406	1,372
Community planning and development	1,394	1,716	1,887	1,879
Operating grants and contributions	34,408	37,354	38,267	38,343
Capital grants and contributions	867	4,563	3,099	7,442
Total governmental activities program revenues	<u>44,961</u>	<u>52,879</u>	<u>52,761</u>	<u>57,477</u>
Business-type activities:				
Charges for services:				
Water	15,963	16,547	18,828	17,899
Sanitary District	8,903	8,807	10,238	10,311
Mobile home parks	1,869	1,886	1,975	2,063
Operating grants and contributions	617	443	526	595
Capital grants and contributions	226	286	356	300
Total business-type activities program revenues	<u>27,578</u>	<u>27,969</u>	<u>31,923</u>	<u>31,168</u>
Total primary government program revenues	<u>72,539</u>	<u>80,848</u>	<u>84,684</u>	<u>88,645</u>
Net revenues (expenses):				
Governmental activities	(60,641)	(59,457)	(63,889)	(69,513)
Business-type activities	949	543	1,723	(406)
Total net revenues (expenses)	<u>(59,692)</u>	<u>(58,914)</u>	<u>(62,166)</u>	<u>(69,919)</u>

Fiscal Year				
2006	2007	2008	2009	2010
\$ 7,700	\$ 6,678	\$ 8,405	\$ 8,543	\$ 5,157
18,152	17,465	19,778	21,279	18,757
36,207	38,013	45,333	47,004	42,554
2,956	3,264	3,273	4,135	3,570
14,677	15,073	13,989	14,859	16,143
1,479	1,538	1,372	1,482	1,352
(288)	97	4,442	4,268	4,519
3,132	3,629	4,383	4,702	4,389
3,648	1,787	2,016	1,628	2,098
47,611	42,847	46,061	44,429	44,682
6,730	6,854	7,768	8,161	5,795
<u>142,004</u>	<u>137,245</u>	<u>156,820</u>	<u>160,490</u>	<u>149,016</u>
19,673	20,398	20,557	24,339	25,251
11,482	11,188	13,295	13,418	13,088
1,965	2,079	2,339	2,172	2,205
<u>33,120</u>	<u>33,665</u>	<u>36,191</u>	<u>39,929</u>	<u>40,544</u>
<u>175,124</u>	<u>170,910</u>	<u>193,011</u>	<u>200,419</u>	<u>189,560</u>
2,375	2,464	2,223	2,384	5,729
712	705	884	1,377	1,115
3,509	3,100	3,564	3,431	3,592
1,318	1,306	1,314	1,341	1,350
314	350	291	157	117
-	-	90	-	-
841	855	849	849	878
1,424	1,457	1,394	1,382	1,368
3,324	2,449	1,403	1,179	1,114
41,590	43,709	42,980	36,053	42,980
10,931	2,534	4,890	9,599	14,462
<u>66,338</u>	<u>58,929</u>	<u>59,882</u>	<u>57,752</u>	<u>72,705</u>
18,413	20,786	25,573	27,846	28,878
12,563	16,941	16,445	16,208	16,848
2,761	2,699	3,033	2,910	3,027
732	538	804	785	-
5,317	754	-	-	2,038
<u>39,786</u>	<u>41,718</u>	<u>45,855</u>	<u>47,749</u>	<u>50,791</u>
<u>106,124</u>	<u>100,647</u>	<u>105,737</u>	<u>105,501</u>	<u>123,496</u>
(75,666)	(78,316)	(96,938)	(102,738)	(76,311)
6,666	8,053	9,664	7,820	10,247
<u>(69,000)</u>	<u>(70,263)</u>	<u>(87,274)</u>	<u>(94,918)</u>	<u>(66,064)</u>

**CITY OF GARDEN GROVE
CHANGES IN NET ASSETS (Continued)
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)
(In Thousands)**

	Fiscal Year			
	2002	2003	2004	2005
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property taxes	\$ 24,368	\$ 25,974	\$ 27,468	\$ 31,070
Sales taxes	17,099	17,913	18,556	19,492
Transient occupancy taxes	4,281	5,862	8,628	9,820
Other taxes	4,077	4,208	4,361	4,438
Motor vehicle in lieu, unrestricted	9,354	9,983	7,598	14,494
Investment income	2,799	2,857	2,460	3,963
Other general revenues	973	950	1,271	746
Transfers	421	70	70	70
Total governmental activities	<u>63,372</u>	<u>67,817</u>	<u>70,412</u>	<u>84,093</u>
Business-type activities:				
Investment income	793	454	274	424
Transfers	(421)	(70)	(70)	(70)
Total business-type activities	<u>372</u>	<u>384</u>	<u>204</u>	<u>354</u>
Total primary government	<u>63,744</u>	<u>68,201</u>	<u>70,616</u>	<u>84,447</u>
Changes in net assets				
Governmental activities	63,372	67,817	70,412	84,093
Business-type activities	372	384	204	354
Total primary government	<u>\$ 63,744</u>	<u>\$ 68,201</u>	<u>\$ 70,616</u>	<u>\$ 84,447</u>

Fiscal Year				
2006	2007	2008	2009	2010
\$ 34,439	\$ 36,251	\$ 39,144	\$ 43,786	\$ 42,212
19,453	19,696	19,780	16,236	14,076
11,411	12,180	12,673	11,257	10,196
4,729	4,952	4,934	4,825	4,864
13,129	13,603	14,011	14,088	513
3,248	4,747	5,687	6,257	8,830
1,642	3,095	1,511	3,579	2,153
70	70	70	70	-
<u>88,121</u>	<u>94,594</u>	<u>97,810</u>	<u>100,098</u>	<u>82,844</u>
637	1,527	2,579	1,701	1,583
(70)	(70)	(70)	(70)	-
<u>567</u>	<u>1,457</u>	<u>2,509</u>	<u>1,631</u>	<u>1,583</u>
<u>88,688</u>	<u>96,051</u>	<u>100,319</u>	<u>101,729</u>	<u>84,427</u>
88,121	94,594	97,810	100,098	82,844
567	1,457	2,509	1,631	1,583
<u>\$ 88,688</u>	<u>\$ 96,051</u>	<u>\$ 100,319</u>	<u>\$ 101,729</u>	<u>\$ 84,427</u>

The City of Garden Grove implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is not available.

Source: Finance Office, City of Garden Grove

**CITY OF GARDEN GROVE
 FUND BALANCE OF GOVERNMENTAL FUNDS
 LAST NINE FISCAL YEARS
 (Modified Accrual Basis of Accounting)
 (In Thousands)**

	Fiscal Year			
	2002	2003	2004	2005
General fund:				
Reserved	\$ 27,244	\$ 34,909	\$ 42,290	\$ 41,624
Unreserved	9,301	10,307	6,693	19,122
Total general fund	<u>\$ 36,545</u>	<u>\$ 45,216</u>	<u>\$ 48,983</u>	<u>\$ 60,746</u>
All other governmental funds:				
Reserved	\$ 49,459	\$ 53,589	\$ 55,528	\$ 58,881
Unreserved, reported in:				
Special revenue funds	4,376	5,649	5,685	720
Debt service funds	-	-	2	5
Capital projects funds	(6,249)	(16,051)	(16,031)	(18,025)
Total all other governmental funds	<u>\$ 47,586</u>	<u>\$ 43,187</u>	<u>\$ 45,184</u>	<u>\$ 41,581</u>

The City of Garden Grove has elected to show only nine years of data for this schedule.

Source: Finance Office, City of Garden Grove

Fiscal Year				
2006	2007	2008	2009	2010
\$ 43,299	\$ 46,878	\$ 50,999	\$ 48,176	\$ 47,951
27,006	25,482	14,721	6,479	71
<u>\$ 70,305</u>	<u>\$ 72,360</u>	<u>\$ 65,720</u>	<u>\$ 54,655</u>	<u>\$ 48,022</u>
\$ 49,018	\$ 57,165	\$ 136,252	\$ 158,393	\$ 142,099
10,071	10,724	(27,845)	(41,485)	(11,371)
2	(8)	(576)	4,463	1,399
(21,607)	(26,409)	(26,691)	(33,563)	(39,251)
<u>\$ 37,484</u>	<u>\$ 41,472</u>	<u>\$ 81,140</u>	<u>\$ 87,808</u>	<u>\$ 92,876</u>

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

	Fiscal Year		
	2002	2003	2004
Revenues:			
Taxes	\$ 59,470	\$ 64,392	\$ 67,876
Licenses and permits	938	1,119	1,303
Fines and forfeitures	1,501	1,515	2,094
Investment earnings	3,414	3,565	3,223
Charges for services	10,192	10,724	11,027
From other agencies	32,406	39,152	36,574
Other	3,127	2,864	2,760
Total revenues	<u>111,048</u>	<u>123,331</u>	<u>124,857</u>
Expenditures			
Current:			
Municipal support	4,666	5,213	5,321
Fire	12,974	14,054	14,551
Police	27,650	28,593	30,297
Traffic safety	2,190	2,121	2,295
Public right of way	5,562	5,476	4,368
Drainage			
Community buildings	2,210	2,575	2,033
Community services	7,185	5,583	3,574
Parks and greenbelts	1,485	1,307	1,285
Community planning and development	21,325	26,957	28,227
Capital outlay	16,910	21,039	19,756
Debt service:			
Principal retirement	4,308	3,981	5,609
Interest and other charges	5,652	6,342	9,058
Total expenditures	<u>112,117</u>	<u>123,241</u>	<u>126,374</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,069)</u>	<u>90</u>	<u>(1,517)</u>
Other financing sources (uses):			
Transfers in	13,693	17,579	28,766
Transfers out	(13,172)	(17,409)	(27,517)
Issuance of debt	26,279	6,833	58,356
Gain(Loss) on sale of capital assets	-	-	-
Contribution to Housing Authority	-	-	-
Payment to bond escrow agent	-	-	(52,325)
Total other financing sources (uses)	<u>26,800</u>	<u>7,003</u>	<u>7,280</u>
Net change in fund balances	<u>\$ 25,731</u>	<u>\$ 7,093</u>	<u>\$ 5,763</u>
Debt service as a percentage of noncapital expenditures	11.7%	11.2%	16.0%

The City of Garden Grove has elected to show only nine years of data for this schedule.

Source: Finance Office, City of Garden Grove

		Fiscal Year									
		2005	2006	2007	2008	2009	2010				
\$	79,808	\$	83,684	\$	87,437	\$	91,292	\$	90,692	\$	85,353
	1,380		1,672		1,859		1,068		818		1,553
	2,323		2,939		2,567		2,870		2,761		3,103
	4,409		3,803		5,148		6,576		7,219		7,689
	10,839		12,614		11,401		10,083		11,065		11,413
	39,016		40,825		42,230		42,295		39,707		55,879
	2,788		3,477		3,597		2,516		3,053		2,100
	<u>140,563</u>		<u>149,014</u>		<u>154,239</u>		<u>156,700</u>		<u>155,315</u>		<u>167,090</u>
	6,628		7,198		6,367		7,163		7,079		7,639
	15,874		17,189		17,946		19,724		20,769		19,331
	32,537		34,803		38,600		43,048		44,787		43,863
	2,680		2,818		3,274		3,026		2,896		2,967
	4,233		5,380		6,881		5,973		8,130		7,373
									148		13
	2,088		2,738		3,529		3,581		3,935		3,366
	3,347		3,409		3,846		4,208		4,433		4,428
	1,460		5,558		1,653		1,925		1,804		1,649
	28,929		31,057		29,537		30,076		31,145		59,813
	28,040		28,138		19,233		26,290		23,162		16,671
	4,850		4,909		4,621		3,971		3,519		4,956
	5,907		6,738		6,873		7,783		8,076		7,726
	<u>136,573</u>		<u>149,935</u>		<u>142,360</u>		<u>156,768</u>		<u>159,883</u>		<u>179,795</u>
	<u>3,990</u>		<u>(921)</u>		<u>11,879</u>		<u>(68)</u>		<u>(4,568)</u>		<u>(12,705)</u>
	22,836		29,549		26,474		48,225		32,608		52,785
	(22,666)		(29,379)		(26,251)		(48,394)		(32,438)		(47,597)
	4,001		1,500		-		41,675		-		-
	-		612		(1,322)		-		-		2,320
	-		-		(3,796)		-		-		-
	-		-		-		(8,410)		-		-
	<u>4,171</u>		<u>2,282</u>		<u>(4,895)</u>		<u>33,096</u>		<u>170</u>		<u>7,508</u>
\$	<u>8,161</u>	\$	<u>1,361</u>	\$	<u>6,984</u>	\$	<u>33,028</u>	\$	<u>(4,398)</u>	\$	<u>(5,197)</u>
	11.0%		10.6%		10.3%		9.9%		9.3%		8.4%

**CITY OF GARDEN GROVE
GENERAL FUND MAJOR TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

Fiscal Year	Sales Tax	Property Tax	Franchise Tax	Business Operation Tax	Transient Occupancy Tax	Motor Vehicle Tax	Total
2001	17,187,756	8,697,891	1,711,813	1,934,418	3,221,941	8,428,185	41,182,004
2002	17,099,202	9,278,777	1,912,931	2,164,240	4,280,764	9,353,926	44,089,840
2003	17,913,119	9,633,188	1,909,152	2,298,509	5,861,586	9,982,677	47,598,231
2004	18,555,795	10,275,238	2,045,711	2,315,429	8,628,343	7,598,457	49,418,973
2005	19,492,358	11,421,673	2,088,276	2,349,706	9,820,457	14,494,383	59,666,853
2006	19,452,971	13,262,684	2,234,667	2,494,139	11,410,684	13,128,604	61,983,749
2007	19,695,520	14,177,626	2,413,279	2,538,442	12,179,453	13,603,437	64,607,757
2008	19,780,085	14,892,274	2,337,053	2,596,833	12,672,985	14,011,002	66,290,232
2009	16,235,658	15,661,734	2,293,500	2,530,725	11,257,402	14,087,771	62,066,790
2010	14,075,879	14,400,002	2,482,292	2,381,098	10,195,885	513,106	44,048,262

Source: Finance Office, City of Garden Grove

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

Fiscal Year Ended June 30	City		Taxable Assessed Value	Redevelopment Agency		Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured		Secured	Unsecured		
2001	5,485,695	286,423	5,772,118	1,400,145	215,011	1,615,157	1.034%
2002	5,858,899	328,907	6,187,806	1,566,566	216,556	1,783,123	1.034%
2003	6,237,993	302,093	6,540,085	1,714,551	216,939	1,931,489	1.034%
2004	6,690,749	299,913	6,990,662	1,864,236	238,481	2,102,717	1.031%
2005	7,256,567	300,045	7,556,612	1,958,661	242,817	2,201,478	1.031%
2006	8,044,199	282,324	8,326,523	2,154,902	258,917	2,413,820	1.030%
2007	8,876,151	321,203	9,197,354	2,312,965	277,545	2,590,510	1.030%
2008	9,569,537	324,404	9,893,940	2,513,876	275,427	2,789,302	1.030%
2009	9,729,884	346,877	10,076,761	2,770,894	309,969	3,080,863	1.029%
2010	9,306,477	370,450	9,676,927	2,813,239	327,815	3,141,054	1.029%

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.

Source: Orange County Assessor's Office

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

Fiscal Year	Basic Levy	City Paramedic	Metropolitan Water District	Orange County	Sanitation and Water	School Services	Other	Total
2001	1.0000	0.02500	0.00890	-	-	-	-	1.03390
2002	1.0000	0.02500	0.00890	-	-	-	-	1.03390
2003	1.0000	0.02500	0.00890	-	-	-	-	1.03390
2004	1.0000	0.02500	0.00610	-	-	-	-	1.03110
2005	1.0000	0.02500	0.00580	-	-	-	-	1.03080
2006	1.0000	0.02500	0.00470	-	-	-	-	1.02970
2007	1.0000	0.02500	0.00470	-	-	-	-	1.02970
2008	1.0000	0.02500	0.00450	-	-	-	-	1.02950
2009	1.0000	0.02500	0.00430	-	-	-	-	1.02930
2010	1.0000	0.02500	0.00430	-	-	-	-	1.02930

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

**CITY OF GARDEN GROVE
PRICIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2010		2001	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
American Lodging	\$ 104,395,000	0.81%	\$	
Landmark Marriott Suites	97,091,002	0.76%		
KPA Rigg	52,519,392	0.41%		
Car Noa GGT	48,380,328	0.38%		
Newage Garden Grove	41,541,387	0.32%		
Ohi Resort Hotels	40,928,894	0.32%	30,025,621	0.41%
Walton CWCA Garden Grove	54,100,800	0.42%		
Swedlow Inc.	25,151,229	0.20%		
CRP-2 Monarch	24,480,000	0.19%		
BB Promenade	25,440,536	0.20%		
Atrium Plaza			48,273,737	0.65%
Landmark Hospitality			37,098,087	0.50%
American Medical			28,584,679	0.39%
Air Industries			19,658,774	0.27%
Kaiser Foundation			19,144,602	0.26%
Linfinity Microelectronics			18,131,314	0.25%
Graphic Packaging Corp			15,988,960	0.22%
Choe Winston			14,599,308	0.20%
Sunbelt Stores			12,436,307	0.17%
	<u>\$ 514,028,568</u>	<u>4.01%</u>	<u>\$ 243,941,389</u>	<u>3.30%</u>

Source: Coren & Cone's 2009/10 Preliminary Property Tax Reports

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

Fiscal Year	City Tax Rate (Per \$100)	Total Tax Levied	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2001	0.003	8,763,177	8,347,008	95.2	141,683	8,488,691	96.9	23,438	0.2%
2002	0.003	9,417,226	9,117,315	96.8	161,462	9,278,777	98.5	38,584	0.4%
2003	0.003	9,881,291	9,454,838	95.6	178,350	9,633,188	97.5	24,620	0.2%
2004	0.003	10,585,265	10,090,195	95.3	185,043	10,275,238	97.1	26,158	0.2%
2005	0.003	11,751,160	11,303,045	96.2	118,628	11,421,673	97.2	46,308	0.4%
2006	0.003	12,913,558	12,338,230	95.5	156,891	12,495,121	96.8	114,095	0.9%
2007	0.003	13,989,410	13,080,248	93.5	197,376	13,277,624	94.9	286,295	2.0%
2008	0.003	14,804,471	13,934,785	94.1	366,321	14,301,107	96.6	196,069	1.3%
2009	0.003	14,783,375	13,920,288	94.2	640,136	14,560,424	98.5	139,682	0.9%
2010	0.003	14,063,297	13,732,288	97.6	719,481	14,451,770	102.8	422,664	3.0%

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 Office, City of Garden Grove

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

Fiscal Year Ended June 30	Governmental Activities					
	Certificates of Participation	Revenue Bonds	RDA 2008 Bonds	Tax Allocation Bonds ¹	Loans ^{2 3}	Capital Leases ⁴
2001	\$ -	\$2,230,000	\$ -	\$54,835,000	\$21,230,000	\$ -
2002	22,735,000	1,900,000	-	53,610,000	19,571,400	2,449,937
2003	22,735,000	-	-	52,325,000	24,142,198	3,916,355
2004	22,735,000	-	-	57,025,000	19,032,833	3,416,890
2005	22,325,000	-	-	57,025,000	17,371,380	4,639,399
2006	21,895,000	-	-	57,025,000	15,159,293	3,872,578
2007	21,455,000	-	-	55,400,000	13,414,185	3,061,446
2008	20,995,000	-	2,015,000	53,740,000	43,225,054	2,993,427
2009	20,525,000	-	2,015,000	52,030,000	42,331,431	2,498,371
2010	20,025,000	-	1,955,000	50,265,000	42,304,693	3,221,506

¹ The City refunded the \$52,325,000 of tax allocation bonds in 2003.

² The City borrowed \$32,000,000 from Union Bank for the Redevelopment Agency in 2008.

³ The City refunded the \$9,010,000 HUD Section 108 loan, of which \$7,660,000 was borrowed from HUD in 2008

⁴ The City financed new copiers with a \$376,774 Capital lease.

⁵ The City issues \$21,845,000 is Sewer COP in 2006

⁶ These ratios are calculated using personal income and population for the prior calendar year.

⁷ The City issues \$16,625,000 is Water Revenue Bond in 2010

Source: Finance Office, City of Garden Grove

Total Governmental Activities	Business-type Activities				Total Primary Government	Percentage of Personal Income ⁶	Debt Per Capita ⁶
	Water Revenue Bonds ⁷	Sewer Revenue COP ⁵	Certificates of Participation	Total Business-type Activities			
\$ 78,295,000	\$ 17,784,000	\$ -	\$ 13,947,000	\$ 31,731,000	\$ 110,026,000	0.48%	650
100,266,337	17,470,000	-	13,690,000	31,160,000	131,426,337	0.47%	777
103,118,553	17,020,000	-	13,360,000	30,380,000	133,498,553	0.46%	786
102,209,723	16,845,000	-	13,010,000	29,855,000	132,064,723	0.43%	777
101,360,779	16,410,000	-	12,640,000	29,050,000	130,410,779	0.40%	758
97,951,871	15,775,000	21,845,000	12,250,000	49,870,000	147,821,871	0.42%	861
93,330,631	15,130,000	21,845,000	11,840,000	48,815,000	142,145,631	0.40%	823
122,968,481	14,465,000	21,845,000	11,405,000	47,715,000	170,683,481	0.46%	986
119,399,802	13,790,000	21,845,000	10,950,000	46,585,000	165,984,802	0.42%	950
117,771,199	29,720,000	21,405,000	10,465,000	61,590,000	179,361,199	0.42%	1021

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value ¹	Per Capita
	Certificates of Participation	Tax Allocation Bonds	Total		
2001	-	54,835	54,835	0.74%	324
2002	22,735	53,610	76,345	0.96%	451
2003	22,735	52,325	75,060	0.89%	442
2004	22,735	57,025	79,760	0.88%	469
2005	22,325	57,025	79,350	0.81%	461
2006	21,895	57,025	78,920	0.73%	459
2007	21,455	55,400	76,855	0.65%	445
2008	20,995	53,740	74,735	0.59%	432
2009	20,525	52,030	72,555	0.55%	415
2010	20,025	50,265	70,290	0.55%	400

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

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

Source: Finance Office, City of Garden Grove

**CITY OF GARDEN GROVE
DIRECT AND OVERLAPPING BONDS AND DEBT
JUNE 30, 2010**

2009-10 Assessed Valuation:	\$12,322,927,208
Redevelopment Incremental Valuation:	<u>2,646,000,595</u>
Adjusted Assessed Valuation:	\$9,676,926,613

	%		Total Debt	City's Share of
	Applicable		6/30/2010	Debt 6/30/10
	(1)			
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>				
Metropolitan Water District	53.400 %	\$	264,220,000	\$ 1,410,935
Coast Community College District	5.809		334,718,867	19,443,819
North Orange County Joint Community College District	2.669		221,604,001	5,914,611
Rancho Santiago Community College District	5.066		313,655,747	15,889,800
Anaheim Union High School District	0.081		117,363,955	95,065
Huntington Beach Union High School District	1.479		229,759,998	3,398,150
Anaheim School District	0.096		103,571,035	99,428
Magnolia School District	0.265		8,625,000	22,856
Westminster School District	11.117		34,995,681	3,890,470
City of Garden Grove 1915 Act Bonds	100.000		65,000	65,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT				\$ 50,230,134
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>				
Orange County General Fund Obligations	2.584 %	\$	391,027,000	\$ 10,104,138
Orange County Pension Obligations	2.584		59,333,382	1,533,175
Orange County Board of Education Certificates of Participation	2.584		19,430,000	496,903
Municipal Water District of Orange County Water Facilities Corporation	3.048		15,965,000	486,613
North Orange Regional Occupation Program Certificates of Participation	0.031		11,520,000	3,571
Orange Unified School District Certificates of Participation	1.317		49,995,000	658,434
Orange Unified School District Benefit Obligations	1.317		92,665,000	1,220,398
Anaheim Union High School District Certificates of Participation	0.081		40,400,000	32,724
Huntington Beach Union High School District Certificates of Participation	1.479		59,846,090	885,124
Westminster School District Certificates of Participation	11.117		24,545,000	2,728,668
City of Garden Grove General Fund Obligations	100.000	\$	30,490,000	\$ 30,490,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT				\$ 48,639,748
Less: MWDOC Water Facilities Corporation (100% self-supporting)				486,613
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT				\$ 48,153,135
GROSS COMBINED TOTAL DEBT (2)				\$ 98,869,882
NET COMBINED TOTAL DEBT				\$ 98,383,269

- (1) Percentage of overlapping agency's assessed valuation located within the boundaries of the city.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2009-10 Assessed Valuation:
Total Overlapping Tax and Assessment Debt 0.41%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt (\$30,490,000) 0.32%
Gross Combined Total Debt 1.02%
Net Combined Total Debt 1.02%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: \$0

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

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Assessed valuation	\$ 5,772,118,122	\$ 6,187,806,030	\$ 6,540,085,405	\$ 6,990,662,115
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,443,029,531	1,546,951,508	1,635,021,351	1,747,665,529
Debt limit percentage	15%	15%	15%	15%
Debt limit	216,454,430	232,042,726	245,253,203	262,149,829
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 216,454,430</u>	<u>\$ 232,042,726</u>	<u>\$ 245,253,203</u>	<u>\$ 262,149,829</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

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

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

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 7,556,611,904	\$ 8,326,522,578	\$ 9,197,354,465	\$ 9,893,940,341	\$ 10,076,761,228	\$ 9,676,926,613
25%	25%	25%	25%	25%	25%
1,889,152,976	2,081,630,645	2,299,338,616	2,473,485,085	2,519,190,307	2,419,231,653
15%	15%	15%	15%	15%	15%
283,372,946	312,244,597	344,900,792	371,022,763	377,878,546	362,884,748
-	-	-	-	-	-
<u>\$ 283,372,946</u>	<u>\$ 312,244,597</u>	<u>\$ 344,900,792</u>	<u>\$ 371,022,763</u>	<u>\$ 377,878,546</u>	<u>\$ 362,884,748</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**CITY OF GARDEN GROVE
PLEGDED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenue	Expenses(1)	Water Revenue Bonds			
			Resources Available for Debt Service	Debt Service Requirement		
				Principal	Interest	Total
2001	15,562,254	12,946,455	2,615,799	430,000	1,038,377	1,468,377
2002	16,590,462	13,495,314	3,095,148	450,000	913,458	1,363,458
2003	16,609,786	14,252,431	2,357,355	470,000	892,464	1,362,464
2004	18,484,674	15,604,390	2,880,284	435,000	727,982	1,162,982
2005	18,145,714	16,809,774	1,335,940	635,000	657,500	1,292,500
2006	18,651,805	17,225,625	1,426,180	645,000	644,700	1,289,700
2007	20,516,447	17,921,191	2,595,256	665,000	629,938	1,294,938
2008	26,049,669	18,065,826	7,983,843	675,000	612,344	1,287,344
2009	29,025,085	19,581,536	9,443,549	695,000	592,638	1,287,638
2010	29,312,717	20,713,227	8,599,490	1,040,000	1,299,320	2,339,320

(1) Expenses exclude depreciation, interest, amortization and fiscal agent expenses.

Source: Finance Office, City of Garden Grove

Tax Allocation Bonds						
Debt Service Requirement						
Coverage	Tax Increment	Principal	Interest	total	Coverage	
1.78	-	-	-	-	-	N/A
2.27	-	-	-	-	-	N/A
1.73	-	-	-	-	-	N/A
2.48	13,403,657	-	3,004,843	3,004,843	4.46	
1.03	14,607,268	-	2,759,550	2,759,550	5.29	
1.11	16,339,702	1,625,000	2,741,269	4,366,269	3.74	
2.00	17,250,293	1,660,000	2,698,088	4,358,088	3.96	
6.20	18,915,215	1,710,000	2,647,537	4,357,537	4.34	
7.33	21,808,918	1,765,000	2,577,763	4,342,763	5.02	
3.68	21,107,303	1,850,000	2,533,638	4,383,638	4.82	

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

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2001	169,212	2,304,707	16,209	3.9
2002	169,212	2,820,545	16,669	5.3
2003	169,911	2,891,439	17,088	4.8
2004	169,911	3,039,717	17,890	4.2
2005	172,042	3,243,822	19,091	5.2
2006	171,765	3,479,894	20,227	4.8
2007	172,781	3,595,557	20,933	4.3
2008	173,067	3,735,525	21,620	5.0
2009	174,715	3,979,307	22,993	11.7
2010	175,618	4,272,291	24,453	12.2

Source: State Employment Development Department

**CITY OF GARDEN GROVE
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2010	
	Number of Employees	Percent of Total Employment
Air Industries Corp	662	0.87%
Prime Healthcare Services	516	0.68%
Driessen Aircraft Interioir Systems, Inc.	370	0.49%
Saint Gobain Performance Plastics	363	0.48%
Office Max Inc.	360	0.47%
GKN Aerospace Transparency Systems Inc	331	0.44%
Crystal Cathedral	290	0.38%
C & D Zodiac	286	0.38%
Money Mailer LLC.	270	0.36%
Exemplis Corporation	268	0.35%

2001 data was not available

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

Source: City of Garden Grove BusinessTax Dept.

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

Department	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Administrative Services	-	-	-	-	31	34	-	-	-	-
City Manager	39	43	43	39	13	14	9	13	12	10
Community Development	50	50	50	48	45	44	56	58	59	59
Community Services	157	157	148	143	149	155	146	149	148	145
Economic Development	-	-	-	-	-	-	12	13	13	13
Finance	32	32	33	32	32	32	34	35	37	37
Fire	109	109	113	111	109	110	112	112	112	111
Information Technology	-	-	-	-	-	-	20	20	20	20
Personnel	40	57	57	13	13	13	9	10	10	9
Police	318	322	321	316	316	314	328	334	334	334
Public Works	<u>189</u>	<u>184</u>	<u>185</u>	<u>177</u>	<u>179</u>	<u>192</u>	<u>192</u>	<u>197</u>	<u>197</u>	<u>196</u>
Total	<u><u>934</u></u>	<u><u>954</u></u>	<u><u>950</u></u>	<u><u>879</u></u>	<u><u>887</u></u>	<u><u>908</u></u>	<u><u>918</u></u>	<u><u>941</u></u>	<u><u>942</u></u>	<u><u>934</u></u>
Full Time employees	648	678	687	633	637	647	661	676	685	682
Part time employees	286	276	263	246	250	261	257	265	257	252

Source: City Budget/Department Budgets

**CITY OF GARDEN GROVE
OPERATING INDICATORS
BY FUNCTION
LAST FOUR FISCAL YEARS**

	2007	2008	2009	2010
Police:				
Arrests	7,767	6,951	7,316	7,195
Traffic citations issued	11,574	13,627	12,787	15,490
Fire:				
Number of emergency calls	15,534	16,279	16,548	16,306
Public Right-of-Way:				
Parking citations issued	30,052	32,718	30,464	26,660
Permits issued	3,175	1,525	276	269
Community Services:				
Number of recreation classes	1,525	1,534	1,544	1,398
Housing vouchers	2,337	2,337	2,337	2,337
Community Planning and Development				
Building permits issued	2,213	2,879	3,878	3,514
Water:				
Number of accounts	34,090	34,152	34,217	34,239
Average daily consumption (thousands of gallons)	49,864	24,851	23,345	21,843
Solid Waste Disposal:				
Number of accounts	30,928	30,938	30,895	30,723
Drainage:				
Channels cleaned (miles)	5	5	5	5
Municipal Support:				
Passports issued	723	569	500	463

Source: City of Garden Grove

2001, 2002, 2003, 2004, 2005 and 2006 Data was not available

**CITY OF GARDEN GROVE
CAPITAL ASSET STATISTICS
BY FUNCTION
LAST FOUR FISCAL YEARS**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police:				
Stations	1	1	1	1
Fire:				
Fire stations	7	7	7	7
Public Right-of-Way:				
Streets (miles)	305	305	305	305
Community Services:				
Parks	16	16	16	16
Park acreage	142	142	142	142
Community centers	1	1	1	1
Water:				
Water mains (miles)	360	360	433	433
Number of connections	34,090	34,152	34,217	34,239
Sewage Collection:				
Sanitary sewers (miles)	312	312	320	320
Drainage:				
Storm drains (miles)	35	35	35	35

Source: City of Garden Grove

2001, 2002, 2003, 2004, 2005 and 2006 Data was not available



GARDEN GROVE