

**CITY OF NATIONAL CITY**

**Annual Financial Report**

**For the Fiscal Year Ended June 30, 2005**

**Prepared by:**

**Finance Department**



CITY OF NATIONAL CITY  
Annual Financial Report  
For the Year Ended June 30, 2005

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of National City, California (City), as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The City of National City has not presented *Management's Discussion and Analysis* that the Government Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements. The information identified in the accompanying table of contents as *required supplementary information* is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

CITY OF NATIONAL CITY

Statement of Activities

For the year ended June 30, 2005

	Program Revenues				Total Program Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 5,821,973	11,726,343	-	-	11,726,343
Public safety	29,517,769	552,384	9,583,195	-	10,135,579
Transportation	5,185,480	-	2,822,200	-	2,822,200
Community development	23,565,808	467,810	17,421,137	186,889	18,075,836
Health	6,776,548	-	612,307	-	612,307
Culture and leisure	6,261,480	559,500	-	-	559,500
Interest and fiscal charges	4,809,381	-	-	-	-
Total governmental activities	<u>81,938,439</u>	<u>13,306,037</u>	<u>30,438,839</u>	<u>186,889</u>	<u>43,931,765</u>
Business-type activities:					
TDA	3,100,807	1,170,795	1,307,972	52,137	2,530,904
Community development commission	<u>1,816,212</u>	<u>1,843,918</u>	<u>-</u>	<u>-</u>	<u>1,843,918</u>
Total business-type activities	<u>4,917,019</u>	<u>3,014,713</u>	<u>1,307,972</u>	<u>52,137</u>	<u>4,374,822</u>
Total primary government	<u>\$86,855,458</u>	<u>16,320,750</u>	<u>31,746,811</u>	<u>239,026</u>	<u>48,306,587</u>

General Revenue:

Taxes:

Property taxes

Sales taxes

Franchise taxes

Motor vehicle in-lieu, unrestricted

Transient occupancy taxes

Total taxes

Investment earnings

Other misc

Rent

Total general revenues

Change in net assets

Net assets - beginning of year, as restated (note 10)

Net assets - end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
5,904,370	-	5,904,370
(19,382,190)	-	(19,382,190)
(2,363,280)	-	(2,363,280)
(5,489,972)	-	(5,489,972)
(6,164,241)	-	(6,164,241)
(5,701,980)	-	(5,701,980)
(4,809,381)	-	(4,809,381)
<u>(38,006,674)</u>	<u>-</u>	<u>(38,006,674)</u>
-	(569,903)	(569,903)
-	27,706	27,706
<u>-</u>	<u>(542,197)</u>	<u>(542,197)</u>
<u>(38,006,674)</u>	<u>(542,197)</u>	<u>(38,548,871)</u>
10,634,257	-	10,634,257
18,723,950	-	18,723,950
1,421,404	-	1,421,404
4,488,802	-	4,488,802
1,002,664	-	1,002,664
36,271,077	-	36,271,077
1,239,038	42,850	1,281,888
1,795,642	-	1,795,642
82,011	-	82,011
<u>39,387,768</u>	<u>42,850</u>	<u>39,430,618</u>
1,381,094	(499,347)	881,747
<u>125,773,498</u>	<u>14,143,646</u>	<u>139,917,144</u>
<u>\$ 127,154,592</u>	<u>13,644,299</u>	<u>140,798,891</u>

See accompanying notes to the basic financial statements.

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## GOVERNMENTAL FUND FINANCIAL STATEMENTS

### **General Fund**

This fund is used to account for resources, which are not required legally or by sound financial management to be accounted for in another fund.

### **Section 8 Housing Assistance Special Revenue Fund**

This fund is used to account for the activities of Section 8 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.

### **Other Special Revenue Fund**

This represents a combination of minor and less active funds that the City has combined for reporting purposes.

### **Sewer Service Special Revenue 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.

### **Redevelopment Capital Project Fund**

This fund is used to account for the administrative expenditures of the Community Development Commission and redevelopment capital projects.

### **Fire Construction Project Capital Projects Fund**

This fund is used to account for activities for fire department construction.

### **Library Construction Project Capital Project Fund**

This fund is used to account for activities of library construction project.

### **Other Governmental Funds**

These funds constitute all other governmental funds that do not meet the criteria to be a major fund, which is 10% or more of assets, liabilities, revenues or expenditures for the governmental funds and 5% or more of total assets, liabilities, revenues or expenditures for the total governmental and enterprise funds combined. These funds include other Special Revenue Funds, other Debt Service Funds, and all of the Capital Projects Funds of the City.

CITY OF NATIONAL CITY  
Balance Sheet  
Governmental Funds  
June 30, 2005

	General Fund	Special Revenue Funds	
		Section 8 Housing Assistance	Other Special Revenue
<u>ASSETS</u>			
Cash and investments (note 2)	\$ 5,092,387	651,567	8,571,225
Restricted cash and investments with fiscal agents	-	-	-
Accounts receivable	824,500	-	1,688,533
Property tax receivable	230,703	-	-
Interest receivable	268,350	-	4,070
Due from other funds (note 3)	5,524,413	-	-
Due from other governmental entities	2,189,506	-	884,071
Prepaid items and deposits	-	3,386	-
Land held for resale	-	-	-
Contracts, notes and loans receivable	-	-	-
Total assets	<u>\$ 14,129,859</u>	<u>654,953</u>	<u>11,147,899</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 640,462	197,210	886,756
Salaries payable	721,956	-	68,688
Due to other funds (note 3)	-	1,210,146	2,152,919
Deposits payable	1,644	-	-
Deferred revenue	110,509	-	1,453,868
Due to other governmental entities	72,045	-	-
Total liabilities	<u>1,546,616</u>	<u>1,407,356</u>	<u>4,562,231</u>
Fund balances:			
Reserved:			
Encumbrances	66,142	-	-
Prepaid items	-	-	-
Land held for resale	-	-	-
Long-term loans receivable	-	-	-
Debt service	1,059,948	-	-
Total reserved	<u>1,126,090</u>	<u>-</u>	<u>-</u>
Unreserved, designated:			
Continuing appropriations	195,822	-	7,062,807
Employee accrued benefits	862,511	-	-
Other	39,900	-	-
Continuing CIPs	179,309	-	-
Contingencies	4,232,798	-	-
Total unreserved, designated	<u>5,510,340</u>	<u>-</u>	<u>7,062,807</u>
Unreserved, undesignated			
General fund	5,946,813	-	-
Special revenue funds	-	(752,403)	(477,139)
Capital projects funds	-	-	-
Total unreserved, undesignated	<u>5,946,813</u>	<u>(752,403)</u>	<u>(477,139)</u>
Total fund balances	<u>12,583,243</u>	<u>(752,403)</u>	<u>6,585,668</u>
Total liabilities and fund balances	<u>\$ 14,129,859</u>	<u>654,953</u>	<u>11,147,899</u>

See accompanying notes to the basic financial statements.

Special Revenue Fund	Capital Project Funds			Other Governmental Funds	Total Governmental Funds
	Redevelopment Fund	Fire Construction Project	Library Construction Project		
10,133,730	11,914,321	1,701,446	1,722,348	15,316,082	55,103,106
-	2,558,365	-	523,806	2,742,777	5,824,948
356,849	78,494	-	-	105,493	3,053,869
-	259,001	-	-	64,750	554,454
-	17,599	-	11,968	45,553	347,540
-	2,024,328	-	-	-	7,548,741
44,377	-	-	3,649,862	156,112	6,923,928
-	1,015,449	-	-	-	1,018,835
-	6,453,166	-	-	2,065,802	8,518,968
-	354,607	-	-	2,167,881	2,522,488
<u>10,534,956</u>	<u>24,675,330</u>	<u>1,701,446</u>	<u>5,907,984</u>	<u>22,664,450</u>	<u>91,416,877</u>
44,708	2,107,204	321,398	1,887,067	1,030,605	7,115,410
7,388	88,743	-	-	31,816	918,591
-	-	-	2,762,828	814,182	6,940,075
-	-	-	-	-	1,644
1,957	100,000	-	3,651,268	95,493	5,413,095
-	-	-	-	-	72,045
<u>54,053</u>	<u>2,295,947</u>	<u>321,398</u>	<u>8,301,163</u>	<u>1,972,096</u>	<u>20,460,860</u>
127,376	-	3,653,930	-	477,728	4,325,176
-	1,015,449	-	-	-	1,015,449
-	6,453,166	-	-	2,065,802	8,518,968
-	354,607	-	-	2,167,881	2,522,488
-	-	-	-	3,130,997	4,190,945
<u>127,376</u>	<u>7,823,222</u>	<u>3,653,930</u>	<u>-</u>	<u>7,842,408</u>	<u>20,573,026</u>
2,775,833	-	431,903	1,328,743	3,996,835	15,791,943
-	-	-	-	-	862,511
-	-	-	-	-	39,900
-	-	-	-	-	179,309
-	-	-	-	-	4,232,798
<u>2,775,833</u>	<u>-</u>	<u>431,903</u>	<u>1,328,743</u>	<u>3,996,835</u>	<u>21,106,461</u>
-	-	-	-	-	5,946,813
7,577,694	-	-	-	7,002,579	13,350,731
-	14,556,161	(2,705,785)	(3,721,922)	1,850,532	9,978,986
<u>7,577,694</u>	<u>14,556,161</u>	<u>(2,705,785)</u>	<u>(3,721,922)</u>	<u>8,853,111</u>	<u>29,276,530</u>
10,480,903	22,379,383	1,380,048	(2,393,179)	20,692,354	70,956,017
<u>10,534,956</u>	<u>24,675,330</u>	<u>1,701,446</u>	<u>5,907,984</u>	<u>22,664,450</u>	<u>91,416,877</u>

See accompanying notes to the basic financial statements.

CITY OF NATIONAL CITY

Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Statement of Net Assets

June 30, 2005

Total Fund Balances - Total Governmental Funds	\$ 70,956,017
Amounts reported for governmental activities in the Statement of Net Assets were different because:	
Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. Excluding the internal service funds capital assets which are reported below, capital assets were adjusted as follows:	
- Capital assets	168,243,292
- Accumulated depreciation	(55,089,018)
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.	(959,223)
Certain revenues were not available to pay for current-period expenditures and, therefore, were deferred in funds.	5,496,587
Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds were included in governmental activities in the Government-Wide Statement of Net Assets.	7,368,213
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. This amount excludes long-term liabilities reported in Internal Service funds.	<u>(68,861,276)</u>
Net Assets of Governmental Activities	<u>\$ 127,154,592</u>

See accompanying notes to the basic financial statements.

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CITY OF NATIONAL CITY  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the year ended June 30, 2005

	General Fund	Special Revenue Funds	
		Section 8 Housing Assistance	Other Special Revenue
Revenues:			
Taxes	\$ 26,125,174	-	46,632
Licenses and permits	895,617	-	-
Fines and forfeitures	1,050,754	-	183,809
Interest and rents	862,356	37,587	609,635
Intergovernmental	2,177,046	8,307,062	5,717,331
Charges for services	1,243,479	-	340,762
Other revenues	290,552	4,418	2,685,026
Total revenues	<u>32,644,978</u>	<u>8,349,067</u>	<u>9,583,195</u>
Expenditures:			
Current:			
General government	3,868,294	-	1,218,539
Public safety	22,005,900	-	1,376,838
Transportation	2,904,547	-	-
Community development	576,253	8,291,692	1,103,182
Health	-	-	142,556
Culture and leisure	1,274,111	-	2,640,263
Capital outlay	259,337	35,795	2,084,000
Debt service:			
Principal	-	-	170,000
Interest and fiscal charges	-	-	447,332
Total expenditures	<u>30,888,442</u>	<u>8,327,487</u>	<u>9,182,710</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,756,536</u>	<u>21,580</u>	<u>400,485</u>
Other financing sources (uses):			
Issuance of debt	-	-	-
Payment to bond escrow agent	-	-	-
Transfers in (note 3)	3,516,073	-	400,603
Transfers out (note 3)	<u>(1,847,701)</u>	<u>(1,165,471)</u>	<u>(1,165,921)</u>
Total other financing sources (uses)	<u>1,668,372</u>	<u>(1,165,471)</u>	<u>(765,318)</u>
Net change in fund balances	3,424,908	(1,143,891)	(364,833)
Fund balance, beginning of year, as restated (note 10)	<u>9,158,335</u>	<u>391,488</u>	<u>6,950,501</u>
Fund balance, end of year	<u>\$ 12,583,243</u>	<u>(752,403)</u>	<u>6,585,668</u>

See accompanying notes to the basic financial statements.

Special Revenue Fund	Capital Project Funds				Total Governmental Funds
	Redevelopment Fund	Fire Construction Project	Library Construction Project	Other Governmental Funds	
-	7,682,979	-	-	2,977,097	36,831,882
-	-	-	-	-	895,617
-	-	-	-	-	1,234,563
410	278,919	45,393	55,041	287,004	2,176,345
-	190,676	-	4,029,949	6,354,489	26,776,553
7,249,849	-	-	-	552,483	9,386,573
38,149	1,878,992	-	-	1,829,639	6,726,776
<u>7,288,408</u>	<u>10,031,566</u>	<u>45,393</u>	<u>4,084,990</u>	<u>12,000,712</u>	<u>84,028,309</u>
-	-	-	-	1,134	5,087,967
-	-	5,826,938	-	20,534	29,230,210
-	-	-	-	-	2,904,547
-	10,871,520	-	-	4,218,732	25,061,379
5,696,038	-	-	-	937,954	6,776,548
-	-	-	-	2,347,106	6,261,480
-	47,802	-	10,467,895	2,163,422	15,058,251
-	-	-	-	815,000	985,000
-	-	-	-	3,758,688	4,206,020
<u>5,696,038</u>	<u>10,919,322</u>	<u>5,826,938</u>	<u>10,467,895</u>	<u>14,262,570</u>	<u>95,571,402</u>
<u>1,592,370</u>	<u>(887,756)</u>	<u>(5,781,545)</u>	<u>(6,382,905)</u>	<u>(2,261,858)</u>	<u>(11,543,093)</u>
-	-	-	-	37,780,000	37,780,000
-	-	-	-	(37,111,533)	(37,111,533)
-	11,305,057	-	-	2,891,710	18,113,443
(20,221)	(1,005,751)	-	-	(11,228,378)	(16,433,443)
<u>(20,221)</u>	<u>10,299,306</u>	<u>-</u>	<u>-</u>	<u>(7,668,201)</u>	<u>2,348,467</u>
1,572,149	9,411,550	(5,781,545)	(6,382,905)	(9,930,059)	(9,194,626)
8,908,754	12,967,833	7,161,593	3,989,726	30,622,413	80,150,643
<u>10,480,903</u>	<u>22,379,383</u>	<u>1,380,048</u>	<u>(2,393,179)</u>	<u>20,692,354</u>	<u>70,956,017</u>

See accompanying notes to the basic financial statements.

CITY OF NATIONAL CITY

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Governmental-Wide Statement of Activities and Changes in Net Assets

For the year ended June 30, 2005

Net Changes in Fund Balances - Total Governmental Funds	\$ (9,194,626)
Amounts reported for governmental activities in the Statement of Activities and Changes in Net Assets were different because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets were allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period, net of disposals.	16,609,910
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, depreciation expense, net of disposals, was not reported as expenditures in Governmental Funds.	(3,082,084)
The following accounts were reported in the Governmental-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of or provide current financial resources. Therefore, they were not reported as expenditures/revenues in governmental funds.	
Capital leases payable, net of proceeds	(53,163)
Compensated absences	(276,502)
Bond proceeds provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Assets.	(37,780,000)
Current refunding from the issuance of new debt was paid to the bond escrow agent however the repayment reduces long-term liabilities in the statement of net assets.	37,111,533
Repayment of bond principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets.	985,000
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represented the change in accrued interest from prior year.	(550,198)
Revenues in the Government-Wide Statement of Activities that did not provide current financial resources were not reported as revenues in the governmental funds.	(1,184,709)
Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue (expense) of the internal service funds are reported with governmental activities.	<u>(1,204,067)</u>
Change in Net Assets of Governmental Activities	<u>\$ 1,381,094</u>

See accompanying notes to the basic financial statements.



CITY OF NATIONAL CITY  
Statement of Net Assets  
Proprietary Funds  
June 30, 2005

	Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	TDA	Kimball Towers	Morgan Towers		
<b>ASSETS</b>					
Current assets:					
Cash and investments (note 2)	\$ 157,392	555,013	83,709	796,114	10,474,727
Restricted cash and investments with fiscal agents (note 2)	-	751,136	1,077,516	1,828,652	-
Accounts receivable	4,325	1,564	-	5,889	281,630
Interest receivable	-	-	-	-	-
Due from other governmental entities	44,201	-	-	44,201	-
Inventories	139,434	-	-	139,434	26,549
Prepaid items and deposits	103,308	73,913	73,939	251,160	3,933
Total current assets	<u>448,660</u>	<u>1,381,626</u>	<u>1,235,164</u>	<u>3,065,450</u>	<u>10,786,839</u>
Noncurrent assets:					
Capital assets (note 5):					
Nondepreciable assets	900,000	315,814	212,568	1,428,382	-
Depreciable assets, net of accumulated depreciation	4,591,167	5,352,332	3,160,751	13,104,250	2,133,455
Total capital assets, net	<u>5,491,167</u>	<u>5,668,146</u>	<u>3,373,319</u>	<u>14,532,632</u>	<u>2,133,455</u>
Total noncurrent assets	<u>5,491,167</u>	<u>5,668,146</u>	<u>3,373,319</u>	<u>14,532,632</u>	<u>2,133,455</u>
Total assets	<u>5,939,827</u>	<u>7,049,772</u>	<u>4,608,483</u>	<u>17,598,082</u>	<u>12,920,294</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued liabilities	171,426	31,640	38,365	241,431	181,301
Salaries payable	22,621	-	-	22,621	39,970
Due to other funds	238,486	-	-	238,486	370,180
Compensated absenses - due within one year	42,708	-	-	42,708	170,630
Note payable - due within one year	-	-	148,087	148,087	-
Self-insurance claims payable - due within one year	-	-	-	-	850,000
Total current liabilities	<u>475,241</u>	<u>31,640</u>	<u>186,452</u>	<u>693,333</u>	<u>1,612,081</u>
Noncurrent liabilities (note 7):					
Tenant security deposit liability	-	41,694	38,702	80,396	-
Note payable - due in more than one year	-	-	3,180,054	3,180,054	-
Self-insurance claims payable - due in more than one year	-	-	-	-	3,940,000
Total noncurrent liabilities	<u>-</u>	<u>41,694</u>	<u>3,218,756</u>	<u>3,260,450</u>	<u>3,940,000</u>
Total liabilities	<u>475,241</u>	<u>73,334</u>	<u>3,405,208</u>	<u>3,953,783</u>	<u>5,552,081</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	5,491,167	5,668,146	45,178	11,204,491	2,133,455
Restricted for:					
Housing	-	1,308,292	1,158,097	2,466,389	-
Transportation	(26,581)	-	-	(26,581)	-
Unrestricted	-	-	-	-	5,234,758
Total net assets	<u>\$ 5,464,586</u>	<u>6,976,438</u>	<u>1,203,275</u>	<u>13,644,299</u>	<u>7,368,213</u>

See accompanying notes to the basic financial statements.

CITY OF NATIONAL CITY  
Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Funds  
For the year ended June 30, 2005

	Enterprise Funds			Governmental Activities - Internal Service Funds	
	TDA	Kimball Towers	Morgan Towers		Total
Operating revenues:					
Fare box revenue	\$ 1,170,795	-	-	1,170,795	-
Rental income	-	884,469	944,181	1,828,650	-
Service charges	-	-	-	-	8,335,280
Other revenues	-	7,696	7,572	15,268	9,031
<b>Total operating revenues</b>	<u>1,170,795</u>	<u>892,165</u>	<u>951,753</u>	<u>3,014,713</u>	<u>8,344,311</u>
Operating expenses:					
Personnel services	1,422,460	-	-	1,422,460	2,146,441
Maintenance and operations	877,934	653,535	579,797	2,111,266	5,291,010
Insurance	317,277	-	-	317,277	-
Depreciation	483,136	187,350	174,266	844,752	430,927
<b>Total operating expenses</b>	<u>3,100,807</u>	<u>840,885</u>	<u>754,063</u>	<u>4,695,755</u>	<u>7,868,378</u>
<b>Operating income (loss)</b>	<u>(1,930,012)</u>	<u>51,280</u>	<u>197,690</u>	<u>(1,681,042)</u>	<u>475,933</u>
Nonoperating revenues (expenses):					
TDA grants	1,307,972	-	-	1,307,972	-
Interest income	7,215	17,411	18,224	42,850	-
Interest expense	-	-	(221,264)	(221,264)	-
Miscellaneous	-	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<u>1,315,187</u>	<u>17,411</u>	<u>(203,040)</u>	<u>1,129,558</u>	<u>-</u>
<b>Income (loss) before contributions and transfers</b>	<u>(614,825)</u>	<u>68,691</u>	<u>(5,350)</u>	<u>(551,484)</u>	<u>475,933</u>
Capital contributions	52,137	-	-	52,137	-
Transfers in (note 3)	-	-	-	-	-
Transfers out (note 3)	-	-	-	-	(1,680,000)
<b>Change in net assets</b>	<u>(562,688)</u>	<u>68,691</u>	<u>(5,350)</u>	<u>(499,347)</u>	<u>(1,204,067)</u>
<b>Net assets, beginning of year</b>	<u>6,027,274</u>	<u>6,907,747</u>	<u>1,208,625</u>	<u>14,143,646</u>	<u>8,572,280</u>
<b>Net assets, end of year</b>	<u>\$ 5,464,586</u>	<u>6,976,438</u>	<u>1,203,275</u>	<u>13,644,299</u>	<u>7,368,213</u>

See accompanying notes to the basic financial statements.

CITY OF NATIONAL CITY  
Statement of Cash Flows  
Proprietary Funds  
For the year ended June 30, 2005

	Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	TDA	Kimball Towers	Morgan Towers		
<b>Cash flows from operating activities:</b>					
Cash received from customers/other funds	\$ 1,170,795	884,620	951,752	3,007,167	7,857,589
Cash payments to suppliers	(1,303,247)	(638,826)	(372,237)	(2,314,310)	(4,238,437)
Cash payments for general and administrative	(1,422,460)	-	(189,451)	(1,611,911)	(2,158,308)
Cash received from (payments to) other	-	-	-	-	9,031
Net cash provided (used by) operating activities	<u>(1,554,912)</u>	<u>245,794</u>	<u>390,064</u>	<u>(919,054)</u>	<u>1,469,875</u>
<b>Cash flows from noncapital financing activities:</b>					
TDA grants	1,307,972	-	-	1,307,972	-
Cash received from other funds	238,486	-	-	238,486	-
Cash paid to other funds	-	-	-	-	(1,680,000)
Net cash provided (used by) noncapital financing activities	<u>1,546,458</u>	<u>-</u>	<u>-</u>	<u>1,546,458</u>	<u>(1,680,000)</u>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition or disposal of capital assets	-	-	(14,262)	(14,262)	(38,554)
Principal payments of note payable	-	-	(138,792)	(138,792)	-
Interest paid	-	-	(221,264)	(221,264)	-
Net cash provided (used by) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(374,318)</u>	<u>(374,318)</u>	<u>(38,554)</u>
<b>Cash flows from investing activities:</b>					
Interest income	7,964	17,411	18,224	43,599	-
Net cash provided (used by) investing activities	<u>7,964</u>	<u>17,411</u>	<u>18,224</u>	<u>43,599</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(490)	263,205	33,970	296,685	(248,679)
Cash and equivalents, beginning of year	157,882	1,042,944	1,127,255	2,328,081	10,723,406
Cash and equivalents, end of year	<u>\$ 157,392</u>	<u>1,306,149</u>	<u>1,161,225</u>	<u>2,624,766</u>	<u>10,474,727</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating income (loss)	\$ (1,930,012)	51,280	197,690	(1,681,042)	475,933
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>					
Depreciation	483,136	187,350	174,266	844,752	430,927
<b>Changes in current assets and liabilities:</b>					
Accounts receivable	542	(1,564)	-	(1,022)	82,305
Due from other governmental entities	47,178	-	-	47,178	-
Inventories	(118,810)	-	-	(118,810)	337
Prepaid items and deposits	(68,584)	2,641	(1,701)	(67,644)	-
Accounts payable and accrued liabilities	29,142	6,087	19,809	55,038	(85,860)
Salaries payable	-	-	-	-	9,355
Due to other funds	-	-	-	-	(276,706)
Compensated absences	2,496	-	-	2,496	(8,433)
Self-insurance claims payable	-	-	-	-	842,017
Total adjustments	<u>375,100</u>	<u>194,514</u>	<u>192,374</u>	<u>(82,764)</u>	<u>993,942</u>
Net cash provided (used) by operating activities	<u>\$ (1,554,912)</u>	<u>245,794</u>	<u>390,064</u>	<u>(919,054)</u>	<u>1,469,875</u>
<b>Noncash investing, capital and financing activities</b>					
Capital contributions	\$ 52,137	-	-	52,137	-

See accompanying notes to the basic financial statements.

CITY OF NATIONAL CITY  
Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2005

	<u>Library Private- Purpose Trust</u>	<u>Agency Funds</u>	<u>Total Fiduciary Funds</u>
<u>ASSETS</u>			
Cash and investments (note 2)	\$ 48,533	286,585	335,118
Deposits	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>48,533</u>	<u>286,585</u>	<u>335,118</u>
<u>LIABILITIES</u>			
Accounts payable	<u>-</u>	<u>286,585</u>	<u>286,585</u>
Total liabilities	<u>-</u>	<u>286,585</u>	<u>286,585</u>
<u>NET ASSETS</u>			
Held in trust for private purposes	<u>\$ 48,533</u>	<u>-</u>	<u>48,533</u>

See accompanying notes to the basic financial statements.

CITY OF NATIONAL CITY

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

Year ended June 30, 2005

	<u>Library Private- Purpose Trust</u>
Additions:	
Investment income	\$ <u>1,071</u>
Total additions	<u>1,071</u>
Net assets:	
Net assets, beginning of year	<u>47,462</u>
Net assets, end of year	<u>\$ 48,533</u>

See accompanying notes to the basic financial statements.

# CITY OF NATIONAL CITY

## Notes to the Basic Financial Statements

For the year ended June 30, 2005

### (1) Summary of Significant Accounting Policies

The basic financial statements of the City of National City, California (City) have been prepared in conformity with generally accepted accounting principles (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 Transit Enterprise Fund and Community Development Commission (including Morgan Towers, and Kimball Towers) Enterprise Fund.

The financial reporting entity consists of (a) the primary government, the City, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Each blended component unit has a June 30 year-end. The City had no discretely presented component units. The following entities are reported as blended component units:

*Community Development Commission of the City of National City* - The Community Development Commission of the City of National City (the "CDC") was established in April 1967 pursuant to provisions of the California Health and Safety Code. The CDC was created to undertake and carry out the redevelopment of certain areas within the City which the CDC has determined to be blighted areas by encouraging development of residential, commercial, industrial, recreational and public facilities and to assist neighborhood redevelopment through residential property improvement loans and housing assistance payments to low and moderate income earners. The City Council is the Governing Board of the CDC. Separate CDC financial statements may be obtained from the City's Finance Department located at 1243 National City Boulevard, National City, California 91950.

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (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. 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 "Authority") was activated pursuant to the Parking Law of 1949 for the financing and construction of the Plaza Bonita Parking Facility. The City Council is the governing board of the Authority. The Authority exclusively benefits the City. For the year ended June 30, 2005, there was no activity for the Authority; however, the capital assets of the Authority has been included in the Government-Wide Financial Statements. There are no separate financial statements available.

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 with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. 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 the Government-wide statements.

## CITY OF NATIONAL CITY

### Notes to the Basic Financial Statements

(Continued)

#### (1) Summary of Significant Accounting Policies, (Continued)

These basic 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 Assets. The Statement of Activities presents changes in net assets. 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 as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets 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 Assets, 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
- Loans receivable/related deferred revenue
- Advances to/from other funds
- Transfers in/out

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, to the business type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure. The City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.



CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

Fund Financial Statements

Governmental Funds Financial Statements

Governmental Funds 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 assets as presented in these statements to the net assets 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 recorded when received in cash, except for that revenues subject to accrual (generally 60 days after year-end) are recognized when due. 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.

Deferred revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed and revenue is recognized.

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.

CITY OF NATIONAL CITY  
Notes to the Basic Financial Statements  
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

The City reported the following types of major governmental funds:

**General Fund**

This fund is used to account for resources, which are not required legally or by sound financial management to be accounted for in another fund.

**Section 8 Housing Assistance Special Revenue Fund**

This fund is used to account for the activities of Section 8 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.

**Other Special Revenue Fund**

This represents a combination of minor and less active funds that the City has combined for reporting purposes.

**Sewer Service Special Revenue 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.

**Redevelopment Capital Project Fund**

This fund is used to account for the administrative expenditures of the Community Development Commission and redevelopment capital projects.

**Fire Construction Project Capital Projects Fund**

This fund is used to account for activities for fire department construction.

**Library Construction Project Capital Project Fund**

This fund is used to account for activities of library construction project.

*Proprietary Fund Financial Statements*

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund.

## CITY OF NATIONAL CITY

### Notes to the Basic Financial Statements

(Continued)

#### (1) Summary of Significant Accounting Policies, (Continued)

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements.

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 Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. 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. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities that Use Proprietary Fund Accounting*, the City applies all GASB pronouncements currently in effect as well as Financial Accounting Standard Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989.

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 nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

The City reported the following types of major proprietary funds:

#### **TDA Fund**

This fund is used to account for allocations received by the City pursuant to the Transportation Development Act used for the operations of the National City Transit program.

#### **Kimball Tower**

This fund is used to account for activities relating to the operations of Kimball Tower, which is used to provide housing to low and moderate income seniors.

#### **Morgan Tower**

This fund is used to account for activities relating to the operations of Morgan Tower, which is used to provide housing to low and moderate income seniors.

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

The City also reports the following fund types:

Internal Service Funds

These funds are 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.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Assets and a Statement of Changes in Fiduciary Net Assets. The City's fiduciary funds represent private-purpose trust fund and agency funds. The private-purpose trust fund is used to account for resources legally held in trust for special purposes. The Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for using an accrual basis of accounting.

C. Use of Restricted/Unrestricted Net Assets

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

D. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, 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.

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

The City participates in an investment pool managed by the State of California, entitled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

*E. Restricted Cash and Investments*

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects.

*F. 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" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent 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."

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

*G. Inventories and Prepaid Items*

Inventories are stated at cost using the average cost method. Payments made to vendors for services that will benefit periods beyond June 30, 2005 are recorded as prepaid items. The City uses the consumption method when reporting prepaid items. Prepaid items are recorded as an asset and are offset by a reserve in the fund financial statements.

*H. Land Held for Resale*

Land held for resale is recorded at the lower of cost or estimated net realizable value. Fund balances are reserved in amounts equal to the carrying value of land and buildings held for resale, because such assets are not available to finance the City's current operations.

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

*I. Capital Assets*

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting general capital assets at \$5,000 (including infrastructure assets). Gifts or contributions of capital assets are recorded at fair market value when received. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

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

In June 1999, the GASB issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with Statement No. 34, the City has included the value of all infrastructures in the Basic Financial Statements.

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.

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 2003. This appraisal determined the estimated historical cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Estimated historical costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line,

# CITY OF NATIONAL CITY

## Notes to the Basic Financial Statements

(Continued)

### (1) Summary of Significant Accounting Policies, (Continued)

unrecovered cost method was computed using industry accepted life expectancies for each infrastructure system. The book value was then computed by deducting the accumulated depreciation from the estimated historical cost.

#### *J. Interest Payable*

In the government-wide financial statements, interest payable on long-term debt is recognized as the liability is incurred for governmental fund types and proprietary fund types.

In the fund financial statements, proprietary fund types recognize the interest payable when the liability is incurred.

#### *K. Compensated Absences*

In the governmental fund financial statements, compensated absences are recorded as expenditures in the year 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. Accordingly, the entire unpaid liability for employee compensated absences related to governmental fund types is recorded in the government-wide financial statements and is typically liquidated by the General Fund.

For proprietary funds, the estimated value of the total accrued vacation and vested sick leave is recorded as current liability in the fund financial statements and government-wide financial statements and is typically liquidated by the respective enterprise and internal service funds.

#### *L. Long-Term Debt*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

M. *Fund Balances - Reservations and Designations*

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

N. *Net Assets*

In the government-wide financial statements, net assets are classified in the following categories:

*Invested in Capital Assets, Net of Related Debt* - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

*Restricted Net Assets* - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

*Unrestricted Net Assets* - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

O. *Property Taxes*

The City has elected, by ordinance, that the duties of assessing and collecting property taxes be performed by the San Diego County Assessor and Tax Collector, respectively. Tax levies cover the period from July 1 to June 30 of each year. All tax liens attach annually on the first day in March preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as it exists on that date.

Secured property taxes are levied against real property and are due and payable in two equal installments. The first installment is due on November 1 and becomes delinquent if not paid by December 10. The second installment is due on February 1 and becomes delinquent if not paid by April 10. Unsecured personal property taxes are due on July 1 each year. These taxes become delinquent if not paid by August 31.

The City records property tax revenues in the fiscal year to which they relate rather than at the related lien date.



CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

One of the CDC's primary sources of revenue is from property tax increments. The assessed valuation of all property within the Downtown Redevelopment Project area was determined on the date of adoption of the Redevelopment Plan. Property tax related to the incremental increase in assessed values after the adoption of the Redevelopment Plan are allocated to the CDC; all taxes on the "frozen" assessed valuation of the property are allocated to the City and unrelated taxing agencies.

*P. Community Development Commission Rental Revenue*

Rental revenues received from tenants in the CDC's Morgan Towers Housing Project (an enterprise fund) are subsidized with Federal government funds under a Section 8 contract with the U.S. Department of Housing and Urban Development (HUD). The rent subsidy received from HUD is equal to the excess of the fair market rent of the apartment units over the amounts paid by the tenants. The amounts paid by the tenants are subject to certain Section 8 eligibility requirements and application procedures.

*Q. Use of Estimates*

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

(2) Cash and Investments

Cash and investments as of June 30, 2005 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	\$ 66,373,947
Restricted cash and investments with fiscal agents	7,653,600
Statement of Fiduciary Net Assets:	
Cash and investments	<u>335,118</u>
Total cash and investments	<u>\$ 74,362,665</u>

Cash and investments as of June 30, 2005 consist of the following:

Cash on hand	\$ 4,399
Deposits with financial institutions	27,994,120
Investments	<u>46,364,146</u>
Total cash and investments	<u>\$ 74,362,665</u>

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

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 and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by fiscal agent 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.

<u>Investment Types Authorized by State Law</u>	<u>Authorized By Investment Policy</u>	<u>*Maximum Maturity</u>	<u>*Maximum Percentage Of Portfolio</u>	<u>*Maximum Investment in One Issuer</u>
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	5%	5%
Commercial Paper	Yes	180 days	15%	10%
Negotiable Certificates of Deposit	Yes	2 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds	Yes	N/A	15%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	Yes	N/A	None	None

\* Based on state law requirements or investment policy requirements, whichever is more restrictive.

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Investments Authorized by Debt Agreements

Investment of debt proceeds held by fiscal agent are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are generally authorized for investments held by fiscal agent. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	360 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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Information about the sensitivity of the fair values of the City's investments (including investments held by fiscal agent) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

<u>Investment Type</u>		<u>Remaining Maturity (in Years)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More than 60 Months</u>
US agency securities	\$ 7,446,603	-	1,700,000	5,746,603	-
Local Agency Investment Fund	33,049,629	33,049,629	-	-	-
Mortgage pass through securities	7,867	-	-	-	7,867
Negotiable certificates of deposits	265,278	71,278	95,000	99,000	-
US Treasury obligations Held by Fiscal Agent	297,141	297,141	-	-	-
Money market funds	<u>5,297,628</u>	<u>5,297,628</u>	-	-	-
<b>Total</b>	<b><u>\$ 46,364,146</u></b>	<b><u>38,715,676</u></b>	<b><u>1,795,000</u></b>	<b><u>5,845,603</u></b>	<b><u>7,867</u></b>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>	
			<u>AAA</u>	<u>Not Rated</u>
US agency securities	\$ 7,446,603	AAA	5,196,603	2,250,000
Local Agency Investment Fund	33,049,629	N/A	-	33,049,629
Mortgage pass through securities	7,867	N/A	-	7,867
Negotiable certificates of deposits	265,278	N/A	-	265,278
US Treasury obligations Held by fiscal agent:	297,141	AAA	297,141	-
Money market funds	<u>5,297,628</u>	N/A	-	<u>5,297,628</u>
<b>Total</b>	<b><u>\$46,364,146</u></b>		<b><u>5,493,744</u></b>	<b><u>40,870,402</u></b>

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	US Agency Securities	\$ 5,196,603

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2005, \$523,806 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2005, City investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
U.S. Agency Securities	\$5,196,603
Negotiable Certificates of Deposit	164,971
Mortgage Pass-Through Securities	7,867

For investments identified herein as held by fiscal agent, the fiscal agent generally selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Restricted Cash and Investments of Community Development Commission Enterprise Fund

The activities of Morgan Towers and Kimball Towers activities are recorded in and presented as Community Development Commission Enterprise Fund. In accordance with HUD requirement, the CDC maintains the following:

Morgan Towers:	
Replacement reserve	\$ 601,521
Residual receipts reserve	452,385
Mortgage and insurance impounds reserve	<u>23,610</u>
Total Morgan Towers	<u>\$1,077,516</u>
Kimball Towers:	
Residual receipts reserve	\$ 261,370
Other	<u>489,766</u>
Total Kimball Towers	<u>\$ 751,136</u>
Total restricted cash and investments	<u>\$1,828,652</u>

**Morgan Towers**

- Reserve for replacements of \$601,521 represents a monthly deposit of \$3,127 plus income earned thereon. This reserve will be used for the future replacement of property with HUD's approval.
- Residual receipts reserve of \$452,385 is an accumulation of surplus cash as calculated by HUD's Computation of Surplus Cash, Distributions and Residual Receipts, which can be expended only with HUD's approval.
- Reserve for mortgage and insurance impounds of \$3,091, \$13,982 and \$6,537, respectively, totaling \$23,610, represent amounts held for the future payment of property and mortgage insurance.

**Kimball Towers**

- Residual receipts reserve of \$261,370 is an accumulation of surplus cash as calculated by HUD's Computation of Surplus Cash, Distributions and Residual Receipts, which can be expended only with HUD's approval.
- Other restricted cash and investments totaling \$489,766 is included in the accompanying basic financial statements.

CITY OF NATIONAL CITY  
Notes to the Basic Financial Statements  
(Continued)

(3) Interfund Transactions

**Due To/From Other Funds**

At June 30, 2005, the City had the following due to/from other funds:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
General Fund	Other Special Revenue Fund	\$2,152,919
	TDA Enterprise Fund	238,486
	Library Construction Capital Projects Fund	2,762,828
	Internal Service	<u>370,180</u>
Subtotal		5,524,413
Redevelopment Capital Projects Fund	Section 8 Housing Assistance	
	Special Revenue Fund	1,210,146
	Other Governmental Funds	<u>814,182</u>
Subtotal		<u>2,024,328</u>
		<u>\$7,548,741</u>

Interfund balances are a result of short-term borrowing to cover negative cash balances at June 30, 2005.

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(3) Interfund Transactions, (Continued)

**Interfund Transfers**

For the year ended June 30, 2005, interfund transfers were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Internal Service Funds	\$ 1,680,000 (a)
General Fund	Other Special Revenue Fund	1,151,477 (a)
General Fund	Other Governmental Funds	684,596
Other Special Revenue Fund	General Fund	365,938
Other Special Revenue Fund	Sewer Service Special Revenue Fund	20,221
Other Special Revenue Fund	Other Special Revenue Fund	14,444
Redevelopment Capital Projects Fund	Section 8 Housing Assistance Special Revenue Fund	1,165,471 (b)
Redevelopment Capital Projects Fund	Other Governmental Funds	10,139,586 (c)
Other Governmental Funds	General Fund	1,481,763 (d)
Other Governmental Funds	Redevelopment Capital Projects Fund	1,005,751 (e)
Other Governmental Funds	Other Governmental Funds	<u>404,196</u>
		<u>\$ 18,113,443</u>

Significant interfund transfers were to: (a) reimburse the General Fund for current year operating expenses; (b) reimburse the Redevelopment Fund for prior year operating expenses; (c) provide funding for Educational Village construction and to pay Community Development Commission debt service principal and interest payments; (d) provide funding for library construction, NCJPFA police facility lease debt service, and park maintenance; (e) provide funds to the Debt Service Fund to cover debt service payments made during the fiscal year.

(4) Contracts, Notes and Loans Receivable

As of June 30, 2005, the Contracts, Notes and Loans Receivable consisted of the following:

Community Development Commission Governmental Fund:	
Residential property improvement loans	\$2,297,390
First-time homebuyers loans	<u>225,098</u>
Total	<u>\$2,522,488</u>



CITY OF NATIONAL CITY  
Notes to the Basic Financial Statements  
(Continued)

(5) Capital Assets

A. *Government-Wide Financial Statements*

The following is a summary of changes in the capital assets for governmental activities at June 30, 2005:

	<u>Balance at June 30, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
Governmental-type activities:				
Depreciable:				
Buildings	\$ 20,608,991	-	-	20,608,991
Machinery and Equipment	7,979,314	1,608,121	(58,869)	9,528,566
Infrastructure	<u>99,643,699</u>	<u>417,132</u>	<u>-</u>	<u>100,060,831</u>
Total cost of depreciable capital assets	<u>128,232,004</u>	<u>2,025,253</u>	<u>(58,869)</u>	<u>130,198,388</u>
Less accumulated depreciation:				
Buildings	(10,520,772)	(586,763)	-	(11,107,535)
Machinery and Equipment	(4,324,279)	(644,627)	58,869	(4,910,037)
Infrastructure	<u>(40,063,854)</u>	<u>(2,281,621)</u>	<u>-</u>	<u>(42,345,475)</u>
Total accumulated depreciation	<u>(54,908,905)</u>	<u>(3,513,011)</u>	<u>58,869</u>	<u>(58,363,047)</u>
Net depreciable capital assets	73,323,199	(1,487,758)	-	71,835,341
Non-depreciable:				
Land	19,125,598	-	-	19,125,598
Rights of way	4,245,088	-	-	4,245,088
Construction in progress	<u>5,458,491</u>	<u>14,623,211</u>	<u>-</u>	<u>20,081,702</u>
Total non-depreciable capital assets	<u>28,829,177</u>	<u>14,623,211</u>	<u>-</u>	<u>43,452,388</u>
Total governmental activities capital assets, net	<u>\$ 102,152,276</u>	<u>13,135,453</u>	<u>-</u>	<u>115,287,729</u>

CITY OF NATIONAL CITY  
Notes to the Basic Financial Statements  
(Continued)

(5) Capital Assets, (Continued)

Depreciation expense for governmental activities for the year ended June 30, 2005 of \$3,513,011, was allocated as follows:

General Government	\$ 527,901
Community Development	56,088
Public Safety	217,162
Transportation	<u>2,711,860</u>
	<u>\$3,513,011</u>

The following is a summary of changes in the capital assets for business-type activities at June 30, 2005:

	<u>Balance at June 30, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
Business-type activities:				
Depreciable:				
Buildings and improvements	\$16,030,377	-	-	16,030,377
Machinery and equipment	<u>6,241,388</u>	<u>66,400</u>	-	<u>6,307,788</u>
Total depreciable capital assets	22,271,765	66,400	-	22,338,165
Less accumulated depreciation	<u>(8,389,163)</u>	<u>(844,752)</u>	-	<u>(9,233,915)</u>
Total depreciable assets, net	<u>13,882,602</u>	<u>(778,352)</u>	-	<u>13,104,250</u>
Non-depreciable assets:				
Land	<u>1,428,382</u>	-	-	<u>1,428,382</u>
Total non-depreciable capital assets	<u>1,428,382</u>	-	-	<u>1,428,382</u>
Total business-type activities capital assets, net	<u>\$15,310,984</u>	<u>(778,352)</u>	-	<u>14,532,632</u>

Depreciation expense in business-type activities for capital assets for the year ended June 30, 2005 was allocated as follows:

TDA	\$483,136
Kimball Towers	187,350
Morgan Towers	<u>174,266</u>
Total depreciation expense	<u>\$844,752</u>

## CITY OF NATIONAL CITY

### Notes to the Basic Financial Statements

(Continued)

#### (5) Capital Assets, (Continued)

Significant construction commitments in existence as of June 30, 2005 were the Library and Fire Station construction projects. See supplementary information for appropriations.

#### *B. Fund Financial Statements*

The fund financial statements do not present General Government Capital Assets but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

#### (6) Risk Management

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 City participates with the cities of Chula Vista, Coronado, Del Mar, Encinitas, Escondido, Oceanside, Santee, Solana Beach and Vista in the San Diego Pooled Insurance Program Authority (the "Program Authority"), a joint powers authority established to provide insurance and insurance-related services to its members. The Program Authority's governing board consists of one member from each participating city and is responsible for the selection of management as well as budgeting and finance. Insurance activities are financed by charges to member cities. Each participating city has its own self-insured retention level. The City is self-insured for the first \$250,000 of each workers' compensation claim and \$150,000 of each general liability claim.

Losses between the self-insured retention levels and \$2,000,000 are shared by the participant cities. Excess insurance is carried by the Program Authority for losses greater than \$2,000,000 up to \$5 million and \$40 million for workers' compensation and general liability claims, respectively. The City is completely self-insured for unemployment 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.

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(6) Risk Management, (Continued)

At June 30, 2005, the City accrued \$4,790,000 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, 2005 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.

	<u>Fiscal Year 2004-05</u>	<u>Fiscal Year 2003-04</u>
Unpaid claims, July 1	\$3,947,983	3,445,376
Incurred claims	969,047	1,715,156
Claims paid	<u>(127,030)</u>	<u>(1,212,549)</u>
Total	<u>\$4,790,000</u>	<u>3,947,983</u>

The City's blended component unit, Bayshore Transit Corporation (Corporation), does not participate in the City's insurance program. The Corporation continues to carry commercial insurance.

CITY OF NATIONAL CITY  
Notes to the Basic Financial Statements  
(Continued)

(7) Long-Term Debt

Following is a summary of long-term debt transactions for the fiscal year ended June 30, 2005:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Classification	
					Amount Due Within One Year	Amount Due Beyond One Year
Governmental activities:						
National City Joint Powers Financing Authority:						
Lease Revenue Refunding Bonds	\$ 5,060,000	-	(270,000)	4,790,000	280,000	4,510,000
Community Development Commission:						
1999 Tax Allocation Bonds	4,735,000	-	(95,000)	4,640,000	100,000	4,540,000
2001 Series A and B Tax Allocation Bonds	37,355,000	-	(37,355,000)	-	-	-
2004 Tax Allocation Bonds	5,860,000	-	-	5,860,000	220,000	5,640,000
2005 Series A and B Tax Allocation Bonds	-	37,780,000	-	37,780,000	2,075,000	35,705,000
General obligation bonds	6,000,000	-	(30,000)	5,970,000	120,000	5,850,000
HUD 108 Bond 2003 A	<u>6,900,000</u>	<u>-</u>	<u>(170,000)</u>	<u>6,730,000</u>	<u>170,000</u>	<u>6,560,000</u>
Total bonds	65,910,000	37,780,000	(37,920,000)	65,770,000	2,965,000	62,805,000
Claims payable	3,947,983	969,047	(127,030)	4,790,000	120,000	4,670,000
Compensated absences	2,707,375	403,859	(141,594)	2,969,640	862,511	2,107,129
Capital lease payable	<u>261,937</u>	<u>-</u>	<u>(53,163)</u>	<u>208,774</u>	<u>54,740</u>	<u>154,034</u>
Total governmental activities	72,827,295	39,152,906	(38,241,787)	73,738,414	4,002,251	69,736,163
Business-type activities:						
Note payable	<u>3,466,933</u>	<u>-</u>	<u>(138,792)</u>	<u>3,328,141</u>	<u>148,087</u>	<u>3,180,054</u>
Total primary government	<u>\$76,294,228</u>	<u>39,152,906</u>	<u>(38,380,579)</u>	<u>77,066,555</u>	<u>4,150,338</u>	<u>72,916,217</u>

**National City Joint Powers Financing Authority (NCJPFA) Lease Revenue Refunding Bonds**

The NCJPFA issued \$6,255,000 of refunding bonds on October 1, 1998 to provide funds for the advance refunding of the previously issued bonds. Interest on the bonds is payable semiannually on each April 1 and October 1, commencing April 1, 1999. The bonds are special obligations of NCJPFA secured by a pledge of revenues which consist of lease payments received by NCJPFA, as lessor, from the City, as lessee.

CITY OF NATIONAL CITY  
Notes to the Basic Financial Statements  
(Continued)

(7) Long-Term Debt, (Continued)

The bonds have interest rates that range from 3.20% to 3.95 % for those that mature from 1999 through 2008 and 4.70% for those that mature from 2009 through 2017. The bonds maturing on or before October 1, 2008 are not subject to optional redemption prior to maturity. The bonds maturing on or after October 1, 2009 are subject to optional redemption prior to maturity on October 1, 2008, and any payment date thereafter at the option of NCJFPA, as a whole or in part pro rata among maturities and by lot within a maturity, expressed as percentages of the principal amount to be redeemed, plus accrued interest to the redemption date as follows:

October 1, 2008 and April 1, 2009	102%
October 1, 2009 and April 1, 2010	101%
October 1, 2010 and thereafter	100%

The annual debt service payments for the bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 280,000	210,062	490,062
2007	290,000	199,160	489,160
2008	300,000	187,728	487,728
2009	315,000	175,657	490,657
2010	325,000	161,798	486,798
2011	345,000	146,053	491,053
2012	360,000	129,486	489,486
2013	375,000	112,213	487,213
2014	400,000	94,000	494,000
2015	420,000	74,730	494,730
2016	435,000	54,638	489,638
2017	460,000	33,606	493,606
2018	<u>485,000</u>	<u>11,398</u>	<u>496,398</u>
 Total	 <u>\$4,790,000</u>	 <u>1,590,529</u>	 <u>6,380,529</u>

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(7) Long-Term Debt, (Continued)

**Community Development Commission 1999 Tax Allocation Bonds**

In June 1999, the Commission issued \$5,050,000 in Tax Allocation Bonds for the Q Avenue Redevelopment project. The bonds consist of \$1,085,000 in serial bonds which mature from 2000 to 2010 in amounts ranging from \$45,000 to \$125,000, and \$1,425,000 in term bonds which mature in 2019, and \$2,540,000 in term bonds which mature in 2029. Interest is payable semi-annually on February 1 and August 1, at interest rates ranging from 3.30% to 4.50%.

The annual debt service requirements for the 1999 Tax Allocation Bonds outstanding at June 30, 2005 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 100,000	228,225	328,225
2007	105,000	224,048	329,048
2008	110,000	219,586	329,586
2009	115,000	214,802	329,802
2010	120,000	209,690	329,690
2011	125,000	204,237	329,237
2012	130,000	198,175	328,175
2013	135,000	191,550	326,550
2014	145,000	184,550	329,550
2015	150,000	177,176	327,176
2016	155,000	169,550	324,550
2017	165,000	161,549	326,549
2018	175,000	153,050	328,050
2019	180,000	144,175	324,175
2020	190,000	134,925	324,925
2021	200,000	125,050	325,050
2022	210,000	114,543	324,543
2023	220,000	103,525	323,525
2024	235,000	91,866	326,866
2025	245,000	79,566	324,566
2026	260,000	66,625	326,625
2027	270,000	53,044	323,044
2028	285,000	38,822	323,822
2029	300,000	23,831	323,831
2030	<u>315,000</u>	<u>8,072</u>	<u>323,072</u>
Total	<u>\$4,640,000</u>	<u>3,520,232</u>	<u>8,160,232</u>

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(7) Long-Term Debt, (Continued)

**Community Development Commission 2004 Tax Allocation Bonds**

In June 2004, the Commission issued \$5,860,000 Tax Allocation Bonds to finance a portion of the cost to construct a fire station, library, and community art center. The bonds consist of \$3,045,000 in serial bonds, which mature from 2005-2015 in amounts ranging from \$220,000 to \$330,000, and \$1,085,000 in term bonds, which matures in fiscal year 2029. Interest is paid semi-annually on February 1 and August 1, at interest rates ranging from 1.50% to 5.50%.

The annual debt service requirements for the 2004 Tax Allocation Bonds outstanding at June 30, 2005 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 220,000	248,163	468,163
2007	245,000	244,063	489,063
2008	250,000	238,300	488,300
2009	260,000	231,348	491,348
2010	265,000	223,534	488,534
2011	275,000	214,685	489,685
2012	285,000	204,880	489,880
2013	295,000	194,145	489,145
2014	305,000	182,440	487,440
2015	315,000	169,883	484,883
2016	330,000	156,413	486,413
2017	-	149,400	149,400
2018	-	149,400	149,400
2019	-	149,400	149,400
2020	-	149,400	149,400
2021	-	149,400	149,400
2022	-	149,400	149,400
2023	-	149,400	149,400
2024	-	149,400	149,400
2025	-	149,400	149,400
2026	-	149,400	149,400
2027	345,000	140,775	485,775
2028	360,000	123,150	483,150
2029	380,000	104,650	484,650
2030	400,000	84,150	484,150
2031	420,000	61,600	481,600
2032	445,000	37,813	482,813
2033	<u>465,000</u>	<u>12,788</u>	<u>477,788</u>
<b>Total</b>	<b><u>\$5,860,000</u></b>	<b><u>4,366,780</u></b>	<b><u>10,226,780</u></b>



CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(7) Long-Term Debt, (Continued)

**Community Development Commission 2005 Tax Allocation Bonds**

In January 2005, the Commission issued 2005 Tax Allocation Bonds Series A & B, in the aggregate principal amount of \$27,940,000 and \$9,840,000, respectively. The bonds were issued for the purpose of refunding the 2001 Tax Allocation Refunding Bonds Series A & B. Interest on the bonds is payable semiannually on August 1 and February 1, commencing August 1, 2005, at rates ranging from 2.9% to 5.25% per annum.

The annual debt service requirements for the 2005 Tax Allocation Bonds outstanding at June 30, 2005 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 2,075,000	854,650	2,929,650
2007	1,650,000	1,593,986	3,243,986
2008	1,705,000	1,536,236	3,241,236
2009	1,765,000	1,472,298	3,237,298
2010	1,840,000	1,401,698	3,241,698
2011	2,125,000	1,324,418	3,449,418
2012	3,060,000	1,233,043	4,293,043
2013	3,200,000	1,095,343	4,295,343
2014	3,345,000	948,143	4,293,143
2015	3,505,000	790,928	4,295,928
2016	3,670,000	622,688	4,292,688
2017	760,000	444,693	1,204,693
2018	790,000	415,813	1,205,813
2019	825,000	385,003	1,210,003
2020	855,000	352,003	1,207,003
2021	890,000	317,803	1,207,803
2022	570,000	277,753	847,753
2023	595,000	253,528	848,528
2024	780,000	227,943	1,007,943
2025	815,000	194,013	1,009,013
2026	855,000	153,263	1,008,263
2027	555,000	110,513	665,513
2028	435,000	81,375	516,375
2029	250,000	58,538	308,538
2030	200,000	45,413	245,413
2031	210,000	34,913	244,913
2032	220,000	23,888	243,888
2033	<u>235,000</u>	<u>12,338</u>	<u>247,338</u>
Total	<u>\$ 37,780,000</u>	<u>16,262,224</u>	<u>54,042,224</u>

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(7) Long-Term Debt, (Continued)

**2003 General Obligation Bonds**

The City issued \$6,000,000 of general obligation bonds, Election of 2002, Series A on April 24, 2003 to provide funds for a new public library. The bonds mature annually through August 1, 2028 in the amounts ranging from \$120,000 to \$425,000 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 3.70% to 6.10%. 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.

The annual debt service payments for the bonds outstanding at June 30, 2005 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 120,000	277,408	397,408
2007	130,000	270,208	400,208
2008	135,000	262,190	397,190
2009	145,000	253,647	398,647
2010	155,000	244,497	399,497
2011	165,000	234,740	399,740
2012	175,000	224,658	399,658
2013	185,000	214,089	399,089
2014	200,000	204,870	404,870
2015	210,000	196,775	406,775
2016	220,000	188,280	408,280
2017	230,000	179,580	409,580
2018	240,000	169,830	409,830
2019	255,000	159,525	414,525
2020	265,000	148,673	413,673
2021	280,000	136,851	416,851
2022	295,000	124,235	419,235
2023	310,000	109,970	419,970
2024	330,000	95,571	425,571
2025	345,000	81,011	426,011
2026	365,000	64,635	429,635
2027	385,000	47,290	432,290
2028	405,000	28,475	433,475
2029	<u>425,000</u>	<u>9,282</u>	<u>434,282</u>
Total	<u>\$5,970,000</u>	<u>3,926,290</u>	<u>9,896,290</u>

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(7) Long-Term Debt, (Continued)

**2003 A HUD 108 Bond**

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 of the bonds is payable semi-annually on each February 1 and August 1, commencing February 1, 2004.

The annual debt service payments for the bonds outstanding at June 30, 2005 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 170,000	329,927	499,927
2007	180,000	326,279	506,279
2008	195,000	321,214	516,214
2009	210,000	314,633	524,633
2010	225,000	306,650	531,650
2011	245,000	297,269	542,269
2012	260,000	286,413	546,413
2013	280,000	274,117	554,117
2014	305,000	260,227	565,227
2015	325,000	244,850	569,850
2016	350,000	227,967	577,967
2017	380,000	209,233	589,233
2018	410,000	188,528	598,528
2019	440,000	165,847	605,847
2020	475,000	141,044	616,044
2021	510,000	113,975	623,975
2022	545,000	84,640	629,640
2023	590,000	52,770	642,770
2024	<u>635,000</u>	<u>18,066</u>	<u>653,066</u>
Total	<u>\$6,730,000</u>	<u>4,163,649</u>	<u>10,893,649</u>

CITY OF NATIONAL CITY  
Notes to the Basic Financial Statements  
(Continued)

(7) Long-Term Debt, (Continued)

**Suntrust Fire Engine Lease**

In March 2004, the City entered into a lease agreement with Suntrust Leasing Corporation for a Fire Engine in the amount of \$279,996. The annual interest rate applicable to the lease agreement is 2.93%. The City will make Rental Payments consisting of principal and interest for the term of 5 years and is typically liquidated by the General Fund.

The annual debt service requirements for the lease outstanding at June 30, 2005 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 54,740	5,378	60,118
2007	56,361	3,754	60,115
2008	58,033	2,082	60,115
2009	<u>39,640</u>	<u>437</u>	<u>40,077</u>
Total	<u>\$208,774</u>	<u>11,651</u>	<u>220,425</u>

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(7) Long-Term Debt, (Continued)

**Community Development Commission Note Payable**

The mortgage payable is secured by a deed of trust, bears interest at 6.5% and is payable to GMAC in the amount of \$3,328,141 (including current portion of \$148,087). The mortgage is being repaid in monthly installments of \$30,005, including interest, through August 2019. The note is insured by HUD and is secured by substantially all property and equipment of the Community Development Commission Enterprise Fund.

The annual principal payments of the note payable outstanding at June 30, 2005 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 148,087	211,973	360,060
2007	158,005	202,055	360,060
2008	168,587	191,473	360,060
2009	179,877	180,183	360,060
2010	191,923	168,137	360,060
2011	204,777	155,283	360,060
2012	218,492	141,568	360,060
2013	233,124	126,936	360,060
2014	248,736	111,324	360,060
2015	265,395	94,665	360,060
2016	283,170	76,890	360,060
2017	302,136	57,924	360,060
2018	322,368	37,692	360,060
2019	343,957	16,103	360,060
2020	<u>59,507</u>	<u>503</u>	<u>60,010</u>
Total	<u>\$3,328,141</u>	<u>1,772,709</u>	<u>5,100,850</u>

**Defeasance of Debt**

As of June 30, 2005, the outstanding balances of defeased issues are as follows:

Community Development Commission 2001 Tax Allocation Bonds	\$36,935,000
Community Development Commission 1998 Tax Allocation Bonds	19,580,000

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(8) Defined Benefit Pension Plan (PERS)

The City of National City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustment, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

Miscellaneous and safety participants are required to contribute 8% and 9%, respectively, of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and town contract with employee bargaining groups.

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2004 to June 30, 2005 has been determined by an actuarial valuation of the plan as of June 30, 2002. The contribution rates are as follows: 20.647% for police employees, 27.371% for fire employees, 11.853% for miscellaneous City employees, and 12.739% for miscellaneous CDC employees. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2005, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2004 to June 30, 2005.

A summary of principle assumptions and methods used to determine the ARC is shown below.

	<u>Miscellaneous Employees Group</u>	<u>Safety Employees Group</u>
Valuation Date	June 30, 2002	June 30, 2002
Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Period	19 Years - City	17 Years - Police
(as of the Valuation Date)	17 Years - CDC	9 Years - Fire
Asset Valuation Method	3 Year Smoothed Market	3 Year Smoothed Market
Actuarial Assumptions		
Investment Rate of Return	8.25% (net of administrative expenses)	8.25% (net of administrative expenses)
Projected Salary Increases	4.27% to 11.59% depending on Age, Service, and type of employment	4.27% to 11.59% depending on Age, Service, and type of employment
Inflation	3.50%	3.50%
Payroll Growth	3.75%	3.75%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.50% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.50% and an annual production growth of 0.25%

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(8) Defined Benefit Pension Plan (PERS), (Continued)

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

For the miscellaneous and safety plan, the unfunded actuarial liability is amortized over a period ending June 30, 2034.

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded accrued liability to payroll.

*Required Supplementary Information – Miscellaneous Employees Group*

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL As a % of Payroll
6/30/02	\$ 39,395,530	39,876,649	(481,119)	101.2%	7,500,773	(6.4%)
6/30/03	47,131,583	40,700,150	6,431,433	86.4%	8,663,676	74.2%
6/30/04	50,988,034	42,822,172	8,165,862	84.0%	9,009,203	90.6%

*Required Supplementary Information – Safety Employees Group*

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL As a % of Payroll
6/30/02	N/A	N/A	N/A	N/A	N/A	N/A
6/30/03	\$ 76,837,894	64,354,013	12,483,881	83.8%	8,249,188	151.3%
6/30/04	82,860,112	67,935,328	14,924,784	82.0%	8,630,412	172.9%

*Three-Year Trend Information*

Fiscal Year	Annual Pension Cost (Employer Contribution)	Percentage of APC Contributed	Net Pension Obligation
6/30/03	\$ 978,054	100%	-0-
6/30/04	1,087,104	100%	-0-
6/30/05	3,401,669	100%	-0-

## CITY OF NATIONAL CITY

### Notes to the Basic Financial Statements

(Continued)

#### (9) Commitments and Contingencies

##### *A. Lawsuits in the Normal Course of Business*

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.

##### *B. Federal and State Grant Programs*

The City participates in several federal and state grant programs. These programs have been audited by the City's independent auditors in accordance with the provisions of the federal Single Audit Act, as amended and applicable state requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

As of June 30, 2005 in the opinion of City management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the City.



CITY OF NATIONAL CITY  
Notes to the Basic Financial Statements  
(Continued)

(10) Prior Period Adjustments

The City had the following prior period adjustments:

	Fund Financial Statements					
	Special Revenue Funds		Capital Project Funds			Government-Wide Statement of Activities
	Section 8 Housing Assistance	General Capital Outlay	Redevelopment Fund	Proposition A	STP Local/ TransNet Highway	
Fund balance at beginning of year, as previously reported	\$1,029,682	792,627	11,617,680	883,644	307,143	
Adjustments:						
To adjust due from other funds	(638,194)	-	-	-	-	(638,194)
To adjust due to other funds	-	-	638,194	-	-	638,194
To reverse payroll expenses over paid to the City	-	-	711,959	-	-	711,959
To adjust for deferred revenue	-	<u>240,000</u>	-	<u>2,395,614</u>	<u>199,149</u>	<u>2,834,763</u>
Fund balance at beginning of year, as restated	<u>\$ 391,488</u>	<u>1,032,627</u>	<u>12,967,833</u>	<u>3,279,258</u>	<u>506,292</u>	<u>125,773,498</u>

(11) Required Disclosures

The following funds had fund deficits at June 30, 2005:

	<u>Fund Deficit</u>
Section 8 Housing Assistance Special Revenue Fund	(752,403)
Library Construction Capital Project Fund	(2,393,179)
Community Development Block Grant Special Revenue Fund	(190,485)
Nutrition Program Special Revenue Fund	(804,977)

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(11) Required Disclosures, (Continued)

The following funds reported excess of expenditures over appropriations for the year ended June 30, 2005:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Library Special Revenue Fund	\$1,473,606	1,477,777	(4,171)
Community Development Block Grant Special Revenue Fund	1,682,583	2,126,227	(443,644)
Home Loan Program Special Revenue Fund	-	17,473	(17,473)
HOME Program Special Revenue Fund	1,541,000	1,665,131	(124,131)
Nutrition Program Special Revenue Fund	833,679	937,954	(104,275)
Joint Powers Financing Authority Debt Service Fund	490,446	490,663	(217)
Community Development Commission Debt Service Fund	1,000,000	3,771,567	(2,771,567)

CITY OF NATIONAL CITY

Notes to Required Supplementary Information

For the year ended June 30, 2005

(1) Budgetary Information

Annual budgets are adopted for the general, special revenue, debt service, and capital projects funds. All unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are carried forward in the subsequent fiscal year.

The City Manager is authorized to transfer budgeted amounts within a department within a fund. However, any revisions that increase the total budget of any department or fund must be approved by the City Council. All necessary supplemental appropriations were adopted by the City Council and are included in the reported data. For the fiscal year ended June 30, 2005, supplemental appropriations requiring City Council approval were insignificant. The legal level of control for appropriations is exercised at the department level.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

The following is the budget comparison schedules for the General Fund and all major special revenue funds.

(2) Required Disclosures

The following fund had a fund deficit at June 30, 2005:

	<u>Fund Deficit</u>
Section 8 Housing Assistance Special Revenue Fund	(752,403)

CITY OF NATIONAL CITY  
General Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 23,943,278	23,943,278	26,125,174	2,181,896
Licenses and permits	493,456	493,456	895,617	402,161
Fines and forfeitures	1,184,426	1,184,426	1,050,754	(133,672)
Interest and rents	1,254,494	1,254,494	862,356	(392,138)
Intergovernmental	902,593	902,593	2,177,046	1,274,453
Charges for services	2,412,683	2,412,683	1,243,479	(1,169,204)
Other revenues	120,653	120,653	290,552	169,899
<b>Total revenues</b>	<b>30,311,583</b>	<b>30,311,583</b>	<b>32,644,978</b>	<b>2,333,395</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	5,145,514	5,145,514	3,868,294	1,277,220
Public safety	23,735,940	23,735,940	22,005,900	1,730,040
Transportation	3,062,241	3,062,241	2,904,547	157,694
Community development	586,142	586,142	576,253	9,889
Culture and leisure	1,392,791	1,392,791	1,274,111	118,680
Capital outlay	474,809	474,809	259,337	215,472
<b>Total expenditures</b>	<b>34,397,437</b>	<b>34,397,437</b>	<b>30,888,442</b>	<b>3,508,995</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(4,085,854)</b>	<b>(4,085,854)</b>	<b>1,756,536</b>	<b>5,842,390</b>
<b>Other financing sources (uses):</b>				
Proceeds from lease	-	-	-	-
Transfers in	4,044,649	4,044,649	3,516,073	(528,576)
Transfers out	(1,899,560)	(1,899,560)	(1,847,701)	51,859
<b>Total other financing sources (uses)</b>	<b>2,145,089</b>	<b>2,145,089</b>	<b>1,668,372</b>	<b>(476,717)</b>
<b>Net change in fund balances</b>	<b>(1,940,765)</b>	<b>(1,940,765)</b>	<b>3,424,908</b>	<b>5,365,673</b>
Fund balance, beginning of year	9,158,335	9,158,335	9,158,335	-
Fund balance, end of year	<b>\$ 7,217,570</b>	<b>7,217,570</b>	<b>12,583,243</b>	<b>5,365,673</b>

CITY OF NATIONAL CITY  
Section 8 Housing Assistance Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	60,000	32,000	37,587	5,587
Intergovernmental	7,278,727	8,307,060	8,307,062	2
Charges for services	-	-	-	-
Other revenues	-	-	4,418	4,418
<b>Total revenues</b>	<u>7,338,727</u>	<u>8,339,060</u>	<u>8,349,067</u>	<u>10,007</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Community development	7,316,002	8,239,680	8,291,692	(52,012)
Culture and leisure	-	-	-	-
Capital outlay	<u>22,725</u>	<u>99,380</u>	<u>35,795</u>	<u>63,585</u>
<b>Total expenditures</b>	<u>7,338,727</u>	<u>8,339,060</u>	<u>8,327,487</u>	<u>11,573</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>21,580</u>	<u>21,580</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(1,165,471)</u>	<u>(1,165,471)</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(1,165,471)</u>	<u>(1,165,471)</u>
Net change in fund balances	-	-	(1,143,891)	(1,143,891)
Fund balance, beginning of year	<u>391,488</u>	<u>391,488</u>	<u>391,488</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 391,488</u>	<u>391,488</u>	<u>(752,403)</u>	<u>(1,143,891)</u>

CITY OF NATIONAL CITY  
Other Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
<b>Revenues:</b>				
Taxes	\$ 150,000	150,000	46,632	(103,368)
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	183,809	183,809
Interest and rents	185,309	185,309	609,635	424,326
Intergovernmental	3,935,754	3,935,754	5,717,331	1,781,577
Charges for services	445,752	445,752	340,762	(104,990)
Other revenues	-	-	2,685,026	2,685,026
<b>Total revenues</b>	<u>4,716,815</u>	<u>4,716,815</u>	<u>9,583,195</u>	<u>4,866,380</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,298,428	1,298,428	1,218,539	79,889
Public safety	1,493,222	1,493,222	1,376,838	116,384
Transportation	-	-	-	-
Community development	4,309,696	4,309,696	1,103,182	3,206,514
Health	211,128	211,128	142,556	68,572
Culture and leisure	3,366,397	3,366,397	2,640,263	726,134
Capital outlay	10,633,124	10,633,124	2,084,000	8,549,124
<b>Debt service:</b>				
Principal	170,000	170,000	170,000	-
Interest and fiscal charges	399,220	399,220	447,332	(48,112)
<b>Total expenditures</b>	<u>21,881,215</u>	<u>21,881,215</u>	<u>9,182,710</u>	<u>12,698,505</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(17,164,400)</u>	<u>(17,164,400)</u>	<u>400,485</u>	<u>17,564,885</u>
<b>Other financing sources (uses):</b>				
Transfers in	400,603	400,603	400,603	-
Transfers out	(1,165,921)	(1,165,921)	(1,165,921)	-
<b>Total other financing sources (uses)</b>	<u>(765,318)</u>	<u>(765,318)</u>	<u>(765,318)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(17,929,718)</u>	<u>(17,929,718)</u>	<u>(364,833)</u>	<u>17,564,885</u>
<b>Fund balance, beginning of year, as restated</b>	<u>6,950,501</u>	<u>6,950,501</u>	<u>6,950,501</u>	<u>-</u>
<b>Fund balance (deficit), end of year</b>	<u>\$ (10,979,217)</u>	<u>(10,979,217)</u>	<u>6,585,668</u>	<u>17,564,885</u>

CITY OF NATIONAL CITY  
Sewer Service Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
<b>Revenues:</b>				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	3,000	3,000	410	(2,590)
Intergovernmental	-	-	-	-
Charges for services	6,348,938	6,348,938	7,249,849	900,911
Other revenues	14,000	14,000	38,149	24,149
<b>Total revenues</b>	<u>6,365,938</u>	<u>6,365,938</u>	<u>7,288,408</u>	<u>922,470</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Health	9,277,762	9,277,762	5,696,038	3,581,724
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>9,277,762</u>	<u>9,277,762</u>	<u>5,696,038</u>	<u>3,581,724</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(2,911,824)</u>	<u>(2,911,824)</u>	<u>1,592,370</u>	<u>4,504,194</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	(20,221)	(20,221)	(20,221)	-
<b>Total other financing sources (uses)</b>	<u>(20,221)</u>	<u>(20,221)</u>	<u>(20,221)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(2,932,045)</u>	<u>(2,932,045)</u>	<u>1,572,149</u>	<u>4,504,194</u>
<b>Fund balance, beginning of year</b>	<u>8,908,754</u>	<u>8,908,754</u>	<u>8,908,754</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 5,976,709</u>	<u>5,976,709</u>	<u>10,480,903</u>	<u>4,504,194</u>

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS:

#### **General Capital Outlay Fund**

This fund is used to account for funds set aside from the proceeds of sale of and rental from surplus real property for the City's five-year capital improvement program.

#### **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.

#### **Parks and Recreation Capital Outlay Fund**

This fund is used to account for revenues from dwelling fees set aside for capital improvement expenditures of the Parks and Recreation Department.

#### **Community Development Block Grant Fund**

This fund is used to account for federal funds received from the U.S. Department of Housing and Urban Development – Community Development Block Program.

#### **Home Loan Program Fund**

This fund is used to account for federal funds received from the U.S. Department of Housing and Urban Development Home Loan Program.

#### **Home Program Fund**

This fund is used to account for federal funds received from the U.S. Department of Housing and Urban Development Home Program.

#### **Nutrition Program Fund**

This fund is used for operations of the Nutrition grant.



## NON-MAJOR GOVERNMENTAL FUNDS, (CONTINUED)

### **Low and Moderate Income Housing Fund**

This fund is used to account for the Community Development Commission 20% Set Aside.

### **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.

### **DEBT SERVICE FUND:**

#### **National City Joint Powers Financing Authority Fund**

This fund is used to account for funds maintained by the trustee bank solely for the purpose of paying, when due and payable, the principal of or interest on the lease revenue bonds and lease revenue refunding bonds issued by the National City Joint Powers Financing Authority.

#### **Community Development Commission Fund**

This fund is used to account for debt service of the Community Development Commission.

#### **Library Bond Debt Service Fund**

This fund is used to account for debt service of the Library.

### **CAPITAL PROTECTS FUNDS:**

#### **Proposition "A" Capital Projects Fund**

This fund is used to account for the City's allocation of the 2% transactions and use tax imposed by Proposition "A" (San Diego Transportation Improvement Program Ordinance) passed by the voters in San Diego County in November 1987.

#### **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.

#### **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.

#### **Education Village**

This fund is used to account for activities associated with the development of a commercial/education building in conjunction with Southwestern Community College.

#### **Traffic Congestion Relief Fund**

This fund is used for the maintenance, rehabilitation and reconstruction of transportation related to Capital Projects; specifically pertaining to local streets and roads.

CITY OF NATIONAL CITY  
Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2005

	Special Revenue Funds					
	General Capital Outlay	Library	Parks Maintenance	Library Capital Outlay	Gas Tax	Park and Recreation Capital Outlay
<u>ASSETS</u>						
Cash and investments	\$ 1,032,627	17,571	16,418	416,688	887,541	362,305
Restricted cash and investments with fiscal agent	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	6,454
Property tax receivable	-	-	-	-	-	-
Interest receivable	-	-	-	-	10,970	-
Due from other governmental entities	-	11,992	13,973	15,822	109,574	-
Land held for resale	-	-	-	-	-	-
Contracts, notes and loans receivable	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,032,627</b>	<b>29,563</b>	<b>30,391</b>	<b>432,510</b>	<b>1,008,085</b>	<b>368,759</b>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ -	120	4,804	3,224	6,054	-
Salaries payable	-	17,894	11,614	-	-	-
Due to other funds	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>18,014</b>	<b>16,418</b>	<b>3,224</b>	<b>6,054</b>	<b>-</b>
Fund balances:						
Reserved:						
Encumbrances	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-
Contracts, loans, notes receivable	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
<b>Total reserved</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Unreserved, designated:						
Continuing appropriations	1,014,945	-	-	235,419	736,936	-
<b>Total reserved, designated</b>	<b>1,014,945</b>	<b>-</b>	<b>-</b>	<b>235,419</b>	<b>736,936</b>	<b>-</b>
Unreserved, undesignated:						
Special revenue funds	17,682	11,549	13,973	193,867	265,095	368,759
Capital projects funds	-	-	-	-	-	-
<b>Total fund balances</b>	<b>1,032,627</b>	<b>11,549</b>	<b>13,973</b>	<b>429,286</b>	<b>1,002,031</b>	<b>368,759</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,032,627</b>	<b>29,563</b>	<b>30,391</b>	<b>432,510</b>	<b>1,008,085</b>	<b>368,759</b>

Special Revenue Funds						Debt Service Funds	
Community Development Block Grant	Home Loan Program	HOME Program	Nutrition Program	Low and Moderate Income Housing Program	Asset Forfeiture	Joint Powers Financing Authority	Community Development Commission
547,123	2,593,053	1,333,958	-	2,603,808	1,028,832	-	-
-	-	-	-	-	-	-	2,739,122
-	-	-	99,039	-	-	-	-
-	-	-	-	64,750	-	-	-
-	-	-	-	6,069	-	-	-
-	-	-	-	-	-	-	-
-	-	1,705,802	-	360,000	-	-	-
14,870	750,660	225,098	-	1,177,253	-	-	-
<u>561,993</u>	<u>3,343,713</u>	<u>3,264,858</u>	<u>99,039</u>	<u>4,211,880</u>	<u>1,028,832</u>	<u>-</u>	<u>2,739,122</u>
752,478	4,672	153,980	89,834	3,101	-	-	-
-	-	-	-	-	-	-	-
-	-	-	814,182	-	-	-	-
-	-	-	-	-	-	-	-
<u>752,478</u>	<u>4,672</u>	<u>153,980</u>	<u>904,016</u>	<u>3,101</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	325,641	-	-
-	-	1,705,802	-	360,000	-	-	-
14,870	750,660	225,098	-	1,177,253	-	-	-
-	-	-	-	-	-	-	2,739,122
<u>14,870</u>	<u>750,660</u>	<u>1,930,900</u>	<u>-</u>	<u>1,537,253</u>	<u>325,641</u>	<u>-</u>	<u>2,739,122</u>
-	-	-	-	-	1,090	-	-
-	-	-	-	-	1,090	-	-
(205,355)	2,588,381	1,179,978	(804,977)	2,671,526	702,101	-	-
-	-	-	-	-	-	-	-
<u>(190,485)</u>	<u>3,339,041</u>	<u>3,110,878</u>	<u>(804,977)</u>	<u>4,208,779</u>	<u>1,028,832</u>	<u>-</u>	<u>2,739,122</u>
<u>561,993</u>	<u>3,343,713</u>	<u>3,264,858</u>	<u>99,039</u>	<u>4,211,880</u>	<u>1,028,832</u>	<u>-</u>	<u>2,739,122</u>

(Continued)

CITY OF NATIONAL CITY  
Nonmajor Governmental Funds

Combining Balance Sheet, Continued

June 30, 2005

	Debt Service		Capital Projects Funds				Total Other Governmental Funds
	Library Bonds	Proposition A	STP Local/TransNet Highway	State-Local Partnership	Education Village	Traffic Congestion Relief	
<b>ASSETS</b>							
Cash and investments	\$ 388,258	3,471,474	512,987	103,439	-	-	15,316,082
Restricted cash and investments with fiscal agent	-	3,655	-	-	-	-	2,742,777
Accounts receivable	-	-	-	-	-	-	105,493
Property tax receivable	-	-	-	-	-	-	64,750
Interest receivable	-	24,212	3,580	722	-	-	45,553
Due from other governmental entities	4,751	-	-	-	-	-	156,112
Land held for resale	-	-	-	-	-	-	2,065,802
Contracts, notes and loans receivable	-	-	-	-	-	-	2,167,881
<b>Total assets</b>	<b>\$ 393,009</b>	<b>3,499,341</b>	<b>516,567</b>	<b>104,161</b>	<b>-</b>	<b>-</b>	<b>22,664,450</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 1,134	11,204	-	-	-	-	1,030,605
Salaries payable	-	2,308	-	-	-	-	31,816
Due to other funds	-	-	-	-	-	-	814,182
Deferred revenue	-	-	-	95,493	-	-	95,493
<b>Total liabilities</b>	<b>1,134</b>	<b>13,512</b>	<b>-</b>	<b>95,493</b>	<b>-</b>	<b>-</b>	<b>1,972,096</b>
<b>Fund balances:</b>							
<b>Reserved:</b>							
Encumbrances	-	152,087	-	-	-	-	477,728
Land held for resale	-	-	-	-	-	-	2,065,802
Contracts, loans, notes receivable	-	-	-	-	-	-	2,167,881
Debt service	391,875	-	-	-	-	-	3,130,997
<b>Total reserved</b>	<b>391,875</b>	<b>152,087</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,842,408</b>
<b>Unreserved, designated:</b>							
Continuing appropriations	-	1,999,782	8,663	-	-	-	3,996,835
<b>Total reserved, designated</b>	<b>-</b>	<b>1,999,782</b>	<b>8,663</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,996,835</b>
<b>Unreserved, undesignated:</b>							
Special revenue funds	-	-	-	-	-	-	7,002,579
Capital projects funds	-	1,333,960	507,904	8,668	-	-	1,850,532
<b>Total fund balances</b>	<b>391,875</b>	<b>3,485,829</b>	<b>516,567</b>	<b>8,668</b>	<b>-</b>	<b>-</b>	<b>20,692,354</b>
<b>Total liabilities and fund balances</b>	<b>\$ 393,009</b>	<b>3,499,341</b>	<b>516,567</b>	<b>104,161</b>	<b>-</b>	<b>-</b>	<b>22,664,450</b>

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CITY OF NATIONAL CITY  
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2005

	Special Revenue Funds					
	General Capital Outlay	Library	Parks Maintenance	Library Capital Outlay	Gas Tax	Park and Recreation Capital Outlay
Revenues:						
Taxes	\$ -	394,895	460,153	174,180	-	27,125
Interest and rents	-	-	-	-	32,455	125,455
Intergovernmental	-	6,572	7,657	-	1,130,795	-
Charges for services	-	-	-	12,709	-	-
Other revenues	-	-	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>401,467</b>	<b>467,810</b>	<b>186,889</b>	<b>1,163,250</b>	<b>152,580</b>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Culture and leisure	-	1,477,777	847,878	-	-	21,451
Capital outlay	-	-	-	159,006	486,775	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>1,477,777</b>	<b>847,878</b>	<b>159,006</b>	<b>486,775</b>	<b>21,451</b>
Excess (deficiency) of revenues over (under) expenditures	-	(1,076,310)	(380,068)	27,883	676,475	131,129
Other financing sources (uses):						
Issuance of debt	-	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-	-
Transfers in	-	1,087,722	394,041	-	-	-
Transfers out	-	-	-	-	(684,596)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>1,087,722</b>	<b>394,041</b>	<b>-</b>	<b>(684,596)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>11,412</b>	<b>13,973</b>	<b>27,883</b>	<b>(8,121)</b>	<b>131,129</b>
Fund balance, beginning of year, as restated	1,032,627	137	-	401,403	1,010,152	237,630
<b>Fund balance, end of year</b>	<b>\$ 1,032,627</b>	<b>11,549</b>	<b>13,973</b>	<b>429,286</b>	<b>1,002,031</b>	<b>368,759</b>

Special Revenue Funds						Debt Service Funds	
Community Development Block Grant	Home Loan Program	HOME Program	Nutrition Program	Low and Moderate Income Housing Program	Asset Forfeiture	Joint Powers Financing Authority	Community Development Commission
-	-	-	-	1,920,744	-	-	-
-	-	-	-	23,627	12,610	487	4,684
1,641,963	-	1,130,811	375,291	-	-	490,136	-
-	-	-	-	-	539,774	-	-
<u>1,079</u>	<u>57,874</u>	<u>35,423</u>	<u>237,016</u>	<u>183,311</u>	<u>-</u>	<u>-</u>	<u>852,592</u>
<u>1,643,042</u>	<u>57,874</u>	<u>1,166,234</u>	<u>612,307</u>	<u>2,127,682</u>	<u>552,384</u>	<u>490,623</u>	<u>857,276</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	20,534	-	-
-	-	-	937,954	-	-	-	-
2,126,227	17,473	1,665,131	-	409,901	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	37,289	-	-
-	-	-	-	-	-	270,000	515,000
-	-	-	-	-	-	220,663	3,256,567
<u>2,126,227</u>	<u>17,473</u>	<u>1,665,131</u>	<u>937,954</u>	<u>409,901</u>	<u>57,823</u>	<u>490,663</u>	<u>3,771,567</u>
<u>(483,185)</u>	<u>40,401</u>	<u>(498,897)</u>	<u>(325,647)</u>	<u>1,717,781</u>	<u>494,561</u>	<u>(40)</u>	<u>(2,914,291)</u>
-	-	-	-	-	-	-	37,780,000
-	-	-	-	-	-	-	(37,111,533)
-	-	-	-	-	-	-	1,409,947
-	-	-	-	(5,560,163)	-	-	(483,619)
-	-	-	-	(5,560,163)	-	-	1,594,795
<u>(483,185)</u>	<u>40,401</u>	<u>(498,897)</u>	<u>(325,647)</u>	<u>(3,842,382)</u>	<u>494,561</u>	<u>(40)</u>	<u>(1,319,496)</u>
<u>292,700</u>	<u>3,298,640</u>	<u>3,609,775</u>	<u>(479,330)</u>	<u>8,051,161</u>	<u>534,271</u>	<u>40</u>	<u>4,058,618</u>
<u>(190,485)</u>	<u>3,339,041</u>	<u>3,110,878</u>	<u>(804,977)</u>	<u>4,208,779</u>	<u>1,028,832</u>	<u>-</u>	<u>2,739,122</u>

(Continued)

CITY OF NATIONAL CITY  
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued

Year ended June 30, 2005

	Debt	Capital Projects Funds					Total Other Governmental Funds
	Service	Library Bonds	Proposition A	STP Local/ TransNet Highway	State- Local Partnership	Education Village	
Revenues:							
Taxes	\$ -	-	-	-	-	-	2,977,097
Interest and rents	-	74,673	10,704	2,309	-	-	287,004
Intergovernmental	-	1,213,641	105,648	-	-	251,975	6,354,489
Charges for services	-	-	-	-	-	-	552,483
Other revenues	462,344	-	-	-	-	-	1,829,639
<b>Total revenues</b>	<b>462,344</b>	<b>1,288,314</b>	<b>116,352</b>	<b>2,309</b>	<b>-</b>	<b>251,975</b>	<b>12,000,712</b>
Expenditures:							
Current:							
General government	1,134	-	-	-	-	-	1,134
Public safety	-	-	-	-	-	-	20,534
Health	-	-	-	-	-	-	937,954
Community development	-	-	-	-	-	-	4,218,732
Culture and leisure	-	-	-	-	-	-	2,347,106
Capital outlay	-	1,081,743	106,077	-	-	292,532	2,163,422
Debt service:							
Principal	30,000	-	-	-	-	-	815,000
Interest and fiscal charges	281,458	-	-	-	-	-	3,758,688
<b>Total expenditures</b>	<b>312,592</b>	<b>1,081,743</b>	<b>106,077</b>	<b>-</b>	<b>-</b>	<b>292,532</b>	<b>14,262,570</b>
Excess (deficiency) of revenues over (under) expenditures	149,752	206,571	10,275	2,309	-	(40,557)	(2,261,858)
Other financing sources (uses):							
Issuance of debt	-	-	-	-	-	-	37,780,000
Payment to bond escrow agent	-	-	-	-	-	-	(37,111,533)
Transfers in	-	-	-	-	-	-	2,891,710
Transfers out	-	-	-	-	(4,500,000)	-	(11,228,378)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,500,000)</b>	<b>-</b>	<b>(7,668,201)</b>
<b>Net change in fund balances</b>	<b>149,752</b>	<b>206,571</b>	<b>10,275</b>	<b>2,309</b>	<b>(4,500,000)</b>	<b>(40,557)</b>	<b>(9,930,059)</b>
Fund balance, beginning of year, as restated	242,123	3,279,258	506,292	6,359	4,500,000	40,557	30,622,413
<b>Fund balance, end of year</b>	<b>\$ 391,875</b>	<b>3,485,829</b>	<b>516,567</b>	<b>8,668</b>	<b>-</b>	<b>-</b>	<b>20,692,354</b>



CITY OF NATIONAL CITY  
General Capital Outlay Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
	-	-	-	-
Total revenues	-	-	-	-
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	1,014,945	1,014,945	-	1,014,945
Total expenditures	1,014,945	1,014,945	-	1,014,945
Excess (deficiency) of revenues over (under) expenditures	(1,014,945)	(1,014,945)	-	1,014,945
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(1,014,945)	(1,014,945)	-	1,014,945
Fund balance, beginning of year	1,032,627	1,032,627	1,032,627	-
Fund balance, end of year	\$ 17,682	17,682	1,032,627	1,014,945

CITY OF NATIONAL CITY  
Library Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 400,000	400,000	394,895	(5,105)
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Intergovernmental	8,000	8,000	6,572	(1,428)
Charges for services	-	-	-	-
Other revenues	-	-	-	-
<b>Total revenues</b>	<u>408,000</u>	<u>408,000</u>	<u>401,467</u>	<u>(6,533)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Community development	-	-	-	-
Culture and leisure	1,473,606	1,473,606	1,477,777	(4,171)
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>1,473,606</u>	<u>1,473,606</u>	<u>1,477,777</u>	<u>(4,171)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,065,606)</u>	<u>(1,065,606)</u>	<u>(1,076,310)</u>	<u>(10,704)</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,068,390	1,068,390	1,087,722	19,332
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>1,068,390</u>	<u>1,068,390</u>	<u>1,087,722</u>	<u>19,332</u>
<b>Net change in fund balances</b>	2,784	2,784	11,412	8,628
<b>Fund balance, beginning of year</b>	<u>137</u>	<u>137</u>	<u>137</u>	<u>-</u>
<b>Fund balance (deficit), end of year</b>	<u>\$ 2,921</u>	<u>2,921</u>	<u>11,549</u>	<u>8,628</u>

CITY OF NATIONAL CITY  
Parks Maintenance Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 450,000	450,000	460,153	10,153
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Intergovernmental	8,000	8,000	7,657	(343)
Charges for services	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>458,000</u>	<u>458,000</u>	<u>467,810</u>	<u>9,810</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Community development	-	-	-	-
Culture and leisure	929,999	929,999	847,878	82,121
Capital outlay	-	-	-	-
Total expenditures	<u>929,999</u>	<u>929,999</u>	<u>847,878</u>	<u>82,121</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(471,999)</u>	<u>(471,999)</u>	<u>(380,068)</u>	<u>91,931</u>
Other financing sources (uses):				
Transfers in	469,004	469,004	394,041	(74,963)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>469,004</u>	<u>469,004</u>	<u>394,041</u>	<u>(74,963)</u>
Net change in fund balances	(2,995)	(2,995)	13,973	16,968
Fund balance, beginning of year	-	-	-	-
Fund balance (deficit), end of year	<u>\$ (2,995)</u>	<u>(2,995)</u>	<u>13,973</u>	<u>16,968</u>

CITY OF NATIONAL CITY  
Library Capital Outlay Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Revenues:				
Taxes	\$ 70,000	70,000	174,180	104,180
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	9,000	9,000	12,709	3,709
Other revenues	-	-	-	-
Total revenues	<u>79,000</u>	<u>79,000</u>	<u>186,889</u>	<u>107,889</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	<u>394,424</u>	<u>394,424</u>	<u>159,006</u>	<u>235,418</u>
Total expenditures	<u>394,424</u>	<u>394,424</u>	<u>159,006</u>	<u>235,418</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(315,424)</u>	<u>(315,424)</u>	<u>27,883</u>	<u>343,307</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(315,424)	(315,424)	27,883	343,307
Fund balance, beginning of year	<u>401,403</u>	<u>401,403</u>	<u>401,403</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 85,979</u>	<u>85,979</u>	<u>429,286</u>	<u>343,307</u>

CITY OF NATIONAL CITY  
Gas Tax Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
<b>Revenues:</b>				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	40,000	40,000	32,455	(7,545)
Intergovernmental	1,210,049	1,210,049	1,130,795	(79,254)
Charges for services	-	-	-	-
Other revenues	-	-	-	-
<b>Total revenues</b>	<u>1,250,049</u>	<u>1,250,049</u>	<u>1,163,250</u>	<u>(86,799)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	<u>1,441,862</u>	<u>1,441,862</u>	<u>486,775</u>	<u>955,087</u>
<b>Total expenditures</b>	<u>1,441,862</u>	<u>1,441,862</u>	<u>486,775</u>	<u>955,087</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(191,813)</u>	<u>(191,813)</u>	<u>676,475</u>	<u>868,288</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	<u>(684,596)</u>	<u>(684,596)</u>	<u>(684,596)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>(684,596)</u>	<u>(684,596)</u>	<u>(684,596)</u>	<u>-</u>
Net change in fund balances	(876,409)	(876,409)	(8,121)	868,288
Fund balance, beginning of year	<u>1,010,152</u>	<u>1,010,152</u>	<u>1,010,152</u>	<u>-</u>
Fund balance, end of year	<u>\$ 133,743</u>	<u>133,743</u>	<u>1,002,031</u>	<u>868,288</u>

CITY OF NATIONAL CITY  
Park and Recreation Capital Outlay Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
<b>Revenues:</b>				
Taxes	\$ 2,000	2,000	27,125	25,125
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	30,000	30,000	125,455	95,455
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
<b>Total revenues</b>	<u>32,000</u>	<u>32,000</u>	<u>152,580</u>	<u>120,580</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Community development	-	-	-	-
Culture and leisure	19,257	21,484	21,451	33
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>19,257</u>	<u>21,484</u>	<u>21,451</u>	<u>33</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,743</u>	<u>10,516</u>	<u>131,129</u>	<u>120,613</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>12,743</u>	<u>10,516</u>	<u>131,129</u>	<u>120,613</u>
Fund balance, beginning of year	<u>237,630</u>	<u>237,630</u>	<u>237,630</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 250,373</u>	<u>248,146</u>	<u>368,759</u>	<u>120,613</u>

CITY OF NATIONAL CITY  
Community Development Block Grant Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Intergovernmental	2,050,027	1,324,000	1,641,963	317,963
Charges for services	-	-	-	-
Other revenues	-	4,116	1,079	(3,037)
<b>Total revenues</b>	<u>2,050,027</u>	<u>1,328,116</u>	<u>1,643,042</u>	<u>314,926</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Community development	1,383,041	1,682,583	2,126,227	(443,644)
Culture and leisure	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>1,383,041</u>	<u>1,682,583</u>	<u>2,126,227</u>	<u>(443,644)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>666,986</u>	<u>(354,467)</u>	<u>(483,185)</u>	<u>(128,718)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	666,986	(354,467)	(483,185)	(128,718)
Fund balance, beginning of year	<u>292,700</u>	<u>292,700</u>	<u>292,700</u>	<u>-</u>
Fund balance, end of year	<u>\$ 959,686</u>	<u>(61,767)</u>	<u>(190,485)</u>	<u>(128,718)</u>

CITY OF NATIONAL CITY  
Home Loan Program Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Other revenues	<u>50,000</u>	<u>50,000</u>	<u>57,874</u>	<u>7,874</u>
<b>Total revenues</b>	<u>50,000</u>	<u>50,000</u>	<u>57,874</u>	<u>7,874</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Community development	-	-	17,473	(17,473)
Culture and leisure	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>17,473</u>	<u>(17,473)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>50,000</u>	<u>50,000</u>	<u>40,401</u>	<u>(9,599)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	50,000	50,000	40,401	(9,599)
Fund balance, beginning of year	<u>3,298,640</u>	<u>3,298,640</u>	<u>3,298,640</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,348,640</u>	<u>3,348,640</u>	<u>3,339,041</u>	<u>(9,599)</u>



CITY OF NATIONAL CITY  
HOME Program Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
<b>Revenues:</b>				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Intergovernmental	666,000	1,541,000	1,130,811	(410,189)
Charges for services	-	-	-	-
Other revenues	-	-	35,423	35,423
<b>Total revenues</b>	<u>666,000</u>	<u>1,541,000</u>	<u>1,166,234</u>	<u>(374,766)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Community development	666,000	1,541,000	1,665,131	(124,131)
Culture and leisure	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>666,000</u>	<u>1,541,000</u>	<u>1,665,131</u>	<u>(124,131)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>(498,897)</u>	<u>(498,897)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>(498,897)</u>	<u>(498,897)</u>
<b>Fund balance, beginning of year</b>	<u>3,609,775</u>	<u>3,609,775</u>	<u>3,609,775</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 3,609,775</u>	<u>3,609,775</u>	<u>3,110,878</u>	<u>(498,897)</u>

CITY OF NATIONAL CITY  
Nutrition Program Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	<u>Budget Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues:</b>				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Intergovernmental	373,787	358,212	375,291	17,079
Charges for services	-	-	-	-
Other revenues	<u>733,203</u>	<u>475,467</u>	<u>237,016</u>	<u>(238,451)</u>
Total revenues	<u>1,106,990</u>	<u>833,679</u>	<u>612,307</u>	<u>(221,372)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Health	1,102,736	833,679	937,954	(104,275)
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	<u>4,254</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,106,990</u>	<u>833,679</u>	<u>937,954</u>	<u>(104,275)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(325,647)</u>	<u>(325,647)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	(325,647)	(325,647)
Fund balance, beginning of year	<u>(479,330)</u>	<u>(479,330)</u>	<u>(479,330)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (479,330)</u>	<u>(479,330)</u>	<u>(804,977)</u>	<u>(325,647)</u>

CITY OF NATIONAL CITY  
Low and Moderate Income Housing Program Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,749,000	1,749,000	1,920,744	171,744
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	17,000	23,627	6,627
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	855,568	183,311	(672,257)
Total revenues	<u>1,749,000</u>	<u>2,621,568</u>	<u>2,127,682</u>	<u>(493,886)</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Community development	1,164,256	1,489,756	409,901	1,079,855
Culture and leisure	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>1,164,256</u>	<u>1,489,756</u>	<u>409,901</u>	<u>1,079,855</u>
Excess (deficiency) of revenues over (under) expenditures	<u>584,744</u>	<u>1,131,812</u>	<u>1,717,781</u>	<u>585,969</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(404,196)	(404,196)	(5,560,163)	(5,155,967)
Total other financing sources (uses)	<u>(404,196)</u>	<u>(404,196)</u>	<u>(5,560,163)</u>	<u>(5,155,967)</u>
Net change in fund balances	180,548	727,616	(3,842,382)	(4,569,998)
Fund balance, beginning of year, as restated	<u>8,051,161</u>	<u>8,051,161</u>	<u>8,051,161</u>	<u>-</u>
Fund balance, end of year	<u>\$ 8,231,709</u>	<u>8,778,777</u>	<u>4,208,779</u>	<u>(4,569,998)</u>

CITY OF NATIONAL CITY  
Asset Forfeiture Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	500	500	12,610	12,110
Intergovernmental	-	-	-	-
Charges for services	100,000	100,000	539,774	439,774
Other revenues	-	-	-	-
<b>Total revenues</b>	<u>100,500</u>	<u>100,500</u>	<u>552,384</u>	<u>451,884</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	22,557	22,557	20,534	2,023
Transportation	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	<u>371,938</u>	<u>371,938</u>	<u>37,289</u>	<u>334,649</u>
<b>Total expenditures</b>	<u>394,495</u>	<u>394,495</u>	<u>57,823</u>	<u>336,672</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(293,995)</u>	<u>(293,995)</u>	<u>494,561</u>	<u>788,556</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(293,995)</u>	<u>(293,995)</u>	<u>494,561</u>	<u>788,556</u>
Fund balance, beginning of year	<u>534,271</u>	<u>534,271</u>	<u>534,271</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 240,276</u>	<u>240,276</u>	<u>1,028,832</u>	<u>788,556</u>

CITY OF NATIONAL CITY  
Joint Powers Financing Authority Debt Service Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	487	487
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Intergovernmental	-	-	490,136	490,136
Charges for services	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>490,623</u>	<u>490,623</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	270,000	270,000	270,000	-
Interest and fiscal charges	<u>220,446</u>	<u>220,446</u>	<u>220,663</u>	<u>(217)</u>
Total expenditures	<u>490,446</u>	<u>490,446</u>	<u>490,663</u>	<u>(217)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(490,446)</u>	<u>(490,446)</u>	<u>(40)</u>	<u>490,406</u>
Other financing sources (uses):				
Transfers in	494,946	494,946	-	(494,946)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>494,946</u>	<u>494,946</u>	<u>-</u>	<u>(494,946)</u>
Net change in fund balances	4,500	4,500	(40)	(4,540)
Fund balance, beginning of year	<u>40</u>	<u>40</u>	<u>40</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 4,540</u>	<u>4,540</u>	<u>-</u>	<u>(4,540)</u>

CITY OF NATIONAL CITY  
Community Development Commission Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Interest and rents	\$ -	-	4,684	4,684
Other revenues	-	-	852,592	852,592
Total revenues	-	-	857,276	857,276
Expenditures:				
Debt service:				
Principal payments	515,000	515,000	515,000	-
Interest and fiscal charges	1,738,698	485,000	3,256,567	(2,771,567)
Total expenditures	2,253,698	1,000,000	3,771,567	(2,771,567)
Excess (deficiency) of revenues over expenditures	(2,253,698)	(1,000,000)	(2,914,291)	(1,914,291)
Other financing sources (uses):				
Transfers in	-	-	1,409,947	1,409,947
Transfers out	-	-	(483,619)	(483,619)
Payment to bond escrow agent	-	-	(37,111,533)	(37,111,533)
Issuance of debt	-	-	37,780,000	37,780,000
Total other financing sources (uses)	-	-	1,594,795	1,594,795
Net change in fund balance	(2,253,698)	(1,000,000)	(1,319,496)	(319,496)
Fund balance, beginning of year	4,058,618	4,058,618	4,058,618	-
Fund balance, end of year	\$ 1,804,920	3,058,618	2,739,122	(319,496)

CITY OF NATIONAL CITY  
Library Bond Debt Service Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	-	462,344	462,344
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>462,344</b>	<b>462,344</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	1,134	1,134	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service</b>				
Principal	-	30,000	30,000	-
Interest and fiscal charges	-	281,458	281,458	-
<b>Total expenditures</b>	<b>-</b>	<b>312,592</b>	<b>312,592</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	-	(312,592)	149,752	462,344
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(312,592)</b>	<b>149,752</b>	<b>462,344</b>
Fund balance, beginning of year	242,123	242,123	242,123	-
<b>Fund balance (deficit), end of year</b>	<b>\$ 242,123</b>	<b>(70,469)</b>	<b>391,875</b>	<b>462,344</b>

CITY OF NATIONAL CITY  
Proposition A Capital Projects Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
<b>Revenues:</b>				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	74,673	74,673
Intergovernmental	-	-	1,213,641	1,213,641
Charges for services	-	-	-	-
Other revenues	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>1,288,314</u>	<u>1,288,314</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	-	-	1,081,743	(1,081,743)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>1,081,743</u>	<u>(1,081,743)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>206,571</u>	<u>206,571</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>206,571</u>	<u>206,571</u>
Fund balance, beginning of year	<u>3,279,258</u>	<u>3,279,258</u>	<u>3,279,258</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 3,279,258</u>	<u>3,279,258</u>	<u>3,485,829</u>	<u>206,571</u>



CITY OF NATIONAL CITY  
STP Local/TransNet Highway Capital Projects Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	10,704	10,704
Interest and rents	-	-	105,648	105,648
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>116,352</u>	<u>116,352</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	-	409,115	106,077	303,038
Total expenditures	<u>-</u>	<u>409,115</u>	<u>106,077</u>	<u>303,038</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(409,115)</u>	<u>10,275</u>	<u>419,390</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(409,115)	10,275	419,390
Fund balance, beginning of year	<u>506,292</u>	<u>506,292</u>	<u>506,292</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 506,292</u>	<u>97,177</u>	<u>516,567</u>	<u>419,390</u>

CITY OF NATIONAL CITY  
State - Local Partnership Capital Projects Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
<b>Revenues:</b>				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	2,309	2,309
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>2,309</u>	<u>2,309</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>2,309</u>	<u>2,309</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>2,309</u>	<u>2,309</u>
Fund balance, beginning of year	<u>6,359</u>	<u>6,359</u>	<u>6,359</u>	<u>-</u>
<b>Fund balance (deficit), end of year</b>	<u>\$ 6,359</u>	<u>6,359</u>	<u>8,668</u>	<u>2,309</u>

CITY OF NATIONAL CITY  
Education Village Capital Projects Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Proceeds from sale of land	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(4,500,000)	(4,500,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(4,500,000)</u>	<u>(4,500,000)</u>
Net change in fund balances	-	-	(4,500,000)	(4,500,000)
Fund balance, beginning of year	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,500,000</u>	<u>4,500,000</u>	<u>-</u>	<u>(4,500,000)</u>

CITY OF NATIONAL CITY  
Traffic Congestion Relief Capital Projects Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
<b>Revenues:</b>				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Intergovernmental	-	-	251,975	251,975
Charges for services	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>251,975</u>	<u>251,975</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	-	292,532	292,532	-
Total expenditures	<u>-</u>	<u>292,532</u>	<u>292,532</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(292,532)</u>	<u>(40,557)</u>	<u>251,975</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(292,532)	(40,557)	251,975
Fund balance, beginning of year	<u>40,557</u>	<u>40,557</u>	<u>40,557</u>	<u>-</u>
Fund balance, end of year	<u>\$ 40,557</u>	<u>(251,975)</u>	<u>-</u>	<u>251,975</u>

CITY OF NATIONAL CITY  
Redevelopment Capital Projects Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 6,996,000	6,996,000	7,682,979	686,979
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	180,000	180,000	278,919	98,919
Intergovernmental	599,003	349,003	190,676	(158,327)
Charges for services	-	-	-	-
Other revenues	<u>5,936,092</u>	<u>13,519,114</u>	<u>1,878,992</u>	<u>(11,640,122)</u>
<b>Total revenues</b>	<u>13,711,095</u>	<u>21,044,117</u>	<u>10,031,566</u>	<u>(11,012,551)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Community development	6,167,274	20,898,631	10,871,520	10,027,111
Culture and leisure	-	-	-	-
Capital outlay	<u>44,625</u>	<u>-</u>	<u>47,802</u>	<u>(47,802)</u>
<b>Total expenditures</b>	<u>6,211,899</u>	<u>20,898,631</u>	<u>10,919,322</u>	<u>9,979,309</u>
<b>Excess (deficiency) of revenues     over (under) expenditures</b>	<u>7,499,196</u>	<u>145,486</u>	<u>(887,756)</u>	<u>(1,033,242)</u>
<b>Other financing sources (uses):</b>				
Proceeds from issuance of debt	-	-	-	-
Transfers in	-	-	11,305,057	11,305,057
Transfers out	<u>(2,403,698)</u>	<u>(1,229,335)</u>	<u>(1,005,751)</u>	<u>223,584</u>
<b>Total other financing sources (uses)</b>	<u>(2,403,698)</u>	<u>(1,229,335)</u>	<u>10,299,306</u>	<u>11,528,641</u>
<b>Net change in fund balances</b>	5,095,498	(1,083,849)	9,411,550	10,495,399
Fund balance, beginning of year	<u>12,967,833</u>	<u>12,967,833</u>	<u>12,967,833</u>	<u>-</u>
Fund balance, end of year	<u>\$ 18,063,331</u>	<u>11,883,984</u>	<u>22,379,383</u>	<u>10,495,399</u>

CITY OF NATIONAL CITY  
Fire Construction Capital Projects Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	45,393	45,393
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>45,393</u>	<u>45,393</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	7,101,434	5,826,938	1,274,496
Transportation	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>7,101,434</u>	<u>5,826,938</u>	<u>1,274,496</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(7,101,434)</u>	<u>(5,781,545)</u>	<u>1,319,889</u>
<b>Other financing sources (uses):</b>				
Issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>(7,101,434)</u>	<u>(5,781,545)</u>	<u>1,319,889</u>
Fund balance, beginning of year	<u>7,161,593</u>	<u>7,161,593</u>	<u>7,161,593</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 7,161,593</u>	<u>60,159</u>	<u>1,380,048</u>	<u>1,319,889</u>

CITY OF NATIONAL CITY  
Library Construction Capital Project Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	55,041	55,041
Intergovernmental	-	-	4,029,949	4,029,949
Charges for services	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>4,084,990</u>	<u>4,084,990</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	-	13,613,151	10,467,895	3,145,256
Total expenditures	<u>-</u>	<u>13,613,151</u>	<u>10,467,895</u>	<u>3,145,256</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(13,613,151)</u>	<u>(6,382,905)</u>	<u>7,230,246</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>(13,613,151)</u>	<u>(6,382,905)</u>	<u>7,230,246</u>
Fund balance, beginning of year	<u>3,989,726</u>	<u>3,989,726</u>	<u>3,989,726</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 3,989,726</u>	<u>(9,623,425)</u>	<u>(2,393,179)</u>	<u>7,230,246</u>

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## INTERNAL SERVICE FUNDS

### **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.

### **General Services Fund**

This fund is used to account for the costs of maintaining the City's centralized procurement system providing supplies, equipment, and certain services for all City departments.

### **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.

### **General Accounting Services Fund**

This fund is used to account for the costs of general accounting services.

### **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.

### **Equipment Replacement Reserve Fund**

This fund is used to account for the costs to replace City general equipment.

### **Unemployment Insurance Reserve Fund**

This fund is used to account for a reserve for unemployment insurance.

CITY OF NATIONAL CITY  
Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2005

	Facilities Maintenance	Liability Insurance	General Services	Information Systems Maintenance	Office Equipment Depreciation
<b><u>ASSETS</u></b>					
Current assets:					
Cash and investments	\$ 885,600	5,381,932	-	185,277	2,674,937
Accounts receivable	-	-	-	275,858	-
Inventories	-	-	26,549	-	-
Prepaid items and deposits	-	3,933	-	-	-
	<u>885,600</u>	<u>5,385,865</u>	<u>26,549</u>	<u>461,135</u>	<u>2,674,937</u>
Total current assets					
Noncurrent assets:					
Capital assets:					
Depreciable assets, net of accumulated depreciation	-	-	-	194,029	15,212
	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,029</u>	<u>15,212</u>
Total capital assets					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,029</u>	<u>15,212</u>
Total noncurrent assets					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,029</u>	<u>15,212</u>
Total assets	<u>885,600</u>	<u>5,385,865</u>	<u>26,549</u>	<u>655,164</u>	<u>2,690,149</u>
<b><u>LIABILITIES</u></b>					
Current liabilities:					
Accounts payable and accrued liabilities	58,852	28,796	2,469	10,488	-
Salaries payable	10,547	1,724	3,500	2,540	1,994
Due to other funds	-	-	30,611	-	-
Compensated absences	44,833	36,589	25,420	-	-
Self-insurance claims payable - due within one year	-	850,000	-	-	-
	<u>114,232</u>	<u>917,109</u>	<u>62,000</u>	<u>13,028</u>	<u>1,994</u>
Total current liabilities					
Noncurrent liabilities:					
Self-insurance claims payable - due in more than one year	-	3,940,000	-	-	-
	<u>-</u>	<u>3,940,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>114,232</u>	<u>4,857,109</u>	<u>62,000</u>	<u>13,028</u>	<u>1,994</u>
<b><u>NET ASSETS</u></b>					
Invested in capital assets, net of related debt	-	-	-	194,029	15,212
Unrestricted	771,368	528,756	(35,451)	448,107	2,672,943
	<u>771,368</u>	<u>528,756</u>	<u>(35,451)</u>	<u>642,136</u>	<u>2,688,155</u>
Total net assets (deficit)	<u>\$ 771,368</u>	<u>528,756</u>	<u>(35,451)</u>	<u>642,136</u>	<u>2,688,155</u>

<u>Telecommunications Revolving</u>	<u>General Accounting Services</u>	<u>Motor Vehicle Services</u>	<u>Equipment Replacement Reserve</u>	<u>Unemployment Insurance Reserve</u>	<u>Total</u>
465,487	192,455	-	520,000	169,039	10,474,727
-	-	5,772	-	-	281,630
-	-	-	-	-	26,549
-	-	-	-	-	3,933
<u>465,487</u>	<u>192,455</u>	<u>5,772</u>	<u>520,000</u>	<u>169,039</u>	<u>10,786,839</u>
<u>33,116</u>	<u>-</u>	<u>1,891,098</u>	<u>-</u>	<u>-</u>	<u>2,133,455</u>
<u>33,116</u>	<u>-</u>	<u>1,891,098</u>	<u>-</u>	<u>-</u>	<u>2,133,455</u>
<u>33,116</u>	<u>-</u>	<u>1,891,098</u>	<u>-</u>	<u>-</u>	<u>2,133,455</u>
<u>498,603</u>	<u>192,455</u>	<u>1,896,870</u>	<u>520,000</u>	<u>169,039</u>	<u>12,920,294</u>
15,479	6,788	58,321	-	108	181,301
2,763	9,901	7,001	-	-	39,970
-	-	339,569	-	-	370,180
-	13,390	50,398	-	-	170,630
-	-	-	-	-	850,000
<u>18,242</u>	<u>30,079</u>	<u>455,289</u>	<u>-</u>	<u>108</u>	<u>1,612,081</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,940,000</u>
<u>18,242</u>	<u>30,079</u>	<u>455,289</u>	<u>-</u>	<u>108</u>	<u>5,552,081</u>
33,116	-	1,891,098	-	-	2,133,455
<u>447,245</u>	<u>162,376</u>	<u>(449,517)</u>	<u>520,000</u>	<u>168,931</u>	<u>5,234,758</u>
<u>480,361</u>	<u>162,376</u>	<u>1,441,581</u>	<u>520,000</u>	<u>168,931</u>	<u>7,368,213</u>

CITY OF NATIONAL CITY

Combining Statement of Revenues, Expenses and Changes in Net Assets

Internal Service Funds

For the year ended June 30, 2005

	<u>Facilities Maintenance</u>	<u>Liability Insurance</u>	<u>General Services</u>	<u>Information Systems Maintenance</u>	<u>Office Equipment Depreciation</u>
Operating revenues:					
Services charges	\$ 1,811,436	2,172,181	351,504	806,672	895,350
Other revenues	-	9,031	-	-	-
Total operating revenues	<u>1,811,436</u>	<u>2,181,212</u>	<u>351,504</u>	<u>806,672</u>	<u>895,350</u>
Operating expenses:					
Personnel services	614,957	124,041	171,481	142,792	15,338
Maintenance and operations	1,102,103	2,479,373	133,505	288,138	169,271
Depreciation	-	-	-	41,960	23,337
Total operating expenses	<u>1,717,060</u>	<u>2,603,414</u>	<u>304,986</u>	<u>472,890</u>	<u>207,946</u>
Operating income (loss)	94,376	(422,202)	46,518	333,782	687,404
Transfers in	-	-	-	-	-
Transfers out	-	(1,280,000)	-	-	(400,000)
Change in net assets	94,376	(1,702,202)	46,518	333,782	287,404
Net assets (deficit), beginning of year	<u>676,992</u>	<u>2,230,958</u>	<u>(81,969)</u>	<u>308,354</u>	<u>2,400,751</u>
Net assets (deficit), end of year	<u>\$ 771,368</u>	<u>528,756</u>	<u>(35,451)</u>	<u>642,136</u>	<u>2,688,155</u>

<u>Telecommunications Revolving</u>	<u>General Accounting Services</u>	<u>Motor Vehicle Services</u>	<u>Equipment Replacement Reserve</u>	<u>Unemployment Insurance Reserve</u>	<u>Total</u>
339,872	719,136	1,039,896	-	199,233	8,335,280
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,031</u>
<u>339,872</u>	<u>719,136</u>	<u>1,039,896</u>	<u>-</u>	<u>199,233</u>	<u>8,344,311</u>
146,132	515,782	415,918	-	-	2,146,441
185,609	198,821	703,888	-	30,302	5,291,010
<u>4,180</u>	<u>-</u>	<u>361,450</u>	<u>-</u>	<u>-</u>	<u>430,927</u>
<u>335,921</u>	<u>714,603</u>	<u>1,481,256</u>	<u>-</u>	<u>30,302</u>	<u>7,868,378</u>
3,951	4,533	(441,360)	-	168,931	475,933
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,680,000)</u>
3,951	4,533	(441,360)	-	168,931	(1,204,067)
<u>476,410</u>	<u>157,843</u>	<u>1,882,941</u>	<u>520,000</u>	<u>-</u>	<u>8,572,280</u>
<u>480,361</u>	<u>162,376</u>	<u>1,441,581</u>	<u>520,000</u>	<u>168,931</u>	<u>7,368,213</u>

CITY OF NATIONAL CITY  
Combining Statement of Cash Flows  
Internal Service Funds  
For the year ended June 30, 2005

	Facilities Maintenance	Liability Insurance	General Services	Information Systems Maintenance	Office Equipment Depreciation
<b>Cash flows from operating activities:</b>					
Cash received from customers/other funds	\$ 1,811,436	2,011,732	301,235	555,181	879,868
Cash payments to suppliers	(1,111,465)	(1,470,194)	(133,505)	(328,913)	(169,271)
Cash payments for general and administrative	(600,188)	(121,900)	(167,730)	(142,792)	(15,338)
Cash received from (payments to) other	-	9,031	-	-	-
Net cash provided (used) by operating activities	<u>99,783</u>	<u>428,669</u>	<u>-</u>	<u>83,476</u>	<u>695,259</u>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition or disposal of capital assets	-	-	-	(19,870)	-
Principal payments on capital leases	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,870)</u>	<u>-</u>
<b>Cash flows from non-capital activities:</b>					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	(1,280,000)	-	-	(400,000)
Net cash provided (used) by non-capital activities	<u>-</u>	<u>(1,280,000)</u>	<u>-</u>	<u>-</u>	<u>(400,000)</u>
Net increase (decrease) in cash and cash equivalents	99,783	(851,331)	-	63,606	295,259
<b>Cash and investments:</b>					
Beginning of year	<u>785,817</u>	<u>6,233,263</u>	<u>-</u>	<u>121,671</u>	<u>2,379,678</u>
End of year	<u>\$ 885,600</u>	<u>5,381,932</u>	<u>-</u>	<u>185,277</u>	<u>2,674,937</u>
<b>Cash flows from operating activities:</b>					
Operating income (loss)	\$ 94,376	(422,202)	46,518	333,782	687,404
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	-	-	-	41,960	23,337
Changes in current assets and liabilities:					
Accounts receivable	-	-	-	(251,492)	-
Inventories	-	-	337	-	-
Accounts payable and accrued liabilities	(8,490)	6,647	(8,993)	(41,199)	(15,482)
Salaries payable	1,221	229	200	425	-
Due to other funds	-	-	(41,157)	-	-
Compensated absences	12,676	1,978	3,095	-	-
Self-insurance claims payable	-	842,017	-	-	-
Total adjustments	<u>5,407</u>	<u>850,871</u>	<u>(46,518)</u>	<u>(250,306)</u>	<u>7,855</u>
Net cash provided (used) by operating activities	<u>\$ 99,783</u>	<u>428,669</u>	<u>-</u>	<u>83,476</u>	<u>695,259</u>

Telecommunications Revolving	General Accounting Services	Motor Vehicle Services	Equipment Replacement Reserve	Unemployment Insurance Reserve	Total
339,872	719,136	1,039,896	-	199,233	7,857,589
(180,770)	(198,821)	(615,304)	-	(30,194)	(4,238,437)
(146,132)	(539,636)	(424,592)	-	-	(2,158,308)
-	-	-	-	-	9,031
<u>12,970</u>	<u>(19,321)</u>	<u>-</u>	<u>-</u>	<u>169,039</u>	<u>1,469,875</u>
(18,684)	-	-	-	-	(38,554)
-	-	-	-	-	-
<u>(18,684)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,554)</u>
-	-	-	-	-	-
-	-	-	-	-	(1,680,000)
-	-	-	-	-	(1,680,000)
(5,714)	(19,321)	-	-	169,039	(248,679)
<u>471,201</u>	<u>211,776</u>	<u>-</u>	<u>520,000</u>	<u>-</u>	<u>10,723,406</u>
<u>465,487</u>	<u>192,455</u>	<u>-</u>	<u>520,000</u>	<u>169,039</u>	<u>10,474,727</u>
<u>3,951</u>	<u>4,533</u>	<u>(441,360)</u>	<u>-</u>	<u>168,931</u>	<u>475,933</u>
4,180	-	361,450	-	-	430,927
-	-	333,797	-	-	82,305
-	-	-	-	-	337
3,426	6,445	(28,322)	-	108	(85,860)
1,413	3,946	1,921	-	-	9,355
-	-	(235,549)	-	-	(276,706)
-	(34,245)	8,063	-	-	(8,433)
-	-	-	-	-	842,017
<u>9,019</u>	<u>(23,854)</u>	<u>441,360</u>	<u>-</u>	<u>108</u>	<u>993,942</u>
<u>12,970</u>	<u>(19,321)</u>	<u>-</u>	<u>-</u>	<u>169,039</u>	<u>1,469,875</u>

## FIDUCIARY FUNDS

### AGENCY FUNDS:

#### **Cobra Insurance Fund**

This fund is used to account for amounts collected by the City from retirees to pay their health insurance premiums.

#### **Miscellaneous Deposits Fund**

This fund is used to account for miscellaneous deposits collected by the City.



CITY OF NATIONAL CITY  
Statement of Changes in Assets and Liabilities  
Agency Funds  
For the year ended June 30, 2005

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2005</u>
<u>COBRA INSURANCE FUND</u>				
Assets:				
Cash and investments	\$ 7,619	76,123	79,728	4,014
Total assets	<u>\$ 7,619</u>	<u>76,123</u>	<u>79,728</u>	<u>4,014</u>
Liabilities:				
Accounts payable	\$ 7,619	76,123	79,728	4,014
Total liabilities	<u>\$ 7,619</u>	<u>76,123</u>	<u>79,728</u>	<u>4,014</u>
	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2005</u>
<u>MISCELLANEOUS DEPOSITS FUND</u>				
Assets:				
Cash and investments	\$ -	282,571	-	282,571
Total assets	<u>\$ -</u>	<u>282,571</u>	<u>-</u>	<u>282,571</u>
Liabilities:				
Accounts payable	\$ -	282,571	-	282,571
Total liabilities	<u>\$ -</u>	<u>282,571</u>	<u>-</u>	<u>282,571</u>
	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2005</u>
<u>TOTAL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 7,619	358,694	79,728	286,585
Total assets	<u>\$ 7,619</u>	<u>358,694</u>	<u>79,728</u>	<u>286,585</u>
Liabilities:				
Accounts payable	\$ 7,619	358,694	79,728	286,585
Total liabilities	<u>\$ 7,619</u>	<u>358,694</u>	<u>79,728</u>	<u>286,585</u>

