

— CALIFORNIA —
NATIONAL CITY
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ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2021

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Stephen Manganiello (Photographer)

City of National City

National City, California

Annual Comprehensive Financial Report

For the Year Ended June 30, 2021

City of National City
Annual Comprehensive Financial Report
For the Year Ended June 30, 2021

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Office of the City Manager

April 13, 2022

To the Honorable Mayor, Members of the City Council, and Citizens of the City of National City:

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of National City (the "City") for the fiscal year ended June 30, 2021. The ACFR has been prepared in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Pun Group, LLP, an independent auditing firm of certified public accountants, has issued an unmodified ("clean") opinion on the City's financial statements for the fiscal year ended June 30, 2021. The independent auditor's report is presented as the first component of the financial section of this ACFR.

Management's Discussion and Analysis (MD&A), which immediately follows the independent auditor's report, provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on internal controls and compliance with legal requirements, with emphasis on those involving the administration of federal awards. The City's Single Audit Report is issued separately.

PROFILE OF THE CITY OF NATIONAL CITY

The City of National City, incorporated on September 17, 1887, is located in southwestern San Diego County, bordered by the City of San Diego to the north and east, San Diego Bay to the west, and the City of Chula Vista to the south. The City is home to a fairly constant population of about 62,000 residents and occupies 9.2 square miles.

The City is a general law city and operates under the council/manager form of government. The City Council comprises five members, including the mayor, who are elected at large for four-year overlapping terms. The mayor is the presiding officer of the Council. The citizens of National City also elect the City Treasurer and the City Clerk.

The City Council is responsible for enacting ordinances, adopting the budget, establishing policies, reviewing the General Plan, appointing committees, and appointing the City Manager and the City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, overseeing the day-to-day operations of the City, and appointing the heads of departments. The City Attorney is the legal counsel for the City, the Community Development Commission, Parking Authority, and the Successor Agency, and advises the City Council, the City's boards and commissions, and City staff.

The City provides a full range of services, which include general government, public safety (police, fire, disaster preparedness, and building inspection), construction and maintenance of the City's infrastructure, economic development, affordable housing, cultural and recreational programs, library and literacy programs, and senior and nutrition services.

BUDGETARY CONTROL

The annual budget serves as the foundation for the City's financial planning and control. The proposed budget is presented to the City Council for review and adoption prior to the beginning of each fiscal year, July 1st. The state mandates a balanced budget. The budget is prepared by fund, department and account. After budget adoption, in accordance with the National City Municipal Code, City Council must approve any revisions that increase total appropriations of a fund. The City Manager is authorized to make budgetary revisions between budget line items within a fund, and department directors may transfer appropriations within their respective departments. The budget is regularly monitored and the Council receives quarterly updates. Budget-to-actual comparisons are provided in this report for each major governmental fund for which an annual budget has been adopted. For the General Fund, this comparison is presented on page 100 as part of the required supplementary information for the governmental funds. The budget-to-actual comparison for governmental funds other than the General Fund, with appropriated annual budgets follow.

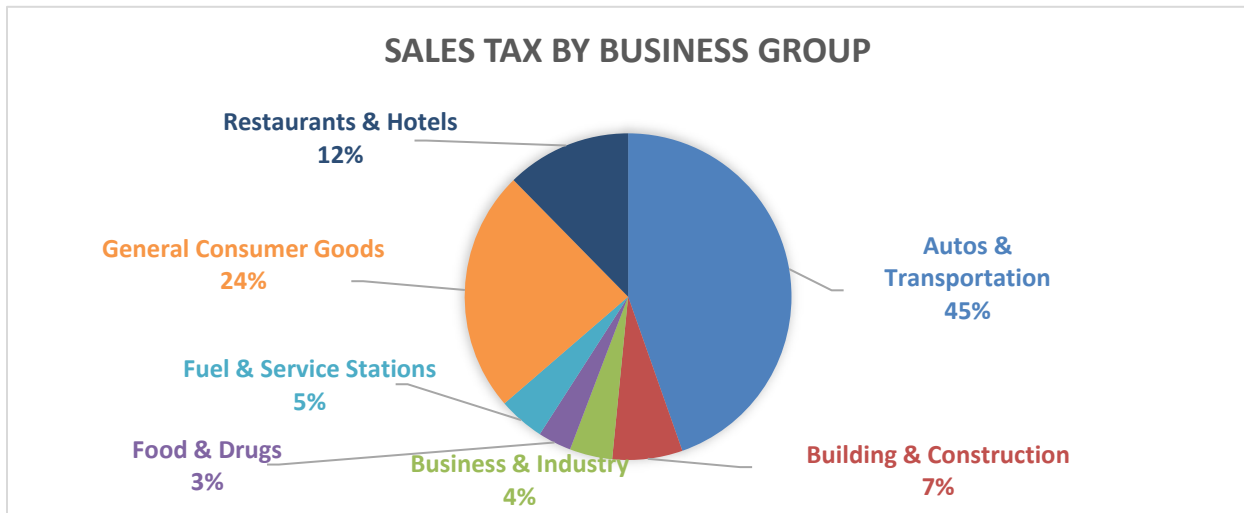
FACTORS AFFECTING FINANCIAL CONDITION

Economic Profile

Fiscal year 2020-2021 was the first full year of City operations within a worldwide pandemic. The year began with much uncertainty about the road to economic recovery. Thankfully, the City's main revenue sources proved to rebound quickly, although still lagging behind pre-pandemic levels. In National City, the unemployment rate peaked in April 2020 at 18.8%, falling steadily throughout the fiscal year to end June 2021 at 8.1%. Since then, the unemployment rate has continued to fall further, but still remains higher than the pre-pandemic rate of 3.9%.

Uncertainty about how the City's revenue would be impacted by the unpredictable pandemic and in order to be prepared for potential hard times, in the Spring of 2020 during budget development, the City conservatively budgeted revenue for fiscal year 2021. Fortunately, sales tax revenue proved to be resilient and far exceeded budget estimates. Sales tax is the City's main revenue source, accounting for approximately 58% of General Fund resources. In fiscal year 2021, 63% of sales tax revenue came from the Bradley-Burns uniform local tax and 37% came from the National City voter-approved 1% district transactions and use tax ("Proposition D"). Though the City is heavily dependent upon retail sales-related tax revenues, it has, as Table 1 illustrates, a diversified commercial, retail, and industrial presence, which reduces the impacts of economic downturns and helps it recuperate steadily.

Table 1



After sales tax revenue decreased by 5% in fiscal year 2020, as a result of the COVID-19 pandemic, fiscal year 2021 sales tax revenue rebounded with 17% growth. Growth in Bradley-Burns sales tax revenue received in fiscal year 2021 was driven by 16% year over year growth in point of sales activity and 38% year over year growth in County pool revenue. The latter reflecting the trend towards online purchasing that was magnified even further during the pandemic.

The second largest revenue source for the City is property tax revenue. During fiscal year 2021 assessed values of property within National City increased for the tenth consecutive year. Net taxable values rose by 7.7% for the fiscal year 2021 property tax rolls, with details in table 2. Over the last year, the average price in the City for a detached single-family residential home grew 16.7%, also reaching its historical high.

The median home price rose to \$560,000 in September 2021. The recent spike in home prices is being driven by demand outpacing supply, a situation that has only been amplified by the pandemic as fewer homes were put on the market and supply chain issues caused shortages of building materials.

Table 2

Net Taxable Assessed Property Value History

Fiscal Year Ended June 30	Total Assessed Valuation	Increase over Prior Year	Percent Increase over Prior Year	Cumulative Increase Since 2012
2012	2,993,669,068	2,119,332	0.1%	0
2013	3,109,969,070	116,300,002	3.9%	116,300,002
2014	3,254,789,852	144,820,782	4.7%	261,120,784
2015	3,354,840,139	100,050,287	3.1%	361,171,071
2016	3,440,631,221	85,791,082	2.6%	446,962,153
2017	3,588,038,313	147,407,092	4.3%	594,369,245
2018	3,877,829,380	289,791,067	8.1%	884,160,312
2019	4,057,201,760	179,372,380	4.6%	1,063,532,692
2020	4,279,008,825	221,807,065	5.5%	1,285,339,757
2021	4,607,750,481	328,741,656	7.7%	1,614,081,413

In response to the pandemic, the City has built a conservative budget for fiscal year 2021 that included the minimum amounts for infrastructure projects and froze most staff hiring. Using unassigned fund balance was projected as being necessary to bridge the gap between projected revenues and estimated expenditure requirements. Thankfully, the growth in sales and property tax revenue balanced expenditures, and General Fund total fund balance as of June 30, 2021 grew by \$2 million. General

Fund unassigned fund balance did decrease due to transfers to fund reserves in accordance with the amendment City Council Policy #201 and revenue committed to funding pending capital improvement projects (CIP), which increases General Fund committed fund balance.

National City has a progressive history of commercial development, including the “Mile of Cars,” San Diego County’s first major auto park, and Westfield Plaza Bonita, the County’s first indoor mall and largest enclosed mall in the South San Diego Bay area. Both attract shoppers from throughout the County and outlying areas and continue to be major revenue sources for the City, directly supporting local programs and services. The Walmart Supercenter is the retail hub of the City’s central section, generating significant tax revenue and bringing shoppers to nearby stores and restaurants. Despite these successes, however, National City has experienced economic ebbs and flows which have directly impacted service levels to the community. In 2005 and 2006, the City faced revenue shortfalls and structural deficits that led to reductions in services and service hours. In response, National City voters in 2006 approved the “Proposition ‘D’” transactions & use tax, which produced a high of \$13.1 million of revenue in fiscal year 2021. During the November 2014 General Election, National City voters approved a measure extending the tax for an additional twenty years. Proposition “D” has allowed the City to continue to provide important programs and services to its citizens. Subsequent to fiscal year 2021, the five year Proposition D independent review committee convened and after a thorough review of the City’s General Fund finances, recommended maintaining the current district transactions and use tax rate of 1% for the following five years. City Council agreed with the recommendation and therefore the tax rate will remain at 1% through fiscal year 2027.

Long-term Financial Planning

During fiscal year 2020, City management reviewed and updated the City’s five-year strategic plan. The strategic plan is approved by the Council every two years. Its purpose is to:

- establish a long-range vision and direction for the City;
- ensure all participants are working toward the same goals and objectives;
- assess/adjust the direction of the organization given the current (and changing) environment;
- communicate goals and initiatives of the organization; and
- provide a basis for developing a work plan to ensure the goals and initiatives of the Strategic Plan are carried out.



The City updates its five-year Capital Improvement Program (“CIP”) annually. The CIP encompasses and highlights some of the City’s needed infrastructure improvements. The City has identified approximately \$74 million in capital needs over the next five years. Funding comes from multiple sources, including available fund balance, general purpose revenues, user fees, special tax revenues, and regional, state, and federal funds. In addition to routine sewer, drainage, and transportation-related projects, the CIP includes improvements to parks, recreation, and community services facilities and municipal buildings and facilities, such as the library, community center, police department, and fire stations. Recently completed and ongoing projects are described below under “Major Accomplishments and Initiatives.”

Financial Policies

A portion of the fund balance of the General Fund, the “Contingency Reserve,” is committed to strengthening the City’s ability to withstand unexpected financial emergencies and to accumulate funds for large-scale purchases. During fiscal year 2021, City Council approved amendments to City Council Policy #201, Maintenance of Reserve Funds. The City’s reserve policy establishes that the City will strive to accumulate and maintain an Economic Contingency Reserve balance equal to a minimum of twenty percent (20%) of a single year’s General Fund operating expenditures for these purposes. The amended policy also formalized using a portion of General Fund unassigned fund balance as a reserve to be maintained at a minimum of ten percent (10%) General Fund operating expenditures. As of June 30, 2021 the Economic Contingency Reserve and the General Fund unassigned fund balance are at or above the minimum balance defined by the policy.

The 2021 revision to the reserve policy also updated the funding target for the Facilities Maintenance Reserve to be three times the annual base needed for performing major maintenance on the City’s facilities, which is defined as being 1.5% of the City’s General Fund operating expenditures. The policy also specifies that the City’s annual budget includes funding for major maintenance in the amount of 1.5% of the General Fund operating expenditures, which is currently approximately \$900,000. In accordance with the reserve policy, the assets maintained in the Facilities Maintenance Reserve, as well as those in the Contingency Reserve, described above, are designated as committed fund balance.

In addition to the Contingency Reserve and Facilities Maintenance Reserve, the City maintains a number of other reserves, most of which have accumulated their minimum target balances, as of June 30, 2021.

Cash Management Policies and Practices

As National City’s governing body, the City Council is granted the authority to manage the City’s investment program, pursuant to California Government Code Section 53600 *et seq.* Management responsibility for the cash and investment of City funds is delegated to the Director of Finance and/or Financial Services Officer.

The City annually adopts a comprehensive investment policy specifying investment objectives, such as type and term of investments, reporting requirements, and investment oversight. The City’s investments generally include US Treasury and Agency securities, Certificate of Deposit Account Registry Service deposits, medium-term corporate notes, negotiable certificates of deposit, commercial paper, the State of California’s Local Agency Investment Fund, and the County of San Diego Pooled Money Fund. See Note 2 for a list of the City’s authorized investments. The investment policy complies in all respects with State laws governing deposit and investment of public funds.

The objective of the investment portfolio is to enhance the City’s cash resources, while meeting the short and long term cash flow demands of the City. To achieve this objective, the portfolio is structured to provide safety of principal and liquidity, while providing a reasonable return on investments.

MAJOR ACCOMPLISHMENTS AND INITIATIVES

The City of National City’s Capital Improvement Program (CIP) addresses the City’s initiatives of enhancing public safety and quality of life, and promoting a healthy community. The following summary contains notable projects that were recently completed, under construction or soon to be under construction. Project names, descriptions, construction costs and completion dates are provided.

Infrastructure

Completed Projects FY 20-21

Palm Avenue Pavement Rehabilitation (\$1,175,000; completed July 2020)

The project provided a 2" grind and overlay on 1.1 miles of Palm Avenue from Division Street to E. 18th Street within the existing right-of way, ADA improvements, and drainage improvements. The project improved pedestrian crossings through installation of accessibility enhancements at the following intersections: 1) Palm Avenue & E. 1st Street; 2) Palm Avenue & E. 14th Street; 3) Palm Avenue & E. 7th Street; 4) Laurel Avenue & E. 1st Street; 5) Norton Avenue & E. 1st Street.

Division Street – Euclid Avenue to Harbison Avenue Bicycle Improvements (\$670,000; completed September 2020)

The project constructed a road diet by reducing Division Street from four lanes to two with a center turning lane. The project installed Class II buffered bike lanes in each direction and a pedestrian midblock crossing at the intersection of Division Street and Drexel Avenue, which included a curb extension and a pedestrian refuge island. The project also included roadway rehabilitation, and a traffic signal modification at the intersection of Division Street and Harbison Avenue.

Euclid Ave Bicycle & Pedestrian Enhancements (\$5,220,000; completed December 2020)

The project constructed nearly 2 miles of traffic calming, bicycle, and pedestrian enhancements on Euclid Avenue from the northern City limits at Cervantes Avenue south to East 24th Street. Project improvements included traffic calming through road diets, curb extensions, median refuge islands, Class II buffered bicycle lanes, Class III bicycle routes, Class IV bikeways with bend-outs, high visibility crosswalks, pedestrian actuated LED-enhanced crosswalk signs, two High-Intensity Activated crosswalks (HAWKS) located near Paradise Valley Hospital, and a new traffic signal at the entrance to Euclid Plaza and Windsor Heights Apartments.

P-1 Sewer Upsize Project for Sweetwater High School (\$2,300,000; completed December 2020)

The project included open trench construction to remove and replace approximately 1490 linear feet of 8 inch diameter vitrified clay pipe (VCP) with 12 inch diameter PVC sewer main, manholes, laterals including pavement restoration, and placing a new sewer access road near the 2800 Block of D Avenue, just west of D Avenue. The work commenced approximately 750 feet west of D Avenue and proceeded east for approximately 1500 feet through Sweetwater High School property and ended at F Avenue.

National City Bicycle Parking Enhancements (\$60,000; completed December 2020)

The project installed custom bike corrals throughout the City. The project addresses the need for quality end-of-trip facilities and encourages people to bike to their key destination.

Sweetwater River Bikeway Connections/30th Street Bicycle Facility Improvements (\$1,265,000; completed February 2021)

The project included traffic calming and pedestrian and bicycle enhancements on 30th Street between "D" Avenue and N. 2nd Avenue, connecting existing pedestrian and bicycle facilities near Sweetwater High School to the regional Sweetwater River Bike Path off N. 2nd Avenue. Improvements included street resurfacing, ADA upgrades, approximately 1 mile of Class II bike lanes with signage, traffic signal modifications at Highland Avenue and E. 30th Street, concrete pads at bus stops, and gateway enhancements at both entrances to the Sweetwater River Bike Path (located at W. 33rd Street and N. 2nd Avenue, respectively).

Traffic Signal Upgrades (\$1,400,000; completed June 2021)

Projects included various upgrades and modifications to traffic signals and associated infrastructure/equipment Citywide, to enhance traffic safety and operations. Improvements included installation of a new signal poles; modifications to signal poles and heads based on changes to roadway configuration or signal phasing; pedestrian "countdown" signal heads and audible pedestrian crossing systems; new poles, push buttons and pedestrian curb ramps for ADA compliance; new cabinets, controllers, battery back-up and other equipment, new LED safety light fixtures, and expansion of the City's fiber optic interconnect network for high speed data transfer and connectivity to the City's traffic signal timing management system.

Ongoing Projects

Sweetwater Rd Safety Enhancements, Plaza Bonita Rd to Plaza Bonita Center Way (estimated cost \$1,100,000, completed November 2021)

The project provided a 2" grind and overlay on 0.5 miles of Sweetwater Road from Stockman Street to the east side of Via Romaya Street within the existing right-of way, and upgrade ADA ramps to the current standard within the project limits, as well as address damaged cross gutter, and curb and gutter. The project installed new street lighting, raised median for traffic calming, new striping including crosswalk and class II bike lane along Sweetwater Road.

Roosevelt Avenue Corridor Smart Growth Revitalization (estimated cost \$2,050,000, completed December 2021)

The project enhanced pedestrian and bicycle connections between Naval Base San Diego, the 8th Street Trolley Station, and Downtown National City. The project provided streetscape, lighting, signage, mobility options, urban greening, and parking on the east side of Roosevelt Avenue, between 8th Street and National City Blvd. The project is consistent with the adopted Downtown Specific Plan, as well as the previous Downtown Specific Plan dated 2005 and 2012.

Paradise Creek Mitigation at Kimball Way (estimated cost \$820,000, estimated completion June 2022)

The project will repair sections of Paradise Creek at Kimball Way, including removal of existing concrete lining on south creek bank, earthwork and regrading, and installing articulated concrete blocks and cutoff wall on south creek bank. Drainage improvement include adding bar screen gates at the outlet and inlet of existing reinforced concrete box storm drains, and rip rap. Other site improvements include retaining wall, concrete driveways, perimeter wrought iron fencing, and access gates to secure the area.

Parks & Facilities

Completed Projects FY 19-20

Las Palmas Pool Electrical System Replacement (\$350,000; completed July 2020)

The project included a new SDG&E 480/277 volt service to the Las Palmas Pool, replacement of all existing electrical equipment in the Las Palmas Pool main electrical room, extension and reconnection of all existing feeders and branch circuits to the new electrical equipment, and a new sub-feed from the Las Palmas Pool electrical system to the Camacho Recreation Center.

City Hall Boiler Replacement (\$100,000; completed September 2020)

The project included demolishing the existing gas-fired heating hot water boilers, system pumps, and associated components, and replacing with new ones at City Hall.

Paradise Creek Park Site Remediation & Improvements (\$6,800,000; completed December 2020)

The project provided the site remediation, grading and infrastructure improvements necessary to construct a new 4-acre community park to include walking paths, community garden, playground, and other amenities on the west side of Paradise Creek between W. 22nd Street and W. 19th Street, and reconstruction of Harding Avenue and W. 20th Street to provide paved roadways, utilities, parking, new sidewalks, and curb ramps for ADA compliance.

Paradise Creek Park Expansion (\$3,100,000; completed December 2020)

The project developed an approximately 4-acre Community Park with decomposed granite (DG) walking paths, educational and interpretive signage, trees, native vegetation, bioretention areas for storm water treatment, community garden, playground and passive recreational areas, and other amenities on the west side of Paradise Creek between W. 22nd Street and W. 19th Street.

City Hall Clerk Window Upgrades (\$90,000; completed January 2021)

The project installed bullet resistant glass windows at the Finance Department window (previously the City Clerk's office) and the Neighborhood Services Division window, and a new door on the first floor lobby.

Paradise Creek Water Quality and Community Enhancements (\$1,670,000; completed February 2021)

The project conveyed storm water flow collected from Paradise Creek to a biofiltration detention basin for treatment. Improvements included installation of a diversion structure to convey flows from Paradise Creek to the forebay and biofiltration detention basin; slope stability and erosion control measures surrounding the biofiltration basin that may include, but is not limited to, native trees, shrubs, mulch, and/or drought tolerant landscaping, to reduce the sediment pollutant loads from entering the biofiltration detention basin during and after a storm event; installation of an underdrain and an overflow structure downgradient of the biofiltration detention basin; and installation of an emergency overflow spillway.

Camacho Gym Fire Alarm Replacement (\$40,000; completed April 2021)

The project replaced the fire alarm system at Camacho Gym, and all associated appurtenances.

Ongoing Projects

Civic Center ADA Accessibility (\$265,000; estimated completion November 2021)

The project will upgrade the first floor exterior access into the Civic Center. The project will construct an ADA accessible path of travel to the main entrance of the building located on the first floor, as well as the side entrances located on the north and south sides of the building. The first stall will be located in front of the main entrance, and the second stall will be located near the southern entrance.

Camacho Recreation Center HVAC Replacement (\$230,000; estimated completion March 2022)

The project will remove and dispose of existing HVAC system and provide and install a new HVAC system on the roof of the Camacho Recreation Center.

Civic Center Basement Power Upgrade (\$350,000; completed July 2022)

The project will upgrade the electrical standby power supply system in the Civic Center Basement to allow continued operation of the computer servers throughout a citywide outage. Work to include but not limited to; remove and replace various lighting elements, lighting control devices, switchboards, panelboards, transfer switches, surge protection, and interior lighting.

Information on the City's CIP projects can be found at <http://nationalcityprojects.com>

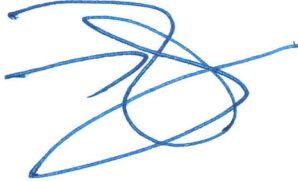
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of National City for its CAFR for the fiscal year ended June 30, 2020. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to receive the award, a governmental unit must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year. We believe that our current CAFR 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.

The preparation of this report would not have been possible without the dedication and professionalism of the entire staff of the Department of Finance. We would like to express our gratitude to those who devoted significant hours in preparing the report. We appreciate and commend all the City departments who assisted and contributed materials to this document. And we acknowledge the Mayor and members of the City Council for their interest, dedication, and constant support for planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Brad Raulston
City Manager



Molly Brennan
Administrative Services Director



Directory of City Officials

City Council

Alejandra Sotelo-Solis
Mayor

Marcus Bush
Vice Mayor

Jose Rodriguez
Councilmember

Mona Rios
Councilmember

Ron Morrison
Councilmember

City Treasurer

R. Mitchel Beauchamp

City Clerk

Luz Molina

City Manager

Brad Raulston

City Attorney

Charles E. Bell Jr.

Department Heads

Tony Winney

Assistant City Manager

Frank Parra

Chief of Emergency Services

Jose Tellez

Chief of Police

Molly Brennan

Director of Administrative Services

Armando Vergara

Director of Community Development

Roberto Yano

Director of Engineering & Public Works

Carlos Aguirre

Director of Housing

Robert Meteau

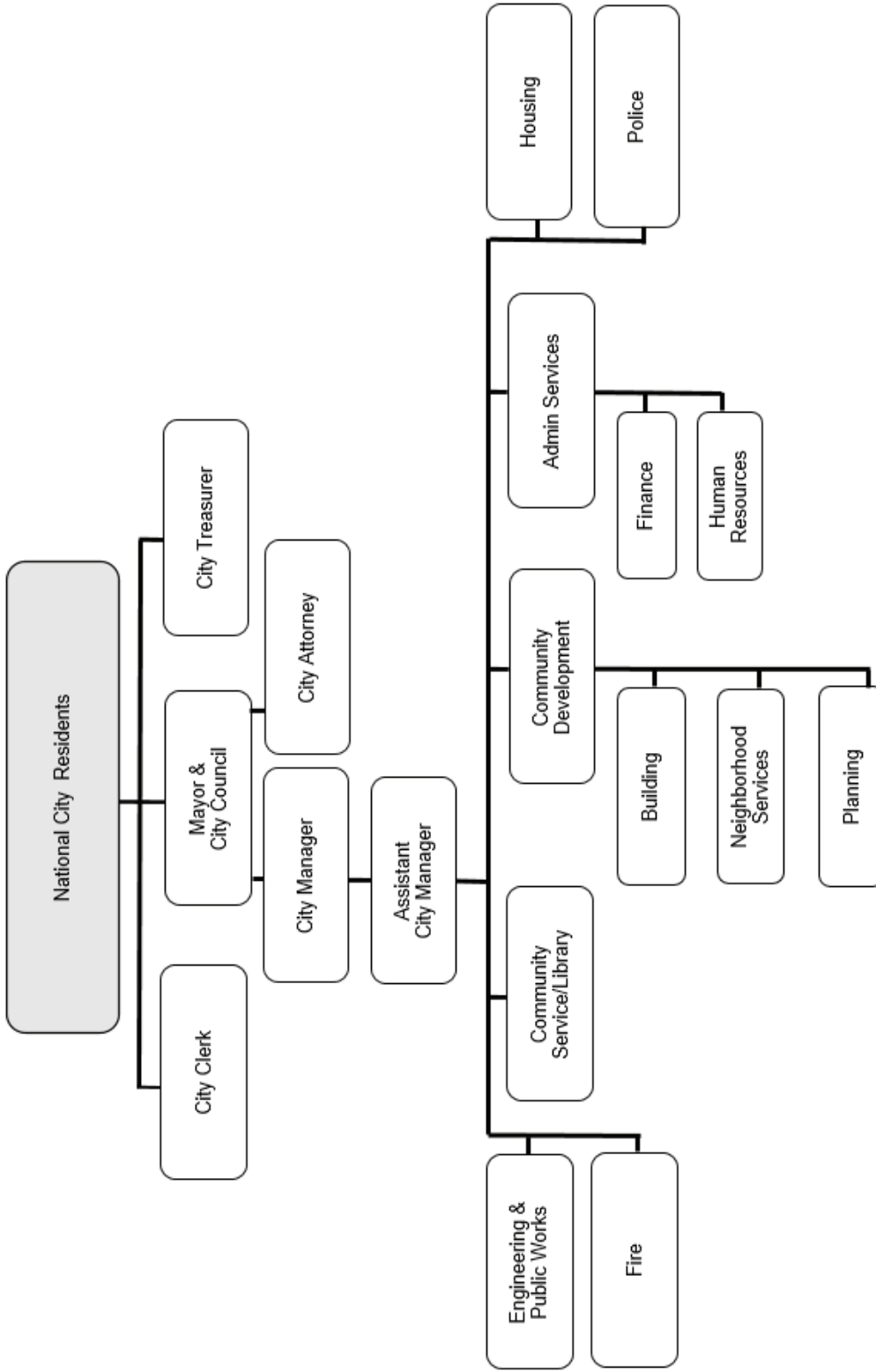
Director of Human Resources

Joyce Ryan

Library & Community Services Director



CITY ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of National City
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of National City
National City, California

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of Changes in the Net Pension Liability and Related Ratios, Schedules of Pension Contributions, and Schedule of Changes in Net OPEB Liability and Related Ratios on pages 5 to 14 and 97 to 108 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, the Combining and Individual Non-Major Fund Financial Statements, the Budgetary Comparison Schedules, and the Statistical Section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Non-Major Fund Financial Statements and the Budgetary Comparison Schedules on pages 114 through 137 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Non-Major Fund Financial Statements and the Budgetary Comparison Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Honorable Mayor and Members of the City Council
of the City of National City
National City, California
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The PwC Group, LLP

San Diego, California
April 13, 2022



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Management's Discussion and Analysis

Management of the City of National City (the "City") offers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021.

We encourage readers to consider the information presented here in conjunction with our letter of transmittal, which can be found beginning on page 5 of this report. The intent of this discussion and analysis is to provide a summarized view of the City's financial performance, as a whole; therefore, readers should also review the basic financial statements and supporting notes to enhance their understanding of the City's financial performance.

Overview of the Financial Statements

This Management's Discussion & Analysis ("MD&A") is intended to serve as an introduction to the City's basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The *government-wide financial statements* consist of the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Changes in Net Position presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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 general government, public safety, transportation, community development, health, and culture and recreation.

The *government-wide financial statements* report the activities of the City and its three blended component units: the Housing Authority of the City of National City, the Parking Authority of the City of National City, and the National City Joint Powers Financing Authority. Although legally separate, the component units function, for all practical purposes, as departments of the City and, therefore, have been blended, as part of the primary government. The Successor Agency to the Community Development Commission as the National City Redevelopment Agency ("Successor Agency") is included as a fiduciary component unit, since it would be misleading to exclude it, due to the nature and significance of the relationship between it and the City. The activity of the Successor Agency is reported with the City's fiduciary funds, which are not included in the government-wide statements because the resources of those funds are not available to support the City's own programs.

The *government-wide financial statements* are presented using the accrual basis of accounting, which differs from the modified accrual basis of accounting used for preparing the *governmental fund financial statements*. Note 1 of the Notes to the Basic Financial Statements section fully describes these bases of accounting. Proprietary funds, discussed below, also are reported using the accrual basis of accounting.

The *government-wide financial statements* can be found on pages 18-20 of this report.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. In the basic financial statements, the emphasis is on major funds. Each of the City's funds falls into one of three categories: governmental, proprietary, or fiduciary.

Governmental Funds. Governmental funds are used to account for the same functions reported as governmental activities in the *government-wide financial statements*. However, unlike the *government-wide financial statements*, the *governmental fund financial statements* focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City'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 can better understand the long-term impact of the government's near-term financing decisions. Reconciliations between the *government-wide financial statements* and the *governmental fund financial statements* are included as part of the basic financial statements. The major reconciling items relate to capital assets and debt. In the governmental funds, acquisitions of capital assets are treated as "expenditures," because, upon purchase of a capital asset, cash used to acquire it is no longer available for other purposes. The issuance of debt provides cash, which is then available for specified purposes. At the end of the fiscal year, the unassigned fund balances in the *governmental fund financial statements* reflect spendable resources available for appropriation by the City Council. Spendable balances are not presented on the face of the *government-wide financial statements*.

The City maintains thirty-two individual governmental funds, including the General Fund. Information is presented separately in the governmental funds' Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund, Housing Fund, Housing Choice Voucher (aka "Section 8") Program Fund, and Sewer Service Fund, all of which are major funds. The City's other governmental funds are considered non-major, and their data are combined into a single, aggregated presentation.

The *governmental fund financial statements* can be found on pages 24-30. Individual fund information for each of the non-major governmental funds is provided in the form of combining statements and can be found on pages 114-137.

The City adopts annual budgets for its General Fund, Housing Special Revenue Fund, Housing Choice Vouchers Special Revenue Fund, Sewer Service Special Revenue Fund, Other Special Revenue Fund, and Housing Authority Special Revenue Fund. Budgetary comparison schedules, found on pages 98-103, have been provided, to reflect compliance with these budgets.

Proprietary Funds. The City maintains only one type of proprietary funds: internal service funds. Internal service funds are used to accumulate and allocate costs internally among the City's functions. The City has seven internal service funds: Facilities Maintenance Fund, the Liability Insurance Fund, the Information Systems Maintenance Fund, the Motor Vehicle Services Fund, the Equipment Replacement Reserve Fund, the Office Equipment Depreciation Fund, and the Telecommunications Revolving Fund. Because these services predominantly benefit governmental, rather than business-type, functions, their financial information is included within the governmental activities in the *government-wide financial statements*.

Proprietary fund financial statements provide the same type of information as the *government-wide financial statements*, only in more detail. The internal service funds are combined into a single, aggregated presentation in the *proprietary fund financial statements*.

The *proprietary fund financial statements* can be found on pages 33-37. Individual fund data for the internal service funds is provided in the form of supplementary combining statements and can be found on pages 130-137.

Fiduciary Funds. Fiduciary funds are used to account for activities for which the City's role is purely custodial. The fiduciary funds of the City are the Custodial Fund (comprising the COBRA Insurance Fund and Miscellaneous Deposits Fund) and the Successor Agency Private-purpose Trust Fund. These funds are not reflected in the *government-wide financial statements* because the resources of the funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The *fiduciary fund financial statements* can be found on pages 41-42.

Notes to the Basic Financial Statements. The Notes to the Basic Financial Statements section provides additional information essential for a full understanding of the data provided in the *government-wide financial statements*. The Notes to the Basic Financial Statements section begins on page 47.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits ("OPEB") to its employees. Required supplementary information can be found on pages 97-108.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented on pages 114-128 and 130-137, respectively.

Government-wide Financial Analysis

As noted earlier, over time, a government's net position may serve as a useful indicator of its financial position. Table 1 below presents a summarization of the City's assets, liabilities, deferred outflows and inflows, and net position for its governmental activities.

TABLE 1
NET POSITION
For the year ended June 30, 2021

	Governmental Activities		\$ Change	% Change
	2021	2020		
Current and Other Assets	\$ 181,799,107	\$ 178,036,183	\$ 3,762,924	2.11%
Capital Assets, Net	172,874,546	167,651,917	5,222,629	3.12%
TOTAL ASSETS	<u>354,673,653</u>	<u>345,688,100</u>	<u>8,985,553</u>	<u>2.60%</u>
Deferred Outflows of Resources	16,088,043	16,084,044	3,999	0.02%
Current Liabilities	12,795,605	17,594,837	(4,799,232)	-27.28%
Long-term Liabilities	142,192,756	133,542,664	8,650,092	6.48%
TOTAL LIABILITIES	<u>154,988,361</u>	<u>151,137,501</u>	<u>3,850,860</u>	<u>2.55%</u>
Deferred Inflows of Resources	339,273	2,244,332	(1,905,059)	-84.88%
Net Position:				
Net Investment in				
Capital Assets	162,195,929	155,772,400	6,423,529	4.12%
Restricted	111,040,107	101,152,527	9,887,580	9.77%
Unrestricted	(57,801,974)	(48,534,616)	(9,267,358)	19.09%
TOTAL NET POSITION	<u>\$ 215,434,062</u>	<u>\$ 208,390,311</u>	<u>\$ 7,043,751</u>	<u>3.38%</u>

The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$215,434,062 at June 30, 2021, an increase of \$7,043,751 from June 30, 2020. By far, the largest portion of the City's net position, \$162,195,929, is its investment in capital assets (i.e., land, buildings, machinery, equipment, and infrastructure). These capital assets are used to provide services to citizens and, consequently, 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 resources, since the capital assets themselves cannot be used to liquidate the liabilities.

Another portion of the City's net position, \$111,040,107 represents resources that are subject to external restrictions on how they may be used. The remainder of net position, unrestricted net position, comprises the City's net pension liability of \$(107,372,845), the total OPEB liability \$(5,684,713). Unrestricted net position was \$(57,801,974), as of June 30, 2021, a decline of \$9,267,358, which is due to the City's ongoing effort to reserve funds for OPEB and Pension obligations.

TABLE 2
CHANGES IN NET POSITION
For the year ended June 30, 2021

	Governmental Activities		\$ Change	% Change
	2021	2020		
REVENUES:				
Program revenues:				
Charges for services	\$ 23,356,710	\$ 25,831,605	\$ (2,474,895)	-9.58%
Operating grants and contributions	17,685,441	16,658,135	1,027,306	6.17%
Capital grants and contributions	6,109,734	4,465,126	1,644,608	36.83%
Total program revenues	<u>47,151,885</u>	<u>46,954,866</u>	<u>197,019</u>	<u>0.42%</u>
General revenues:				
Taxes:				
Property taxes	16,266,505	15,975,053	291,452	1.82%
Sales taxes	36,415,641	31,268,711	5,146,930	16.46%
Franchise taxes	2,104,436	2,330,697	(226,261)	-9.71%
Utility user tax	737,435	678,663	58,772	8.66%
Transient occupancy taxes	1,600,549	1,522,714	77,835	5.11%
Total taxes	<u>57,124,566</u>	<u>51,775,838</u>	<u>5,348,728</u>	<u>10.33%</u>
Investment earnings	2,339,978	2,943,647	(603,669)	-20.51%
Miscellaneous	156,976	65,010	91,966	141.46%
Total general revenues	<u>59,621,520</u>	<u>54,784,495</u>	<u>4,837,025</u>	<u>8.83%</u>
TOTAL REVENUES	<u>106,773,405</u>	<u>101,739,361</u>	<u>5,034,044</u>	<u>4.95%</u>
EXPENSES:				
General government	10,868,545	13,782,424	(2,913,879)	-21.14%
Public safety	46,808,349	45,669,420	1,138,929	2.49%
Transportation	8,503,284	8,226,143	277,141	3.37%
Community development	16,056,965	15,463,076	593,889	3.84%
Health	8,167,924	8,229,336	(61,412)	-0.75%
Culture and leisure	8,795,715	7,617,459	1,178,256	15.47%
Interest on long-term debt	528,873	398,181	130,692	32.82%
TOTAL EXPENSES	<u>99,729,654</u>	<u>99,386,039</u>	<u>343,616</u>	<u>0.35%</u>
CHANGE IN NET POSITION	<u>7,043,751</u>	<u>2,353,322</u>	<u>4,690,428</u>	<u>199.31%</u>
NET POSITION, BEGINNING OF YEAR	<u>208,390,311</u>	<u>206,036,990</u>	<u>2,353,321</u>	<u>1.14%</u>
NET POSITION, END OF YEAR	<u>\$ 215,434,062</u>	<u>\$ 208,390,311</u>	<u>\$ 7,043,751</u>	<u>3.38%</u>

Table 2 provides a condensed summary of activities of the City's governmental operations for the period ended June 30, 2021, with the prior fiscal year presented for comparative purposes. The \$7,043,751 (199.31%) increase in the City's total net position is all due to the increase in governmental activities of \$7,043,751. Governmental operating results for the current fiscal year are provided in greater detail on page 20.

As noted above, net position for governmental activities increased by \$7,043,751. The key element of the increase was a 21% decrease in general government spending and a 10% increase in the City's tax revenue.

Governmental Activities. The City’s total revenues from governmental activities were \$106,773,405 for the fiscal year ended June 30, 2021, growing \$5,034,044, or 4.95%, compared to the prior year. The largest source of revenue for the City, at 34.32%, is sales-related taxes (comprising sales & use tax and district transaction & use tax). Revenues from sales-related taxes increased by \$5,146,930 or 16.46%. Revenues from other taxes, the most significant of which is property-related taxes (real property taxes, personal property taxes, and property tax in lieu of vehicle license fee [“VLF”]), represented 15.53% of total revenues at the end of the current fiscal year (fiscal year 2021) and increased by \$291,452 or 1.82%.

Capital grants and contributions for governmental activities ended the fiscal year at \$6,109,734, for a 36.83%, increase over the prior year. Charges for services decreased by (\$2,474,895), or -9.58%, compared to the prior year. Lastly, operating grants and contributions increased by \$1,027,306, or 6.17%.

The City’s expenses for governmental activities cover a wide array of services, with \$46,808,349, or 46.9%, for fiscal year 2021 related to public safety and \$10,868,545, or 10.96%, to general government. Overall, expenses for governmental activities rose \$343,616, or 0.35%, with growth in Public Safety at \$1,138,929, or 2.49%, and Culture and Leisure taking the lead as the primary driver in increase at \$1,178,256, or 15.47% growth. Details regarding projects contributing to this total may be found in the “Major Accomplishments and Initiatives” section of the letter of transmittal.

Financial Analysis of the City’s Funds

As noted earlier, the City 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 spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The City’s classifications of fund balance comprise a hierarchy based on the extent to which the City is bound to observe constraints imposed upon the use of the financial resources of the funds. Fund balance is reported in five categories, based upon the following defining characteristics:

- **non-spendable** – either not in spendable form or legally or contractually required to be maintained intact;
- **restricted** – subject to externally enforceable limitations by law, enabling legislation, or limitations imposed by creditors or grantors;
- **committed** – may be spent only for the specific purposes determined by formal action of the government’s highest level of decision-making authority (City Council) and, therefore, may be used for different purposes only upon the government’s taking the same formal action that imposed the original constraint;
- **assigned** – constrained by the City’s intent to utilize fund balance for specific purposes;
- **unassigned** – fund balance not falling in any of the foregoing categories and available for spending at the City’s discretion.

TABLE 3
GOVERNMENTAL FUNDS SUMMARY
For the year ended June 30, 2021

	General Fund		Other Governmental Funds		Total Governmental Funds	
	2021	2020	2021	2020	2021	2020
Total Assets	\$ 56,171,365	\$ 55,790,599	\$ 109,629,373	\$ 107,250,415	\$ 165,800,738	\$ 163,041,014
Total Liabilities	5,078,314	6,862,203	9,139,521	7,895,479	14,217,835	14,757,682
Total Deferred Inflows of Resources	200,000	-	1,004,805	497,939	1,204,805	497,939
Fund Balances						
Non-spendable	3,964,435	3,926,499	1,270,805	25,805	5,235,240	3,952,304
Restricted	10,833,351	10,092,890	98,961,756	98,847,618	109,795,107	108,940,508
Committed	14,945,000	11,485,066	-	-	14,945,000	11,485,066
Assigned	7,193,969	7,129,273	-	-	7,193,969	7,129,273
Unassigned	13,956,296	16,294,668	(747,514)	(16,426)	13,208,782	16,278,242
Total fund balance	50,893,051	48,928,396	99,485,047	98,856,997	150,378,098	147,785,393
Total liabilities, deferred inflows of resources, and fund balances	\$ 56,171,365	\$ 55,790,599	\$ 109,629,373	\$ 107,250,415	\$ 165,800,738	\$ 163,041,014

The table above summarizes the balance sheet of the City’s General Fund and other governmental funds.

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$150,378,098, an increase of \$2,592,705 over the prior year. The restricted component represents the largest portion, \$109,795,107, of ending fund balance which includes the two bank notes the City holds pertaining to the sale of Kimball & Morgan Towers, \$34,998,781.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, the assigned fund balance of the General Fund increased to \$7,193,969 in comparison to \$7,129,273 in the prior fiscal year, an increase of \$64,696. General Fund revenues grew \$3,169,055 with increases of \$5,240,798 in taxes revenues, decreases of \$2,501,663 in fines and forfeitures, and decreases of \$398,350 in use of money. Intergovernmental and Charges for Services increased by \$888,301 and \$357,746, respectively, while Other Revenues and Licenses and Permits decreased by \$99,926 and \$196,195, respectively. General Fund expenditures increased by \$1,526,871, with an increase of \$952,261 in General Government Functions.

The fund balance classification for the General Fund and other major funds can be found on page 93, in Note 13 of the Notes to Financial Statements section.

The Sewer Service Fund total fund balance decreased by (\$523,415) in FY21. Housing Choice Voucher Fund revenues increased resulting in an increase of the Housing Choice Voucher Fund balance to \$449,661.

Proprietary Funds. As noted earlier, the City’s proprietary funds provide the same type of information found in the *government-wide financial statements*, but in more detail.

General Fund Budgetary Highlights

TABLE 4

For the year ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Total Revenues	\$ 56,414,684	\$ 56,414,684	\$ 65,018,006	\$ 8,603,322
*Expenditures:				
General government	10,994,114	10,994,114	10,189,994	804,120
Public safety	40,711,637	40,711,637	41,034,427	(322,790)
Transportation	4,064,481	4,064,481	3,422,731	641,750
Community development	237,671	237,671	202,919	34,752
Culture and leisure	4,020,774	4,020,774	3,787,685	233,089
Capital outlay	3,724,043	3,724,043	1,448,401	2,275,642
Principal	287,761	287,761	291,163	(3,402)
Interest on long-term debt	316,903	316,903	316,902	1
Total expenditures	<u>64,357,384</u>	<u>64,357,384</u>	<u>60,694,222</u>	<u>3,663,162</u>
Revenues over (under) expenditures	(7,942,700)	(7,942,700)	4,323,784	12,266,484
Other Financing Sources	-	-	(2,359,129)	-
Net change in fund balance	<u>\$ (7,942,700)</u>	<u>\$ (7,942,700)</u>	1,964,655	<u>\$ 9,907,355</u>
Beginning fund balance			<u>48,928,396</u>	
Ending fund balance			<u>\$ 50,893,051</u>	

Actual amounts differed from the final General Fund budget as follows:

- Actual revenues were \$8,603,322 more than the final budget. While Fines and Forfeitures came in under their budgeted estimate, overall receipts for all other revenue categories exceeded their budgeted amounts.
- Actual expenditures were less than their overall budgeted amount by \$3,663,162. The most significant variance of \$2,275,642 is attributable to unspent appropriations for capital projects not completed during the year (and, thus, are carried over to the following fiscal year).

Capital Asset and Debt Administration

Capital Assets. The City’s investment in capital assets (net of accumulated depreciation) for governmental activities as of June 30, 2021, amounted to \$172,874,546. This investment includes land, rights of ways, construction in progress, buildings and improvements, machinery, and infrastructure. Infrastructure assets represented 49.23% of total combined assets.

TABLE 5
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)
For the year ended June 30, 2021

	Governmental Activities		\$ Change	% Change
	2021	2020		
Land	\$ 25,147,009	\$ 24,402,009	\$ 745,000	3.05%
Right-of-way	4,245,088	4,245,088	-	0.00%
Construction in progress	23,730,673	21,768,254	1,962,419	9.02%
Buildings and improvements	26,456,235	28,809,498	(2,353,263)	-8.17%
Machinery and equipment	7,242,187	7,745,484	(503,297)	-6.50%
Infrastructure	85,100,281	79,423,077	5,677,204	7.15%
Radio Rights	953,073	1,016,611	(63,538)	-6.25%
TOTALS	\$ 172,874,546	\$ 167,410,021	\$ 5,464,525	3.26%

Construction in progress totaled \$23,730,673, which included new spending of \$11,386,584 and transfers to completed projects of \$9,424,165. Depreciation expense during the fiscal year was \$7,382,318 for governmental activities.

Additional information on the City’s capital assets can be found in Note 5 on pages 70-71 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total debt outstanding of \$10,708,017.

TABLE 6
OUTSTANDING LONG-TERM DEBT
For the year ended June 30, 2021

	Governmental Activities		\$ Change	% Change
	2021	2020		
2012 General Obligation Refunding Bonds	\$ 2,790,000	\$ 3,080,000	\$ (290,000)	-9.42%
Bond Premium	11,233	12,838	(1,605)	-12.50%
HUD 108 Bonds, Series A	1,690,000	2,175,000	(485,000)	-22.30%
2017 Clean Energy Bonds	1,800,000	1,800,000	-	0.00%
2017 Lease Revenue Bonds	3,110,214	3,273,024	(162,810)	-4.97%
Notes Payable	679,023	803,972	(124,949)	-15.54%
Capital Leases	627,547	768,283	(140,736)	-18.32%
TOTALS	\$ 10,708,017	\$ 11,913,117	\$ (1,205,100)	-10.12%

The City’s total debt decreased by \$1,205,100, or 10.12%, during the fiscal year 2021. The net decrease is due primarily from normally scheduled payments of the City’s bonded indebtedness.

The City's general obligation bond ratings are "A+."

Additional information on the City's long-term debt can be found in Note 6 on pages 71-77 of this report.

Economic Factors and Next Year's Budget

Many economic factors were considered in the development of the City's fiscal year 2022 budget. The most significant factors are described below.

After the initial negative impacts on the sales tax and other revenues caused by the COVID-19 pandemic at the end of fiscal year 2020, fiscal year 2021 sales tax revenue rebounded with 17% growth. Growth in Bradley Burns sales tax revenue received in fiscal year 2021 was driven by 16% year over year growth in point of sales activity and 38% year over year growth in County pool revenue. The fiscal year 2022 budget anticipates continued recovery at a slower pace of growth.

Sales & use tax and district transactions & use tax revenues are budgeted at a combined \$33 million for fiscal year 2021, a 6.26% increase from fiscal year 2021's actual revenues, reflecting an increase in the retail sales environment due to continued improvement from the COVID-19 pandemic.

Fiscal year 2021 was the fifteenth full year of collection of the City's 1% district transactions & use tax. The tax measure ("Proposition 'D'") was approved by National City voters in June 2006 and became effective in October 2006. The initial measure was effective for a period of ten years; however, in November 2014, voters approved a measure to extend the tax for an additional twenty years. The tax now generates approximately \$13 million in revenue annually, allowing the City to continue to provide important programs and services to its citizens.

Personnel costs for California Public Employees Retirement System (CalPERS) employer contribution rates are expected to continue to be the primary driver of increases in the City's operating costs if fiscal year 2022. Previous changes to the employer contribution methodology and phased in reductions to the discount rate have significantly impacted the City's pension costs.

To address the City's unfunded pension liability and mitigate the impact of increasing CalPERS contributions, the City established an irrevocable supplemental pension trust fund in fiscal year 2018 with initial funding of \$1.0 million. The trust was augmented by \$650,000 in fiscal year 2019, and \$4.4 million was added in fiscal year 2020, bringing the balance of the trust, including investment earnings, to more than \$7.2 million. Also in fiscal year 2021, the City established an irrevocable other postemployment benefits (OPEB) trust fund with initial funding of \$3.1 million. During fiscal year 2022, the City issued Pension Obligation Bonds to cover the majority of the City's unfunded accrued liability due to CalPERS, which will generate interest savings and level out annual pension contribution costs over the next twenty years.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those interested. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Administrative Services Director, 1243 National City Boulevard, National City, CA 91950.

BASIC FINANCIAL STATEMENTS





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**GOVERNMENT -WIDE
FINANCIAL STATEMENTS**



City of National City
Statement of Net Position
June 30, 2021

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 107,836,977
Receivables:	
Accounts	1,986,943
Taxes	8,181,613
Interest	186,834
Due from other governments	1,085,056
Land held for resale	5,154,182
Inventories and prepaid items	118,578
Total current assets	124,550,183
Noncurrent assets:	
Restricted cash and investments:	
Section 115 pension trust	7,257,020
Section 115 OPEB trust	3,556,331
Held by fiscal agent	10,334
Loans receivable	46,425,239
Non-depreciable capital assets	53,122,770
Depreciable capital assets, net	119,751,776
Total noncurrent assets	230,123,470
Total assets	354,673,653
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding	29,400
Pension-related deferred outflows	15,583,303
OPEB-related deferred outflows	475,340
Total deferred outflows of resources	16,088,043

City of National City
Statement of Net Position (Continued)
June 30, 2021

	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 3,514,339
Due to other governments	233,523
Accrued liabilities	3,707,970
Interest payable	79,068
Unearned revenue	234,028
Compensated absences - due within one year	2,138,475
Claims payable - due within one year	1,615,426
Long-term debt - due within one year	1,272,776
Total current liabilities	12,795,605
Noncurrent liabilities:	
Developer deposits	904,783
Total OPEB liability	6,025,707
Aggregate net pension liability	113,785,065
Compensated absences - due in more than one year	1,709,386
Claims payable - due in more than one year	10,332,574
Long-term debt - due in more than one year	9,435,241
Total noncurrent liabilities	142,192,756
Total liabilities	154,988,361
DEFERRED INFLOWS OF RESOURCES	
Pension-related deferred inflows	123,900
OPEB-related deferred inflows	215,373
Total deferred inflows of resources	339,273
NET POSITION	
Net investment in capital assets	162,195,929
Restricted:	
General services	20,231,609
Community development	20,000
Public safety	231,802
Transportation	1,245,013
Housing	75,139,133
Debt service	1,023,150
Capital projects	2,336,049
Investment in Section 115 OPEB trust	3,556,331
Investment in Section 115 pension trust	7,257,020
Total restricted	111,040,107
Unrestricted (deficit)	(57,801,974)
Total net position	\$ 215,434,062

City of National City
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 10,868,545	\$ 2,035,702	\$ -	\$ -	\$ (8,832,843)
Public safety	46,808,349	3,833,783	2,718,513	-	(40,256,053)
Transportation	8,503,284	2,559,581	-	6,109,734	166,031
Community development	16,056,965	3,885,598	14,916,189	-	2,744,822
Health	8,167,924	10,557,839	15,539	-	2,405,454
Culture and leisure	8,795,715	484,207	35,200	-	(8,276,308)
Interest on long-term debt	528,873	-	-	-	(528,873)
Total governmental activities	99,729,654	23,356,710	17,685,441	6,109,734	(52,577,769)
General revenues:					
Taxes:					
Property taxes					16,266,505
Sales taxes					36,415,641
Franchise taxes					2,104,436
Utilities user taxes					737,435
Transient occupancy taxes					1,600,549
Total taxes					57,124,566
Investment earnings					2,339,978
Miscellaneous					156,976
Total general revenues					59,621,520
Change in net position					7,043,751
Net position - beginning of year					208,390,311
Net position - end of year					\$ 215,434,062

FUND FINANCIAL STATEMENTS





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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund – This is the primary operating fund of the City. It is used to account for all revenues and expenditures that are not required to be accounted for in another fund.

Housing Fund - This fund is used to account for activities of housing assistance and assistance to low income families.

Housing Choice Voucher Program ("Section 8") Fund - This fund is used to account for the activities of housing assistance program funded by HUD. The program provides rental assistance to low income families by subsidizing a portion of the rent directly to landlords on behalf of very low income households.

Sewer Service Fund - This fund is used to account for the collection of sewer connection fees and monthly sewer service charges used for the construction and maintenance of City sewers.

Other Special Revenue Fund - This represents a combination of minor and less active funds that the City has combined for reporting purposes.

Housing Authority Special Revenue Fund - This fund is used to account for the activities of the development of a viable urban community by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons with low and moderate incomes.

City of National City
Balance Sheet
Governmental Funds
June 30, 2021

	Major Funds			
	General Fund	Housing Special Revenue Fund	Housing Choice Voucher Program Special Revenue Fund	Sewer Service Special Revenue Fund
ASSETS				
Cash and investments	\$ 24,751,380	\$ 566,010	\$ 910,762	\$ 19,451,131
Receivables:				
Accounts	1,602,849	-	130,985	26,776
Taxes	7,887,862	-	-	54,520
Interest	97,582	843	-	33,401
Loans	-	10,565,319	-	-
Due from other funds	6,883,087	-	-	-
Due from other governments	170,819	-	-	3,385
Inventories and prepaid items	55,253	-	-	-
Land held for resale	3,909,182	1,245,000	-	-
Restricted cash and investments:				
Investment in Section 115 pension trust	7,257,020	-	-	-
Investment in Section 115 OPEB trust	3,556,331	-	-	-
Total assets	\$ 56,171,365	\$ 12,377,172	\$ 1,041,747	\$ 19,569,213
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,223,268	\$ -	\$ 16,620	\$ 72,921
Due to other governments	233,523	-	-	-
Accrued liabilities	3,270,531	14,386	49,270	47,477
Due to other funds	-	45,989	13,657	211,393
Deposits	118,052	-	-	-
Unearned revenue	232,940	-	-	-
Total liabilities	5,078,314	60,375	79,547	331,791
Deferred inflows of resources:				
Unavailable revenues	200,000	-	-	-
Total deferred inflows of resources	200,000	-	-	-
Fund Balances:				
Nonspendable	3,964,435	1,245,000	-	-
Restricted	10,833,351	11,071,797	962,200	19,237,422
Committed	14,945,000	-	-	-
Assigned	7,193,969	-	-	-
Unassigned	13,956,296	-	-	-
Total fund balances	50,893,051	12,316,797	962,200	19,237,422
Total liabilities, deferred inflows of resources, and fund balances	\$ 56,171,365	\$ 12,377,172	\$ 1,041,747	\$ 19,569,213

(Continued)

**City of National City
Balance Sheet (Continued)
Governmental Funds
June 30, 2021**

	Major Funds			
	Other Special Revenue Fund	Housing Authority Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 6,534,533	\$ 26,514,665	\$ 6,317,535	\$ 85,046,016
Receivables:				
Accounts	37,477	45	127,246	1,925,378
Taxes	-	-	239,231	8,181,613
Interest	3,083	46,456	5,469	186,834
Loans	-	34,998,782	861,138	46,425,239
Due from other funds	-	-	18,924	6,902,011
Due from other governments	910,852	-	-	1,085,056
Inventories and prepaid items	-	25,805	-	81,058
Land held for resale	-	-	-	5,154,182
Restricted cash and investments:				
Investment in Section 115 pension trust	-	-	-	7,257,020
Investment in Section 115 OPEB trust	-	-	-	3,556,331
Total assets	\$ 7,485,945	\$ 61,585,753	\$ 7,569,543	\$ 165,800,738
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 958,380	\$ 41,155	\$ 452,111	\$ 2,764,455
Due to other governments	-	-	-	233,523
Accrued liabilities	14,075	-	257,173	3,652,912
Due to other funds	4,886,122	-	1,270,973	6,428,134
Deposits	698,458	88,273	-	904,783
Unearned revenue	-	-	1,088	234,028
Total liabilities	6,557,035	129,428	1,981,345	14,217,835
Deferred inflows of resources:				
Unavailable revenues	-	495,222	509,583	1,204,805
Total deferred inflows of resources	-	495,222	509,583	1,204,805
Fund Balances:				
Nonspendable	-	25,805	-	5,235,240
Restricted	928,910	60,935,298	5,826,129	109,795,107
Committed	-	-	-	14,945,000
Assigned	-	-	-	7,193,969
Unassigned	-	-	(747,514)	13,208,782
Total fund balances	928,910	60,961,103	5,078,615	150,378,098
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,485,945	\$ 61,585,753	\$ 7,569,543	\$ 165,800,738

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City of National City
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2021

Total Fund Balances - Total Governmental Funds	<u>\$ 150,378,098</u>
Amounts reported for governmental activities in the Statement of Net Position were different because:	
Capital assets used in governmental activities were not financial resources and therefore were not reported in governmental funds.	
Government-wide Statement of Net Position	172,874,546
Less: internal service funds' capital assets	<u>(5,977,625)</u>
Total capital assets	<u>166,896,921</u>
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet (net of \$7,699 in internal service funds).	
	<u>(71,369)</u>
Long-term liabilities were not due and payable in the current period and therefore were not reported in the governmental funds.	
Amount reported in Government-wide Statement of Net Position:	
Compensated absences - due within one year	(2,138,475)
Compensated absences - due in more than one year	(1,709,386)
Claims payable - due within one year	(1,615,426)
Claims payable - due in more than one year	(10,332,574)
Long-term debt - due within one year	(1,272,776)
Long-term debt - due in more than one year	(9,435,241)
Aggregate net pension liability	(113,785,065)
Total OPEB liability	<u>(6,025,707)</u>
	<u>(146,314,650)</u>
Less: amount reported in internal service funds	
Capital leases payable - due within one year	144,258
Capital leases payable - due in more than one year	477,904
Compensated absences - due within one year	11,039
Claims payable - due within one year	1,615,426
Claims payable - due in more than one year	<u>10,332,574</u>
	<u>12,581,201</u>
Net long-term liabilities	<u>(133,733,449)</u>
Deferred outflows of resources related to pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
	15,583,303
Deferred outflows of resources related to OPEB are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
	475,340
Deferred inflows of resources related to pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
	(123,900)
Deferred inflows of resources related to OPEB are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
	(215,373)
Deferred amounts on refunding are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
	29,400
Unavailable revenues are deferred in the governmental funds, but are recognized as revenues in the Government-wide statement of Net Position.	
	1,204,805
Internal service funds were used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds were included in governmental activities in the Government-wide Statement of Net Position.	
	<u>15,010,286</u>
Net Position of Governmental Activities	<u><u>\$ 215,434,062</u></u>

City of National City
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

	Major Funds			
	General Fund	Housing Special Revenue Fund	Housing Choice Voucher Program Special Revenue Fund	Sewer Service Special Revenue Fund
REVENUES:				
Taxes	\$ 53,568,239	\$ -	\$ -	\$ -
Licenses and permits	900,200	-	-	-
Fines and forfeitures	444,054	-	60,590	-
Use of money and property	1,996,365	219,993	237	3,175
Intergovernmental	3,778,286	-	13,855,097	-
Charges for services	3,459,707	-	-	10,051,087
Other revenues	871,155	-	278,189	-
Total revenues	65,018,006	219,993	14,194,113	10,054,262
EXPENDITURES:				
Current:				
General Government	10,189,994	-	-	-
Public Safety	41,034,427	-	-	-
Transportation	3,422,731	-	-	5,455
Community Development	202,919	191,900	13,740,555	-
Health	-	-	-	8,038,806
Culture and Leisure	3,787,685	-	-	-
Capital outlay	1,448,401	-	-	2,055,449
Debt service:				
Principal	291,163	-	-	-
Interest and fiscal charges	316,902	-	3,897	23,967
Total expenditures	60,694,222	191,900	13,744,452	10,123,677
REVENUES OVER (UNDER) EXPENDITURES	4,323,784	28,093	449,661	(69,415)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of property	3,890	-	-	-
Transfers in	5,500	-	-	-
Transfers out	(2,368,519)	-	-	(454,000)
Total other financing sources (uses)	(2,359,129)	-	-	(454,000)
CHANGES IN FUND BALANCES	1,964,655	28,093	449,661	(523,415)
FUND BALANCES:				
Beginning of year	48,928,396	12,288,704	512,539	19,760,837
End of year	\$ 50,893,051	\$ 12,316,797	\$ 962,200	\$ 19,237,422

(continued)

City of National City
Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)
Governmental Funds
For the Year Ended June 30, 2021

	Major Funds			Total Governmental Funds
	Other Special Revenue Fund	Housing Authority Special Revenue Fund	Other Governmental Funds	
REVENUES:				
Taxes	\$ 501,330	\$ -	\$ 4,941,599	\$ 59,011,168
Licenses and permits	218,724	-	-	1,118,924
Fines and forfeitures	11,245	-	4,751	520,640
Use of money and property	3,201	1,368,742	37,174	3,628,887
Intergovernmental	6,970,157	-	2,115,662	26,719,202
Charges for services	139,820	-	-	13,650,614
Other revenues	200	148,356	119,204	1,417,104
Total revenues	7,844,677	1,517,098	7,218,390	106,066,539
EXPENDITURES:				
Current:				
General Government	781,233	-	381,034	11,352,261
Public Safety	1,284,732	-	-	42,319,159
Transportation	-	-	1,622,159	5,050,345
Community Development	80,956	648,958	1,216,090	16,081,378
Health	143,622	-	44,924	8,227,352
Culture and Leisure	232,955	-	4,196,287	8,216,927
Capital outlay	4,746,350	-	1,665,617	9,915,817
Debt service:				
Principal	-	-	775,000	1,066,163
Interest and fiscal charges	-	-	189,804	534,570
Total expenditures	7,269,848	648,958	10,090,915	102,763,972
REVENUES OVER (UNDER) EXPENDITURES	574,829	868,140	(2,872,525)	3,302,567
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of property	-	-	-	3,890
Transfers in	316,753	-	2,300,846	2,623,099
Transfers out	(5,500)	(508,832)	-	(3,336,851)
Total other financing sources (uses)	311,253	(508,832)	2,300,846	(709,862)
CHANGES IN FUND BALANCES	886,082	359,308	(571,679)	2,592,705
FUND BALANCES:				
Beginning of year	42,828	60,601,795	5,650,294	147,785,393
End of year	\$ 928,910	\$ 60,961,103	\$ 5,078,615	\$ 150,378,098

(concluded)

City of National City
Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 2,592,705
Amounts reported for governmental activities in the Statement of Activities were different because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period (net of \$487,906 added in internal service funds).	12,177,623
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds. This amount did not include the depreciation expense for Internal Service Funds in the amount of \$949,207.	(6,375,703)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) increased net position.	3,890
Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position (net of repayment in internal service funds).	
Principal payment of long-term debt	1,066,163
Amortization expenses were reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, amortization expenses were not reported as expenditures in the Governmental Funds.	
Bond premium	1,605
Deferred amount on refunding	(4,200)
Certain long-term liabilities were reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, long-term liabilities were not reported as expenditures in governmental funds. These amounts represented the changes in long-term liabilities from prior year.	
Changes in compensated absences	(81,555)
Changes in net OPEB liabilities	(340,994)
Change in net pension liability reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds (Note 10).	(6,412,220)
The net effect of various miscellaneous transactions involving pension plans (i.e. deferred inflow/outflow amortization, contributions after measurement date) decreased net position.	1,699,933
The net effect of various miscellaneous transactions involving the OPEB plan (i.e. deferred inflow/outflow amortization) decreased net position.	213,325
Unavailable revenues in the governmental funds were reported as revenue in the Government-Wide Statement of Net Position as follows:	
Investment earnings	706,866
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Position, but it did not require the use of current financial resources. This amount represented the change in accrued interest from prior year.	8,292
Internal service funds were used by management to charge the costs of certain activities to individual funds. The net revenue of internal service funds was reported with governmental activities.	1,791,911
Change in Net Position of Governmental Activities	<u>\$ 7,043,751</u>

PROPRIETARY FUND FINANCIAL STATEMENTS

Internal Service Funds are funds used to account for interdepartmental operations where it is the stated intent that costs of providing services to the departments of the City on a continuing basis be financed or recovered primarily by charges to the user departments.



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City of National City
Statement of Net Position
Proprietary Funds
June 30, 2021

	Governmental Activities Internal Service Funds
ASSETS	
Current assets:	
Cash and investments	\$ 22,790,961
Accounts receivable	61,565
Inventories	-
Prepaid items and deposits	37,520
Total current assets	22,890,046
Noncurrent assets:	
Restricted cash and investments	10,334
Capital assets:	
Non-depreciable assets	-
Depreciable assets, net of accumulated depreciation	5,977,625
Total capital assets, net	5,977,625
Total noncurrent assets	5,987,959
Total assets	28,878,005
LIABILITIES AND NET POSITION	
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	749,884
Salaries payable	55,058
Interest payable	7,699
Due to other funds	473,877
Capital leases payable - due within one year	144,258
Compensated absences - due within one year	11,039
Note payable - due within one year	-
Claims payable - due within one year	1,615,426
Total current liabilities	3,057,241
Noncurrent liabilities:	
Capital leases payable - due in more than one year	477,904
Claims payable - due in more than one year	10,332,574
Total noncurrent liabilities	10,810,478
Total liabilities	13,867,719
Net Position:	
Net investment in capital assets	5,355,463
Restricted:	
Debt service	10,334
Total restricted	10,334
Unrestricted	9,644,489
Total net position	\$ 15,010,286



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City of National City
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Governmental Activities Internal Service Funds
OPERATING REVENUES:	
Charges for services	\$ 11,905,984
Other	76,910
Total operating revenues	11,982,894
OPERATING EXPENSES:	
Operations and administration	5,565,158
Maintenance	4,299,590
Depreciation	1,006,615
Total operating expenses	10,871,363
OPERATING INCOME	1,111,531
NONOPERATING REVENUES (EXPENSES):	
Interest expense	(33,372)
Total nonoperating revenues (expenses)	(33,372)
INCOME (LOSS) BEFORE TRANSFERS	1,078,159
TRANSFERS	
Transfers in	713,752
Total transfers	713,752
CHANGES IN NET POSITION	1,791,911
NET POSITION:	
Beginning of year	13,218,375
End of year	\$ 15,010,286

City of National City
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from other funds	\$ 11,949,284
Cash payments for goods and services	(9,048,066)
Other operating revenues	76,910
Net cash provided by operating activities	<u>2,978,128</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal paid on capital lease	(137,332)
Acquisition of capital assets	(458,765)
Loss on disposal of assets	31,441
Interest paid	(35,072)
Net cash provided by (used in) capital and related financing activities	<u>(599,728)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Intergovernmental	-
Interest paid	-
Amounts received from (paid to) other funds	473,877
Transfers in	713,752
Transfers (out)	-
Net cash provided by noncapital financing activities	<u>1,187,629</u>
Net change in cash and cash equivalents	3,566,029
CASH AND CASH EQUIVALENTS:	
Beginning of year	<u>19,235,266</u>
End of year	<u>\$ 22,801,295</u>
RECONCILIATION TO STATEMENT OF NET POSITION:	
Cash and investments	\$ 22,790,961
Restricted cash and investments	10,334
Total cash and cash equivalents	<u>\$ 22,801,295</u>

City of National City
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2021

	Governmental Activities Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 1,111,531
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,006,615
Changes in operating assets and liabilities:	
Accounts receivable	43,300
Prepaid items and deposits	-
Accounts payable and accrued liabilities	158,585
Salaries payable	55,058
Compensated absences	11,039
Claims payable	592,000
Total adjustments	1,866,597
Net cash provided by operating activities	\$ 2,978,128



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FIDUCIARY FUND

FINANCIAL STATEMENTS

Custodial Fund – This fund is used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments and/or other funds.

The Successor Agency to the Community Development Commission as the National City Redevelopment Agency ("Successor Agency") Private-Purpose Trust Fund – This fund is used to account for monies received from the San Diego County Auditor Controller for the payment of the enforceable obligations of the former National City Redevelopment Agency. These funds are restricted for the sole purpose of payment of items on an approved Recognized Payment Obligation Schedule (ROPS).



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City of National City
Statement of Fiduciary Net Position
Fiduciary Activities
June 30, 2021

	Custodial Fund	Successor Agency Private-Purpose Trust Fund
ASSETS		
Cash and investments	\$ 2,253,477	\$ 5,354,111
Receivables:		
Account	-	10,963
Loans	-	346,336
Restricted cash and investments with fiscal agent	-	1,464
Capital asset, net accumulated depreciation	-	450,000
Total assets	2,253,477	6,162,874
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	-	5,347,377
Total deferred outflows of resources	-	5,347,377
LIABILITIES		
Accounts payable and accrued liabilities	28,358	203,032
Interest payable	-	404,230
Long-term debt - due within one year	-	3,131,000
Long-term debt - due in more than one year	-	35,936,000
Developer deposits	-	25,000
Total liabilities	28,358	39,699,262
NET POSITION		
Restricted	2,225,119	-
Unrestricted (deficit)	-	(28,189,011)
Total net position	\$ 2,225,119	\$ (28,189,011)

City of National City
Statement of Changes in Fiduciary Net Position
Fiduciary Activities
For the Year Ended June 30, 2021

	Custodial Fund	Successor Agency Private-Purpose Trust Fund
ADDITIONS:		
Property taxes	\$ -	\$ 2,687,984
Investment income	-	39,224
Miscellaneous	317,749	-
Total additions	317,749	2,727,208
DEDUCTIONS:		
Enforceable obligations	-	243,543
Community development	-	1,389,078
Administrative expenses	-	248,142
Total deductions	-	1,880,763
Changes in Net Position	317,749	846,445
NET POSITION:		
Beginning of year, as restated (Note 14)	1,907,370	(29,035,456)
End of year	\$ 2,225,119	\$ (28,189,011)

**NOTES TO THE
BASIC FINANCIAL STATEMENTS**





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City of National City
Index to the Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

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City of National City
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

The basic financial statements of the City of National City, California (the “City”) have been prepared in conformity with accounting principles generally accepted of the United States of America (“US GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

A. Reporting Entity

The City was incorporated September 17, 1887 under the general laws of the State of California. The City operates under a Council-Manager form of government and provides basic local governmental services including public safety (police and fire), maintenance and construction of public improvements, cultural, recreation, planning, zoning, transportation, health services and general administration. In addition, the City operates the Community Development Commission (which formerly included the Morgan Towers and Kimball Towers Enterprise Funds). The City sold Kimball Towers and Morgan Towers to two not-for-profit organizations on March 28, 2019. The sale was intended to ensure the feasibility of the renovation, since not-for-profit organizations have financing sources that are unavailable to a developer such as a City.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body’s financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship if it appoints a voting majority of an organization’s governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

Blended Component Units

The financial reporting entity consists of the primary government, the City, and its component units. Component units are legally separate entities for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government is accountable and their exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Blended component units, although legally separate entities, are, in substance part of the government’s operation and so data from these units are combined with data of the primary government. Discretely presents component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

Although the following are legally separate from the City, they have been “blended” as though they are part of the City because the component unit’s governing body is substantially the same as the City’s and there is a financial benefit or burden relationship between the City and the component unit; management of the City has operational responsibilities for the component units; and/or the component units provide services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly to it.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

National City Joint Powers Financing Authority

The National City Joint Powers Financing Authority (the “NCJPFA”) was created pursuant to a joint exercise of powers agreement entered into by and between the City and the CDC on April 16, 1991. The purpose of such agreement was to provide for the financing and construction of a new police facility and a new community center. The NCJPFA is administered by a commission consisting of the members of the City Council and all voting power of the NCJPFA resides in the commission. The NCJPFA exclusively benefits the City. In 2017 the NCJPFA facilitated the lease financing of the 2017 Energy Savings Project. There are no separate financial statements available.

Parking Authority of the City of National City

In July 1977, the Parking Authority of the City of National City (the “Parking Authority”) was activated pursuant to the Parking Law of 1949 for the financing and construction of the Plaza Bonita Parking Facility. Currently it is used to account for the City’s parking enforcement activities and developing solutions to demand for parking in various sections of the City. The City Council is the governing board of the Authority. The Authority exclusively benefits the City. The capital assets of the Parking Authority have been included in the Government-Wide Financial Statements. There are no separate financial statements available.

Community Development Commission of the City of National City

The National City Redevelopment Agency (the “RDA”), pursuant to provisions of the California Health and Safety Code, was established in April 1967 to undertake and carry out the redevelopment of certain areas within the City that were determined to be blighted. In 1975, the City formed the Housing Authority and concurrently established the Community Development Commission (the “CDC”) to oversee both the RDA and the Housing Authority. In 2012, redevelopment agencies throughout the state of California were dissolved, including the National City RDA. The CDC remains as an active entity with respect to its Housing Authority functions. The City Council is the Governing Board of the CDC.

The following specific criteria were used in determining the status of these component units:

- Members of the City Council also act as the governing body of the NCJPFA, the Parking Authority, and the CDC;
- The City, the NCJPFA, the Parking Authority, and the CDC are financially interdependent;
- The NCJPFA, the Parking Authority, and the CDC are managed by employees of the City, who provide various support functions including financial reporting and investment decisions.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained in accordance with legal and managerial requirements.

The Statement of Net Position reports separate sections for deferred outflows of resources, and deferred inflows of resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

Government - Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities and Changes in Net Position, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the Government-Wide Financial Statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

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 as soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The City reports the following major governmental funds:

General Fund – This is the primary operating fund of the City. It is used to account for all revenues and expenditures that are not required to be accounted for in another fund.

Housing Fund – This fund was established in 2012 pursuant to the redevelopment agency dissolution legislation to account for the assets and activities of the former RDA's Low-and-Moderate-Income Housing Fund.

Housing Choice Voucher Program ("Section 8") Special Revenue Fund - This fund is used to account for the activities of Housing Assistance Program. The program provides rental assistance to low-income families by subsidizing a portion of the rent directly to landlords on behalf of low-income households. The major revenue source for this fund is Housing Assistance Payments and Administrative Fees.

Sewer Service Special Revenue Fund - This fund is used to account for the collection of sewer connection fees and sewer service charges billed and paid via the County's annual property tax collection system which are used for the construction and maintenance of City sewers. The major revenue source for this fund is the sewer service fee.

Other Special Revenue Funds - This represents a combination of minor and less active funds that the City has combined for reporting purposes. The major revenue sources consist of intergovernmental revenues, user-charge fees, franchise fees, and development impact fees.

Housing Authority Special Revenue Fund - This fund is used to account for the activities of the development of a viable urban community by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons with low and moderate incomes.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. All of the City's proprietary funds are internal service funds. A column representing internal service funds is presented in these statements. Internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements. The City's internal service funds include seven individual funds which provide services directly to other City funds. These areas of service include Facilities Maintenance, Liability Insurance, Information Systems Maintenance, Office Equipment Depreciation, Telecommunications, and Vehicle Replacement and Vehicle Maintenance.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following proprietary funds (all are internal service funds) that are funded by user departments on a cost reimbursement basis:

Facilities Maintenance Fund—This fund is used to account for the cost of maintaining all City-owned buildings in a clean, safe, workable, and pleasant condition.

Liability Insurance Fund—This fund is used to account for the costs of maintaining the City's Worker's Compensation and liability insurance programs.

Information Systems Maintenance Fund—This fund is used to account for the costs to maintain and replace City information technology software and hardware and related equipment as well as pay for the City staff that provide support to other City departments on a daily basis.

Office Equipment Depreciation Fund—This fund is used to account for the costs to replace City office equipment.

Telecommunications Revolving Fund—This fund is used to account for the costs of maintaining the City's telecommunication systems.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

Motor Vehicle Service Fund—This fund is used to account for the City’s costs of preventative maintenance and repairs for its fleet, including police, fire, general administrative, park, sewer, and public works equipment.

Vehicle Replacement Fund—This fund is used to account for the costs to lease or purchase new or replacement City fleet vehicles and related equipment.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City’s fiduciary funds represent agency funds and private purpose trust funds. Both the agency funds and the private purpose trust funds are accounted for on the full accrual basis of accounting.

Fiduciary fund types are accounted for according to the nature of the fund. The City’s Agency funds (Cobra Insurance and Miscellaneous Developer’s Deposits) are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. The Cobra Insurance Agency Fund accounts for the collection of medical and dental health insurance premiums. The Miscellaneous Developer’s Deposits Agency Fund accounts for private development project performance deposits. These funds are used to account for money and property held by the City as trustee or custodian. The City’s private purpose trust fund is a fiduciary fund type used by the City to report assets, liabilities and activities of the Successor Agency to the CDC. Its results of operations are presented on the Statement of Changes of Fiduciary Net Position.

The ***Successor Agency to the Community Development Commission as the National City Redevelopment Agency (the “Successor Agency”)*** was created by the City Council of National City (City Council) in January 2012. It was established pursuant to Assembly Bill x1 26. Its purpose is to expeditiously wind down the affairs of the dissolved Redevelopment Agency. The governing body of the Successor Agency is comprised of the members of the City Council. Certain actions of the Successor Agency Board are subject to review by the Countywide Oversight Board and the California State Department of Finance. The Successor Agency has been included in the accompanying basic financial statements as a private purpose trust fund.

C. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The statement of cash flows requires presentation of “cash and cash equivalents”. For the purposes of the statement of cash flows, the City considers all proprietary fund pooled cash and investments as “cash and cash equivalents”, as such funds are available to the various funds as needed.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents and Investments (Continued)

Certain disclosure requirements, if applicable, for deposit and investment risks in the following areas:

- Interest rate risk
- Credit risk
 - Overall
 - Custodial credit risk
 - Concentration of credit risk
- Foreign currency risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

D. Fair Value Measurement

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and establishes disclosures about fair value measurement. Investments, unless otherwise specified, are recorded at fair value in the Statements of Net Position, and are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, which are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

E. Inventories and Prepaid items

Inventories are valued on an average-cost basis which is adjusted to annual physical counts or estimates under the consumption method of accounting and are recorded in the internal service funds. Prepaid items are items the City has paid in advance and will receive future benefit from.

F. Restricted Assets

Fiscal agents acting on behalf of the City hold investment funds placed in irrevocable IRS Section 115 pension and OPEB trusts. These funds are restricted by the trust agreements and are to be used only for pension and/or OPEB contributions or benefit payments.

G. Interfund Transactions

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” or “advances to/from other funds” (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the Governmental-Wide Financial Statements as “internal balances.”

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

H. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets are valued at their estimated acquisition value on the date donated. City policy has set the capitalization threshold for reporting capital assets at \$5,000 (including infrastructure assets). Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings and Improvements	10 -50 years
Machinery and Equipment	2 -20 years
Infrastructure	25 -75 years
Radio rights	20 years

For all infrastructure systems, the City elected to use the basic approach for infrastructure reporting. The City defines infrastructure as the basic physical assets that allow the City to function. The assets include the streets, water purification and distribution system, sewer collection and treatment system, parks and recreation, lands and improvement system, storm water conveyance system, and buildings combined with the site amenities such as parking and landscaped areas used by the City in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land.

These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

I. Compensated Absences

In government-wide financial statements and the proprietary fund financial statements, compensated absences are recorded as expenses and liabilities as incurred.

In governmental fund financial statements, compensated absences are recorded as expenditures in the years paid, as it is the City's policy to liquidate any unpaid vacation or sick leave at year-end from future resources rather than currently available and expendable resources. The General Fund and internal service funds are typically used to liquidate compensated absences.

J. Long-Term Debt

Government-Wide Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the appropriate funds.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are expensed when incurred.

Fund Financial Statements

The fund financial statements do not present long-term debt but long-term debt is shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

K. Property Taxes

Property taxes are payable in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is January 1. The County of San Diego, California (County) bills and collects property taxes and remits them to the City according to a payment schedule established by the County.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied, provided the taxes are received within 60 days after the end of the fiscal year. Property taxes received after this date are not considered available as a resource that can be used to finance the current year operations of the City and, therefore, are not recorded as revenue until collected. No allowance for doubtful accounts was considered necessary because the City participates in the California Teeter Plan whereby local agencies receive 100% of their current secured tax levy in exchange for allowing the sponsoring county to retain all interest and penalties on any late property tax payments.

L. Unearned Revenue

Unearned revenue recorded in the Government-Wide Statement of Net Position for governmental activities and the governmental fund financial statements consists of federal and state capital grants, representing voluntary non-exchange transactions, for which advance payments have been received from the provider for which eligibility requirements, other than timing requirements, have not been satisfied.

Unearned revenue recorded in the Government-Wide Statement of Net Position for business-type activities and the proprietary fund financial statements generally consist of program fees collected from customers prior to the statement of net position date for recreation programs that begin in the next fiscal year or donations for capital or work projects, for which the related expenses have not yet been incurred.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

CalPERS:

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

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over five years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

N. Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plan and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by the plan (Note 11).

The following timeframes are used for OPEB reporting:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

O. Net Position

In government-wide and proprietary fund financial statements, net position is categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, plus deferred outflows of resources attributable to their acquisition, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets and deferred inflows of resources attributable to their acquisition.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

P. Fund Balances

In governmental fund financial statements, fund balances are categorized as follows:

Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, or items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

P. Fund Balances (Continued)

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body and that remain binding unless removed in the same manner. Adoption of a resolution by the City Council is required to commit resources or rescind the commitment. The action that constitutes the most binding constraint (i.e. ordinance) of the City’s highest level of decision-making authority, City Council, commits fund balance for specific purposes. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government’s intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has authorized the City Manager to determine and define the amount of assigned fund balances.

Unassigned – This amount is for any portion of the fund balances that do not fall into one of the above categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Q. Spending Policy

Government-Wide Financial Statements and the Proprietary Fund Financial Statements

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City’s policy is to apply restricted net position first.

Governmental Fund Financial Statements

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

R. Use of Estimates

The preparation of basic financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from these estimates and assumptions.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

S. Accounting Changes

New Governmental Accounting Standards Implemented for the Year Ended June 30, 2021

GASB Statement No. 84

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Application of this statement is effective had an effect on the City's financial reporting. See Note 14.

GASB Statement No. 90

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests— An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Application of this statement did not have a material effect on the City's financial reporting.

GASB Statement No. 98

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Application of this statement did not have a material effect on the City's financial reporting.

Upcoming Governmental Accounting Standards Implementation

GASB Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Application of this statement is effective for the City's fiscal year ending June 30, 2022.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

S. Accounting Changes (Continued)

Upcoming Governmental Accounting Standards Implementation (Continued)

GASB Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Application of this statement is effective for the City’s fiscal year ending June 30, 2022.

GASB Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of this statement is effective for the City’s fiscal year ending June 30, 2023.

GASB Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Application of this statement is effective for the City’s fiscal year ending June 30, 2023.

GASB Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Application of this statement is effective for the City’s fiscal year ending June 30, 2023.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

S. Accounting Changes (Continued)

Upcoming Governmental Accounting Standards Implementation (Continued)

GASB Statement No. 97

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Application of this statement is effective for the City’s fiscal year ending June 30, 2022.

Note 2 – Cash and Investments

The following is a summary of pooled cash and investments, including cash and investments with fiscal agents at June 30, 2021.

	Governmental Activities	Fiduciary Funds Statement of Net Position	Total
Cash and investments	\$ 107,836,977	\$ 7,607,588	\$ 115,444,565
Restricted cash and investments:			
Section 115 pension trust	7,257,020	-	7,257,020
Section 115 OPEB trust	3,556,331	-	3,556,331
Held by fiscal agents	10,334	1,464	11,798
Total restricted cash and investments	10,823,685	1,464	10,825,149
Total cash and investments	\$ 118,660,662	\$ 7,609,052	\$ 126,269,714

Cash, cash equivalents and investments consisted of the following at June 30, 2021:

Petty cash	\$ 4,114
Deposits with financial institution	16,015,901
Investments	99,424,550
Section 115 pension trust	7,257,020
Section 115 OPEB trust	3,556,331
Investments held by bond trustee	11,798
Total cash and investments	\$ 126,269,714

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

A. Deposits

The carrying amount of the City's cash deposits were \$16,015,901 at June 30, 2021. Bank balances before reconciling items were \$16,853,066 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

B. Investments

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) 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 provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Bankers' Acceptances	180 days	40%	5%
Negotiable Certificates of Deposits	5 years	30%	5%
Commercial Paper	270 days	25%	5%
State and Local Agency Bond Issues	5 years	None	10%
US Treasury Obligations	5 years	None	None
US Agency Securities	5 years	None	None
Repurchase Agreement	90 days	None	10%
Reverse-Purchase Agreements	92 days	20%	10%
Medium-Term Corporate Notes	5 years	30%	10%
Federally Insured Time Deposits	5 years	None	10%
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	None	\$50 Million**
Investment Trust of California (CalTrust)	N/A	None	10%
San Diego County Pool Money Fund	None	None	None
Asset-Backed Securities	5 years	20%	20%
Supranationals	5 years	30%	10%

* Excluding amounts held by bond trustee that are not subject to California Government Code restriction.

** Maximum is \$50 million per account.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

B. Investments (Continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreement rather than the general provisions of the California Government Code or the City’s investment policy. The table below 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
US Treasury Obligations	None	None	None
US Agency Securities	None	None	None
Banker’s Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None
Certificates of Deposit	None	None	None
Repurchase Agreements	None	None	None
Mortgage Pass-Through Securities	None	None	None
State Bonds or Notes	None	None	None
Municipal Bonds or Notes	None	None	None
San Diego County Pool Money Fund	None	None	None
Asset-Backed Securities	5 years	20%	20%

C. Fair Value Measurement

As of June 30, 2021, the City’s investments had the following recurring fair value measurements:

Investment Type	Level 2	Uncategorized	Total	Percent of Total
LAIF	\$ -	\$ 30,630,461	\$ 30,630,461	27.78%
Money market funds	-	39,639	39,639	0.04%
San Diego County Investment Pool	-	36,442,498	36,442,498	33.05%
Supranational	796,974	-	796,974	0.72%
Asset-Backed Securities	2,300,045	-	2,300,045	2.09%
US Corporate	5,582,453	-	5,582,453	5.06%
US Treasury Obligations	10,042,250	-	10,042,250	9.11%
US Agency Securities	13,590,230	-	13,590,230	12.33%
Subtotal	32,311,952	67,112,598	99,424,550	90.18%
Held by fiscal agent:				
Section 115 pension trust	-	7,257,020	7,257,020	6.58%
Section 115 OPEB trust	-	3,556,331	3,556,331	3.23%
Money market funds	-	11,798	11,798	0.01%
Subtotal	-	10,825,149	10,825,149	9.82%
Total Investments	\$ 32,311,952	\$ 77,937,747	\$ 110,249,699	100.00%

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

C. Fair Value Measurement (Continued)

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Medium term notes: quoted prices for similar securities in active markets; and

D. Risk Disclosures

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, the greater the sensitivity its fair value is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years, except as otherwise stated in the investment policy. Specific maturities of investments depend on liquidity needs.

As of June 30, 2021, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities				
		1 year or less	1 to 2 years	2-3 years	3-4 years	4-5 years
LAIF	\$ 30,630,461	\$ 30,630,461	\$ -	\$ -	\$ -	\$ -
Money market funds	39,639	39,639	-	-	-	-
San Diego County Investment Pool	36,442,498	36,442,498	-	-	-	-
Supranational	796,974	-	-	796,974	-	-
Asset-Backed Securities	2,300,045	-	9,958	42,333	489,802	1,757,952
US Corporate	5,582,453	392,152	2,305,175	2,241,390	643,736	-
US Treasury Obligations	10,042,250	2,665,727	2,768,467	3,050,199	665,112	892,745
US Agency Securities	13,590,230	3,337,720	3,544,235	4,460,033	1,590,967	657,275
Subtotal	99,424,550	73,508,197	8,627,835	10,590,929	3,389,617	3,307,972
Held by fiscal agent:						
Section 115 pension trust	7,257,020	7,257,020	-	-	-	-
Section 115 OPEB trust	3,556,331	3,556,331	-	-	-	-
Money market funds	11,798	11,798	-	-	-	-
Subtotal	10,825,149	10,825,149	-	-	-	-
Total Investments	\$ 110,249,699	\$ 84,333,346	\$ 8,627,835	\$ 10,590,929	\$ 3,389,617	\$ 3,307,972

The weighted average maturity of the portfolio was 1.52 years.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

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. To be eligible to receive City money, a bank, savings association, federal association, or federally insured industrial loan company shall have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities, including low-and-moderate-income neighborhoods.

The City's investments are rated by the nationally recognized statistical rating organizations as follows:

Investment Type	Fair Value	Moody's	Standard & Poor's
LAIF	\$ 30,630,461	Not Rated	Not Rated
Money Market Funds	39,639	Aaa	AAA
San Diego County Investment Pool	36,442,498	Not Rated	Not Rated
Supranational	796,974	Aaa	AAA
Asset-backed Securities	2,300,045	Various	Various
US Corporate	5,582,453	Various	Various
US Treasury Obligations	10,042,250	n/a	n/a
US Agency Securities	13,590,230	Aaa	AA+
Investment in Section 115 pension trust	7,257,020	Not Rated	Not Rated
Investment in Section 115 OPEB trust	3,556,331	Not Rated	Not Rated
Investments held by bond trustee	11,798	Not Rated	Not Rated
	<u>\$ 110,249,699</u>		

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities, with the exception of LAIF and other pooled investments, are held by a third-party custodian (BNY Western Trust). BNY is a registered member of the Federal Reserve Bank.

Concentration of Credit Risk

The City's investment policy contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total City's investments are as follows:

Issuer	Investment Type	Fair Value
Local Agency Investment Fund (LAIF)	California Pooled Investment Fund	\$ 30,630,461
US Agency Securities	Federal Agency Securities	13,590,230
San Diego County Investment Pool	San Diego County Pooled Investment Fund	36,442,498
US Treasury Obligations	US Treasury Obligations	10,042,250
PARS Pension Trust	Investment in Section 115 pension trust	7,257,020
US Corporate	Corporate Medium Term Notes	5,582,453

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

E. Investments in Local Agency Investment Fund

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments in LAIF at June 30, 2021 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2021, the City had \$30,630,461 invested in LAIF, which had invested 1.10% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The City valued its investments in LAIF as of June 30, 2021, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. The fair value of the City's position in the pool is the same as the value of the pool shares. The credit quality rating of LAIF is unrated as of June 30, 2021.

F. Investments in San Diego County Investment Pool

The City also participates in the San Diego County Treasurer's Pooled Money Fund which is administered by the Treasurer-Tax Collector's Office. At June 30, 2021, the City had \$36,442,498 invested in the pool. The fair value of Commission's investment in the pool is reported at amounts based upon the City's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). Earnings realized on investments based on amortized cost are distributed to Investment Pool participants. Section 27013 of the California Government Code authorizes the Treasurer's Office to deduct administrative fees related to investments. The net realized earnings on investments are apportioned to the Investment Pool participants quarterly, based on the participants' average daily balances. The County's annual financial report for the Pool can be obtained from the Treasurer-Tax Collector at 1600 Pacific Highway, Room 162, San Diego, California, 92101 and can also be accessed at <http://www.sdtreastax.com>.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Loans Receivable

A. Government-Wide Financial Statements

At June 30, 2021, the City had the following loans receivable, including principal and accrued interest:

Morgan Tower Housing Associates, LP	\$	15,304,197
Kimball Tower Housing Associates, LP		19,694,585
Copper Hills Apartments, LP		7,234,762
Plaza City Apartments, LP		3,422,000
Home Improvement Loan Program		32,090
First Time Home Buyers Program		3,163,947
Owner Occupied Loan Program		369,601
Rental Rehabilitation Loan Program		3,332,500
Paradise Creek, LP		5,909,758
Subtotal		58,463,440
Less: allowance for doubtful accounts		(12,038,201)
Total	\$	46,425,239

Morgan Tower Housing Associates, LP

On March 28, 2019, the Community Development Commission- Housing Authority of the City of National City sold 152 units (151 affordable units and 1 manager’s unit) of housing for low-income senior households located at 1415 D Avenue in National City to Morgan Tower Housing Associates, L.P., for \$33,800,000. The CDC-HA sold only the improvements and retained fee-simple ownership of the land through a 99 year-ground lease. The CDC-HA provided a seller carryback note totaling \$15,106,284. The note carries a 55-year term with interest compounding annually at 2.91% and has a mandatory annual payment of \$222,000 that increases by 3.50% per year following the base year. An additional annual payment will be made from 50% of residual receipts. At June 30, 2021, the outstanding balance was \$15,304,197.

Kimball Tower Housing Associates, LP

On March 28, 2019, the CDC-HA sold 151 units (149 affordable units and 2 manager’s units) of housing for low-income senior households located at 1317 D Avenue, National City to Kimball Tower Housing Associates, L.P., for \$28,800,000. The CDC-HA sold only the improvements and retained fee-simple ownership of the land through a 99 year-ground lease. The CDC-HA provided a seller carryback note totaling \$19,374,337. The note carries a 55-year term with interest compounding annually at 2.91% and has a mandatory annual payment of \$253,000 that increases by 3.50% per year following the base year. An additional annual payment will be made from 50% of residual receipts. At June 30, 2021, the outstanding balance was \$19,694,585.

Copper Hills Apartment, LP

In 1999, the Community Development Commission of the City of National City (CDC) entered into several loan agreements with Copper Hills Apartments, LP. CDC Residual Receipts Note dated February 19, 1999 disclosed a loan of \$2,400,000 with 3% interest per annum for 55 years, funded by the HOME Program and Low-and-Moderate-Income Housing Funds. A second and junior to the CDC Residual Receipts Note was made on June 3, 1999 for \$4,400,000, referred to as CDC Rehabilitation Note with 3% interest per annum for 55 years and funded by the Low-and-Moderate-Income Housing Fund (currently Housing Fund). These loans were made to acquire, develop, rehabilitate and operate the multi-family apartments located at “Q” Avenue in National City, CA. This project will contain 134 apartment dwelling units following rehabilitation and renovation. At June 30, 2021, the outstanding balance was \$7,234,762 with an associated contractual allowance of \$2,367,995.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Loans Receivable (Continued)

A. Government-Wide Financial Statements (Continued)

Plaza City Apartments, LP

The CDC of the City of National City entered into a Loan Agreement with Plaza City Apartments, LP on November 1, 2005 in the amount of \$2,700,000 with 3% interest per annum for 55 years. It was amended per Resolution No. 2006-202 dated September 19, 2006 which increased the loan amount by \$722,000 for a total of \$3,422,000. This loan will be used by the borrower to pay the balance of the purchase price and additional costs relating to the acquisition, demolition and development of certain real property located at 1535 Plaza Blvd., National City, CA. At June 30, 2021, the outstanding balance of loans made was \$3,422,000 with an associated contractual allowance of \$3,422,000.

Home Improvement Loan program

The City of National City Home Improvement Loan Program was administered by the Housing Authority and funded with Community Development Block Grant funds. The loan program provided loans to owners of single-family residences that wished to rehabilitate their property, providing for safe, decent, and sanitary housing throughout National City. The loan program provided favorable terms of repayment and stopped issuing loans in 2002. At June 30, 2021, the outstanding balance of the loans made was \$32,090.

First Time Home Buyers program

The City of National City First-Time Homebuyer Assistance Program is currently funded through HUD HOME Investment Partnerships Program and previously was also funded with the State of California Low- and Moderate-Income Housing Set-Aside funds. The Program is currently administered by Community Housing Works, a 501(c)3 affordable housing agency that offers equity share deferred home gap financing loans to qualified borrowers. At June 30, 2021, the outstanding balance of the loans made was \$3,163,947 with an allowance for doubtful accounts of \$3,074,068.

Owner Occupied Loan program

The City of National City Owner Occupied Loan Program is administered by the Housing Authority. The program provides loans to owners of single-family residences that wish to rehabilitate their property, providing for safe, decent, and sanitary housing throughout National City. Principal payment on the loans provided is deferred for 30 years. At June 30, 2021, the outstanding balance of the loans made was \$369,601.

Rental Rehabilitation program

The City of National City Rental Rehabilitation Loan Program is administered by the Housing Authority and funded through HUD HOME Investment Partnerships Program and the Low- and Moderate-Income Housing Asset Fund. The program offers gap financing to developers for the rehabilitation of multi-family complexes and also provides for long-term rental assistance to deed-restricted units. At June 30, 2021, the outstanding balance of loans made was \$3,332,500 with an allowance for doubtful accounts of \$3,174,138.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Loans Receivable (Continued)

A. Government-Wide Financial Statements (Continued)

Paradise Creek, LP

On June 21, 2011, the Community Development Commission of the City of National City (“Commission”), and Paradise Creek Housing Partners, L.P. (the “Developer”) entered into an agreement (Disposition and Development Agreement) for the development of 201-unit affordable housing as Phase I and II of the Transit-Oriented Infill Affordable Housing and Paradise Creek Enhancement Project (the “Project”). The Commission, in order to make the Project financially feasible, agreed to make a loan to Developer for the amount of \$6,000,000 for Phase I of the Project. During 2016, the loan receivable was transferred from the Successor Agency to the City and was recorded as a special item. As of June 30, 2021, the note receivable amount is \$5,909,758. The Developer will repay the loan with ground lease income and residual receipts to the Community Development Commission-Housing Authority of the City of National City (“CDC-HA”).

B. Fiduciary Fund Financial Statements

At June 30, 2021, the Agency had the following loans receivable, including principal and accrued interest:

National City Mile of Cars	\$	346,336
First Time Home Buyers Program		2,500,000
		2,846,336
Subtotal		2,846,336
Less: allowance for doubtful accounts		(2,500,000)
Total	\$	346,336

National City Mile of Cars

In July 20, 2010, the Community Development Commission of the City of National City (“Commission”), and Mile of Cars Association (“Participant”) entered into an agreement (Freeway Sign Rehabilitation Loan Agreement) for the rehabilitation of existing equipment and improvements constituting the signage. The Commission agreed to loan to the Participant the amount of \$675,000 for said improvements. As of June 30, 2021, the note receivable amount was \$346,336. The Participant agreed to execute a promissory note to repay the Commission the full amount of the rehabilitation loan plus interest.

First Time Home Buyers program

The Commission’s First-Time Homebuyer Assistance Program was funded through the HUD HOME Investment Partnerships Program and State of California Low- and Moderate-Income Housing Set-Aside funds. The Program is currently administered by Community Housing Works, a 501(c)3 affordable housing agency that offers equity share deferred home gap financing loans to qualified borrowers. At June 30, 2021, the outstanding balance of the loans made was \$2,500,000 with an allowance for doubtful accounts applied for the full balance.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 4 – Interfund Balances and Transactions

A. Due to/Due from other funds

At June 30, 2021, interfund receivables and payables were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Housing Special Revenue Fund	\$ 45,989	Overdrawn Cash
General Fund	Housing Choice Voucher Program Special Revenue Fund	13,657	Overdrawn Cash
General Fund	Sewer Service Special Revenue Fund	211,393	Overdrawn Cash
General Fund	Other Special Revenue Fund	4,886,122	Overdrawn Cash
General Fund	Non-Major Governmental Funds	1,252,049	Overdrawn Cash
General Fund	Internal Service Funds	473,877	Overdrawn Cash
CDBG Special Revenue Fund	Non-Major Governmental Funds	18,924	Overdrawn Cash
	Total	\$ 6,902,011	

Current interfund balances arise in the normal course of operations to cover cash shortages and are expected to be repaid shortly after the end of the fiscal year.

B. Transfers In/Out

For the year ended June 30, 2021, interfund transfers were as follows:

Transfers In	Transfers Out	Amount	Purpose
Other Special Revenue Fund	General Fund	\$ 316,753	Operating subsidy
Library Fund	General Fund	1,204,103	Operating subsidy
Parks Maintenance Fund	General Fund	579,761	Operating subsidy
CDBG Fund	General Fund	5,707	Operating subsidy
Asset Forfeiture Fund	General Fund	2,443	Operating subsidy
Vehicle Replacement Reserve	General Fund	713,752	Vehicle purchases
	Subtotal	2,822,519	
General Fund	Other Special Revenue Fund	5,500	Overhead allocation
Nutrition Fund	Housing Authority Special Revenue Fund	508,832	Operating subsidy
	Total	\$ 3,336,851	

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 5 – Capital Assets

A. Governmental Activities

A summary of changes in capital assets for governmental activities for the year ended June 30, 2021 is as follows:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers/ Reclassifications</u>	<u>Balance June 30, 2021</u>
Capital assets, not being depreciated:					
Land	\$ 24,402,009	\$ 745,000	\$ -	\$ -	\$ 25,147,009
Right of way	4,245,088	-	-	-	4,245,088
Construction in progress	21,768,254	11,386,584	-	(9,424,165)	23,730,673
Total capital assets, not being depreciated	<u>50,415,351</u>	<u>12,131,584</u>	<u>-</u>	<u>(9,424,165)</u>	<u>53,122,770</u>
Capital assets, being depreciated:					
Buildings and improvements	62,469,402	-	-	-	62,469,402
Machinery and equipment	23,097,114	504,804	(122,729)	-	23,479,189
Infrastructure	154,203,631	-	(30,828)	9,424,165	163,596,968
Radio rights	1,270,763	-	-	-	1,270,763
Subtotal	<u>241,040,910</u>	<u>504,804</u>	<u>(153,557)</u>	<u>9,424,165</u>	<u>250,816,322</u>
Less accumulated depreciation					
Buildings and improvements	(33,652,584)	(2,360,583)	-	-	(36,013,167)
Machinery and equipment	(14,926,243)	(1,402,047)	91,288	-	(16,237,002)
Infrastructure	(74,971,365)	(3,556,150)	30,828	-	(78,496,687)
Radio rights	(254,152)	(63,538)	-	-	(317,690)
Subtotal	<u>(123,804,344)</u>	<u>(7,382,318)</u>	<u>122,116</u>	<u>-</u>	<u>(131,064,546)</u>
Total capital assets, being depreciated	<u>117,236,566</u>	<u>(6,877,514)</u>	<u>(31,441)</u>	<u>9,424,165</u>	<u>119,751,776</u>
Total capital assets, net	<u>\$ 167,651,917</u>	<u>\$ 5,254,070</u>	<u>\$ (31,441)</u>	<u>\$ -</u>	<u>\$ 172,874,546</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 914,257
Public safety	1,142,255
Transportation	3,668,644
Community development	19,912
Culture and leisure	630,635
Internal service funds	1,006,615
Total depreciation expense	<u>\$ 7,382,318</u>

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 5 – Capital Assets (Continued)

B. Fiduciary Funds Financial Statements

A summary of changes in capital assets for fiduciary funds for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 450,000	\$ -	\$ -	\$ 450,000
Total capital assets, not being depreciated	450,000	-	-	450,000
Capital assets, being depreciated:				
Buildings	800,000	-	-	800,000
Machinery and equipment	81,163	-	-	81,163
Subtotal	881,163	-	-	881,163
Less accumulated depreciation				
Buildings	(800,000)	-	-	(800,000)
Machinery and equipment	(81,163)	-	-	(81,163)
Subtotal	(881,163)	-	-	(881,163)
Total capital assets, being depreciated	-	-	-	-
Total capital assets, net	\$ 450,000	\$ -	\$ -	\$ 450,000

Depreciation expense for fiduciary fund financial statements for the year ended June 30, 2021 was \$0.

Note 6 – Long-Term Debt

A. Governmental Activities

A summary of changes in governmental activities long-term debt for the year ended June 30, 2021 is as follows:

	Balance June 30, 2020	Debt Issued	Debt Retired	Balance June 30, 2021	Classification	
					Due within One Year	Due in More Than One Year
Long-term debt:						
2012 General Obligation Bonds	\$ 3,080,000	\$ -	\$ (290,000)	\$ 2,790,000	\$ 300,000	\$ 2,490,000
Bond premium	12,838	-	(1,605)	11,233	-	11,233
Section 108 Bonds	2,175,000	-	(485,000)	1,690,000	520,000	1,170,000
2017 Clean Energy Bonds	1,800,000	-	-	1,800,000	-	1,800,000
2017 Lease Revenue Bonds	3,273,024	-	(162,810)	3,110,214	176,433	2,933,781
Notes payable	803,972	-	(124,949)	679,023	128,435	550,588
Capital leases	768,283	-	(140,736)	627,547	147,908	479,639
Total long-term debt	\$ 11,913,117	\$ -	\$ (1,205,100)	\$ 10,708,017	\$ 1,272,776	\$ 9,435,241

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

2012 General Obligation Refunding Bonds

The City issued \$4,885,000 of general obligation bonds, 2012 General Obligation Refunding Bonds, on August 1, 2012 to refund the 2002 General Obligation Bonds. No 2002 General Obligation Bonds remain outstanding. The bonds mature annually through August 1, 2028 in the amounts ranging from \$235,000 to \$395,000 beginning August 1, 2003. The interest of the bonds is payable semi-annually on each February 1 and August 1, commencing February 1, 2004. The interest rate of the bonds ranges from 2.00% to 3.500%. The bonds are payable solely from and secured by ad valorem taxes of all property subject to taxation by the City. The bonds are subject to optional and mandatory early redemption provisions. As of June 30, 2021, the outstanding balance is \$2,790,000.

The annual debt service requirements for the 2012 General Obligation Refunding Bonds outstanding at June 30, 2021 are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 300,000	\$ 85,375	\$ 385,375
2023	315,000	76,150	391,150
2024	330,000	66,475	396,475
2025	340,000	56,425	396,425
2026	355,000	45,556	400,556
2027-2029	1,150,000	61,020	1,211,020
Total	\$ 2,790,000	\$ 391,001	\$ 3,181,001

Section 108 Bonds

The City issued \$6,900,000 of HUD 108 Bonds, Series A on August 7, 2003 to provide funds for the construction of a fire station. The bonds mature annually through 2024 in the amount ranging from \$170,000 to \$635,000 beginning in 2005. The interest on the bonds is payable semi-annually on each February 1 and August 1, commencing February 1, 2004. As of June 30, 2021, the outstanding balance is \$1,690,000.

The annual debt service requirements for the Section 108 Bonds outstanding at June 30, 2021 are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 520,000	\$ 36,893	\$ 556,893
2023	565,000	23,861	588,861
2024	605,000	8,470	613,470
Total	\$ 1,690,000	\$ 69,224	\$ 1,759,224

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

2017 Clean Energy Bonds and 2017 Lease Revenue Bonds

In July 2017, the National City Joint Powers Financing Authority (“NCJPFA”), pursuant to a facilities lease and facilities sublease with the City of National City, issued \$1,800,000 of taxable clean renewable energy bonds under Section 54C(a) of the Internal Revenue Code and \$3,723,602 of tax-exempt bonds to finance the cost of an energy efficiency and renewable energy program under an Energy Services Agreement with Ameresco, Inc. The bonds were purchased by Banc of America Leasing & Capital, LLC. Principal and interest payments on the bonds are the responsibility of the City and are payable semi-annually on each December 1 and June 1, commencing December 1, 2017.

The annual debt service requirements for the 2017 taxable Clean Energy Bonds outstanding at June 30, 2021 are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 86,940	\$ 86,940
2023	-	86,940	86,940
2024	84,635	85,923	170,558
2025	90,313	81,767	172,080
2026	95,961	77,334	173,295
2027-2031	579,177	309,614	888,791
2032-2036	769,357	149,833	919,190
2037	180,557	6,547	187,104
Total	\$ 1,800,000	\$ 884,898	\$ 2,684,898

The annual debt service requirements for the 2017 Lease Revenue Bonds outstanding at June 30, 2021 are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 176,433	\$ 84,939	\$ 261,372
2023	190,720	79,954	270,674
2024	120,936	75,151	196,087
2025	130,427	71,735	202,162
2026	140,375	68,055	208,430
2027-2031	868,391	274,821	1,143,212
2032-2036	1,197,136	134,893	1,332,029
2037	285,796	5,954	291,750
Total	\$ 3,110,214	\$ 795,502	\$ 3,905,716

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Notes Payable

San Diego County Regional Communication System

In 2017, the County of San Diego and certain local governments, including the City, entered into an agreement for the implementation, governance, and cost for the Next Generation Regional Communication System (“RCS”). The NGRCS replaces, modernizes, and updates the old regional communication system, and provides effective and reliable voice radio communications for routine intra- and inter-agency operations as well as inter-agency communications throughout the region during mutual aid and disaster operations. The RCS includes the following subsystems: a trunked voice system, microwave backhaul network, and a conventional voice system. The City entered into a financing agreement with the County of San Diego to pay for a share of backbone infrastructure cost of the new system. The amount financed for this project was \$1,270,762 at an annual interest rate of 2.79% for a total cost of \$1,473,799. Beginning June 1, 2017, and each year thereafter for ten years, City of National City will make an annual payment of \$147,380 to the County.

The annual debt service requirements for the San Diego County RCS Notes Payable outstanding at June 30, 2021 are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 128,435	\$ 18,945	\$ 147,380
2023	132,019	15,361	147,380
2024	135,702	11,678	147,380
2025	139,488	7,892	147,380
2026	143,379	4,001	147,380
Total	\$ 679,023	\$ 57,877	\$ 736,900

Capital Leases

	Balance July 1, 2020	Debt Issued	Debt Retired	Balance June 30, 2021	Classification	
					Due within One Year	Due in More Than One Year
Honeywell Lease	\$ 759,494	\$ -	\$ (137,332)	\$ 622,162	\$ 144,258	\$ 477,904
Fleet Vehicle Lease - Internal Service Funds	-	-	-	-	-	-
Fleet Vehicle Lease - general	8,789	-	(3,404)	5,385	3,650	1,735
Total	\$ 768,283	\$ -	\$ (140,736)	\$ 627,547	\$ 147,908	\$ 479,639

Honeywell Lease

A fifteen-year contract was entered into on March 16, 2010 for various energy efficiency improvements, such as the installation of a new cooling tower with variable speed fans (Civic Center), boiler replacement (Civic Center and Police Station), VFD (Police Station), and rooftop package unit replacement (Public Works, Police Station and MLK Community Center). Quarterly payments in arrears of principal and interest are \$43,101. The final payment will be made in 2025. The balance at June 30, 2021 on this contract was \$622,162.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Capital Leases (Continued)

Honeywell Lease (Continued)

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 144,258	\$ 28,147	\$ 172,405
2023	151,532	20,873	172,405
2024	159,172	13,232	172,404
2025	167,200	5,205	172,405
Total	\$ 622,162	\$ 67,457	\$ 689,619

Enterprise Car Lease

A ten-year contract was entered into during 2015 with Enterprise Fleet Management, Inc. to lease approximately 74 vehicles for City-use with each vehicle having a five-year payment plan. The balance at June 30, 2021 was \$5,385.

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 3,650	\$ 262	\$ 3,912
2023	1,735	32	1,767
Total	\$ 5,385	\$ 294	\$ 5,679

B. Fiduciary Funds

A summary of changes in fiduciary funds long-term debt for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Debt Issued	Debt Retired	Balance June 30, 2021	Classification	
					Due within One Year	Due in More Than One Year
2017A Tax Allocation Refunding Bonds	\$ 39,989,000	\$ -	\$ (2,991,000)	\$ 36,998,000	\$ 2,923,000	\$ 34,075,000
2017B Tax Allocation Refunding Bonds	2,272,000	-	(203,000)	2,069,000	208,000	1,861,000
Total	\$ 42,261,000	\$ -	\$ (3,194,000)	\$ 39,067,000	\$ 3,131,000	\$ 35,936,000

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Debt (Continued)

B. Fiduciary Funds (Continued)

2017 Series A and B Tax Allocation Refunding Bonds

In September 2017, the Successor Agency to the Community Development Commission as the National City Redevelopment Agency issued \$45,874,000 in Tax Allocation Refunding Bonds, Series 2017A, and \$2,669,000 in Tax Allocation Refunding Bonds, Series 2017B, to redeem the 2005B and 2011 Tax Allocation Bonds and the 1999 Tax Allocation Housing Bonds, respectively. The 2017 Series A bonds mature on August 1, 2032, and bear an interest rate of 2.49% per annum. The 2017 Series B bonds mature on August 1, 2029, and bear an interest rate of 2.36% per annum. Principal is payable annually on August 1 for both series of bonds. Interest is payable semi-annually for both series of bonds on February 1 and August 1. The aggregate debt service payments of the new debt are \$9,877,886 less than the old debt. The issuance of the new debt and refunding of the old debt resulted in an economic gain (the difference between the net present value of the old debt and the new debt service payments) of approximately \$9,497,037.

The annual debt service requirements for the 2017 Series A Tax Allocation Bonds outstanding at June 30, 2021 are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 2,923,000	\$ 884,933	\$ 3,807,933
2023	2,996,000	811,242	3,807,242
2024	3,065,000	735,783	3,800,783
2025	3,139,000	658,543	3,797,543
2026	3,216,000	579,423	3,795,423
2027-2031	15,252,000	1,769,567	17,021,567
2032-32033	6,407,000	160,583	6,567,583
Total	\$ 36,998,000	\$ 5,600,074	\$ 42,598,074

The annual debt service requirements for the 2017 Series B Tax Allocation Bonds outstanding at June 30, 2021 are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 208,000	\$ 46,374	\$ 254,374
2023	212,000	41,418	253,418
2024	221,000	36,308	257,308
2025	224,000	31,057	255,057
2026	232,000	25,677	257,677
2027-2030	972,000	46,588	1,018,588
Total	\$ 2,069,000	\$ 227,422	\$ 2,296,422

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Debt (Continued)

B. Fiduciary Funds (Continued)

Pledged Revenues

The Successor Agency has pledged tax revenues to the repayment of the RDA’s debts transferred to it on February 1, 2012 through the final maturity of the Bonds, or early retirement of the Bonds, whichever comes first.

Tax revenues consist of property tax revenues allocated to the Redevelopment Property Tax Trust Fund (RPTTF) for the Successor Agency that is maintained by the County of San Diego Auditor and Controller. The amounts so allocated are those that would have been allocated to the RDA had the RDA not been dissolved. The Auditor and Controller (A&C) then distributes RPTTF revenues to the Successor Agency based on Recognized Obligation Payment Schedules (ROPS) as approved by the California State Department of Finance (DOF) and after deducting amounts for A&C administrative costs and amounts required to be paid under tax-sharing agreements unless the payment of such amounts has been subordinated to payment of debt services on the Bonds. Each ROPS covers a one fiscal year period and includes the applicable debt service payments on the Bonds.

In fiscal year 2021, the amount of property tax revenue deposited to the RPTTF for the Successor Agency totaled \$25,776,345. After deductions for County administrative fees and pass-through payments, the RPTTF revenue available for distribution to the Successor Agency was \$19,789,317. The actual amount of RPTTF revenue authorized by the State Department of Finance to be distributed to the Successor Agency was \$2,687,984. This distribution took into account previously allocated, but unspent RPTTF in previous ROPS periods and did not affect the ability of the Successor Agency to meet its debt service obligation. Total debt service for all Tax Allocation Refunding Bonds (TARBs) in fiscal year 2021 was \$4,203,716, 21% of the RPTTF revenue available for distribution to the Successor Agency. Beyond fiscal year 2021 and through final maturity in fiscal year 2033, these annual payments will gradually decline from \$4.1 million in fiscal year 2022 to \$3.3 million in fiscal year 2033. The percentage of available RPTTF required for debt service will also gradually drop as total payments decrease and the amount of available RPTTF increases because of expected growth in assessed values attributable to the former redevelopment area.

Note 7 – Compensated Absences

A summary of changes in compensated absences for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Classification	
					Due within One Year	Due in More Than One Year
Compensated Absences	\$ 3,755,267	\$ 2,231,069	\$ (2,138,475)	\$ 3,847,861	\$ 2,138,475	\$ 1,709,386
Total	\$ 3,755,267	\$ 2,231,069	\$ (2,138,475)	\$ 3,847,861	\$ 2,138,475	\$ 1,709,386

The City’s liability for vested and unpaid compensated absences (accrued vacation) has been accrued and amounts to \$3,847,861 at June 30, 2021. For the governmental activities compensated absences are generally liquidated by the General Fund.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Compensated Absences (Continued)

Compensated absences at June 30, 2021 are obligations of the following funds:

General Fund	\$ 3,836,822
Facilities Maintenance	5,470
Liability Insurance	385
Information Systems Maintenance	4,211
Motor Vehicle Services	973
Total	\$ 3,847,861

Note 8 – Other Required Fund Disclosures

At June 30, 2021, the following funds had deficit fund equity:

Fund Type	Funds	Deficit
Special Revenue Fund	CDBG	\$ (747,514)
Fiduciary Fund	Successor Agency To the Community Development Commission of National City Private-Purpose Trust Fund	\$ (28,189,011)

CDBG Special Revenue Fund – The CDBG Special Revenue Fund had a deficit of \$(747,514) resulting from program expenses for the year ended June 30, 2021. The deficit will be eliminated via funding drawdowns from HUD/CDBG programs.

The Successor Agency to the Community Development Commission as the National City Redevelopment Agency (the “Successor Agency”) Private-Purpose Trust Fund - The Successor Agency to the Community Development Commission as the National City Redevelopment Private-Purpose Trust Fund had an accumulated deficit of \$(28,189,011). The City expects to repay the amount through tax increment.

Governmental Activities - At June 30, 2021, the City had an unrestricted net position deficit of \$(57,801,974) on the Statement of Activities. This deficit incorporates the calculations resulting from the implementation of GASB Statement 68 (Net Pension Liability) in fiscal year 2015 and the implementation of GASB Statement 75 (Total OPEB Liability) in 2017. The City is addressing the portion of the deficit attributable to the GASB 68 reporting requirements through meeting its annual required pension contributions to CalPERS. In addition, in November 2021, the City issued pension obligation bonds and delivered the proceeds to CalPERS to pay off \$83,260,000 of the City’s anticipated unfunded liability.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 9 – Self-Insurance Accrued Liabilities

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and workers' compensation claims. A self-insurance (internal service) fund is used to account for the City's insurance programs. Operating revenues of this fund represent payments from other City funds and are based upon estimated umbrella insurance premium expenses, self-insurance losses and other operating expenses.

The San Diego Pooled Insurance Program Authority (SANDPIPA) a joint powers authority (JPA), of which the City was a member, ceased operations on June 30, 2016. On July 1st, 2016 the City became self-insured for General Liability claims up to \$250,000. This means that the City pays all claims up to \$250,000 directly from City funds. Claims between the self-insured retention (SIR) of \$250,000 up to \$5,000,000 are covered by Public Risk Innovation, Solutions and Management (formerly California State Association of Counties - Excess Insurance Authority). The next layer of coverage is the Excess Layer which provides \$20,000,000 and the final layer of coverage is the Optional Layer which provides \$25,000,000. The total amount of coverage for the General Liability Program is \$50,000,000. PRISM is located in Folsom, California. All the coverages are administered by PRISM.

The City is completely self-insured for unemployment claims.

The City is self-insured for Workers' Compensation claims up to \$500,000 per occurrence. Claims between the self-insured retention level of \$500,000 and \$5,000,000 are covered by PRISM which is reinsured by Great American. Claims in excess of \$5,000,000 up to \$50,000,000 are covered by PRISM which is reinsured by ACE American Insurance Company. Any statutory benefit in excess of \$50,000,000 is covered by Liberty Insurance Corporation. There is no statutory limit for benefits paid on Workers' Compensation claims.

During the current year, there were no significant reductions in insurance coverage from the prior year. For each of the past three fiscal years, the settlements have not exceeded the City's insurance coverage.

At June 30, 2021, the City accrued \$11,948,000 of workers' compensation and general liability claims representing estimates of amounts to be paid for actual and incurred but not reported claims based upon past experience, modified for current trends and information. Allocated claim adjustment expenses are included in claim liabilities. While the ultimate amount of losses incurred through June 30, 2021 is dependent on future developments, based upon information from the City Attorney, outside counsel and others involved with the administration of the programs, City management believes that the aggregate accrual is adequate to cover such losses. For the past three years, no settlements or claims payments have exceeded the amount of the applicable coverage. For the past two fiscal years, the changes in the City's liability for claims payable are summarized as follows:

The aggregate change in the balance of claims payable as recorded in the Governmental Activities were as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Claims liabilities - beginning balance	\$ 11,356,000	\$ 10,568,000	\$ 9,395,000
Incurred claims, representing the total of a provision for events of the current fiscal year and any change in the provision for events of prior fiscal years	2,207,426	4,567,696	2,752,891
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(1,615,426)</u>	<u>(3,779,696)</u>	<u>(1,579,891)</u>
Claims liabilities - ending balance	<u>\$ 11,948,000</u>	<u>\$ 11,356,000</u>	<u>\$ 10,568,000</u>

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Pension Plans

A. Summary

Net Pension Liability

Aggregate Net Pension Liability is reported in the accompanying Statement of Net Position as follows:

	Net Pension Liability
Miscellaneous Plan	\$ 38,962,398
Safety Plan	74,822,667
Total	\$ 113,785,065

Deferred Outflows of Resources

Deferred Outflows of Resources are reported in the accompanying Statement of Net Position as follows:

	Deferred employer pension contributions made after measurement date	Changes in experience	between projected and actual earnings on pension plan investments	Total pension-related deferred outflows
Miscellaneous Plan	\$ 4,119,510	\$ 699,741	\$ 776,167	\$ 5,595,418
Safety Plan	7,849,867	1,066,707	1,071,311	9,987,885
Total	\$ 11,969,377	\$ 1,766,448	\$ 1,847,478	\$ 15,583,303

Deferred Inflows of Resources

Deferred Inflows of Resources are reported in the accompanying Statement of Net Position as follows:

	Changes of assumptions	Differences between expected and actual experience	Total pension-related deferred inflows
Miscellaneous Plan	\$ -	\$ -	\$ -
Safety Plan	108,497	15,403	123,900
Total	\$ 108,497	\$ 15,403	\$ 123,900

Pension Expense

Pension expenses are included in the accompanying Statement of Revenues, Expenses, and Changes in Net Position as follows:

	Pension Expense
Miscellaneous Plan	\$ 4,953,230
Safety Plan	11,759,460
Total	\$ 16,712,690

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Pension Plans (Continued)

B. CalPERS Pension Plans

Plan Description

Substantially all City employees working the equivalent of 1,000 hours per fiscal year are eligible to participate in the Safety Plan and Miscellaneous Plan Agent multiple-employer defined benefit plans administered by California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit Provisions under the Plans are established by State statutes within the Public Employee's Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member or PEPRSA Safety member becomes eligible for Service Retirement upon attainment of age 55 with at least 5 years of credited service. PEPRSA miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 or 12 consecutive months' fulltime equivalent monthly pay. Retirement benefits for classic miscellaneous employees are calculated as 2% to 2.7% of the average final 12 months compensation. Retirement benefits for PEPRSA miscellaneous employees are calculated as 2% of the average final 36 months compensation. Retirement benefits for classic safety employees are calculated as 3% of the average final 12 months compensation. Retirement benefits for PEPRSA safety employees are calculated as 2%-3% of the average final 36 months compensation.

Participants are eligible for non-industrial disability retirement if they become disabled and have at least five years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service.

Industrial disability benefits are not offered to miscellaneous employees. The City provides industrial disability retirement benefit to safety employees. The industrial disability retirement benefit is a monthly allowance equal to 50% of final compensation.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Benefits Provided (Continued)

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by two percent.

Employees Covered – At June 30, 2019, the valuation date, the following employees were covered by the benefit terms for each plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Active employees	185	124
Transferred and terminated employees	251	77
Retired employees and beneficiaries	308	238

Contributions – Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2020, the average active miscellaneous and safety employee contribution rates were 8% and 9% of annual pay, respectively, and the employer's contribution rates were 11.470% and 21.275% of miscellaneous and safety employee annual payroll, respectively.

For the year ended June 30, 2021, the contributions were:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Aggregate Total</u>
Contributions - employer	\$ 4,119,510	\$ 7,849,867	\$ 11,969,377

Net Pension Liability

The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Net Pension Liability (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.625%
Salary Increases	Varies by Entry Age and
Investment Rate of Return	7.25% net of pension plan investment and administrative expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 valuations were based on the results of a January 2015 actuarial experience study for the period 1997 to 2014. Further details of the Experience Study can be found on the CalPERS website.

Change of Assumption

In accordance with GASB 68, the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.5% (net of administrative expense in 2014) to 7.65% as of the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expenses. The discount rate was also changed from 7.65% as of the June 30, 2015 measurement date to 7.15% as of the June 30, 2016 measurement date. The CalPERS Board has approved reducing the discount rate to 7.00% for the 2020 actuarial valuation date.

Discount Rate – The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section. In November 2021, the CalPERS Board approved a 6.8% discount rate to go into effect for actuarial valuations and determination of actuarially determined contributions on July 1, 2021.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Net Pension Liability (Continued)

The long-term expected rate of return on pension plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

The long-term expected rate of return by asset class for the measurement period ended June 30, 2020 was as follows:

Asset Class	New Strategic Allocation	Real Return Years 1-10 ¹	Real Return Years 11+ ²
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	<u>100%</u>		

¹An expected inflation of 2.0% used for this period

²An expected inflation of 2.92% used for this period

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period:

	Miscellaneous Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2019 (Valuation Date)	\$ 135,429,195	\$ 99,597,333	\$ 34,932,328
Changes in the year:			
Service cost	2,086,122	-	2,086,122
Interest on the total pension liability	9,588,327	-	9,588,327
Differences between expected and actual experience	1,074,893	-	1,074,893
Benefit payments, including refunds of members contributions	(6,889,353)	(6,889,353)	-
Contributions - employer	-	3,888,994	(3,888,994)
Contributions - employees	-	944,908	(944,908)
Net investment income	-	4,925,312	(4,925,312)
Administrative expenses	-	(140,408)	140,408
Net changes	5,859,989	2,729,453	3,130,536
Balance at June 30, 2020 (Measurement Date)	<u>\$ 141,289,184</u>	<u>\$ 102,326,786</u>	<u>\$ 38,962,398</u>

	Safety Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2019 (Valuation Date)	\$ 212,133,287	\$ 140,592,304	\$ 67,958,381
Changes in the year:			
Service cost	4,127,384	-	4,127,384
Interest on the total pension liability	14,940,058	-	14,940,058
Changes of assumptions	-	-	-
Differences between expected and actual experience	(22,405)	-	(22,405)
Benefit payments, including refunds of members contributions	(10,445,430)	(10,445,430)	-
Plan to plan resource movement	-	-	-
Contributions - employer	-	7,377,465	(7,377,465)
Contributions - employees	-	1,492,776	(1,492,776)
Net investment income	-	7,091,313	(7,091,313)
Administrative expenses	-	(198,201)	198,201
Net changes	8,599,607	5,317,923	3,281,684
Balance at June 30, 2020 (Measurement Date)	<u>\$ 220,732,894</u>	<u>\$ 145,910,227</u>	<u>\$ 74,822,667</u>

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Changes in the Net Pension Liability (Continued)

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

	Plan's Aggregate Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15)
Miscellaneous Plan	\$ 57,131,765	\$ 38,962,398	\$ 23,917,617
Safety Plan	\$ 104,892,020	\$ 74,822,667	\$ 50,159,097
Aggregate Total	\$ 162,023,785	\$ 113,785,065	\$ 74,076,714

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the City recognized pension expense in the amounts of \$4,953,230 and \$11,759,460, for the Miscellaneous and Safety plans, respectively.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over five years straight-line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The Expected Average Remaining Service Lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSLs for the Miscellaneous and Safety plans, respectively, for the 2019-20 measurement period are 2.6 and 3.2 years, respectively, which was obtained by dividing the total service years of 1,887 and 1,415, respectively, (the sum of remaining service lifetimes of the active employees) by 726 and 439, respectively, (the total number of participants: active, inactive, and retired).

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

At June 30, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Contributions after measurement date	\$ 4,119,510	\$ -
Changes of assumptions	-	-
Difference between expected and actual experience	699,741	-
Difference between projected and actual earning on pension plan investments	776,167	-
Total	<u>\$ 5,595,418</u>	<u>\$ -</u>
Safety Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Contributions after measurement date	\$ 7,849,867	\$ -
Changes of assumptions	-	(108,497)
Difference between expected and actual experience	1,066,707	(15,403)
Difference between projected and actual earning on pension plan investments	1,071,311	-
Total	<u>\$ 9,987,885</u>	<u>\$ (123,900)</u>
Aggregate Totals		
	Deferred outflows of Resources	Deferred inflows of Resources
Contributions after measurement date	\$ 11,969,377	\$ -
Changes of assumptions	-	(108,497)
Difference between expected and actual experience	1,766,448	(15,403)
Difference between projected and actual earning on pension plan investments	1,847,478	-
Total	<u>\$ 15,583,303</u>	<u>\$ (123,900)</u>

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the Miscellaneous Plan and Safety Plan, \$4,119,510 and \$7,849,867, respectively, were reported as deferred outflows of resources related to pensions resulting from City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/ (Inflows) of Resources		
	Miscellaneous	Safety	Total
2022	\$ 39,020	\$ 270,798	\$ 309,818
2023	508,298	460,243	968,541
2024	508,033	707,815	1,215,848
2025	420,557	575,262	995,819
2026	-	-	-
Thereafter	-	-	-
	\$ 1,475,908	\$ 2,014,118	\$ 3,490,026

Note 11 – Other Postemployment Benefits

Plan Description

The City provides postemployment health benefits through a single-employer defined benefit plan administered by the City. The City provides a fixed dollar contribution towards retiree health benefits for approximately 70 retirees. In addition, 294 employees are currently working and earning service credit for eligibility for a City contribution for retiree health benefits. To be eligible for a City contribution, an employee must retire from the City and commence pension benefits under CalPERS on or after age 50 with at least 20 years of service (five years for management and executive employees) with the City. The City provides a fixed dollar monthly contribution equal to \$10 (\$20 for management, executive, and safety employees) times years of service. Employees may receive the contribution to use towards non-City health insurance, if evidence of coverage is provided. The City’s contribution is payable until Medicare eligibility. Management and executive employees are eligible for the City’s contribution during their lifetime.

Eligibility

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 20 years of service. Membership of the plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

Active plan members	294
Retirees	70
Total	364

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Other Postemployment Benefits (Continued)

Total OPEB Liability

The City’s total OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The total OPEB liability at June 30, 2021 was:

Total OPEB liability	\$	6,025,707
		6,025,707
		6,025,707

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.19%
Inflation	2.50%
Aggregate payroll increases	2.75%
Expected long-term investment rate of return	n/a
Mortality, Termination, and Disability	CalPERS 1997-2014
Mortality Improvement Scale	Modified MP-2014, which converge to ultimate mortality improvement rates in 2022.
Pre-retirement turnover	Ranging from 0.01% to 17.42% based on termination rates under the CalPERS pension plan.
Healthcare Trend Rate	An annual healthcare cost trend rate of 5.5% initially reduced by decrements to an ultimate of 5.0% therefore.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2007 through June 30, 2014.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.19 percent at the measurement date of June 30, 2021. It was changed from 3.15 percent at the measurement dated of June 30, 2019. This discount rate is the mid-point, rounded to five basis points, of the range of 3-20 year municipal bond rate indices; S&P Municipal bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO AA 20 Year Bond Index.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Other Postemployment Benefits (Continued)

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	\$ 5,684,713
Changes Recognized for the Measurement Period:	
Service Cost	215,583
Interest on the total OPEB liability	153,536
Changes of benefit terms	-
Difference between expected and actual experience	(70,912)
Changes of assumptions	301,024
Contributions from the employer	-
Net investment income	-
Administrative expenses	-
Benefit payments	(258,237)
Net Changes during July 1, 2020 to June 30, 2021	340,994
Balance at June 30, 2021 (Measurement Date)	\$ 6,025,707

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.19 percent) or 1-percentage-point higher (3.19 percent) than the current discount rate:

Plan's Total OPEB Liability		
Discount Rate - 1%	Current Discount	Discount Rate + 1%
(1.19%)	Rate (2.19%)	(3.19%)
\$ 6,678,437	\$ 6,025,707	\$ 5,464,378

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (6.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

Plan's Total OPEB Liability		
Discount Rate - 1%	Healthcare Cost	Discount Rate + 1%
(4.5% decreasing	Trend Rates	(6.5% decreasing
to 4.0%)	(5.5% decreasing	to 6.0%)
	to 5.0%)	
\$ 6,003,531	\$ 6,025,707	\$ 6,045,202

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Other Postemployment Benefits (Continued)

Contributions

The contribution requirements of plan members and the City are established by and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2021, the City contributed \$258,237 to the plan for current premiums. In fiscal year 2021, the City established an IRS Section 115 OPEB trust. The balance at June 30, 2021 is \$3,556,331. This balance is not included in the calculation of the total OPEB liability.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021, the City recognized OPEB expense of \$392,568.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 172,829
Changes of assumptions	475,340	42,544
Total	\$ 475,340	\$ 215,373

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources
2022	\$ 23,449
2023	23,449
2024	23,449
2025	23,449
2026	30,109
Thereafter	136,062
	\$ 259,967

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 12 – Commitments and Contingencies

Litigation

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

Grants

The City participates in a number of federally assisted grant programs, including those from HUD, US Department of Justice, US Department of Treasury, US Department of Transportation, and the US Department of Education. Receipts from these grant programs are subject to audit to determine if the monies were expended in accordance with appropriate statutes, grant terms and regulations. The City believes no significant liabilities will result should any audits be performed.

Contractual Commitments

The City has contractual and regulatory commitments that will result in expenses in future fiscal years. These include operating and capital contractual commitments. As of June 30, 2021, the City had a total of 117 contractual commitments with a remaining balance of approximately \$44,001,560. The following table represents the City's contractual commitments by contract type.

Capital lease	\$ 627,547
Construction	5,105,548
Consulting services	34,141,302
Legal services	37,000
Professional services	<u>4,090,163</u>
Total contractual commitments	<u>\$ 44,001,560</u>

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 13 – Classification of Fund Balances

The City classifies fund balances, as shown on the *Balance Sheet – Governmental Funds* as of June 30, 2021 as follows:

	Major Funds						Other Governmental Funds	Total
	General	Housing	Housing Choice Voucher Program	Sewer Service	Other Special Revenue	Housing Authority Special Revenue		
Nonspendable								
Due from Successor Agency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land held for resale	3,909,182	1,245,000	-	-	-	-	-	5,154,182
Inventories and prepaid items	55,253	-	-	-	-	25,805	-	81,058
Total nonspendable	3,964,435	1,245,000	-	-	-	25,805	-	5,235,240
Restricted								
Housing	-	11,071,797	962,200	-	928,910	60,935,298	-	73,898,205
Debt service	-	-	-	-	-	-	1,023,150	1,023,150
Community development	20,000	-	-	-	-	-	1,240,928	1,260,928
Public safety	-	-	-	-	-	-	231,802	231,802
Transportation	-	-	-	-	-	-	1,263,121	1,263,121
General services	-	-	-	19,237,422	-	-	2,067,128	21,304,550
Section 115 OPEB trust	3,556,331	-	-	-	-	-	-	3,556,331
Section 115 pension trust	7,257,020	-	-	-	-	-	-	7,257,020
Total restricted	10,833,351	11,071,797	962,200	19,237,422	928,910	60,935,298	5,826,129	109,795,107
Committed								
Facilities maintenance	2,745,000	-	-	-	-	-	-	2,745,000
Economic contingency	12,200,000	-	-	-	-	-	-	12,200,000
Total committed	14,945,000	-	-	-	-	-	-	14,945,000
Assigned								
Accrued employee benefits	3,845,242	-	-	-	-	-	-	3,845,242
Pension stabilization	-	-	-	-	-	-	-	-
Post-employment benefits	-	-	-	-	-	-	-	-
Community development	725,797	-	-	-	-	-	-	725,797
Public safety	76,581	-	-	-	-	-	-	76,581
Transportation	1,028,155	-	-	-	-	-	-	1,028,155
General Services	1,518,194	-	-	-	-	-	-	1,518,194
Public health	-	-	-	-	-	-	-	-
Total assigned	7,193,969	-	-	-	-	-	-	7,193,969
Unassigned (deficit)	13,956,296	-	-	-	-	-	(747,514)	13,208,782
Total fund balances	\$ 50,893,051	\$ 12,316,797	\$ 962,200	\$ 19,237,422	\$ 928,910	\$ 60,961,103	\$ 5,078,615	\$ 150,378,098

Categorization of Reserves under Adopted City Policies

The City has a policy that governs the accumulation and maintenance of reserves for various purposes. Amounts for some of the General Fund reserves are reflected in the schedule above and are described as follows:

- 1) ***Section 115 Pension Trust*** – represents funds that may be used only for pension-related costs and only upon the direction of City Council. The target level for this reserve is an amount equal to two years of unfunded liability payments as determined by the most recent CalPERS valuation reports. The amount in the Section 115 Pension Trust reserve as of June 30, 2021 was \$7,257,020.
- 2) ***Section 115 OPEB Trust*** – represents funds that may be used only for other post-employment benefit (OPEB)-related costs and only upon the direction of City Council. The target level for this reserve is an amount equal to 80% of the total net OPEB liability of the City’s OPEB plan. The amount in the Section 115 OPEB Trust reserve as of June 30, 2021 was \$3,556,331.
- 3) ***Economic Contingency Reserve*** – represents funds that are set-aside for use only in exceptional circumstances such as catastrophic events that could negatively impact the financial condition of the City. The targeted funding level is 20% of a single year’s budgeted General Fund operating expenditures. City Policy requires approval of the City Council by resolution to authorize draws on this reserve or to increase the amount. The amount of the contingency reserve as of June 30, 2021 was \$12,200,000.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 13 – Classification of Fund Balances (Continued)

Categorization of Reserves under Adopted City Policies (Continued)

- 4) **Facilities Maintenance Reserve** – represents funds that are set aside for extraordinary major maintenance costs that cannot be met within the annual budgeted amount and for which no other funding source is available. The targeted reserve level represents three times the annual amount to be budgeted for major maintenance projects. City Council approval is required for all additions to or transfers and expenditures from this reserve. The amount of the Facilities Maintenance Reserve as of June 30, 2021 was \$2,745,000, which is at the target level.
- 5) **Unassigned Fund Balance** – The City’s policy is to maintain an unassigned fund balance equal to 10% of a single year’s budgeted General Fund operating expenditures. Amounts in excess of the target level will be used to increase or replenish other reserves (with priority given to the Economic Contingency and Facilities Maintenance reserves), to set aside resources for specific one-time uses, or as a funding source for one-time expenditures included in the annual budget or for needs that arise subsequent to budget adoption. As of June 30, 2021, the unassigned fund balance was \$13,956,296 which is above the target level of \$6.1 million.

Note 14 – Prior Period Adjustments

The fund balance in the fiduciary activities custodial fund has been restated as of July 1, 2020 in order to implement GASB Statement No. 84, *Fiduciary Activities* as follows:

	Custodial Funds
Beginning net position, as previously reported	\$ -
Prior period adjustments:	
To implement GASB Statement No. 84	1,907,370
Beginning net position, as restated	\$ 1,907,370

Note 15 – Subsequent Events

2021 Taxable Pension Obligation Bonds

In November 2021, the City issued 2021 Taxable Pension Obligation Bonds in the principal amount of \$83,770,000. The bonds were issued to refinance a portion of the City’s unfunded actuarially accrued pension liability with the California Public Employees Retirement System (CalPERS) with respect to the City’s defined benefit retirement plans for City employees and to pay the costs of issuance of the bonds. The City paid \$83,260,000 of the bond proceeds to CalPERS for deposit in the CalPERS Payment Fund.

American Rescue Plan Act Funding

As part of its budget process, the U.S. Department of the Treasury allocated \$18,010,907 of American Rescue Plan Act (ARPA) funds to the City. Allocations to the City started July 2021 when the City received \$9,005,454 in the first tranche. The Department of Treasury is expected to allocate the second tranche of \$9,005,454 in ARPA funding to the City in June of 2022.

**REQUIRED SUPPLEMENTARY
INFORMATION**





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City of National City
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2021

The City follows these procedures in establishing the budgetary data reflected in the required supplementary information and other supplementary information budgetary comparison schedules:

The City Council annually adopts a budget for operating and capital project expenditures. The annual budget includes all proposed expenditures and inter-fund transfers, and the means of financing them. The City Council also approves any amendments to appropriations throughout the year, generally at the mid-year budget review in February. The legal level of budgetary control is the fund level. The budget figures used in the required supplementary information are both original and final budgeted amounts. The final budget amount includes the original budget plus any amendments adopted during the year and any amounts encumbered from the prior year for capital projects or outstanding purchase orders.

Formal budgetary integration is employed as a management control device. Commitments for materials and services, such as purchase orders and contracts, are recorded during the year as encumbrances to assist in controlling expenditures. Appropriations which are unencumbered lapse at year end.

Budgets for the General and special revenue funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America. Accordingly, actual revenue and expenditures can be compared with related budgeted amounts without any significant reconciling items.

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. Further, Section 5 of Article XIII B allows the City to designate a portion of fund balance for general contingencies to be used in future years without limitation.

City of National City
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 45,888,700	\$ 45,888,700	\$ 53,568,239	\$ 7,679,539
Licenses and permits	801,575	801,575	900,200	98,625
Fines and forfeitures	1,557,028	1,557,028	444,054	(1,112,974)
Use of money and property	796,050	796,050	1,996,365	1,200,315
Intergovernmental	3,257,473	3,257,473	3,778,286	520,813
Charges for services	3,430,398	3,430,398	3,459,707	29,309
Other revenues	683,460	683,460	871,155	187,695
Total revenues	56,414,684	56,414,684	65,018,006	8,603,322
EXPENDITURES:				
Current:				
General government	10,994,114	10,994,114	10,189,994	804,120
Public safety	40,711,637	40,711,637	41,034,427	(322,790)
Transportation	4,064,481	4,064,481	3,422,731	641,750
Community development	237,671	237,671	202,919	34,752
Culture and leisure	4,020,774	4,020,774	3,787,685	233,089
Capital outlay	3,724,043	3,724,043	1,448,401	2,275,642
Debt service:				
Principal	287,761	287,761	291,163	(3,402)
Interest and fiscal charges	316,903	316,903	316,902	1
Total expenditures	64,357,384	64,357,384	60,694,222	3,663,162
REVENUES OVER (UNDER) EXPENDITURES	(7,942,700)	(7,942,700)	4,323,784	12,266,484
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	5,500	5,500
Transfers out	-	-	(2,368,519)	(2,368,519)
Total other financing sources (uses)	-	-	(2,359,129)	(2,359,129)
Net change in fund balance	\$ (7,942,700)	\$ (7,942,700)	1,964,655	\$ 9,907,355
Fund Balance:				
Beginning of year			48,928,396	
End of year			<u>\$ 50,893,051</u>	

City of National City
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – Housing Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 250,000	\$ 250,000	\$ 219,993	\$ (30,007)
Total revenues	250,000	250,000	219,993	(30,007)
EXPENDITURES:				
Current:				
Community development	358,358	358,358	191,900	166,458
Total expenditures	358,358	358,358	191,900	166,458
Net change in fund balance	\$ (108,358)	\$ (108,358)	28,093	\$ 136,451
Fund Balance:				
Beginning of year			12,288,704	
End of year			<u>\$ 12,316,797</u>	

City of National City
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – Housing Choice Vouchers Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 10,000	\$ 10,000	\$ 60,590	\$ 50,590
Use of money and property	-	-	237	237
Intergovernmental	13,184,269	13,184,269	13,855,097	670,828
Other revenues	-	-	278,189	278,189
Total revenues	13,194,269	13,194,269	14,194,113	999,844
EXPENDITURES:				
Current:				
Community development	13,196,315	13,196,315	13,740,555	544,240
Total expenditures	13,200,212	13,200,212	13,744,452	544,240
Net change in fund balance	\$ (5,943)	\$ (5,943)	449,661	\$ 455,604
Fund Balance:				
Beginning of year			512,539	
End of year			\$ 962,200	

City of National City
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – Sewer Service Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 3,175	\$ 3,175
Charges for services	9,931,785	9,931,785	10,051,087	119,302
Total revenues	<u>9,931,785</u>	<u>9,931,785</u>	<u>10,054,262</u>	<u>122,477</u>
EXPENDITURES:				
Current:				
General Government	92,003	92,003	-	(92,003)
Transportation	5,000	5,000	5,455	455
Health	8,471,562	8,471,562	8,038,806	432,756
Capital outlay	3,664,253	3,664,253	2,055,449	1,608,804
Total expenditures	<u>12,232,818</u>	<u>12,232,818</u>	<u>10,123,677</u>	<u>1,926,045</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,301,033)</u>	<u>(2,301,033)</u>	<u>(69,415)</u>	<u>2,048,522</u>
Net change in fund balance	<u>\$ (2,301,033)</u>	<u>\$ (2,301,033)</u>	<u>(523,415)</u>	<u>\$ 1,777,618</u>
Fund Balance:				
Beginning of year			<u>19,760,837</u>	
End of year			<u>\$ 19,237,422</u>	

City of National City
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – Other Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 471,125	\$ 471,125	\$ 501,330	\$ 30,205
Licenses and permits	865,000	865,000	218,724	(646,276)
Fines and forfeitures	-	-	11,245	11,245
Use of money and property	-	-	3,201	3,201
Intergovernmental	4,737,719	4,737,719	6,299,657	1,561,938
Charges for services	114,000	114,000	139,820	25,820
Other revenues	-	-	200	200
Total revenues	<u>6,187,844</u>	<u>6,187,844</u>	<u>7,174,177</u>	<u>986,333</u>
EXPENDITURES:				
Current:				
General Government	1,766,074	1,766,074	781,233	984,841
Public Safety	2,775,661	2,775,661	1,284,732	1,490,929
Transportation	1,615	1,615	-	1,615
Community Development	57,719	57,719	80,956	(23,237)
Health	207,802	207,802	143,622	64,180
Culture and Leisure	269,357	269,357	232,955	36,402
Capital outlay	10,599,264	10,599,264	4,075,850	6,523,414
Total expenditures	<u>15,677,492</u>	<u>15,677,492</u>	<u>6,599,348</u>	<u>9,078,144</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(9,489,648)</u>	<u>(9,489,648)</u>	<u>574,829</u>	<u>10,064,477</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	316,753	316,753
Transfers out	-	-	(5,500)	(5,500)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>311,253</u>	<u>311,253</u>
Net change in fund balance	<u>\$ (9,489,648)</u>	<u>\$ (9,489,648)</u>	<u>886,082</u>	<u>\$ 10,375,730</u>
Fund Balance:				
Beginning of year			<u>42,828</u>	
End of year			<u>\$ 928,910</u>	

City of National City
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – Housing Authority Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 90,000	\$ 90,000	\$ 1,368,742	\$ 1,278,742
Other revenues	-	-	148,356	148,356
Total revenues	90,000	90,000	1,517,098	1,427,098
EXPENDITURES:				
Current:				
Community Development	1,338,508	1,338,508	648,958	689,550
Total expenditures	1,340,123	1,338,508	648,958	689,550
REVENUES OVER (UNDER) EXPENDITURES	(1,250,123)	(1,248,508)	868,140	2,116,648
OTHER FINANCING (USES):				
Transfers out	-	-	(508,832)	(508,832)
Total other financing (uses)	-	-	(508,832)	(508,832)
Net change in fund balance	\$ (1,250,123)	\$ (1,248,508)	359,308	\$ 1,607,816
Fund Balance:				
Beginning of year			60,601,795	
End of year			\$ 60,961,103	

City of National City
Required Supplementary Information (Unaudited) (Continued)
Schedules of Changes in the Net Pension Liability and Related Ratios
Last Ten Fiscal Years*
For the Year Ended June 30, 2021

City Miscellaneous Plan

	2019-2020	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Total pension liability							
Service cost	\$ 2,086,122	\$ 2,212,767	\$ 2,282,129	\$ 2,118,219	\$ 1,825,480	\$ 1,811,929	\$ 1,937,067
Interest on total pension liability	9,588,327	9,170,414	8,802,231	8,488,639	8,268,915	7,985,539	7,748,026
Changes in assumptions	-	-	(953,437)	7,027,519	-	(1,944,963)	-
Differences between expected and actual experience	1,074,893	147,608	371,057	(1,231,712)	(975,368)	(1,691,529)	-
Changes in benefit terms	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(6,889,353)	(6,210,287)	(5,885,469)	(5,555,553)	(5,253,955)	(4,995,309)	(4,818,483)
Net change in total pension liability	5,859,989	5,320,502	4,616,511	10,847,112	3,865,072	1,165,667	4,866,610
Total pension liability - beginning	135,429,195	130,108,693	125,492,182	114,645,070	110,779,998	109,614,331	104,747,721
Total pension liability - ending (a)	\$ 141,289,184	\$ 135,429,195	\$ 130,108,693	\$ 125,492,182	\$ 114,645,070	\$ 110,779,998	\$ 109,614,331
Plan fiduciary net position							
Contributions - employer	\$ 3,888,994	\$ 3,370,946	\$ 2,953,421	\$ 2,854,739	\$ 2,367,548	\$ 2,056,706	\$ 1,956,344
Contributions - employee	944,908	1,041,592	933,458	858,901	820,175	895,912	767,784
Investment income (net of administrative expenses)	4,925,312	6,286,416	7,575,282	9,198,616	415,274	1,859,184	12,778,105
Benefit payments	(6,889,353)	(6,210,287)	(5,885,469)	(5,555,553)	(5,253,955)	(4,995,309)	(4,818,483)
Plan to plan resource movement	-	-	(221)	-	(135)	-	-
Administrative expenses	(140,408)	(67,699)	(406,601)	(122,207)	(51,483)	(94,900)	-
Net change in plan fiduciary net position	2,729,453	4,420,968	5,169,870	7,234,496	(1,702,576)	(278,407)	10,683,750
Plan fiduciary net position - beginning	99,597,333	95,176,365	90,006,495	82,771,999	84,474,575	84,752,982	74,069,232
Plan fiduciary net position - ending (b)	\$ 102,326,786	\$ 99,597,333	\$ 95,176,365	\$ 90,006,495	\$ 82,771,999	\$ 84,474,575	\$ 84,752,982
Net pension liability - ending (a)-(b)	\$ 38,962,398	\$ 35,831,862	\$ 34,932,328	\$ 35,485,687	\$ 31,873,071	\$ 26,305,423	\$ 24,861,349
Plan fiduciary net position as a percentage of the total pension liability	72.42%	73.54%	73.15%	71.72%	72.20%	76.25%	77.32%
Covered payroll	\$ 11,276,333	\$ 11,582,137	\$ 11,885,467	\$ 10,724,047	\$ 10,126,926	\$ 9,742,081	\$ 9,853,337
Net pension liability as a percentage of covered-employee payroll	345.52%	309.37%	293.91%	330.90%	314.74%	270.02%	252.31%

Notes to Schedule:

Benefit changes: the figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years of Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expenses) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Historical information is presented only for measurement periods for which GASB 68 is implemented.

City of National City
Required Supplementary Information (Unaudited) (Continued)
Schedules of Changes in the Net Pension Liability and Related Ratios (Continued)
Last Ten Fiscal Years *
For the Year Ended June 30, 2021

City Safety Plan

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Total pension liability							
Service cost	\$ 4,127,384	\$ 4,023,972	\$ 4,006,475	\$ 3,730,242	\$ 3,143,806	\$ 3,185,323	\$ 3,249,200
Interest on total pension liability	14,940,058	14,344,993	13,628,845	12,890,015	12,491,615	12,122,308	11,761,448
Changes in assumptions	-	-	(922,226)	10,998,755	-	(3,049,086)	-
Differences between expected and actual experience	(22,405)	1,773,685	3,413,390	(1,384,693)	(2,263,779)	(2,416,366)	-
Changes in benefit terms	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(10,445,430)	(9,705,935)	(9,097,472)	(8,735,024)	(8,368,654)	(8,022,441)	(7,719,645)
Net change in total pension liability	8,599,607	10,436,715	11,029,012	17,499,295	5,002,988	1,819,738	7,291,003
Total pension liability - beginning	212,133,287	201,696,572	190,667,560	173,168,265	168,165,277	166,345,539	159,054,536
Total pension liability - ending (a)	\$ 220,732,894	\$ 212,133,287	\$ 201,696,572	\$ 190,667,560	\$ 173,168,265	\$ 168,165,277	\$ 166,345,539
Plan fiduciary net position							
Contributions - employer	\$ 7,377,465	\$ 6,484,462	\$ 5,838,406	\$ 5,748,626	\$ 4,978,090	\$ 4,463,726	\$ 4,190,264
Contributions - employee	1,492,776	1,371,743	1,357,948	1,238,443	1,109,955	1,047,676	983,295
Investment income (net of administrative expenses)	7,091,313	8,798,970	10,630,597	12,739,410	584,907	2,587,755	17,466,806
Benefit payments	(10,445,430)	(9,705,935)	(9,097,472)	(8,735,024)	(8,368,654)	(8,022,441)	(7,719,645)
Plan to plan resource movement	-	-	(311)	-	135	-	-
Administrative expenses	(198,201)	(95,127)	(567,286)	(169,427)	(71,013)	(131,164)	-
Net change in plan fiduciary net position	5,317,923	6,854,113	8,161,882	10,822,028	(1,766,580)	(54,448)	14,920,720
Plan fiduciary net position - beginning	140,592,304	133,738,191	125,576,309	114,754,281	116,520,861	116,575,309	101,654,589
Plan fiduciary net position - ending (b)	\$ 145,910,227	\$ 140,592,304	\$ 133,738,191	\$ 125,576,309	\$ 114,754,281	\$ 116,520,861	\$ 116,575,309
Net pension liability - ending (a)-(b)	\$ 74,822,667	\$ 71,540,983	\$ 67,958,381	\$ 65,091,251	\$ 58,413,984	\$ 51,644,416	\$ 49,770,230
Plan fiduciary net position as a percentage of the total pension liability	66.10%	66.28%	66.31%	65.86%	66.27%	69.29%	70.08%
Covered payroll	\$ 13,576,921	\$ 13,034,797	\$ 12,898,732	\$ 11,939,450	\$ 11,157,745	\$ 11,228,972	\$ 10,916,911
Net pension liability as a percentage of covered-employee payroll		548.85%	526.86%	545.18%	523.53%	459.92%	455.90%

Notes to Schedule:

Benefit changes: the figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years of Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expenses) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Historical information is presented only for measurement periods for which GASB 68 is implemented.

City of National City
Required Supplementary Information (Unaudited) (Continued)
Schedules of Pension Contributions
Last Ten Fiscal Years *
For the Year Ended June 30, 2021

Measurement Period	City Miscellaneous Plan - 172							
	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Actuarially determined contribution	\$ 4,119,510	\$ 3,888,994	\$ 3,371,801	\$ 2,953,694	\$ 2,854,739	\$ 2,367,548	\$ 2,056,706	\$ 1,956,344
Contributions in relation to the actuarially determined contributions ¹	(4,119,510)	(3,888,994)	(3,371,801)	(2,953,694)	(2,854,739)	(2,367,548)	(2,056,706)	(1,956,344)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll ^{2,3}	\$ 11,614,623	\$ 11,276,333	\$ 11,582,137	\$ 11,885,467	\$ 10,724,074	\$ 10,126,926	\$ 9,742,081	\$ 9,853,337
Contributions as a percentage of covered payroll ³	35.47%	34.49%	29.11%	24.85%	26.62%	23.38%	21.11%	19.85%

Historical information is required only for measurement periods for which GASB 68 is implemented.

¹ Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

² Covered Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

³ Payroll from prior year, \$11,582,137, was assumed to increase by the 3.00% payroll growth assumption.

Notes to Schedule

Valuation date:	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014-15 were from the June 30, 2012 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2017 Funding Valuation Report
Asset valuation method	Market value of assets. For details, see the June 30, 2017 Funding Valuation Report.
Inflation	2.625%
Salary increases	Varies by entry age and service
Payroll growth	2.875%
Investment rate of return	7.25%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

City of National City
Required Supplementary Information (Unaudited) (Continued)
Schedules of Pension Contributions (Continued)
Last Ten Fiscal Years *
For the Year Ended June 30, 2021

Measurement Period	City Safety Plan - 4923							
	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Actuarially determined contribution	\$ 7,849,867	\$ 7,377,465	\$ 6,484,462	\$ 5,838,406	\$ 5,748,626	\$ 4,978,090	\$ 4,463,726	\$ 4,190,264
Contributions in relation to the actuarially determined contributions ¹	(7,849,867)	(7,377,465)	(6,484,462)	(5,838,406)	(5,748,626)	(4,978,090)	(4,463,726)	(4,190,264)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll ^{2,3}	\$ 13,984,229	\$ 13,576,921	\$ 13,034,797	\$ 12,898,732	\$ 11,939,450	\$ 11,157,745	\$ 11,228,972	\$ 10,916,911
Contributions as a percentage of covered payroll ³	56.13%	54.34%	49.75%	45.26%	48.15%	44.62%	39.75%	38.38%

Historical information is required only for measurement periods for which GASB 68 is implemented.

¹ Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

² Covered Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

³ Payroll from prior year, \$13,034,797, was assumed to increase by the 3.00% payroll growth assumption.

Notes to Schedule

Valuation date:	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014-15 were from the June 30, 2012 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2017 Funding Valuation Report
Asset valuation method	Market value of assets. For details, see the June 30, 2017 Funding Valuation Report.
Inflation	2.625%
Salary increases	Varies by entry age and service
Payroll growth	2.875%
Investment rate of return	7.25%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

City of National City
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Ten Fiscal Years ¹
For the Year Ended June 30, 2021

Measurement period, year ending:	6/30/2021 ¹	6/30/2020 ¹	6/30/2019 ¹	6/30/2018 ¹	6/30/2017 ¹
Total OPEB liability					
Service cost	\$ 215,583	\$ 190,082	\$ 201,904	\$ 196,023	\$ 189,577
Interest	153,536	169,175	187,984	177,753	170,970
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(70,912)	-	(131,753)	-	-
Changes of assumptions	301,024	267,125	(25,433)	(53,296)	-
Benefit payments, including refunds of member contributions	(258,237)	(244,418)	(198,069)	(168,761)	(166,220)
Net change in total OPEB liability	340,994	381,964	34,633	151,719	194,327
Total OPEB liability - beginning	5,684,713	5,302,749	5,268,116	5,116,397	4,922,070
Total OPEB liability - ending (a)	\$ 6,025,707	\$ 5,684,713	\$ 5,302,749	\$ 5,268,116	\$ 5,116,397
OPEB fiduciary net position					
Contributions - employer	\$ 258,237	\$ 244,418	\$ 198,069	\$ 168,761	\$ 166,220
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(258,237)	(244,418)	(198,069)	(168,761)	(166,220)
Administrative expense	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending (b)	-	-	-	-	-
Plan net OPEB liability - ending (a) - (b)	\$ 6,025,707	\$ 5,684,713	\$ 5,302,749	\$ 5,268,116	\$ 5,116,397
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 24,723,720	\$ 24,062,015	\$ 23,361,180	\$ 23,316,000	\$ 23,316,000
Plan net OPEB liability as a percentage of covered payroll	24.37%	23.63%	22.70%	22.59%	21.94%

¹ Historical information is presented only for periods for which GASB 75 is implemented.

SUPPLEMENTARY INFORMATION





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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Library Fund - This fund is used to account for the operation of the National City Library.

Parks Maintenance Fund - This fund is used to account for operating and maintaining the City's parks.

Library Capital Outlay Fund - This fund is used to account for revenues from real property transfer taxes set aside to finance capital outlay and capital improvement expenditures of the National City Library.

Gas Tax Fund - This fund is used to account for the City's share of state gas tax revenue restricted for street improvement and maintenance.

Community Development Block Grant (CDBG) Fund - This fund is used to account for federal funds received from HUD – Community Development Block Program.

HOME Program Fund - This fund is used to account for federal funds received from HUD HOME Program.

Asset Forfeiture Fund - This fund is used to account for the receipt and expenditure of funds provided by the federal government's asset seizure fund to be used exclusively for law enforcement purposes.

Nutrition Fund - This fund is used for reporting the operations of the Nutrition program that is funded by a combination of grants funds from the County, a transfer from the Housing Authority, and voluntary payments from those who receive meals through the program.



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NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS:

Library Bonds Debt Service Fund - This fund is used to account for the property taxes collected for and debt service payments made on the bonds that were issued for construction of the library.

CAPITAL PROJECT FUNDS:

STP Local/TransNet Highway Fund - This fund is used to account for funds received from the San Diego Association of Governments (“SANDAG”) for TransNet projects.

Proposition “A” Capital Projects Fund - This fund is used to account for funds received from the San Diego Association of Governments (“SANDAG”) for TransNet projects. Projects are funded by a one-half cent transactions and use tax approved by the voters in San Diego County.

State-Local Partnership Fund - This fund is used to account for the receipt and expenditures of funds provided by the State under the State-Local Transportation Partnership Program.

PERMANENT FUNDS:

Library Endowment Fund - This fund is used to account for a financial endowment made to the Library. Only interest earned on the principal can be used to purchase books and other library materials.

City of National City
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2021

Special Revenue

	Library	Parks Maintenance	Library Capital Outlay	Gas Tax	CDBG
ASSETS					
Cash and investments	\$ 789,456	\$ 442,061	\$ 601,334	\$ 1,449,389	\$ -
Receivables:					
Accounts	-	-	-	-	-
Taxes	4,572	5,328	17,068	209,786	-
Interest	-	-	-	2,333	-
Loans	-	-	-	-	32,090
Due from other funds	-	-	-	-	18,924
Total assets	\$ 794,028	\$ 447,389	\$ 618,402	\$ 1,661,508	\$ 51,014
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 15,062	\$ 52,907	\$ 142	\$ 226,783	\$ 31,144
Accrued liabilities	45,721	65,285	-	55,558	12,807
Due to other funds	147,040	326,453	-	250,327	380,407
Unearned revenue	-	-	-	-	-
Total liabilities	207,823	444,645	142	532,668	424,358
Deferred inflows of resources:					
Unavailable revenues	-	-	-	-	374,170
Total deferred inflows of resources	-	-	-	-	374,170
Fund Balances:					
Restricted	586,205	2,744	618,260	1,128,840	-
Unassigned (deficit)	-	-	-	-	(747,514)
Total fund balances	586,205	2,744	618,260	1,128,840	(747,514)
Total liabilities, deferred inflows of resources, and fund balances	\$ 794,028	\$ 447,389	\$ 618,402	\$ 1,661,508	\$ 51,014

(Continued)

City of National City
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2021

	Special Revenue			Debt Service	Capital Projects
	HOME Program	Asset Forfeiture	Nutrition	Library Bonds	STP Local/ TransNet
ASSETS					
Cash and investments	\$ 604,179	\$ 231,403	\$ 197,729	\$ 1,020,673	\$ -
Receivables:					
Accounts	-	-	123,788	-	13
Taxes	-	-	-	2,477	-
Interest	1,050	399	-	-	-
Loans	829,048	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 1,434,277	\$ 231,802	\$ 321,517	\$ 1,023,150	\$ 13
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 49,772	\$ -	\$ 13,260	\$ -	\$ -
Accrued liabilities	1,407	-	76,395	-	-
Due to other funds	5,669	-	161,077	-	-
Unearned revenue	1,088	-	-	-	-
Total liabilities	57,936	-	250,732	-	-
Deferred inflows of resources:					
Unavailable revenues	135,413	-	-	-	-
Total deferred inflows of resources	135,413	-	-	-	-
Fund Balances:					
Restricted	1,240,928	231,802	70,785	1,023,150	13
Unassigned (deficit)	-	-	-	-	-
Total fund balances	1,240,928	231,802	70,785	1,023,150	13
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,434,277	\$ 231,802	\$ 321,517	\$ 1,023,150	\$ 13

(Continued)

City of National City
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2021

	Capital Projects		Permanent	Total Other Governmental Funds
	Proposition A	State-Local Partnership	Library Endowment	
ASSETS				
Cash and investments	\$ 793,161	\$ 134,048	\$ 54,102	\$ 6,317,535
Receivables:				
Accounts	3,445	-	-	127,246
Taxes	-	-	-	239,231
Interest	1,360	233	94	5,469
Loans	-	-	-	861,138
Due from other funds	-	-	-	18,924
Total assets	\$ 797,966	\$ 134,281	\$ 54,196	\$ 7,569,543
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 63,041	\$ -	\$ -	\$ 452,111
Accrued liabilities	-	-	-	257,173
Due to other funds	-	-	-	1,270,973
Unearned revenue	-	-	-	1,088
Total liabilities	63,041	-	-	1,981,345
Deferred inflows of resources:				
Unavailable revenues	-	-	-	509,583
Total deferred inflows of resources	-	-	-	509,583
Fund Balances:				
Restricted	734,925	134,281	54,196	5,826,129
Unassigned (deficit)	-	-	-	(747,514)
Total fund balances	734,925	134,281	54,196	5,078,615
Total liabilities, deferred inflows of resources, and fund balances	\$ 797,966	\$ 134,281	\$ 54,196	\$ 7,569,543

(Concluded)

City of National City
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue				
	Library	Parks Maintenance	Library Capital Outlay	Gas Tax	CDBG
REVENUES:					
Taxes	\$ 877,510	\$ 1,022,522	\$ 174,143	\$ 2,521,656	\$ -
Fines and forfeitures	-	-	-	-	-
Use of money and property	-	-	-	(9,010)	-
Intergovernmental	4,197	5,754	-	-	590,601
Charges for services	-	-	-	-	-
Other revenues	-	-	2,586	48,394	-
Total revenues	881,707	1,028,276	176,729	2,561,040	590,601
EXPENDITURES:					
Current:					
General government	-	-	18,782	-	-
Public safety	-	-	-	-	-
Transportation	-	-	-	1,622,159	-
Community development	-	-	-	-	675,174
Health	-	-	-	-	-
Culture and leisure	1,511,346	1,570,183	37,426	-	119,418
Capital outlay	-	-	-	1,329,214	-
Debt service:					
Principal	-	-	-	-	485,000
Interest and fiscal charges	-	45,110	-	-	47,804
Total expenditures	1,511,346	1,615,293	56,208	2,951,373	1,327,396
REVENUES OVER (UNDER) EXPENDITURES	(629,639)	(587,017)	120,521	(390,333)	(736,795)
OTHER FINANCING SOURCES:					
Transfers in	1,204,103	579,761	-	-	5,707
Total other financing sources	1,204,103	579,761	-	-	5,707
CHANGES IN FUND BALANCES	574,464	(7,256)	120,521	(390,333)	(731,088)
FUND BALANCES:					
Beginning of year	11,741	10,000	497,739	1,519,173	(16,426)
End of year	\$ 586,205	\$ 2,744	\$ 618,260	\$ 1,128,840	\$ (747,514)

(Continued)

City of National City
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue			Debt Service	Capital Projects
	HOME Program	Asset Forfeiture	Nutrition	Library Bonds	STP Local/ TransNet
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ 345,768	\$ -
Fines and forfeitures	-	4,751	-	-	-
Use of money and property	38,419	313	-	-	-
Intergovernmental	185,505	-	354,539	-	-
Charges for services	-	-	-	-	-
Other revenues	345	1,210	66,669	-	-
Total revenues	<u>224,269</u>	<u>6,274</u>	<u>421,208</u>	<u>345,768</u>	<u>-</u>
EXPENDITURES:					
Current:					
General government	362,252	-	-	-	-
Public safety	-	-	-	-	-
Transportation	-	-	-	-	-
Community development	540,916	-	-	-	-
Health	-	-	44,924	-	-
Culture and leisure	-	-	957,914	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	290,000	-
Interest and fiscal charges	-	-	-	96,890	-
Total expenditures	<u>903,168</u>	<u>-</u>	<u>1,002,838</u>	<u>386,890</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(678,899)</u>	<u>6,274</u>	<u>(581,630)</u>	<u>(41,122)</u>	<u>-</u>
OTHER FINANCING SOURCES:					
Transfers in	-	2,443	508,832	-	-
Total other financing sources	<u>-</u>	<u>2,443</u>	<u>508,832</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCES	<u>(678,899)</u>	<u>8,717</u>	<u>(72,798)</u>	<u>(41,122)</u>	<u>-</u>
FUND BALANCES:					
Beginning of year	1,919,827	223,085	143,583	1,064,272	13
End of year	<u>\$ 1,240,928</u>	<u>\$ 231,802</u>	<u>\$ 70,785</u>	<u>\$ 1,023,150</u>	<u>\$ 13</u>

(Continued)

City of National City
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2021

	Capital Projects		Permanent	Total Other Governmental Funds
	Proposition A	State-Local Partnership	Library Endowment	
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 4,941,599
Fines and forfeitures	-	-	-	4,751
Use of money and property	7,287	165	-	37,174
Intergovernmental	975,000	-	66	2,115,662
Charges for services	-	-	-	-
Other revenues	-	-	-	119,204
Total revenues	982,287	165	66	7,218,390
EXPENDITURES:				
Current:				
General government	-	-	-	381,034
Public safety	-	-	-	-
Transportation	-	-	-	1,622,159
Community development	-	-	-	1,216,090
Health	-	-	-	44,924
Culture and leisure	-	-	-	4,196,287
Capital outlay	336,403	-	-	1,665,617
Debt service:				
Principal	-	-	-	775,000
Interest and fiscal charges	-	-	-	189,804
Total expenditures	336,403	-	-	10,090,915
REVENUES OVER (UNDER) EXPENDITURES	645,884	165	66	(2,872,525)
OTHER FINANCING SOURCES:				
Transfers in	-	-	-	2,300,846
Total other financing sources	-	-	-	2,300,846
CHANGES IN FUND BALANCES	645,884	165	66	(571,679)
FUND BALANCES:				
Beginning of year	89,041	134,116	54,130	5,650,294
End of year	<u>\$ 734,925</u>	<u>\$ 134,281</u>	<u>\$ 54,196</u>	<u>\$ 5,078,615</u>

(Concluded)

City of National City
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Library Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 877,500	\$ 877,500	\$ 877,510	\$ 10
Intergovernmental	5,000	5,000	4,197	(803)
Total revenues	<u>882,500</u>	<u>882,500</u>	<u>881,707</u>	<u>(793)</u>
EXPENDITURES:				
Current:				
Culture and leisure	2,086,603	2,086,603	1,511,346	575,257
Total expenditures	<u>2,086,603</u>	<u>2,086,603</u>	<u>1,511,346</u>	<u>575,257</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,204,103)</u>	<u>(1,204,103)</u>	<u>(629,639)</u>	<u>574,464</u>
OTHER FINANCING SOURCES:				
Transfers in	-	-	1,204,103	1,204,103
Total other financing sources	-	-	1,204,103	1,204,103
CHANGE IN FUND BALANCE	<u>\$ (1,204,103)</u>	<u>\$ (1,204,103)</u>	<u>574,464</u>	<u>\$ 1,778,567</u>
FUND BALANCE:				
Beginning of year			<u>11,741</u>	
End of year			<u>\$ 586,205</u>	

City of National City
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Parks Maintenance Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 1,022,500	\$ 1,022,500	\$ 1,022,522	\$ 22
Intergovernmental	6,000	6,000	5,754	(246)
Total revenues	<u>1,028,500</u>	<u>1,028,500</u>	<u>1,028,276</u>	<u>(224)</u>
EXPENDITURES:				
Current:				
Health	500	500	-	500
Culture and leisure	1,562,651	1,562,651	1,570,183	(7,532)
Debt Service:				
Interest and fiscal charges	45,110	45,110	45,110	-
Total expenditures	<u>1,608,261</u>	<u>1,608,261</u>	<u>1,615,293</u>	<u>(7,032)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(579,761)</u>	<u>(579,761)</u>	<u>(587,017)</u>	<u>(7,256)</u>
OTHER FINANCING SOURCES:				
Transfers in	-	-	579,761	579,761
Total other financing sources	<u>-</u>	<u>-</u>	<u>579,761</u>	<u>579,761</u>
CHANGE IN FUND BALANCE	<u>\$ (579,761)</u>	<u>\$ (579,761)</u>	<u>(7,256)</u>	<u>\$ 572,505</u>
FUND BALANCE:				
Beginning of year			<u>10,000</u>	
End of year			<u>\$ 2,744</u>	

City of National City
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Library Capital Outlay Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 136,000	\$ 136,000	\$ 174,143	\$ 38,143
Other revenues	40,000	40,000	2,586	(37,414)
Total revenues	<u>176,000</u>	<u>176,000</u>	<u>176,729</u>	<u>729</u>
EXPENDITURES:				
Current:				
General Government	36,160	36,160	18,782	(17,378)
Culture and leisure	66,400	66,400	37,426	28,974
Capital outlay	5,975	5,975	-	5,975
Total expenditures	<u>108,535</u>	<u>108,535</u>	<u>56,208</u>	<u>52,327</u>
CHANGE IN FUND BALANCE	<u>\$ 67,465</u>	<u>\$ 67,465</u>	120,521	<u>\$ 53,056</u>
FUND BALANCE:				
Beginning of year			497,739	
End of year			<u>\$ 618,260</u>	

City of National City
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 2,750,117	\$ 2,750,117	\$ 2,521,656	\$ (228,461)
Use of money and property	-	-	(9,010)	(9,010)
Total revenues	<u>2,750,117</u>	<u>2,750,117</u>	<u>2,561,040</u>	<u>(189,077)</u>
EXPENDITURES:				
Current:				
Transportation	1,408,979	1,408,979	1,622,159	(213,180)
Capital outlay	2,914,939	2,914,939	1,329,214	1,585,725
Total expenditures	<u>4,323,918</u>	<u>4,323,918</u>	<u>2,951,373</u>	<u>1,372,545</u>
CHANGE IN FUND BALANCE	<u>\$ (1,573,801)</u>	<u>\$ (1,573,801)</u>	(390,333)	<u>\$ 1,183,468</u>
FUND BALANCE:				
Beginning of year			<u>1,519,173</u>	
End of year			<u>\$ 1,128,840</u>	

City of National City
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Community Development Block Grant (CDBG) Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,252,804	\$ 1,252,804	\$ 590,601	\$ (662,203)
Total revenues	<u>1,252,804</u>	<u>1,252,804</u>	<u>590,601</u>	<u>(662,203)</u>
EXPENDITURES:				
Current:				
Community development	733,916	733,916	675,174	58,742
Culture and leisure	127,057	127,057	119,418	7,639
Debt Service:				
Principal	485,000	485,000	485,000	-
Interest and fiscal charges	47,804	47,804	47,804	-
Total expenditures	<u>1,393,777</u>	<u>1,393,777</u>	<u>1,327,396</u>	<u>66,381</u>
CHANGE IN FUND BALANCE	<u>\$ (140,973)</u>	<u>\$ (140,973)</u>	(731,088)	<u>\$ (590,115)</u>
FUND BALANCE:				
Beginning of year			<u>(16,426)</u>	
End of year			<u>\$ (747,514)</u>	

City of National City
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
HOME Program Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 38,419	\$ 38,419
Intergovernmental	356,620	356,620	185,505	(171,115)
Other revenues	-	-	345	345
Total revenues	<u>356,620</u>	<u>356,620</u>	<u>224,269</u>	<u>(132,351)</u>
EXPENDITURES:				
Current:				
General government	362,383	362,383	362,252	(131)
Community development	974,646	974,646	540,916	433,730
Culture and leisure	323,130	323,130	-	323,130
Total expenditures	<u>1,660,159</u>	<u>1,660,159</u>	<u>903,168</u>	<u>756,729</u>
CHANGE IN FUND BALANCE	<u>\$ (1,303,539)</u>	<u>\$ (1,303,539)</u>	<u>(678,899)</u>	<u>\$ 624,640</u>
FUND BALANCE:				
Beginning of year			<u>1,919,827</u>	
End of year			<u>\$ 1,240,928</u>	

City of National City
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Asset Forfeiture Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 50,000	\$ 50,000	\$ 4,751	\$ (45,249)
Use of money and property	-	-	313	313
Other revenues	-	-	1,210	1,210
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>6,274</u>	<u>(43,726)</u>
EXPENDITURES:				
Current:				
Public safety	16,400	16,400	-	16,400
Total expenditures	<u>16,400</u>	<u>16,400</u>	<u>-</u>	<u>16,400</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>33,600</u>	<u>33,600</u>	<u>6,274</u>	<u>(27,326)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	2,443	2,443
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,443</u>	<u>2,443</u>
CHANGE IN FUND BALANCE	<u>\$ 33,600</u>	<u>\$ 33,600</u>	8,717	<u>\$ (24,883)</u>
FUND BALANCE:				
Beginning of year			<u>223,085</u>	
End of year			<u>\$ 231,802</u>	

City of National City
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Nutrition Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 330,927	\$ 330,927	\$ 354,539	\$ 23,612
Other revenues	109,600	109,600	66,669	(42,931)
Total revenues	<u>440,527</u>	<u>440,527</u>	<u>421,208</u>	<u>(19,319)</u>
EXPENDITURES:				
Current:				
Health	9,833	9,833	44,924	(35,091)
Culture and leisure	1,017,024	1,017,024	957,914	59,110
Total expenditures	<u>1,072,034</u>	<u>1,072,034</u>	<u>1,002,838</u>	<u>69,196</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(631,507)</u>	<u>(631,507)</u>	<u>(581,630)</u>	<u>49,877</u>
OTHER FINANCING SOURCES:				
Transfers in	-	-	508,832	508,832
Total other financing sources	<u>-</u>	<u>-</u>	<u>508,832</u>	<u>508,832</u>
CHANGE IN FUND BALANCE	<u>\$ (631,507)</u>	<u>\$ (631,507)</u>	<u>(72,798)</u>	<u>\$ 558,709</u>
FUND BALANCE:				
Beginning of year			143,583	
End of year			<u>\$ 70,785</u>	

City of National City
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Library Bonds Debt Service Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 384,225	\$ 384,225	\$ 345,768	\$ (38,457)
Total revenues	<u>384,225</u>	<u>384,225</u>	<u>345,768</u>	<u>(38,457)</u>
EXPENDITURES:				
Debt Service:				
Principal	290,000	290,000	290,000	-
Interest and fiscal charges	94,225	94,225	96,890	(2,665)
Total expenditures	<u>384,225</u>	<u>384,225</u>	<u>386,890</u>	<u>(2,665)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(41,122)</u>	<u>(41,122)</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(41,122)</u>	<u>\$ (41,122)</u>
FUND BALANCE:				
Beginning of year			<u>1,064,272</u>	
End of year			<u>\$ 1,023,150</u>	

INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated City department for other departments on a cost reimbursement basis.

Facilities Maintenance Fund - This fund is used to account for the costs of maintaining all City-owned buildings in a clean, safe, workable, and pleasant condition.

Liability Insurance Fund - This fund is used to account for the costs of maintaining the City's workers' compensation and liability insurance programs.

Information Systems Maintenance Fund - This fund is used to account for the costs of maintaining the City's computer-related information systems.

Office Equipment Depreciation Fund - This fund is used to account for the costs to replace City office equipment.

Telecommunications Revolving Fund - This fund is used to account for the costs of maintaining the City's telecommunications system.

Motor Vehicle Services Fund - This fund is used to account for the City's costs of preventative maintenance and repairs for all City vehicles including police, fire, general administrative, park, sewer and public works equipment.

Vehicle Replacement Reserve Fund - This fund is used to account for the costs of acquiring City vehicles and related equipment and for building a reserve for their future replacement.

City of National City
Combining Statement of Net Position
All Internal Service Funds
June 30, 2021

	Facilities Maintenance	Liability Insurance	Information Systems Maintenance	Office Equipment Depreciation
ASSETS				
Current assets:				
Cash and investments	\$ 452,563	\$ 16,018,544	\$ 1,671,775	\$ 635,768
Accounts receivable	-	61,565	-	-
Inventories	-	-	-	-
Prepaid items and deposits	-	-	37,520	-
Due from other funds	-	-	-	-
Total current assets	<u>452,563</u>	<u>16,080,109</u>	<u>1,709,295</u>	<u>635,768</u>
Noncurrent assets:				
Restricted cash and investments with fiscal agents	10,334	-	-	-
Capital assets, net	745,484	-	260,415	-
Total noncurrent assets	<u>755,818</u>	<u>-</u>	<u>260,415</u>	<u>-</u>
Total assets	<u>1,208,381</u>	<u>16,080,109</u>	<u>1,969,710</u>	<u>635,768</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	115,821	156,629	276,676	-
Salaries payable	25,203	2,156	17,367	-
Interest payable	7,699	-	-	-
Due to other funds	187,362	18,058	172,355	-
Capital leases payable - due within one year	144,258	-	-	-
Compensated absences - due within one year	5,470	385	4,211	-
Claims payable - due within one year	-	1,615,426	-	-
Total current liabilities	<u>485,813</u>	<u>1,792,654</u>	<u>470,609</u>	<u>-</u>
Noncurrent liabilities:				
Capital leases payable - due in more than one year	477,904	-	-	-
Claims payable - due within one year	-	10,332,574	-	-
Total noncurrent liabilities	<u>477,904</u>	<u>10,332,574</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>963,717</u>	<u>12,125,228</u>	<u>470,609</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	123,322	-	260,415	-
Restricted for debt service	10,334	-	-	-
Unrestricted	111,008	3,954,881	1,238,686	635,768
Total net position	<u>\$ 244,664</u>	<u>\$ 3,954,881</u>	<u>\$ 1,499,101</u>	<u>\$ 635,768</u>

City of National City
Combining Statement of Net Position (Continued)
All Internal Service Funds
June 30, 2021

	Tele- communications Revolving	Motor Vehicle Services	Vehicle Replacement Reserve	Total
ASSETS				
Current assets:				
Cash and investments	\$ 14,623	\$ 967,671	\$ 3,030,017	\$ 22,790,961
Accounts receivable	-	-	-	61,565
Inventories	-	-	-	-
Prepaid items and deposits	-	-	-	37,520
Due from other funds	-	-	-	-
Total current assets	14,623	967,671	3,030,017	22,890,046
Noncurrent assets:				
Restricted cash and investments with fiscal agents	-	-	-	10,334
Capital assets, net	-	-	4,971,726	5,977,625
Total noncurrent assets	-	-	4,971,726	5,987,959
Total assets	14,623	967,671	8,001,743	28,878,005
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	-	62,440	138,318	749,884
Salaries payable	-	10,332	-	55,058
Interest payable	-	-	-	7,699
Due to other funds	-	96,102	-	473,877
Capital leases payable - due within one year	-	-	-	144,258
Compensated absences - due within one year	-	973	-	11,039
Claims payable - due within one year	-	-	-	1,615,426
Total current liabilities	-	169,847	138,318	3,057,241
Noncurrent liabilities:				
Capital leases payable - due in more than one year	-	-	-	477,904
Claims payable - due within one year	-	-	-	10,332,574
Total noncurrent liabilities	-	-	-	10,810,478
Total liabilities	-	169,847	138,318	13,867,719
NET POSITION				
Net investment in capital assets	-	-	4,971,726	5,355,463
Restricted for debt service	-	-	-	10,334
Unrestricted	14,623	797,824	2,891,699	9,644,489
Total net position	\$ 14,623	\$ 797,824	\$ 7,863,425	\$ 15,010,286

City of National City
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2021

	Facilities Maintenance	Liability Insurance	Information Systems Maintenance	Office Equipment Depreciation
OPERATING REVENUES:				
Charges for services	\$ 3,051,503	\$ 3,860,690	\$ 2,628,148	\$ -
Other	-	-	-	-
Total operating revenues	<u>3,051,503</u>	<u>3,860,690</u>	<u>2,628,148</u>	<u>-</u>
OPERATING EXPENSES:				
Operations and administration	961,841	3,104,383	788,550	-
Maintenance	1,974,071	166,687	1,482,622	-
Depreciation	150,749	-	187,485	-
Total operating expenses	<u>3,086,661</u>	<u>3,271,070</u>	<u>2,458,657</u>	<u>-</u>
Operating income (loss)	<u>(35,158)</u>	<u>589,620</u>	<u>169,491</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES):				
Interest expense	(33,372)	-	-	-
Total nonoperating revenues (expenses)	<u>(33,372)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	<u>(68,530)</u>	<u>589,620</u>	<u>169,491</u>	<u>-</u>
TRANSFERS:				
Transfers in	-	-	-	-
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net position	<u>(68,530)</u>	<u>589,620</u>	<u>169,491</u>	<u>-</u>
NET POSITION:				
Beginning of year	313,194	3,365,261	1,329,610	635,768
End of year	<u>\$ 244,664</u>	<u>\$ 3,954,881</u>	<u>\$ 1,499,101</u>	<u>\$ 635,768</u>

City of National City
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
All Internal Service Funds
For the Year Ended June 30, 2021

	Tele- communications Revolving	Motor Vehicle Services	Vehicle Replacement Reserve	Total
OPERATING REVENUES:				
Charges for services	\$ -	\$ 1,118,352	\$ 1,247,291	\$ 11,905,984
Other	-	76,910	-	76,910
Total operating revenues	-	1,195,262	1,247,291	11,982,894
OPERATING EXPENSES:				
Operations and administration	-	390,486	319,898	5,565,158
Maintenance	-	676,210	-	4,299,590
Depreciation	-	-	668,381	1,006,615
Total operating expenses	-	1,066,696	988,279	10,871,363
Operating income (loss)	-	128,566	259,012	1,111,531
NONOPERATING REVENUES (EXPENSES):				
Interest expense	-	-	-	(33,372)
Total nonoperating revenues (expenses)	-	-	-	(33,372)
Income (loss) before transfers	-	128,566	259,012	1,078,159
TRANSFERS:				
Transfers in	-	-	713,752	713,752
Total transfers	-	-	713,752	713,752
Changes in net position	-	128,566	972,764	1,791,911
NET POSITION:				
Beginning of year	14,623	669,258	6,890,661	13,218,375
End of year	<u>\$ 14,623</u>	<u>\$ 797,824</u>	<u>\$ 7,863,425</u>	<u>\$ 15,010,286</u>

City of National City
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2021

	Facilities Maintenance	Liability Insurance	Information Systems Maintenance	Office Equipment Depreciation
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from other funds	\$ 3,051,503	\$ 3,903,990	\$ 2,628,148	\$ -
Cash payments for goods and services	(2,989,368)	(2,519,900)	(2,151,605)	-
Other operating revenues	-	-	-	-
Net cash provided by (used in) operating activities	62,135	1,384,090	476,543	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on capital lease	(137,332)	-	-	-
Acquisition of capital assets	-	-	-	-
Loss on disposal of capital assets	-	-	-	-
Interest paid	(35,072)	-	-	-
Proceeds received from disposal of capital assets	-	-	-	-
Net cash (used in) capital and related financing activities	(172,404)	-	-	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Amounts received from (paid to) other funds	187,362	18,058	172,355	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Net cash provided by (used in) noncapital financing activities	187,362	18,058	172,355	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest revenue	-	-	-	-
Net cash used by investing activities	-	-	-	-
Net change in cash and cash equivalents	77,093	1,402,148	648,898	-
CASH AND CASH EQUIVALENTS:				
Beginning of year	385,804	14,616,396	1,022,877	635,768
End of year	<u>\$ 462,897</u>	<u>\$ 16,018,544</u>	<u>\$ 1,671,775</u>	<u>\$ 635,768</u>
RECONCILIATION TO STATEMENT OF NET POSITION:				
Cash and investments	\$ 452,563	\$ 16,018,544	\$ 1,671,775	\$ 635,768
Restricted cash and investments with fiscal agents	10,334	-	-	-
Total cash and cash equivalents	<u>\$ 462,897</u>	<u>\$ 16,018,544</u>	<u>\$ 1,671,775</u>	<u>\$ 635,768</u>

City of National City
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2021

	Tele- communications Revolving	Motor Vehicle Services	Vehicle Replacement Reserve	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from other funds	\$ -	\$ 1,118,352	\$ 1,247,291	\$ 11,949,284
Cash payments for goods and services	-	(1,054,079)	(333,114)	(9,048,066)
Other operating revenues	-	76,910	-	76,910
Net cash provided by (used in) operating activities	-	141,183	914,177	2,978,128
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on capital lease	-	-	-	(137,332)
Acquisition of capital assets	-	-	(458,765)	(458,765)
Loss on disposal of capital assets	-	-	31,441	31,441
Interest paid	-	-	-	(35,072)
Proceeds received from disposal of capital assets	-	-	-	-
Net cash (used in) capital and related financing activities	-	-	(427,324)	(599,728)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Amounts received from (paid to) other funds	-	96,102	-	473,877
Transfers in	-	-	713,752	713,752
Transfers (out)	-	-	-	-
Net cash provided by (used in) noncapital financing activities	-	96,102	713,752	1,187,629
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest revenue	-	-	-	-
Net cash used by investing activities	-	-	-	-
Net change in cash and cash equivalents	-	237,285	1,200,605	3,566,029
CASH AND CASH EQUIVALENTS:				
Beginning of year	14,623	730,386	1,829,412	19,235,266
End of year	<u>\$ 14,623</u>	<u>\$ 967,671</u>	<u>\$ 3,030,017</u>	<u>\$ 22,801,295</u>
RECONCILIATION TO STATEMENT OF NET POSITION:				
Cash and investments	\$ 14,623	\$ 967,671	\$ 3,030,017	\$ 22,790,961
Restricted cash and investments with fiscal agents	-	-	-	10,334
Total cash and cash equivalents	<u>\$ 14,623</u>	<u>\$ 967,671</u>	<u>\$ 3,030,017</u>	<u>\$ 22,801,295</u>

City of National City
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2021

	<u>Facilities Maintenance</u>	<u>Liability Insurance</u>	<u>Information Systems Maintenance</u>	<u>Office Equipment Depreciation</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (35,158)	\$ 589,620	\$ 169,491	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	150,749	-	187,485	-
Changes in operating assets and liabilities:				
Accounts receivable	-	43,300	-	-
Prepays and deposits	-	-	-	-
Accounts payable and accrued liabilities	(84,129)	156,629	97,989	-
Salaries payable	25,203	2,156	17,367	-
Compensated absences	5,470	385	4,211	-
Claims payable	-	592,000	-	-
Total adjustments	<u>97,293</u>	<u>794,470</u>	<u>307,052</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u><u>\$ 62,135</u></u>	<u><u>\$ 1,384,090</u></u>	<u><u>\$ 476,543</u></u>	<u><u>\$ -</u></u>

City of National City
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2021

	Tele- communications Revolving	Motor Vehicle Services	Equipment Replacement Reserve	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ -	\$ 128,566	\$ 259,012	\$ 1,111,531
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	668,381	1,006,615
Changes in operating assets and liabilities:				
Accounts receivable	-	-	-	43,300
Prepays and deposits	-	-	-	-
Accounts payable and accrued liabilities	-	1,312	(13,216)	158,585
Salaries payable	-	10,332	-	55,058
Compensated absences	-	973	-	11,039
Claims payable	-	-	-	592,000
Total adjustments	-	12,617	655,165	1,866,597
Net cash provided by (used in) operating activities	\$ -	\$ 141,183	\$ 914,177	\$ 2,978,128



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STATISTICAL SECTION





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CITY OF NATIONAL CITY, CALIFORNIA
STATISTICAL SECTION
JUNE 30, 2021

Statistical Section

Financial Presentations included in the Statistical Section provide data and information on the financial, physical, and economic characteristics of the City of National City. The following schedules cover multiple fiscal years and provide readers with a broader and more complete understanding of the City and its financial affairs and economic condition. They also present detailed information as a context for understanding this year's financial statements, note disclosure, and required supplementary information.

Financial Trends **Page**

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

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Changes in Net Position	144
Fund Balances of Governmental Funds	148
Changes in Fund Balances of Government Funds	150

Revenue Capacity

These schedules contain information to help readers understand and assess the City's local revenue sources.

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Top 25 Sales Tax Producers	167

Debt Capacity

These schedules present information to help readers understand and assess the City's debt burden and its ability to service current debt and to issue additional debt in the future.

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Demographic and Economic Information

These schedules present economic and demographic indicators to help readers understand the environment within which the City's financial activities take place.

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Operating Information

These schedules present information to help readers understand the City's operations and resources.

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City of National City
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2012	2013	2014	2015	2016
Governmental Activities:					
Net Investment in					
Capital Assets	\$ 100,450,699	\$ 99,343,176	\$ 108,881,192	\$ 120,377,947	\$ 134,444,245
Restricted for:					
General Services ¹	-	-	25,690,372	24,671,923	29,511,338
Community Development	4,427,765	535,026	4,522,562	5,348,413	3,448,959
Public Safety	927,816	-	-	-	-
Transportation	3,894,025	-	-	-	-
Culture and Leisure/General Services	25,086,031	-	-	-	-
Housing	8,253,320	-	-	-	-
Debt Service	-	472,988	1,691,931	1,676,222	1,845,117
Capital projects	-	2,332,408	2,769,086	2,193,169	942,285
Investment in Section 115 trusts	-	-	-	-	-
Unrestricted	24,828,920	71,462,265	40,409,653	(34,896,708)	(26,157,042)
Total governmental activities net position	<u>\$ 167,868,576</u>	<u>\$ 174,145,863</u>	<u>\$ 183,964,796</u>	<u>\$ 119,370,966</u>	<u>\$ 144,034,902</u>
Business-type Activities:					
Net Investment in					
Capital Assets	\$ 4,744,375	\$ 4,760,761	\$ 4,725,523	\$ 4,926,410	\$ 4,905,110
Restricted					
Community Development	-	-	-	-	-
Public Safety	-	-	-	-	-
Transportation	-	-	-	-	-
Culture and Leisure	-	-	-	-	-
Housing	-	-	-	-	-
Debt Service	-	1,953,838	2,121,988	1,876,125	2,031,385
Unrestricted	1,982,828	265,456	4,502	98,698	99,478
Total business-type activities net position	<u>\$ 6,727,203</u>	<u>\$ 6,980,055</u>	<u>\$ 6,852,013</u>	<u>\$ 6,901,233</u>	<u>\$ 7,035,973</u>
Primary Government:					
Net Investment in					
Capital Assets	105,195,074	104,103,937	113,606,715	125,304,357	139,349,355
Restricted	42,588,957	5,294,260	36,795,939	35,765,852	37,779,084
Unrestricted	26,811,748	71,727,721	40,414,155	(34,798,010)	(26,057,564)
Total primary government net position	<u>\$ 174,595,779</u>	<u>\$ 181,125,918</u>	<u>\$ 190,816,809</u>	<u>\$ 126,272,199</u>	<u>\$ 151,070,875</u>

¹ General Services category added in 2014

City of National City
Net Position by Component (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	2017	2018	2019	2020	2021
Governmental Activities:					
Net Investment in					
Capital Assets	\$ 140,128,868	\$ 141,748,074	\$ 147,820,375	\$ 155,530,504	\$ 161,450,929
Restricted for:					
General Services ¹	17,830,592	16,441,482	17,345,785	20,040,951	20,231,609
Community Development	1,413,792	283,394	169,573	19,999	20,000
Public Safety	1,566,498	1,472,665	1,296,186	221,853	231,802
Transportation	2,279,981	1,985,811	1,157,623	13	1,245,013
Culture and Leisure/General Services	-	-	-	-	-
Housing	8,450,433	8,980,034	74,709,334	75,199,504	75,139,133
Debt Service	1,753,076	1,681,688	1,667,147	1,630,317	1,023,150
Capital projects	840,156	721,171	1,743,976	2,039,987	2,336,049
Investment in Section 115 trusts	-	-	1,749,740	1,749,740	10,813,351
Unrestricted	<u>(31,330,173)</u>	<u>(33,783,858)</u>	<u>(41,622,749)</u>	<u>(48,893,956)</u>	<u>(57,801,974)</u>
Total governmental activities net position	<u>\$ 142,933,223</u>	<u>\$ 139,530,461</u>	<u>\$ 206,036,990</u>	<u>\$ 207,538,912</u>	<u>\$ 214,689,062</u>
Business-type Activities:					
Net Investment in					
Capital Assets	\$ 4,995,791	\$ 5,003,945	\$ -	\$ -	\$ -
Restricted					
Community Development	-	-	-	-	-
Public Safety	1,422,433	1,514,475	-	-	-
Transportation	-	-	-	-	-
Culture and Leisure	-	-	-	-	-
Housing	-	-	-	-	-
Debt Service	763,085	818,678	-	-	-
Unrestricted	<u>(13,016)</u>	<u>22,571</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities net position	<u>\$ 7,168,293</u>	<u>\$ 7,359,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary Government:					
Net Investment in					
Capital Assets	145,124,659	146,752,019	147,820,375	155,530,504	162,195,929
Restricted	36,320,046	33,899,398	99,839,364	100,902,364	111,040,107
Unrestricted	<u>(31,343,189)</u>	<u>(33,761,287)</u>	<u>(41,622,749)</u>	<u>(48,893,956)</u>	<u>(57,801,974)</u>
Total primary government net position	<u>\$ 150,101,516</u>	<u>\$ 146,890,130</u>	<u>\$ 206,036,990</u>	<u>\$ 207,538,912</u>	<u>\$ 215,434,062</u>

¹ General Services category added in 2014

City of National City
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2012	2013	2014	2015	2016
Expenses:					
Governmental Activities:					
General government	\$ 5,858,519	\$ 443,592	\$ 5,240,947	\$ 6,299,372	\$ 6,237,858
Public safety	29,477,075	28,024,676	29,045,583	31,522,488	31,293,361
Transportation	4,399,470	3,061,647	6,315,524	6,737,292	8,605,631
Community development	13,959,966	11,991,339	11,669,866	11,603,528	11,812,563
Health	6,595,669	8,477,778	7,026,857	7,416,697	7,499,719
Culture and leisure	5,943,563	5,784,578	6,712,036	6,349,578	7,188,896
Interest and fiscal charges	5,082,341	633,338	439,367	407,194	308,808
Depreciation expense (unallocated)	-	4,423,669	-	-	-
Total governmental activities expenses	\$ 71,316,603	\$ 62,840,617	\$ 66,450,180	\$ 70,336,149	\$ 72,946,836
Business-type Activities:					
Transportation Development Act ¹	\$ -	\$ -	\$ -	\$ -	\$ -
Community development commission	2,181,928	-	-	-	-
Kimball Towers	-	1,089,698	1,356,385	1,251,377	1,160,095
Morgan Towers	-	1,177,596	1,130,218	1,078,546	1,113,885
Total business-type activities expenses	\$ 2,181,928	\$ 2,267,294	\$ 2,486,603	\$ 2,329,923	\$ 2,273,980
Total primary government expenses	\$ 73,498,531	\$ 65,107,911	\$ 68,936,783	\$ 72,666,072	\$ 75,220,816
Program Revenue:					
Government Activities:					
Charges for services:					
General government	\$ 1,394,546	\$ 1,258,710	\$ 2,371,861	\$ 3,101,468	\$ 5,081,812
Public safety	3,767,099	3,018,064	3,150,630	3,807,824	2,681,493
Transportation	-	1,549,092	2,195,535	1,863,599	1,344,988
Community development	1,179,697	2,079,578	2,994,274	3,260,501	1,908,755
Health	6,984,746	7,414,151	7,534,320	9,522,136	8,363,190
Culture and leisure	282,197	246,880	199,493	353,740	306,675
Operating grants and contributions	19,261,931	14,732,996	15,818,335	12,508,517	13,295,661
Capital grants and contributions	1,312,296	1,006,059	6,284,789	11,399,349	7,299,398
Total governmental activities program revenue	\$ 34,182,512	\$ 31,305,530	\$ 40,549,237	\$ 45,817,134	\$ 40,281,972
Business-type Activities:					
Charges for services:					
Transportation Development Act ¹	\$ -	\$ -	\$ -	\$ -	\$ -
Community development commission	2,334,863	-	-	-	-
Kimball Towers	-	1,073,082	1,096,559	1,101,514	1,124,578
Morgan Towers	-	1,241,253	1,244,129	1,260,181	1,266,441
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenue	\$ 2,334,863	\$ 2,314,335	\$ 2,340,688	\$ 2,361,695	\$ 2,391,019
Total primary government program revenue	\$ 36,517,375	\$ 33,619,865	\$ 42,889,925	\$ 48,178,829	\$ 42,672,991
Net Revenues (Expenses):					
Governmental activities	(37,134,091)	(31,535,087)	(25,900,943)	(24,519,015)	(32,664,864)
Business-type activities	152,935	47,041	(145,915)	31,772	117,039
Total Net Revenues (Expenses)	\$ (36,981,156)	\$ (31,488,046)	\$ (26,046,858)	\$ (24,487,243)	\$ (32,547,825)

¹ National City Transportation Development Act operations discontinued during Fiscal Year 2007.

City of National City
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2017	2018	2019	2020	2021
Expenses:					
Governmental Activities:					
General government	\$ 7,379,307	\$ 15,307,497	\$ 14,474,787	\$ 13,745,988	\$ 10,868,545
Public safety	34,007,632	39,597,743	41,216,052	45,669,420	46,808,349
Transportation	8,925,351	8,076,078	8,479,861	8,262,579	8,503,284
Community development	13,560,523	12,884,161	13,521,091	15,463,076	16,056,965
Health	8,102,830	7,467,338	8,160,870	8,229,336	8,167,924
Culture and leisure	8,129,529	8,521,220	7,686,697	7,617,459	8,795,715
Interest and fiscal charges	243,832	414,353	380,597	398,181	528,873
Depreciation expense (unallocated)	-	-	-	-	-
Total governmental activities expenses	\$ 80,349,004	\$ 92,268,390	\$ 93,919,955	\$ 99,386,039	\$ 99,729,654
Business-type Activities:					
Transportation Development Act ¹	\$ -	\$ -	\$ -	\$ -	\$ -
Community development commission	-	-	-	-	-
Kimball Towers	1,166,521	1,187,232	945,180	-	-
Morgan Towers	1,141,607	1,102,742	787,266	-	-
Total business-type activities expenses	\$ 2,308,128	\$ 2,289,974	\$ 1,732,446	\$ -	\$ -
Total primary government expenses	\$ 82,657,132	\$ 94,558,364	\$ 95,652,401	\$ 99,386,039	\$ 99,729,654
Program Revenue:					
Government Activities:					
Charges for services:					
General government	\$ 2,697,690	\$ 2,543,350	\$ 1,811,719	\$ 1,633,483	\$ 2,035,702
Public safety	2,704,952	3,393,625	2,911,464	4,588,977	3,833,783
Transportation	1,218,156	1,640,930	2,556,059	2,559,252	2,559,581
Community development	2,105,289	3,320,354	4,461,949	5,390,051	3,885,598
Health	8,819,322	8,624,774	8,551,905	11,046,120	10,557,839
Culture and leisure	631,597	676,015	477,370	613,722	484,207
Operating grants and contributions	15,280,776	14,306,662	14,908,491	16,658,135	17,685,441
Capital grants and contributions	3,878,546	6,414,610	4,201,520	4,465,126	6,109,734
Total governmental activities program revenue	\$ 37,336,328	\$ 40,920,320	\$ 39,880,477	\$ 46,954,866	\$ 47,151,885
Business-type Activities:					
Charges for services:					
Transportation Development Act ¹	\$ -	\$ -	\$ -	\$ -	\$ -
Community development commission	-	-	-	-	-
Kimball Towers	1,130,543	1,127,607	1,256,346	-	-
Morgan Towers	1,289,180	1,329,610	1,017,766	-	-
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenue	\$ 2,419,723	\$ 2,457,217	\$ 2,274,112	\$ -	\$ -
Total primary government program revenue	\$ 39,756,051	\$ 43,377,537	\$ 42,154,589	\$ 46,954,866	\$ 47,151,885
Net Revenues (Expenses):					
Governmental activities	(43,012,676)	(51,348,070)	(54,039,478)	(52,431,173)	(52,577,769)
Business-type activities	111,595	167,243	541,666	-	-
Total Net Revenues (Expenses)	\$ (42,901,081)	\$ (51,180,827)	\$ (53,497,812)	\$ (52,431,173)	\$ (52,577,769)

¹ National City Transportation Development Act operations discontinued during Fiscal Year 2007.

City of National City
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2013	2014	2015	2016
General Revenue and Other Changes in Net Position:					
Governmental Activities:					
Taxes:					
Property taxes	\$ 11,373,533	\$ 4,724,959	\$ 9,908,109	\$ 10,301,592	\$ 10,293,634
Sales taxes ¹	22,864,669	23,757,635	25,586,661	27,095,666	29,170,512
Franchise taxes	1,852,996	1,602,891	1,718,023	1,902,082	1,922,723
Motor vehicle license	4,962,804	-	27,056	-	-
Transient occupancy taxes	887,820	5,154,530	1,082,339	1,383,793	1,611,788
Utilities tax	-	815,136	825,388	818,820	867,488
Investment earnings ¹	297,882	1,873,896	459,019	304,655	553,184
Other miscellaneous revenues	23,811	-	-	-	1,864
Rent	-	-	-	-	-
Transfers	-	-	-	-	-
Gain (loss) on sale of assets	-	151,879	(268,224)	-	-
Transfer to Successor Agency	-	-	-	-	(826,577)
Special items	-	-	-	-	13,734,184
Total governmental activities	<u>\$ 42,263,515</u>	<u>\$ 38,080,926</u>	<u>\$ 39,338,371</u>	<u>\$ 41,806,608</u>	<u>\$ 57,328,800</u>
Business-type Activities:					
Investment earnings	\$ 3,192	\$ 3,685	\$ 2,520	\$ 2,579	\$ 3,678
Other misc	-	14,776	15,353	14,869	14,023
Rent	-	-	-	-	-
Transfers	-	-	-	-	-
Total business-type activities	<u>\$ 3,192</u>	<u>\$ 18,461</u>	<u>\$ 17,873</u>	<u>\$ 17,448</u>	<u>\$ 17,701</u>
Total primary government	<u>\$ 42,266,707</u>	<u>\$ 38,099,387</u>	<u>\$ 39,356,244</u>	<u>\$ 41,824,056</u>	<u>\$ 57,346,501</u>
Changes in Net Position:					
Governmental activities	5,129,424	6,545,839	13,437,428	17,287,593	24,663,936
Business-type activities	156,127	65,502	(128,042)	49,220	134,740
Total Primary Government	<u>\$ 5,285,551</u>	<u>\$ 6,611,341</u>	<u>\$ 13,309,386</u>	<u>\$ 17,336,813</u>	<u>\$ 24,798,676</u>

¹ City of National City implemented a one cent district tax during fiscal year 2007, causing an increase in sales tax revenue and investment earnings.

City of National City
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	2017	2018	2019	2020	2021
General Revenue and Other Changes in Net Position:					
Governmental Activities:					
Taxes:					
Property taxes	\$ 11,948,882	\$ 12,721,058	\$ 14,340,418	\$ 15,975,053	\$ 16,266,505
Sales taxes ¹	29,284,869	30,084,675	33,196,667	31,268,711	36,415,641
Franchise taxes	1,856,039	1,910,053	1,966,728	2,330,697	2,104,436
Motor vehicle license	-	-	-	-	-
Transient occupancy taxes	1,597,957	1,660,800	1,774,843	1,522,714	1,600,549
Utilities tax	886,455	711,635	708,451	678,663	737,435
Investment earnings ¹	361,077	836,038	2,297,242	2,943,647	2,339,978
Other miscellaneous revenues	-	21,049	45,017	65,010	156,976
Rent	-	-	-	-	-
Transfers	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-
Transfer to Successor Agency	-	-	-	-	-
Special items	-	-	-	-	-
Total governmental activities	<u>\$ 45,935,279</u>	<u>\$ 47,945,308</u>	<u>\$ 54,329,366</u>	<u>\$ 54,784,495</u>	<u>\$ 59,621,520</u>
Business-type Activities:					
Investment earnings	\$ 5,621	\$ 9,390	\$ 10,038	\$ -	\$ -
Other misc	15,464	14,743	11,378	-	-
Rent	-	-	-	-	-
Transfers	-	-	-	-	-
Total business-type activities	<u>\$ 21,085</u>	<u>\$ 24,133</u>	<u>\$ 21,416</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 45,956,364</u>	<u>\$ 47,969,441</u>	<u>\$ 54,350,782</u>	<u>\$ 54,784,495</u>	<u>\$ 59,621,520</u>
Changes in Net Position:					
Governmental activities	2,922,603	(3,402,762)	66,506,529	2,353,322	7,043,751
Business-type activities	132,320	191,376	(7,359,669)	-	-
Total Primary Government	<u>\$ 3,054,923</u>	<u>\$ (3,211,386)</u>	<u>\$ 59,146,860</u>	<u>\$ 2,353,322</u>	<u>\$ 7,043,751</u>

¹ City of National City implemented a one cent district tax during fiscal year 2007, causing an increase in sales tax revenue and investment earnings.

City of National City
Fund Balances of Government Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2012	2013	2014	2015	2016
General Fund:					
Nonspendable	\$ -	\$ 10,162	\$ 4,952,830	\$ 4,963,916	\$ 10,766,098
Restricted	-	707,262	611,780	590,998	754,913
Committed	1,671,257	9,085,066	9,085,066	9,085,066	11,585,066
Assigned	5,536,697	6,787,396	15,042,191	16,065,736	14,792,381
Unassigned	10,708,984	6,995,075	7,797,176	10,266,365	12,166,732
Total general fund	<u>\$ 17,916,938</u>	<u>\$ 23,584,961</u>	<u>\$ 37,489,043</u>	<u>\$ 40,972,081</u>	<u>\$ 50,065,190</u>
All Other Governmental Funds:					
Nonspendable	\$ -	\$ 8,164,235	\$ 7,926,759	\$ 7,927,027	\$ -
Restricted	42,694,439	33,122,400	31,713,774	31,005,844	36,333,305
Committed	2,166,798	-	-	-	-
Assigned	-	740,177	733,384	706,558	-
Unassigned	485,332	24,729	(8,165,223)	(5,368,938)	(821,959)
Total all other governmental funds	<u>\$ 45,346,569</u>	<u>\$ 42,051,541</u>	<u>\$ 32,208,694</u>	<u>\$ 34,270,491</u>	<u>\$ 35,511,346</u>

City of National City
Fund Balances of Government Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2017	2018	2019	2020	2021
General Fund:					
Nonspendable	\$ 9,963,816	\$ 9,966,729	\$ 5,010,267	\$ 3,926,499	\$ 3,964,435
Restricted	616,253	555,168	2,304,908	2,304,908	10,833,351
Committed	11,585,066	11,085,066	15,150,517	15,150,517	14,945,000
Assigned	14,325,683	15,772,642	12,865,120	12,865,120	7,193,969
Unassigned	11,903,272	12,731,293	13,673,543	14,433,312	13,956,296
Total general fund	<u>\$ 48,394,090</u>	<u>\$ 50,110,898</u>	<u>\$ 49,004,355</u>	<u>\$ 48,680,356</u>	<u>\$ 50,893,051</u>
All Other Governmental Funds:					
Nonspendable	\$ 1,636,570	\$ 129,469	\$ 25,805	\$ -	\$ 1,270,805
Restricted	32,015,860	30,928,607	97,534,456	98,597,366	98,961,756
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(985,588)	(1,910,674)	(21,761)	(45,744)	(747,514)
Total all other governmental funds	<u>\$ 32,666,842</u>	<u>\$ 29,147,402</u>	<u>\$ 97,538,500</u>	<u>\$ 98,551,622</u>	<u>\$ 99,485,047</u>

City of National City
Changes in Fund Balances of Government Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2012	2013	2014	2015	2016
Revenues:					
Taxes ¹	\$ 42,797,241	\$ 38,837,279	\$ 41,386,311	\$ 43,573,589	\$ 45,474,959
Licenses and permits	837,532	1,225,571	1,099,929	1,567,617	1,122,139
Fines and forfeitures	1,873,119	1,044,422	1,111,961	885,722	646,370
Interest ¹ and rents	720,301	-	-	-	-
Use of money and property	-	768,612	1,122,149	1,073,543	1,417,606
Intergovernmental	19,427,220	15,803,886	23,571,850	26,791,254	21,381,584
Charges for services	8,482,536	10,080,029	9,531,741	10,024,879	10,734,789
Other revenues	2,025,862	757,913	1,651,370	4,387,660	3,925,718
Total revenues	\$ 76,163,811	\$ 68,517,712	\$ 79,475,311	\$ 88,304,264	\$ 84,703,165
Expenditures:					
Current:					
General government	\$ 5,650,734	\$ 5,349,464	\$ 5,062,227	\$ 5,403,805	\$ 6,986,812
Public safety	28,458,759	28,156,246	27,687,841	29,100,717	31,785,904
Transportation	1,667,437	2,957,941	3,673,470	3,941,747	4,546,976
Community development	13,657,581	10,529,246	11,235,322	11,173,792	11,752,502
Health	7,015,478	8,559,588	6,994,103	7,179,865	7,587,801
Culture and leisure	5,138,826	5,797,227	6,057,037	5,306,518	6,239,067
Capital outlay	2,839,897	3,749,471	20,361,948	17,176,753	16,737,745
Debt service:					
Principal	4,547,823	1,068,801	1,376,871	1,142,186	1,150,824
Interest and fiscal charges	4,560,865	547,580	477,061	427,209	364,723
Cost of issuance	-	-	-	-	-
Total expenditures	\$ 73,537,400	\$ 66,715,564	\$ 82,925,880	\$ 80,852,592	\$ 87,152,354
Excess (deficiency) of revenues over (under) expenditures	2,626,411	1,802,148	(3,450,569)	7,451,672	(2,449,189)
¹ City of National City implemented a one cent district tax during Fiscal Year 2007, causing an increase in sales tax revenue and investment earnings.					
Other Financing Sources (uses)					
Issuance of long-term debt	\$ -	\$ 4,885,000	\$ -	\$ 554,604	\$ -
Premium on debt issuance	-	25,678	-	-	-
Payment to bond escrow agent	-	(4,760,000)	-	-	-
Original discount on issuance	-	(150,678)	-	-	-
Proceeds from sale of property	-	-	7,052,194	-	-
Proceeds from lease	-	-	-	-	-
Proceeds from sale of land	-	-	-	-	-
Gain on sale of land held for resale	-	-	-	-	-
Pass-through payments to other agencies	-	-	-	-	-
Transfers in	7,017,427	3,085,535	5,131,249	1,765,336	4,903,988
Transfers out	(6,738,538)	(2,514,688)	(4,671,639)	(4,277,182)	(3,078,442)
Transfers to Successor Agency	-	-	-	-	(826,577)
Total other financing sources (uses)	\$ 278,889	\$ 570,847	\$ 7,511,804	\$ (1,957,242)	\$ 998,969
Extraordinary/Special Items	(59,950,984)	-	-	-	11,784,182
Net change in fund balances	\$ (57,045,684)	\$ 2,372,995	\$ 4,061,235	\$ 5,494,430	\$ 10,333,962
Debt services as a percentage of noncapital expenditures	12.88%	2.57%	2.96%	2.46%	2.15%

Source: City of National City Comprehensive Annual Financial Reports or financial statements

City of National City
Changes in Fund Balances of Government Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2017	2018	2019	2020	2021
Revenues:					
Taxes ¹	\$ 47,058,901	\$ 48,968,671	\$ 53,534,414	\$ 53,675,932	\$ 59,011,168
Licenses and permits	1,280,675	1,879,379	1,527,378	2,730,712	1,118,924
Fines and forfeitures	642,972	663,205	3,006,250	3,008,937	520,640
Interest ¹ and rents	-	-	-	-	-
Use of money and property	1,035,112	1,393,733	3,125,731	3,623,029	3,628,887
Intergovernmental	20,051,795	22,671,850	20,790,012	22,985,841	26,719,202
Charges for services	11,721,905	11,010,813	10,630,010	12,927,695	13,650,614
Other revenues	2,552,556	2,675,725	1,045,184	2,241,100	1,417,104
Total revenues	\$ 84,343,916	\$ 89,263,376	\$ 93,658,979	\$ 101,193,246	\$ 106,066,539
Expenditures:					
Current:					
General government	\$ 5,673,456	\$ 8,755,798	\$ 10,353,580	\$ 10,719,672	\$ 11,352,261
Public safety	34,754,008	37,535,638	37,352,792	39,308,683	42,319,159
Transportation	4,687,611	4,731,634	5,068,343	4,746,320	5,050,345
Community development	12,909,844	16,801,816	13,557,554	14,192,654	16,081,378
Health	8,227,149	7,544,106	8,158,082	8,168,245	8,227,352
Culture and leisure	7,351,974	4,186,345	7,066,530	7,029,297	8,216,927
Capital outlay	12,938,379	14,560,697	9,059,110	13,561,929	9,245,317
Debt service:					
Principal	1,310,893	1,552,162	1,060,732	1,077,616	1,066,163
Interest and fiscal charges	243,329	387,857	385,960	419,868	534,570
Cost of issuance	-	-	-	-	-
Total expenditures	\$ 88,096,643	\$ 96,056,053	\$ 92,062,683	\$ 99,224,284	\$ 102,093,472
Excess (deficiency) of revenues over (under) expenditures	(3,752,727)	(6,792,677)	1,596,296	1,968,962	3,973,067
1 City of National City implemented a one cent district tax during Fiscal Year 2007, causing an increase in sales tax revenue and investment earnings.					
Other Financing Sources (uses)					
Issuance of long-term debt	\$ -	\$ 5,523,602	\$ -	\$ -	\$ -
Premium on debt issuance	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Original discount on issuance	-	-	-	-	-
Proceeds from sale of property	58,474	-	-	(589,700)	3,890
Proceeds from lease	-	-	-	-	-
Proceeds from sale of land	-	-	-	-	-
Gain on sale of land held for resale	65,966	-	-	-	-
Pass-through payments to other agencies	(705,115)	-	-	(631,285)	-
Transfers in	2,932,166	6,913,968	73,514,649	2,045,690	2,623,099
Transfers out	(3,114,366)	(7,447,525)	(7,826,390)	(2,104,544)	(3,336,851)
Transfers to Successor Agency	-	-	-	-	-
Total other financing sources (uses)	\$ (762,875)	\$ 4,990,045	\$ 65,688,259	\$ (1,279,839)	\$ (709,862)
Extraordinary/Special Items	-	-	-	-	-
Net change in fund balances	\$ (4,515,602)	\$ (1,802,632)	\$ 67,284,555	\$ 689,123	\$ 3,263,205
Debt services as a percentage of noncapital expenditures	2.07%	2.38%	1.74%	1.75%	1.72%

Source: City of National City Comprehensive Annual Financial Reports or financial statements

City of National City
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Category	Fiscal Year				
	2012	2013	2014	2015	2016
Secured:					
Residential Property	\$ 1,482,008,218	\$ 1,503,553,951	\$ 1,547,773,659	\$ 1,665,406,317	\$ 1,717,835,128
Commercial Property	899,802,065	915,142,395	971,070,608	992,982,224	1,026,863,991
Industrial Property	275,585,085	370,755,962	372,617,155	360,527,549	345,186,211
Institutional Property	44,298,664	45,384,698	46,107,183	46,316,498	47,648,063
Irrigated Property	-	-	-	-	-
Recreational Property	27,127,749	29,056,094	25,828,782	25,827,429	24,799,504
Unknown	-	-	-	-	-
Vacant Land	58,383,925	57,090,009	61,320,039	60,685,749	66,017,188
Dry Farm	-	-	-	-	-
Total Secured	<u>\$ 2,787,205,706</u>	<u>\$ 2,920,983,109</u>	<u>\$ 3,024,717,426</u>	<u>\$ 3,151,745,766</u>	<u>\$ 3,228,350,085</u>
Unsecured	201,267,744	183,790,343	224,847,953	197,869,900	208,192,396
SBE Nonunitary	5,195,618	5,195,618	5,224,473	5,224,473	4,088,740
Total Taxable Assessed Value	<u>\$ 2,993,669,068</u>	<u>\$ 3,109,969,070</u>	<u>\$ 3,254,789,852</u>	<u>\$ 3,354,840,139</u>	<u>\$ 3,440,631,221</u>
Total Direct Tax Rate	0.54734	0.54683	0.24559	0.20747	0.20813

Note: Exempt values not included in totals.

Source: HdL, San Diego County Assessor Combined Tax Rolls

City of National City
Assessed Value and Actual Value of Taxable Property (Continued)
Last Ten Fiscal Years

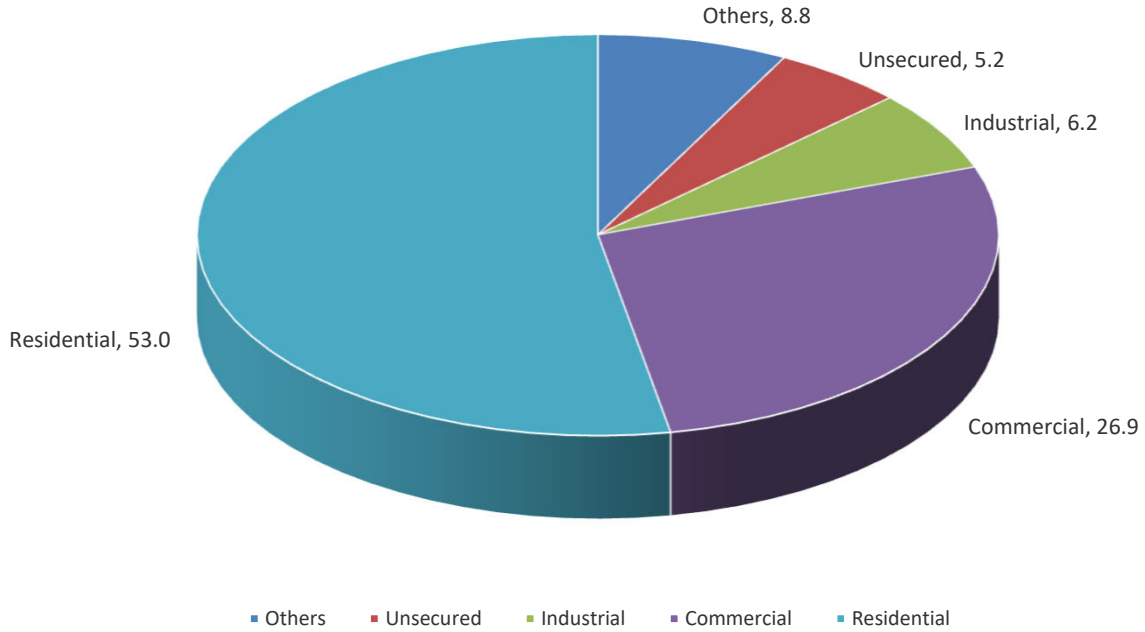
Category	Fiscal Year				
	2017	2018	2019	2020	2021
Secured:					
Residential Property	\$ 1,805,981,573	\$ 2,005,909,205	\$ 2,124,432,627	\$ 2,247,520,548	\$ 2,566,312,533
Commercial Property	1,082,223,930	1,141,618,921	1,177,390,190	1,235,674,912	1,301,454,818
Industrial Property	351,325,363	366,288,263	370,233,052	293,358,933	302,185,033
Institutional Property	48,280,512	50,276,110	50,172,874	51,166,295	106,965,729
Irrigated Property					
Recreational Property	28,998,288	30,262,982	30,008,253	6,115,328	6,794,156
Unknown					
Vacant Land	66,452,827	69,545,186	72,360,079	74,595,548	92,551,033
Dry Farm	-	-	-	-	-
Total Secured	<u>\$ 3,383,262,493</u>	<u>\$ 3,663,900,667</u>	<u>\$ 3,824,597,075</u>	<u>\$ 3,908,431,564</u>	<u>\$ 4,376,263,302</u>
Unsecured	200,687,180	209,840,073	228,175,189	233,956,577	249,918,298
SBE Nonunitary	4,088,640	4,088,640	4,429,496	4,429,496	4,429,496
Total Taxable Assessed Value	<u>\$ 3,588,038,313</u>	<u>\$ 3,877,829,380</u>	<u>\$ 4,057,201,760</u>	<u>\$ 4,146,817,637</u>	<u>\$ 4,630,611,096</u>
Total Direct Tax Rate	0.19685	0.19587	0.19462	0.19792	0.19792

Note: Exempt values not included in totals.

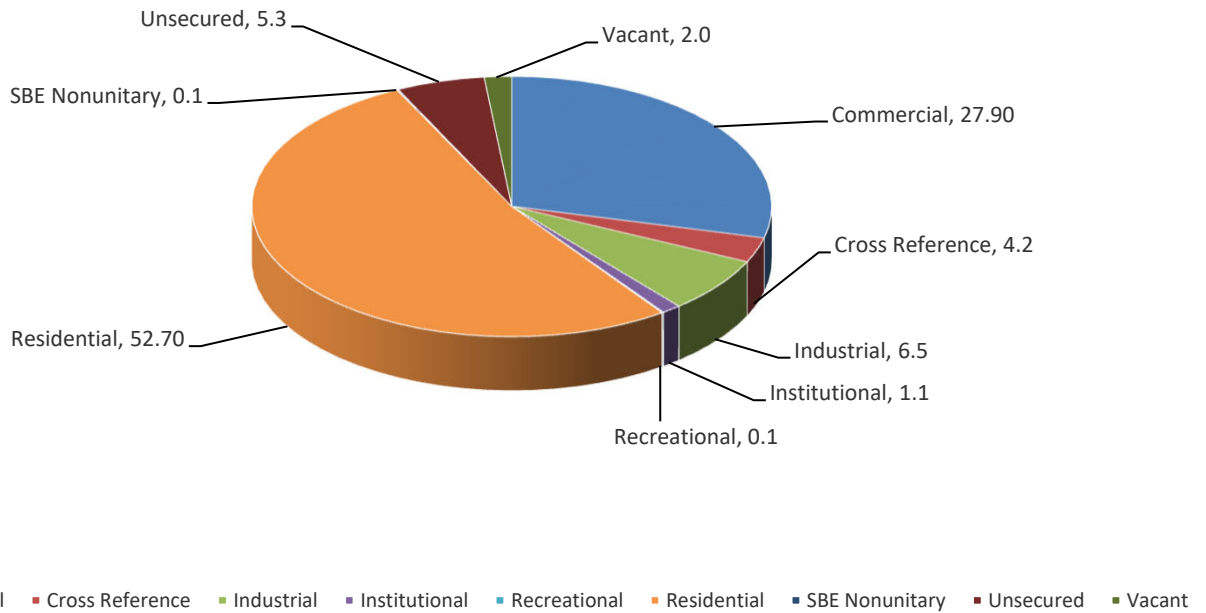
Source: HdL, San Diego County Assessor Combined Tax Rolls

**City of National City
2020/21 Use Category Summary
(Percentages)**

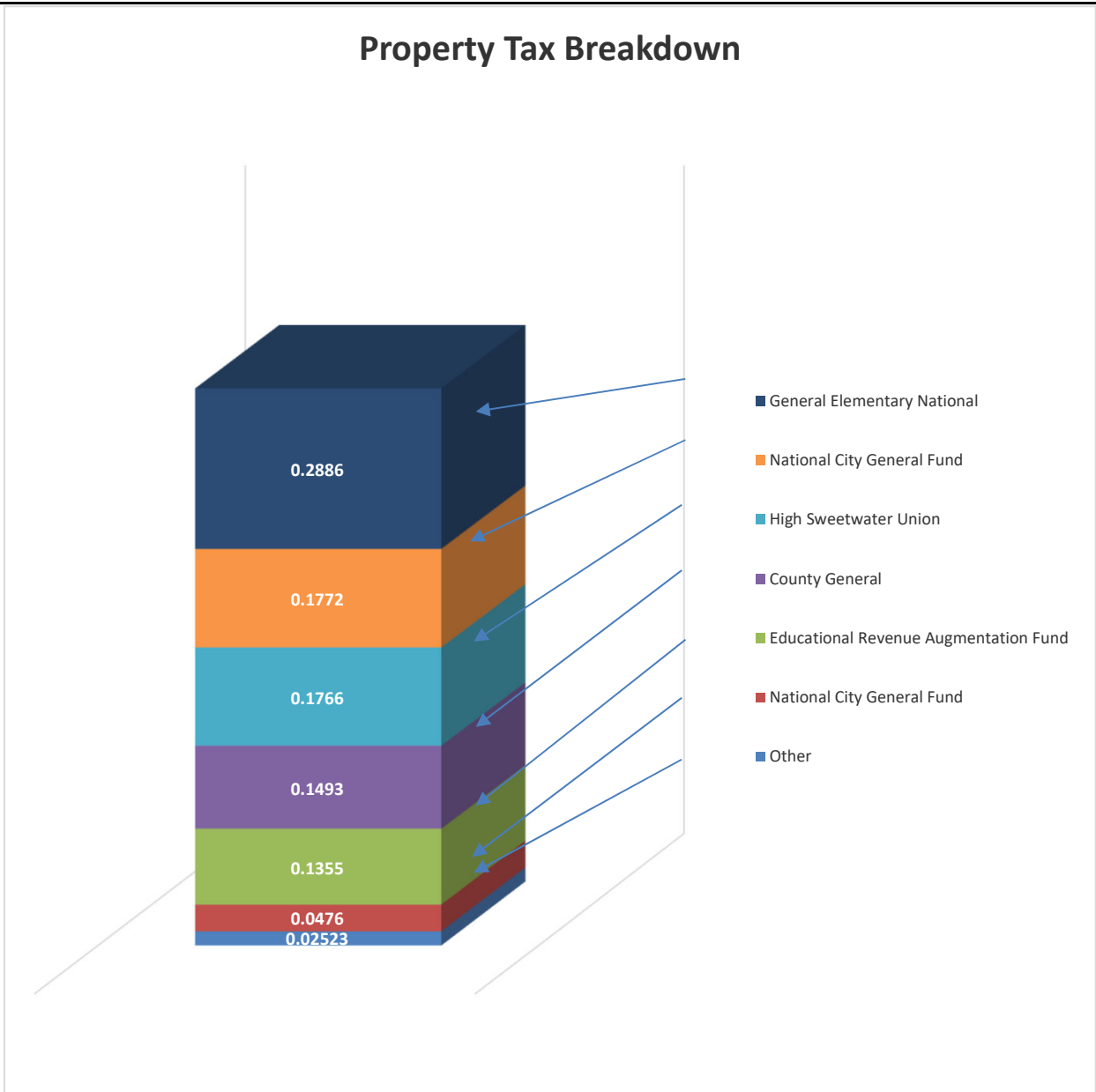
ASSESSED VALUE



NET TAXABLE VALUE



City of National City Property Tax Dollar Breakdown (Percentages)



Source: HdL, San Diego County Assessor Annual Tax Increment Tables

**City of National City
2020/21 Roll Summary
Taxable Property Values**

	<u>Secured</u>	<u>Nonunitary Utilities</u>	<u>Unsecured</u>
Parcels	9,710	7	1,529
TRAs	39	3	19
Values			
Land	\$ 1,992,246,658	\$ 4,429,496	\$ -
Improvements	2,596,466,916	-	89,976,163
Personal Property	2,300,655	-	159,942,135
Fixtures	-	-	-
Aircraft	-	-	-
Total Value	\$ 4,591,014,229	\$ 4,429,496	\$ 249,918,298
Exemptions			
Real Estate	\$ 232,593,345	\$ -	\$ 851,125
Personal Property	-	-	4,167,072
Fixture	-	-	-
Aircraft	-	-	-
Homeowners	28,582,737	-	181,611
Total Exemptions	\$ 232,593,345	\$ -	\$ 5,018,197
Total Net Value	\$ 4,358,420,884	\$ 4,429,496	\$ 244,900,101

Combined Values	Total
Total Values	\$ 4,845,362,023
Total Exemptions	\$ 237,611,542
Net Total Values	\$ 4,607,750,481
Net Aircraft Values	\$ -

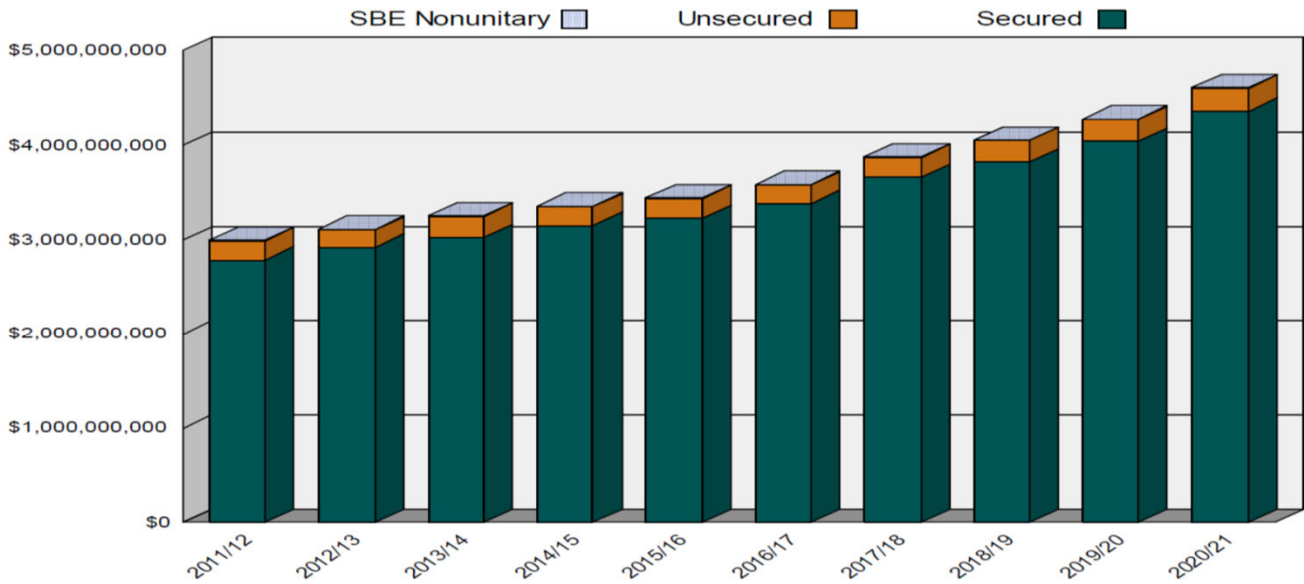
Notes: Homeowner Exemptions are not included in Total Exemptions.

Totals do not Include Aircraft Values or Exemptions.

Source: HdL, San Diego County Assessor 2020/21 Combined Tax Rolls

**City of National City
Net Taxable Assessed Value History
2011/12 - 2020/21**

Year	Secured	Unsecured	SBE Nonunitary	Net Total AV	% Change
2011/12	\$ 2,787,205,706	\$ 201,267,744	\$ 5,195,618	\$ 2,993,669,068	0.07%
2012/13	\$ 2,920,983,109	\$ 183,790,343	\$ 5,195,618	\$ 3,109,969,070	3.88%
2013/14	\$ 3,024,717,426	\$ 224,847,953	\$ 5,224,473	\$ 3,254,789,852	4.66%
2014/15	\$ 3,151,745,766	\$ 197,869,900	\$ 5,224,473	\$ 3,354,840,139	3.07%
2015/16	\$ 3,228,350,085	\$ 208,192,396	\$ 4,088,740	\$ 3,440,631,221	2.56%
2016/17	\$ 3,383,262,493	\$ 200,687,180	\$ 4,088,640	\$ 3,588,038,313	4.28%
2017/18	\$ 3,663,900,667	\$ 209,840,073	\$ 4,088,640	\$ 3,877,829,380	8.08%
2018/19	\$ 3,824,597,075	\$ 228,175,189	\$ 4,429,496	\$ 4,057,201,760	4.63%
2019/20	\$ 4,040,622,752	\$ 233,956,577	\$ 4,429,496	\$ 4,279,008,825	5.47%
2020/21	\$ 4,358,420,884	\$ 244,900,101	\$ 4,429,496	\$ 4,607,750,481	7.68%



* Net AV changes less than two percent are in purple font. Negative Net AV percent changes are in red.

Data Source: San Diego County Assessor 0/ - 2020/21 Combined Tax Rolls

Prepared On 8/31/2021 By MV

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

Source: HdL, San Diego County Assessor Combined Tax Rolls

**City of National City
Taxable Sales by Category
Last Ten Calendar Years
(in thousands of dollars)**

	Calendar Year				
	2011	2012	2013	2014	2015
Apparel Stores	\$ 128,874	\$ 133,160	\$ 133,242	\$ 134,000	\$ 134,821
General Merchandise	156,062	163,078	164,508	170,253	176,099
Food Stores	20,570	22,033	21,288	21,765	20,902
Eating and Drinking Places	128,360	133,597	139,756	149,098	163,289
Building Materials	28,041	29,483	31,812	37,814	55,846
Auto Dealers and Supplies	414,794	505,241	547,221	579,153	626,680
Service Stations	87,217	85,842	77,680	79,502	71,620
Other Retail Stores	134,698	142,972	152,666	165,052	172,337
All Other Outlets	240,884	255,744	289,955	299,613	321,120
Total	\$ 1,339,500	\$ 1,471,150	\$ 1,558,128	\$ 1,636,250	\$ 1,742,714

Notes: Due to confidentiality requirements, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

Data for 2021 not available as of the date of issuance of this report.

Source: California Department of Tax and Fee Administration and The HdL Companies

City of National City
Taxable Sales by Category (Continued)
Last Ten Calendar Years
(in thousands of dollars)

	Calendar Year				
	2016	2017	2018	2019	2020
Apparel Stores	\$ 143,054	\$ 146,205	\$ 150,030	\$ 149,017	\$ 91,964
General Merchandise	176,345	173,652	178,412	182,062	149,628
Food Stores	20,894	20,619	20,914	21,129	23,738
Eating and Drinking Places	175,979	181,540	198,204	211,898	182,171
Building Materials	67,098	90,491	98,577	78,449	92,363
Auto Dealers and Supplies	635,242	608,019	602,370	629,203	602,536
Service Stations	65,266	69,443	84,634	100,148	70,752
Other Retail Stores	175,744	176,398	172,842	164,994	144,412
All Other Outlets	349,438	360,770	368,099	424,315	534,711
Total	\$ 1,809,060	\$ 1,827,137	\$ 1,874,082	\$ 1,961,215	\$ 1,892,275

Notes: Due to confidentiality requirements, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

Data for 2021 not available as of the date of issuance of this report.

Source: California Department of Tax and Fee Administration and The HdL Companies

City of National City
Property Tax Levies and Collections
Last Ten Fiscal Years

	Fiscal Year				
	2013	2014	2015	2015	2016
Current Year Tax Levy	\$ 3,348,632	\$ 3,099,715	\$ 3,240,544	\$ 3,240,544	\$ 3,205,191
Current Tax Collections	3,330,941	3,087,464	3,227,793	3,227,793	3,195,983
Percent of Levy Collected	99.47%	99.60%	99.61%	99.61%	99.71%
Delinquent Tax Receivable	19,089	19,203	19,758	19,758	17,764
Delinquent Tax Collections	1,781	1,542	1,312	1,312	1,564
Total Tax Collections	<u>\$ 3,332,721</u>	<u>\$ 3,089,006</u>	<u>\$ 3,229,105</u>	<u>\$ 3,229,105</u>	<u>\$ 3,197,547</u>
Percent of Total Tax Collections To Tax Levy	99.52%	99.65%	99.65%	99.65%	99.76%
Outstanding Delinquent Taxes	<u>\$ 34,999</u>	<u>\$ 29,912</u>	<u>\$ 31,197</u>	<u>\$ 31,197</u>	<u>\$ 25,408</u>
Percent of Delinquent Taxes To Tax Levy	1.05%	0.96%	0.96%	0.96%	0.79%

Source: San Diego County Property Tax Services. Tax/Revenue Accountability Report No. 12

City of National City
Property Tax Levies and Collections (Continued)
Last Ten Fiscal Years

	2017	2018	2019	2020	2021
Current Year Tax Levy	\$ 3,335,753	\$ 3,619,238	\$ 3,687,359	\$ 3,896,676	\$ 4,096,739
Current Tax Collections	3,333,476	3,601,115	3,667,444	3,890,504	4,082,104
Percent of Levy Collected	99.93%	99.50%	99.46%	99.84%	99.64%
Delinquent Tax Receivable	16,226	10,737	16,840	16,741	16,816
Delinquent Tax Collections	1,465	2,008	1,948	1,868	2,650
Total Tax Collections	\$ 3,334,941	\$ 3,603,123	\$ 3,669,393	\$ 3,892,372	\$ 4,084,754
Percent of Total Tax Collections To Tax Levy	99.98%	99.55%	99.51%	99.89%	99.71%
Outstanding Delinquent Taxes	\$ 17,038	\$ 26,852	\$ 34,807	\$ 21,044	\$ 28,801
Percent of Delinquent Taxes To Tax Levy	0.51%	0.74%	0.94%	0.54%	0.70%

Source: San Diego County Property Tax Services. Tax/Revenue Accountability Report No. 12

City of National City
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate Per \$100 of Taxable Value)

Agency	Fiscal Year				
	2012	2013	2014	2015	2016
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000
Chula Vista Elementary	0.02594	0.02526	0.04631	0.04753	0.04301
Gen Bond National City-Prop N 11/04/14 Ser 2014A	0.00000	0.00000	0.00000	0.00000	0.03055
Gen Bond National City-Prop N 11/04/14 Ser 2014B	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00370	0.00350	0.00350	0.00350	0.00350
National City Gen. Obligation Bonds 2002 Series A	0.01370	0.01320	0.01190	0.00960	0.00920
San Diego Community College Bond	0.03740	0.03636	0.04760	0.04381	0.03939
Southwestern Community College	0.03308	0.03753	0.03675	0.03582	0.03961
Sweetwater High Bond	0.06079	0.05862	0.05823	0.05407	0.05169
Total Direct & Overlapping² Tax Rates	1.17461	1.17447	1.20429	1.19433	1.21695
City's Share of 1% Levy Per Prop 13 ³	0.17720	0.17720	0.17720	0.17720	0.17720
General Obligation Debt Rate	0.01370	0.01320	0.01190	0.00960	0.00920
Voter Approved City Debt Rate	0.01370	0.01320	0.01190	0.00960	0.00920
Redevelopment Authority Rate ⁴	1.00370	0.00000	0.00000	0.00000	0.00000
Total Direct Rate ⁵	0.54734	0.54683	0.24559	0.20747	0.20813

¹ In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

² Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

³ City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF portion of the City's Levy has been subtracted where knowns.

⁴ Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The Approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

Source: HdL, San Diego County Assessor 2011/12-2020/21 Tax Rate Tables

City of National City
Direct and Overlapping Property Tax Rates (Continued)
Last Ten Fiscal Years
(Rate Per \$100 of Taxable Value)

Agency	Fiscal Year				
	2017	2018	2019	2020	2021
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000
Chula Vista Elementary	0.04323	0.03594	0.03917	0.03743	0.06455
Gen Bond National City-Prop N 11/04/14 Ser 2014A	0.02867	0.02629	0.01449	0.00000	0.00000
Metropolitan Water District	0.00000	0.00000	0.01022	0.00000	0.00000
	0.00350	0.00350	0.00350	0.00350	0.00350
National City Gen. Obligation Bonds 2002 Series A	0.00880	0.00790	0.00730	0.03129	0.03064
San Diego Community College Bond	0.03912	0.03447	0.03941	0.03801	0.03700
Southwestern Community College	0.03856	0.04981	0.04671	0.04482	0.02792
Sweetwater High Bond	0.05162	0.05156	0.05283	0.05159	0.04880
Total Direct & Overlapping² Tax Rates	1.21350	1.20947	1.21363	1.20664	1.21241
City's Share of 1% Levy Per Prop 13 ³	0.17720	0.17720	0.17720	0.17720	0.17720
General Obligation Debt Rate	0.00880	0.00880	0.00730	0.00880	0.00000
Voter Approved City Debt Rate	0.00880	0.00790	0.00730	0.00670	0.00590
Redevelopment Authority Rate ⁴	0.00000	0.00000	0.00000	0.00000	0.00000
Total Direct Rate ⁵	0.19685	0.19685	0.19462	0.19792	0.19269

¹ In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

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⁴ Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The Approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

⁵ Total Direct Rate is the weighted average of all individual direct rates applied by the City/agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purpose of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

Source: HdL, San Diego County Assessor 2011/12-2020/21 Tax Rate Tables

**City of National City
Principal Property Tax Payers
Current Year and Nine Years Ago**

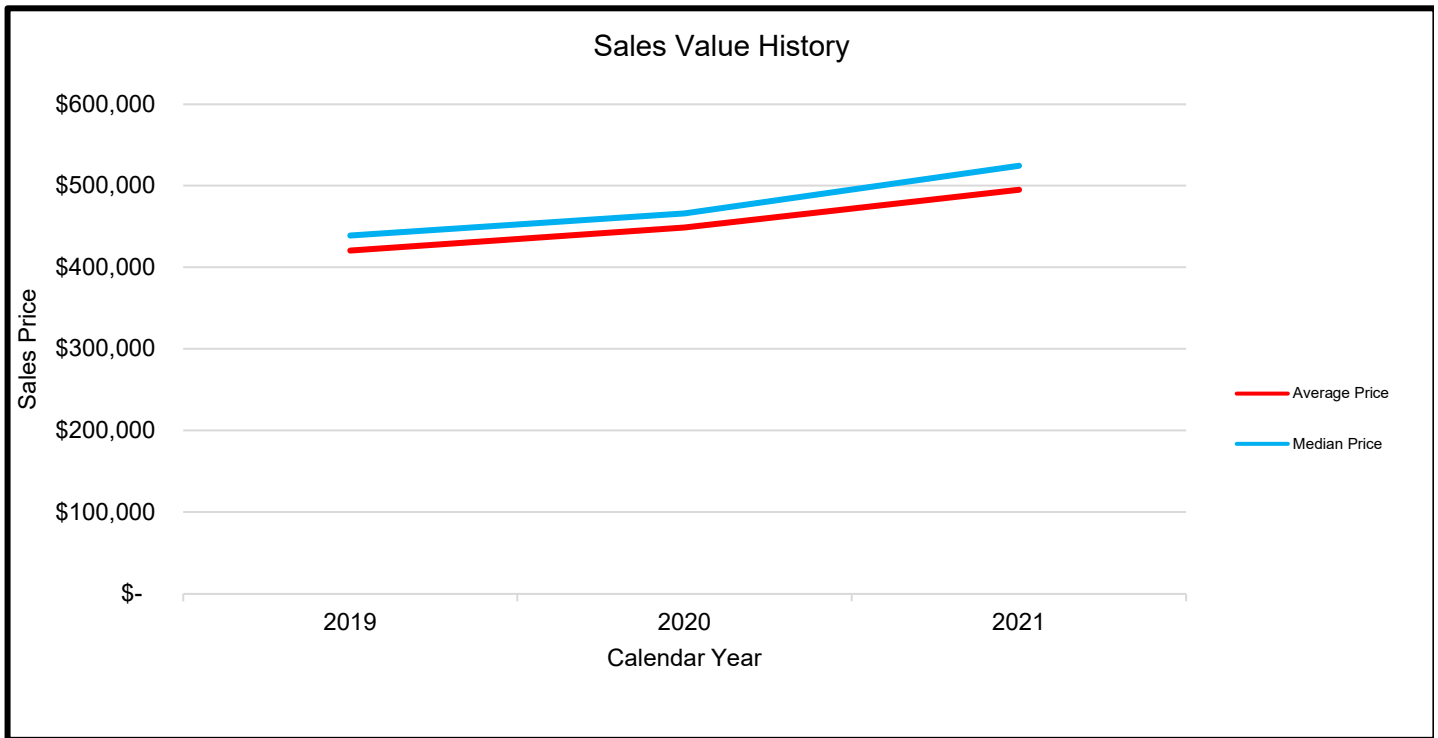
	2020/21			2011/12		
	Taxable Assessed Value (Secured and Unsecured)	Rank	Percentage of Net Assessed Value	Taxable Assessed Value (Secured and Unsecured)	Rank	Percentage of Net Assessed Value
<u>Taxpayer</u> (Parcels)						
PLAZA BONITA LLC	\$ 278,149,240	1	6.04%	-	-	-
PASHA AUTOMOTIVE SERVICES	79,287,291	2	1.72%	-	-	-
FAIRFIELD PARK VILLAS LP	72,776,800	3	1.58%	-	-	-
P V H R LLC	65,723,011	4	1.43%	-	-	-
H G FENTON PROPERTY COMPANY	55,439,524	5	1.20%	-	-	-
COSTCO WHOLESALE CORPORATION	49,846,437	6	1.08%	-	-	-
NATIONAL CITY INVESTMENT LP	45,366,640	7	0.98%	-	-	-
M G P X I U S PROPERTIES LLC	38,097,353	8	0.83%	-	-	-
MRT OF NATIONAL CITY CALIF-SNF	36,506,941	9	0.79%	-	-	-
MPT OF PARADISE VALLEY LP	34,627,337	10	0.75%	-	-	-
CENTERMARK PROPERTIES INC	-	-	-	\$ 238,306,635	1	7.96%
P V H R LLC	-	-	-	57,480,830	2	1.92%
PASHA AUTOMOTIVE SERVICES	-	-	-	44,344,560	3	1.48%
COSTCO WHOLESALE CORPORATION	-	-	-	31,004,578	4	1.04%
MPT OF PARADISE VALLEY LP	-	-	-	29,558,939	5	0.99%
SWEETWATER ASSOCIATES LP	-	-	-	23,007,972	6	0.77%
WILLIAMS G W COMPANY	-	-	-	22,842,785	7	0.76%
PRIME HEALTHCARE SERVICES FOUNDATION INC	-	-	-	21,912,097	8	0.73%
MARINA GATEWAY DEVELOPMENT COMPANY LLC	-	-	-	21,874,489	9	0.73%
WALMART REAL ESTATE BUSINESS TRUST	-	-	-	21,441,369	10	0.72%
Top Ten Total	<u>\$ 755,820,574</u>		<u>16.40%</u>	<u>\$ 511,774,254</u>		<u>17.10%</u>
City Total	\$ 4,607,750,481 *			\$ 2,993,669,068 *		

* Value includes outer TRA's

Source: HdL, San Diego County Assessor 2011/12- 2020/21 Combined Tax Rolls and the CDTFA Non Unitary Tax Rolls

City of National City
Sales Value History
Single Family Residential Full Value Sales (1/1/2019-7/31/2021)

<u>Year</u>	<u>Full Value Sales</u>	<u>Average Price</u>	<u>Median Price</u>	<u>Median % Change</u>
2019	225	\$ 420,640	\$ 439,000	
2020	210	\$ 448,512	\$ 466,000	6.15
2021	147	\$ 495,269	\$ 524,500	12.55





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City of National City
Top 25 Sales Tax Producers
For 2020-21 & 2011-12

2020-21		2011-12	
Business Name	Business Category	Business Name	Business Category
ABC Supply Co	Building Materials	Arco	Service Stations
Arco AM PM Service Stations	Service Stations	Arco AM PM	Service Stations
Audi & Bentley Leasing Auto Lease	Auto Lease	Ball Mitsubishi New Motor Vehicle Dealers	New Motor Vehicle Dealers
Ball Mitsubishi	New Motor Vehicle Dealers	Frank Auto Pros	New Motor Vehicle Dealers
Burlington Coat Factory	Family Apparel	Frank Hyundai	New Motor Vehicle Dealers
Chick Fil A	Quick-Service Restaurants	Frank Subaru	New Motor Vehicle Dealers
Frank Hyundai	New Motor Vehicle Dealers	Frank Toyota	New Motor Vehicle Dealers
Frank Subaru	New Motor Vehicle Dealers	JC Penney	Department Stores
Frank Toyota	New Motor Vehicle Dealers	Macys	Department Stores
Hd Supply White Cap	Building Materials	McCune Motors	New Motor Vehicle Dealers
Macys	Department Stores	Mor Furniture 4 Less	Home Furnishings
Mor Furniture 4 Less	Home Furnishings	Mossy Nissan	New Motor Vehicle Dealers
Mossy Nissan	New Motor Vehicle Dealers	Nordstrom Rack	Department Stores
Perry Chrysler Dodge Jeep Ram	New Motor Vehicle Dealers	Perry Ford	New Motor Vehicle Dealers
Perry Ford	New Motor Vehicle Dealers	Probuild Company	Building Materials
Probuild Company	Building Materials	Ron Baker Chevrolet	New Motor Vehicle Dealers
Ron Baker Chevrolet	New Motor Vehicle Dealers	Ross	Family Apparel
Ross	Family Apparel	Shell	Service Stations
Shell	Service Stations	South Bay Volkswagen	New Motor Vehicle Dealers
South Bay Volkswagen	New Motor Vehicle Dealers	Target	Discount Dept Stores
South County Buick Gmc	New Motor Vehicle Dealers	Thrifty Gas	Service Stations
T Mobile	Electronics/Appliance Stores	Univar Solutions USA	Drugs/Chemicals
Target	Discount Dept Stores	Walmart Supercenter	Discount Dept Stores
Walmart Supercenter	Discount Dept Stores	Wescott Mazda	New Motor Vehicle Dealers
Westair Gases & Equipment	Drugs/Chemicals	Westair Gases & Equipment	Drugs/Chemicals

Percent of 2020-21 total paid by top 25 accounts = 53.79

Percent of 2011-12 total paid by top 25 accounts = 53.70

* Firms listed alphabetically

* Firms listed alphabetically

Source: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, The HdL Companies

Source: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, The HdL Companies

City of National City
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Fiscal Year				
	2012	2013	2014	2015	2016
Governmental Activities:					
NCJPFA Lease Revenue Refunding Bond	\$ 2,715,000	\$ 2,300,000	\$ 1,870,000	\$ 1,425,000	\$ 965,000
Tax Allocation Bonds	71,115,000	-	-	-	-
General Obligation Bonds	4,945,000	4,846,073	4,613,668	4,371,263	4,123,858
2017 Clean Energy Bonds					
2017 Lease Revenue Bonds					
HUD 108 Bond 2003 A	5,245,000	4,965,000	4,450,000	4,140,000	3,805,000
Total Bonded Debt	\$ 84,020,000	\$ 12,111,073	\$ 10,933,668	\$ 9,936,263	\$ 8,893,858
Per Capita	\$ 1,425	\$ 206	\$ 184	\$ 185	\$ 146
Percent of Taxable Assessed Values	2.58%	0.36%	0.32%	0.28%	0.23%
Other Governmental Activities Debt					
Capital Lease Payable	2,147,477	2,147,477	1,571,831	1,948,686	1,723,764
Business-Type Activities:					
Notes Payable-Deed of Trust	2,853,463	2,853,463	1,576,533	1,311,137	1,027,967
Total Primary Government	\$ 89,020,940	\$ 17,112,013	\$ 14,082,032	\$ 13,196,086	\$ 11,645,589
Percent of Personal Income	9.54%	1.78%	1.43%	1.35%	1.14%
Per Capita	\$ 1,510	\$ 291	\$ 237	\$ 223	\$ 192

In 2013, the Tax Allocation Bonds became a Fiduciar

Source: City of National City financial statements / notes to the financial statements

City of National City
Ratios of Outstanding Debt by Type (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2017	2018	2019	2020	2021
Governmental Activities:					
NCJPFA Lease Revenue Refunding Bond	\$ 490,000	\$ -	\$ -	\$ -	\$ -
Tax Allocation Bonds	-	-	-	2,175,000	1,690,000
General Obligation Bonds	3,917,653	3,651,048	3,374,443	3,092,838	2,801,233
2017 Clean Energy Bonds		1,800,000	1,800,000	1,800,000	1,800,000
2017 Lease Revenue Bonds		3,530,497	3,407,479	3,273,024	3,110,214
HUD 108 Bond 2003 A	3,440,000	3,050,000	2,630,000	-	-
Total Bonded Debt	\$ 7,847,653	\$ 12,031,545	\$ 11,211,922	\$ 10,340,862	\$ 9,401,447
Per Capita	\$ 128	\$ 193	\$ 180	\$ 166	\$ 150
Percent of Taxable Assessed Values	0.19%	0.28%	0.24%	0.22%	0.20%
Other Governmental Activities Debt					
Capital Lease Payable	1,494,160	1,264,425	1,001,185	768,283	627,547
Notes Payable-Deed of Trust	725,833	403,464	-	803,972	679,023
Total Primary Government	\$ 10,067,646	\$ 13,699,434	\$ 12,213,107	\$ 11,913,117	\$ 10,708,017
Percent of Personal Income	0.96%	1.27%	1.06%	0.89%	0.81%
Per Capita	\$ 164	\$ 220	\$ 196	\$ 166	\$ 151

In 2013, the Tax Allocation Bonds became a Fiduciary responsibility

Source: City of National City financial statements / notes to the financial statements



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City of National City
Direct and Overlapping Debt
As of June 30, 2021

2020-2021 Assessed Valuation: \$4,610,806,730

	Total Debt 6/30/2021	% Applicable ¹	City's Share of 6/30/2021
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 26,830,000	0.141%	\$ 37,830
San Diego Community College District	1,281,209,173	0.002%	25,624
Southwestern Community College District	535,971,833	7.277%	39,002,670
Chula Vista City School District	140,633,285	1.343%	1,888,705
Chula Vista City School District School Facilities Improvement District No. 1	78,740,000	2.341%	1,843,303
National School District	28,215,000	93.826%	26,473,006
Sweetwater Union High School District	385,973,846	8.656%	33,409,896
Sweetwater Union High School District Community Facilities Districts	3,900,480	23.372%	911,620
City Overlapping Tax and Assessment Debt Subtotal	2,481,473,617		103,592,654
City of National City	2,801,233	100%	2,801,233
City Tax and Assessment Debt Subtotal	2,801,233		2,801,233
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	\$ 2,484,274,850		\$ 106,393,887
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
San Diego County General Fund Obligations	\$ 211,585,000	0.787%	\$ 1,665,174
San Diego County Pension Obligation Bonds	400,125,000	0.787%	3,148,984
San Diego County Superintendent of Schools Obligations	8,585,000	0.787%	67,564
Southwestern Community College District General Fund Obligations	490,000	7.277%	35,657
Sweetwater Union High School District Certificates of Participation	36,105,000	8.656%	3,125,249
Chula Vista City School District Certificates of Participation	143,795,000	1.343%	1,931,167
City of National City General Fund Obligations	4,910,214	100.000%	4,910,214
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT	\$ 805,595,214		\$ 14,884,009
Overlapping Tax Increment Debt (Successor Agency)	\$ 39,070,000	100%	\$ 39,070,000
COMBINED TOTAL DEBT	\$ 3,289,870,064		\$ 121,277,896
Total Direct Debt			\$ 7,711,447
Total Overlapping Debt			152,636,449
Combined Total Debt ²			\$ 160,347,896

Ratios to 2020-21 Assessed Valuation:

Direct Debt (\$2,790,000)	0.06%
Total Direct and Overlapping Tax and Assessment Debt	2.31%
Total Direct Debt (\$7,700,214)	0.17%
Combined Total Debt	3.48%
<u>Ratios to Redevelopment Successor Agency Incremental Valuation</u>	
<u>(\$2,424,064,109):</u>	
Total Overlapping Tax Increment Debt	1.61%

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

² Excludes tax and revenue anticipation notes; enterprise revenue, mortgage revenue, and tax allocation bonds; and non-bonded capital lease obligations.

Source: MuniServices, LLC

City of National City
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year				
	2012	2013	2014	2015	2016
Assessed Valuation	\$ 3,254,789,852	\$ 3,354,840,139	\$ 3,440,631,221	\$ 3,354,840,139	\$ 3,877,829,380
Conversion Percentage	25%	25%	25%	25%	25%
Adjusted Assessed Valuation	\$ 813,697,463	\$ 838,710,035	\$ 860,157,805	\$ 838,710,035	\$ 969,457,345
Debt Limit Percentage	15%	15%	15%	15%	15%
Debt Limit	\$ 122,054,619	\$ 125,806,505	\$ 129,023,671	\$ 125,806,505	\$ 145,418,602
Total Debt (due more than one year)	\$ 23,783,337	\$ 21,416,534	\$ 20,857,367	\$ 20,579,839	\$ 19,496,761
Less: Non Bonded Debt					
Claims Payable	(4,701,604)	(4,604,010)	(5,466,746)	(5,580,594)	(6,112,318)
Compensated Absences	(3,044,777)	(948,661)	(1,421,472)	(1,632,485)	(1,821,032)
Capitalized Lease Obligation	(2,059,274)	(1,571,831)	(1,362,172)	(1,723,765)	(1,494,160)
Notes Payable	(1,825,270)	(1,576,533)	(1,311,137)	(1,027,967)	(725,833)
Total Applicable to Limitation	<u>\$ 12,152,412</u>	<u>\$ 12,715,499</u>	<u>\$ 11,295,840</u>	<u>\$ 10,615,028</u>	<u>\$ 9,343,418</u>
Legal Debt Margin	<u>\$ 109,902,207</u>	<u>\$ 113,091,006</u>	<u>\$ 117,727,831</u>	<u>\$ 115,191,477</u>	<u>\$ 136,075,184</u>
Total debt applicable to the limit as a percentage of debt limit	10%	10%	9%	8%	6%

Source: City of National City financial statements / notes to the financial statements

City of National City
Legal Debt Margin Information (Continued)
Last Ten Fiscal Years

	2017	2018	2019	2020	2021
Assessed Valuation	\$ 3,588,038,313	\$ 3,877,829,380	\$ 4,057,201,760	\$ 4,146,817,637	\$ 4,523,039,978
Conversion Percentage	25%	25%	25%	25%	25%
Adjusted Assessed Valuation	\$ 897,009,578	\$ 969,457,345	\$ 1,014,300,440	\$ 1,036,704,409	\$ 1,130,759,995
Debt Limit Percentage	15%	15%	15%	15%	15%
Debt Limit	\$ 134,551,437	\$ 145,418,602	\$ 152,145,066	\$ 155,505,661	\$ 169,613,999
Total Debt (due more than one year)	\$ 19,090,044	\$ 22,603,785	\$ 22,569,433	\$ 26,589,172	\$ 26,503,878
Less: Non Bonded Debt					
Claims Payable	(6,416,518)	(7,089,594)	(8,262,594)	(11,356,000)	(11,948,000)
Compensated Absences	(2,023,755)	(1,372,764)	(1,622,476)	(3,755,267)	(3,847,861)
Capitalized Lease Obligation	(1,249,932)	(1,001,185)	(768,962)	(768,283)	(627,547)
Notes Payable	(403,465)	-	-	-	-
Total Applicable to Limitation	\$ 8,996,374	\$ 13,140,242	\$ 11,915,401	\$ 10,709,622	\$ 10,080,470
Legal Debt Margin	\$ 125,555,063	\$ 132,278,360	\$ 140,229,665	\$ 144,796,039	\$ 159,533,529
Total debt applicable to the limit as a percentage of debt limit	7%	9%	8%	7%	6%

Source: City of National City financial statements / notes to the financial statements

**City of National City
Pledged Revenue Coverage
Last Ten Fiscal Years**

	Fiscal Year				
	2012	2013	2014	2015	2016
Revenue					
Property Tax Gross Incremental Revenue	\$ 6,054,668	\$ 11,505,010	\$ 13,608,368	\$ 12,705,481	\$ 11,558,679
Debt Service Requirements					
Principal	\$ 3,955,000	\$ 4,120,000	\$ 4,290,000	\$ 5,230,000	\$ 2,070,000
Interest and Fiscal Charges	3,978,074	3,797,907	3,589,747	3,484,532	3,078,878
Pass-through Payments	-	-	-	-	-
	<u>\$ 7,933,074</u>	<u>\$ 7,917,907</u>	<u>\$ 7,879,747</u>	<u>\$ 8,714,532</u>	<u>\$ 5,148,878</u>
Debt Coverage	0.76	1.45	1.73	1.46	2.24

Source: City of National City Comprehensive Annual Financial Reports or financial statements

City of National City
Pledged Revenue Coverage (Continued)
Last Ten Fiscal Years

	2017	2018	2019	2020	2021
Revenue					
Property Tax Gross Incremental Revenue	\$ 7,740,998	\$ 8,921,732	\$ 5,185,031	\$ 1,204,954	\$ 2,687,984
Debt Service Requirements					
Principal	\$ 2,220,000	\$ 3,163,000	\$ 3,113,000	\$ 3,116,000	\$ 3,194,000
Interest and Fiscal Charges	2,980,532	1,166,000	1,088,084	1,009,785	1,212,785
Pass-through Payments	-	-	-	-	-
	<u>\$ 5,200,532</u>	<u>\$ 4,329,000</u>	<u>\$ 4,201,084</u>	<u>\$ 4,125,785</u>	<u>\$ 4,406,785</u>
Debt Coverage	1.49	2.06	1.23	0.29	0.61

Source: City of National City Comprehensive Annual Financial Reports or financial statements



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City of National City Demographic and Economic Statistics Last Ten Fiscal Years

Year	Total Population	Pct of SD County Population ³	Pct Change from Previous Year	Median Age	Avg. Household Size ²	Educational Attainment		Unemployment Rate	Personal Income (000s) ¹	Per Capita Personal Income ¹
						% High School Graduate (25+)	% Bachelor's Degree or Higher (25%)			
2011	57,799	1.8%	1.9%	30.7	3.81	62.9%	11.8%	19.9%	\$ 851,321	\$ 14,729
2012	58,967	1.9%	2.0%	31.5	3.44	65.1%	12.6%	18.9%	\$ 933,389	\$ 15,829
2013	58,838	1.9%	-0.2%	31.7	3.40	66.8%	13.1%	13.6%	\$ 963,708	\$ 16,379
2014	59,381	1.9%	0.5%	32.0	3.41	67.9%	12.7%	11.9%	\$ 982,043	\$ 16,538
2015	59,235	1.8%	-0.2%	31.5	3.41	69.8%	12.5%	8.1%	\$ 977,614	\$ 16,504
2016	60,768	1.8%	2.6%	31.9	3.40	70.8%	12.7%	6.6%	\$ 1,020,729	\$ 16,797
2017	61,210	1.8%	0.7%	32.2	3.4	72.3%	12.9%	5.9%	\$ 1,048,669	\$ 17,132
2018	62,257	1.9%	1.7%	32.5	3.4	72.4%	14.2%	4.1%	\$ 1,078,906	\$ 17,329
2019	62,307	1.9%	0.1%	32.5	3.39	73.5%	14.6%	4.4%	\$ 1,155,824	\$ 18,550
2020	62,749	1.9%	0.7%	34.2	3.3	74.9%	14.2%	12.6%	\$ 1,347,968	\$ 21,481

NA: Not available.

* 2021 information not available.

¹ Dollar values are inflation-adjusted to 2009

² United States Census Bureau

³ United States Census Bureau (SD County)

City of National City
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	Fiscal Year				
	2012	2013	2014	2015	2016
General Government					
City Clerk	3.00	3.00	3.00	3.00	3.00
City Manager	9.00	7.05	8.00	8.00	8.00
Risk Management	2.00	1.00	1.00	1.00	1.00
Management Information Systems	4.00	3.00	3.00	3.50	4.00
Finance	16.75	14.48	14.48	14.77	15.77
Purchasing	2.48	2.48	2.48	1.48	1.48
City Attorney	3.50	3.00	3.50	4.00	3.50
Human Resources	5.50	3.00	3.00	3.00	5.00
Community Development ¹	—	19.60	19.34	15.01	—
Planning	4.83	3.00	3.00	3.00	4.00
Building	4.33	3.00	4.00	4.00	5.00
Engineering	14.04	9.00	10.00	11.00	13.00
Redevelopment ¹	3.20	3.20	3.20	0.00	0.00
Advanced Planning / Economic Development ¹	—	—	—	—	—
Housing & Grants ^{1,4}	17.05	14.50	14.00	15.00	15.00
Neighborhood Services ¹	9.50	10.00	10.00	10.00	11.00
Public Works ²	36.96	41.00	42.00	45.00	45.00
Community Services ²	33.69	28.35	19.35	15.01	17.98
Nutrition Center	11.25	6.75	10.00	10.00	10.00
Library	59.31	56.47	56.30	20.35	21.35
Public Safety					
Police	135.38	124.38	125.38	129.50	129.50
Fire	48.25	42.00	43.00	43.00	47.00
Transit ³	—	—	—	—	—

¹ Prior to Fiscal Year 2007 Redevelopment, Advanced Planning / Economic Development, Housing & Grants, and Neighborhood Services were budgeted through the Community Development Commission.

² Parks Division is no longer included under Community Services Department. It became a division of Public Public Works during Fiscal Year 2005

³ National City Transit is no longer managed by the City and is now operated by Metropolitan Transit System (MTS)

⁴ Housing & Grants was changed to Housing & Economic Development in 2018

Source: City of National City Annual Adopted Budgets

City of National City
Full-Time Equivalent City Government Employees by Function/Program (Continued)
Last Ten Fiscal Years

<u>Function/Program</u>	Fiscal Year				
	2017	2018	2019	2020	2021
General Government					
City Clerk	3.00	3.00	3.00	3.00	2.00
City Manager	8.00	7.00	7.00	7.00	11.00
Risk Management	1.00	1.00	1.00	1.00	1.00
Management Information Systems	4.00	4.00	4.00	4.00	4.00
Finance	14.29	14.29	14.29	14.29	15.29
Purchasing	1.48	1.48	1.48	1.00	1.00
City Attorney	4.00	4.00	5.00	5.00	5.00
Human Resources	5.00	4.00	3.00	4.00	4.00
Community Development ¹	—	—	—	—	—
Planning	4.00	5.00	5.00	5.00	5.00
Building	5.00	5.00	4.00	4.00	4.00
Engineering	13.00	13.00	13.00	10.60	11.00
Redevelopment ¹	0.00	0.00	0.00	0.00	0.00
Advanced Planning / Economic Development ¹	—	—	—	—	—
Housing & Economic Development ⁴	16.00	15.00	15.00	15.00	14.00
Neighborhood Services ^{1,4}	11.00	11.00	11.00	12.00	12.00
Public Works ²	46.50	46.50	46.50	49.90	51.00
Community Services ²	18.98	18.98	18.98	17.00	18.98
Nutrition Center	10.00	9.00	9.00	9.00	10.00
Library	21.85	21.85	21.85	22.85	22.85
Public Safety					
Police	126.98	126.98	128.98	128.98	129.94
Fire	47.00	47.00	47.00	51.00	47.00
Transit ³	—	—	—	—	—

¹ Prior to Fiscal Year 2007 Redevelopment, Advanced Planning / Economic Development, Housing & Grants, and Neighborhood Services were budgeted through the Community Development Commission.

² Parks Division is no longer included under Community Services Department. It became a division of Public Works during Fiscal Year 2005

³ National City Transit is no longer managed by the City and is now operated by Metropolitan Transit System (MTS)

⁴ Housing & Grants was changed to Housing & Economic Development in 2018

Source: City of National City Annual Adopted Budgets

City of National City
Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	Fiscal Year				
	2012	2013	2014	2015	2016
Police					
Physical Arrests	3,082	3,861	3,167	3,484	3,418
Parking Violations	10,406	9,704	11,283	7,434	8,659
Traffic Violations	3,384	3,811	2,158	1,801	1,561
Fire					
Emergency Responses	7,240	6,974	6,264	7,815	8,228
Fires Extinguished	136	155	149	121	141
Inspections	3,505	1,591	1,583	1,316	900
Other Public Works					
Street Resurfacing (miles)	0	0	0	2	0
Parks and Recreation					
Athletic Field Permits Issued	10	9	9	18	26
Community Center Admissions ¹	54,520	54,520	54,520	18,138	42,762
Library					
Volumes in Collection	213,177	241,921	246,299	238,114	233,109
Total Volumes Borrowed	252,356	247,608	215,955	189,145	129,762
Wastewater					
Average Daily Sewage Treatment (million gallons per day)	4.566	3.917	3.902	3.891	3.891

NA: Not available.

¹ Excludes Nutrition Center admissions.

Sources: Various City departments

City of National City
Operating Indicators by Function/Program (Continued)
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Police					
Physical Arrests	3,078	2,733	2,567	1,693	1,654
Parking Violations	7,958	8,693	7,348	2,541	9,573
Traffic Violations	1,563	1,772	1,987	1,119	1,030
Fire					
Emergency Responses	8,403	8,815	8,463	7,784	7,914
Fires Extinguished	125	138	120	149	199
Inspections	837	914	820	599	1,035
Other Public Works					
Street Resurfacing (miles)	0	2	34	1.81	1.40
Parks and Recreation					
Athletic Field Permits Issued	28	28	13	11	6
Community Center Admissions ¹	43,396	45,342	56,988	54,906	31,661
Library					
Volumes in Collection	231,683	233,086	206,210	204,284	229,019
Total Volumes Borrowed	111,271	110,023	103,594	68,061	16,203
Wastewater					
Average Daily Sewage Treatment (million gallons per day)	3.921	3.921	3.921	4.000	4.000

NA: Not available.

¹ Excludes Nutrition Center admissions.

Sources: Various City departments

City of National City
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	Fiscal Year				
	2012	2013	2014	2015	2016
Police					
Stations	1	1	1	1	1
Zone Offices	1	1	1	1	1
Patrol Units	38	38	34	38	45
Fire Stations	2	2	2	2	2
Other Public Works					
Streets (miles)	101	101	101	101	101
Highways (miles)	6	6	6	6	6
Streetlights	1,730	1,730	1,730	1,730	1,730
Traffic Signals	88	88	74	74	75
Parks and Recreation					
Acreage	84	84	84	84	75
Playgrounds	4	4	4	4	5
Baseball/Softball Diamonds	5	5	5	5	5
Soccer/Football Fields	1	1	1	1	1
Community Centers	5	5	5	5	1
Wastewater					
Sanitary Sewers (miles)	97	97	97	97	97
Storm Sewers (miles)	25.3	25.3	45.0	45.0	45.0
Treatment Capacity (million gallons per day)	7.10	7.10	7.20	7.20	7.20

NA: Not available.

Sources: Various City departments

City of National City
Capital Asset Statistics by Function/Program (Continued)
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Police					
Stations	1	1	1	1	1
Zone Offices	0	0	1	1	1
Patrol Units	45	45	60	60	60
Fire Stations	2	2	2	2	3
Other Public Works					
Streets (miles)	108	108	108	108	108
Highways (miles)	9	9	9	9	9
Streetlights	1,995	1,995	2,731	2,731	2,731
Traffic Signals	74	80	80	82	82
Parks and Recreation					
Acreage	80	80	80	80	92
Playgrounds	5	5	5	5	5
Baseball/Softball Diamonds	5	5	5	5	5
Soccer/Football Fields	1	1	1	1	1
Community Centers	1	1	5	1	5
Wastewater					
Sanitary Sewers (miles)	104	104	104	104	104
Storm Sewers (miles)	96.0	96.0	96.0	96.0	96.0
Treatment Capacity (million gallons per day)	7.20	7.20	7.20	7.20	7.20

NA: Not available.

Sources: Various City departments



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
of the City of National City
National City, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of National City, California (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 13, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for determining audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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To the Honorable Mayor and Members of the City Council
of the City of National City
National City, California
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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The PwC Group, LLP

San Diego, California
April 13, 2022