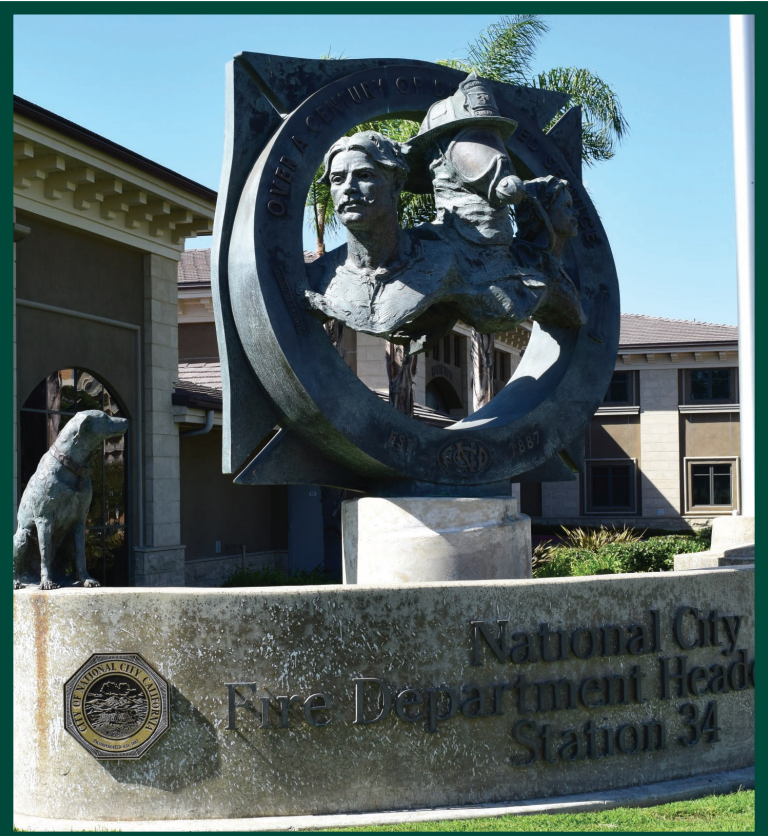


CITY OF NATIONAL CITY



Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2015



Cover Photos:

National City Public Safety Honor Guard, Harlan, M. (Photographer).

Fire Station 34 Sculpture & Signage, Drew, R. (Photographer).

City Hall signage, Drew, R. (Photographer).

City of National City

National City, California

Comprehensive Annual Financial Report

For the Year Ended June 30, 2015

Prepared By the
Department of Finance
of the City of National City

**City of National City
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015**

Table of Contents

	<u>Page</u>
<u>INTRODUCTORY SECTION (Unaudited)</u>	
Table of Contents	i
Letter of Transmittal.....	v
City Officials	xv
City Organizational Chart	xvi
GFOA Certificate of Achievement.....	xvii
 <u>FINANCIAL SECTION</u>	
Independent Auditors’ Report on Financial Statements	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	5
Management’s Discussion and Analysis (Required Supplementary Information - Unaudited)	7
 Basic Financial Statements:	
 Government-Wide Financial Statements:	
Statement of Net Position.....	20
Statement of Activities and Changes in Net Position.....	22
 Fund Financial Statements:	
 Governmental Fund Financial Statements:	
Balance Sheet.....	28
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	30
Statement of Revenues, Expenditures and Changes in Fund Balances	31
Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position	33
 Proprietary Fund Financial Statements:	
Statement of Net Position	35
Statement of Revenues, Expenses and Changes in Net Position	36
Statement of Cash Flows	37
 Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position.....	40
Statement of Changes in Fiduciary Net Position	41
 Notes to Basic Financial Statements.....	 43

**City of National City
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015**

Table of Contents (Continued)

	<u>Page</u>
<u>FINANCIAL SECTION (Continued):</u>	
Required Supplementary Information:	
Budgetary Comparison Schedules:	
General Fund	88
Housing Special Revenue Fund	89
Housing Choice Vouchers Program (“Section 8”) Special Revenue Fund	90
Sewer Service Special Revenue Fund	91
Other Special Revenue Fund	92
Notes to the Budgetary Comparison Schedules	93
Schedules of Funding Progress of the Other Post Employment Benefits	94
Schedule of Changes in Net Pension Liability and Related Ratios	95
Schedule of Contributions	97
Supplementary Information:	
Non-Major Governmental Funds:	
Combining Balance Sheet	103
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	107
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
General Capital Outlay Special Revenue Fund	111
Library Special Revenue Fund	112
Parks Maintenance Special Revenue Fund	113
Library Capital Outlay Special Revenue Fund	114
Gas Tax Special Revenue Fund	115
Parks and Recreation Capital Outlay Special Revenue Fund	116
Community Development Block Grant Special Revenue Fund	117
HOME Program Special Revenue Fund	118
Asset Forfeiture Special Revenue Fund	119
Nutrition Special Revenue Fund	120
Brownsfield Grant Special Revenue Fund	121
National City Joint Powers Financing Authority Debt Service Fund	122
Library Bonds Debt Service Fund	123
Internal Service Funds:	
Combining Statement of Net Position	127
Combining Statement of Revenues, Expenses, and Changes in Net Position	129
Combining Statement of Cash Flows	131
Fiduciary Funds:	
Statement of Changes in Assets and Liabilities	137

**City of National City
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015**

Table of Contents (Continued)

	<u>Page</u>
<u>STATISTICAL SECTION (Unaudited)</u>	
Statistical Section Index	139
Financial Trends:	
Net Position by Component – Last Ten Fiscal Years	140
Changes in Net Position – Last Ten Fiscal Years	142
Fund Balances of Governmental Funds – Last Ten Fiscal Years	146
Changes in Fund Balance of Governmental Fund – Last Ten Fiscal Years	148
Revenue Capacity:	
Assessed Value and Actual Value of Taxable Property – Last Ten Fiscal Years.....	150
2014/15 Use Category Summary	152
Property Tax Dollar Breakdown.....	153
2014/15 Roll Summary	154
Net Taxable Assessed Value History.....	155
Taxable Sales by Category.....	156
Property Tax Levies and Collections – Last Ten Fiscal Years	158
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	160
Principal Property Taxpayers – Current and Nine Years Ago.....	162
Sales Value History	163
Top 25 Sales Tax Producers	164
Debt Capacity:	
Ratio of Outstanding Debt by Type	166
Direct and Overlapping Debt.....	168
Legal Debt Margin Information.....	169
Pledged Revenue.....	171
Demographic and Economic Information:	
Demographic and Economic Statistics – Last Ten Calendar Years.....	173
Operating Information:	
Full-Time Equivalent City Government Employees by Function/Program – Last Ten Fiscal Years.....	174
Operating Indicators by Function/Program – Last Ten Fiscal Years.....	176
Capital Assets Statistics by Function/Program – Last Ten Fiscal Years	178



This page intentionally left blank



Office of the City Manager

January 29, 2016

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

It is our pleasure to submit the Comprehensive Annual Financial Report (“CAFR”) of the City of National City (the “City”) for the fiscal year ended June 30, 2015. The CAFR has been prepared in conformity with generally accepted accounting principles (“GAAP”) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants.

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

Pun & McGeady LLP, an independent auditing firm of certified public accountants, has issued an unmodified (“clean”) opinion on the City’s financial statements for the fiscal year ended June 30, 2015. The independent auditor’s report is presented as the first component of the financial section of this CAFR.

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

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

PROFILE OF THE CITY OF NATIONAL CITY

The City of National City, incorporated on September 17, 1887, is located in southwestern San Diego County, bordered by the City of San Diego to the north and east, San Diego Bay to the west, and the City of Chula Vista to the south. The City is home to a fairly constant population of about 60,000 residents and occupies 9.2 square miles.

Transmittal Letter

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

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

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

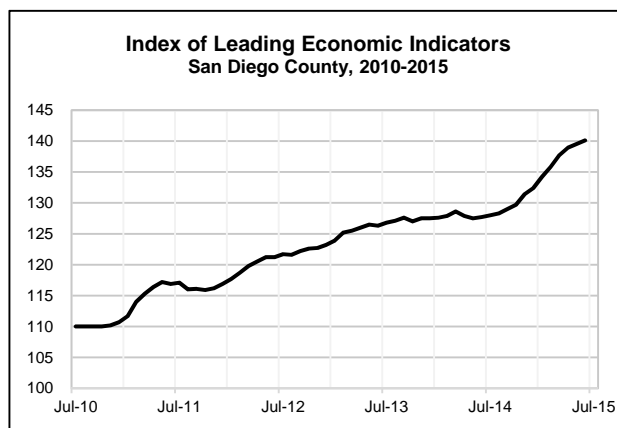
BUDGETARY CONTROL

The annual budget serves as the foundation for the City's financial planning and control. The proposed budget is presented to the City Council for review and adoption prior to the beginning of each fiscal year, July 1st. The Council is required to hold public hearings on the proposed budget prior to adoption. The state mandates a structurally balanced budget. The budget is prepared by fund and department. After budget adoption, in accordance with budget policy, an increase in a department's total appropriation must be approved by the Council when it involves the use of fund balance or an appropriation of unanticipated or over-realized revenue identified to a specific source. The City Manager is authorized to make budgetary revisions between budget line items within a fund. And department directors may transfer appropriations within their respective departments. The budget is regularly monitored and the Council receives quarterly updates. Budget-to-actual comparisons are provided in this report for each major governmental fund for which an annual budget has been adopted. For the General Fund, this comparison is presented on page 88 as part of the basic financial statements for the governmental funds. For governmental funds other than the General Fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which begins on page 89.

FACTORS AFFECTING FINANCIAL CONDITION

Economic Profile

The University of San Diego ("USD") tracks six variables to evaluate and monitor the health of the San Diego County economy: unemployment filings, help wanted advertising, local stock prices, consumer confidence, building permits and the strength of the national economy. The results are consolidated and summarized in USD's "Index of Leading Economic Indicators for San Diego County" (the "Index"). During Fiscal Year 2015, the Index increased approximately 9.7% indicating continued steady improvement in the local economy. The Index reflects an overall positive year-over-year trend for the past five years.

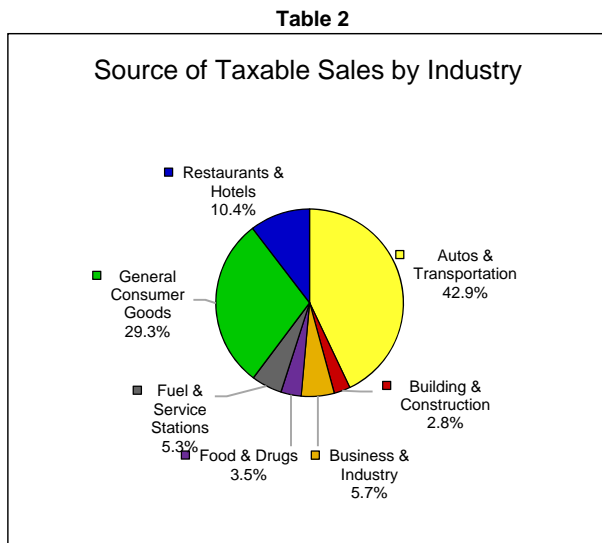


A key factor in the improving economy is the decline in unemployment rates for the June 2014 to June 2015 period, which fell at the state level and local levels – California’s from 7.4% to 6.2%, the San Diego County metropolitan area’s from 6.4% to 5.0%, and the City’s from 11.9% to 10.7%. Also contributing to the recovery is a return to growth over the past three years in assessed property values in both National City and the County, as a whole, after three years of declining or flat values.

General Fund revenue trends suggest National City is benefitting from the improving economic climate. The City continues to recover from past revenue declines with sustained revenue growth, led by the City’s major revenue sources, sales- and property-related taxes, as shown in Table 1. In Fiscal Year 2015, sales-related tax revenues were boosted by continued

Table 1

Prior Years Sales- & Property-Related Taxes			Projection
FY 13	FY 14	FY 15	FY 16
\$30.8M	\$32.8M	\$34.5M	\$36.0M



strong receipts in the autos & transportation and general consumer goods sectors. The autos & transportation segment was the single largest contributor to sales tax revenue growth and accounted for approximately 43% of sales tax revenues. The most significant growth in revenues generated by the City’s voter-approved 1% district transactions & use (“Proposition ‘D’”) tax occurred in general consumer goods, which also was the principal source of those revenues. The building & construction and restaurants & hotels sectors showed strength as well and were substantial elements of both revenue sources. Though the City is heavily dependent upon sales-related tax revenues, as Table 2 illustrates, it has a diversified commercial, retail, and industrial presence, which reduces the impacts of economic downturns and helps it rebound steadily.

Property tax revenue, although a much smaller revenue source than sales tax, has been boosted by the City’s all-time-high total assessed valuation. Net taxable assessed value rose by 3.1% in 2015, driven by significant increases in average and median housing prices. Despite these surges, prices remain well below their respective peaks, leaving significant room for additional growth.

Table 3

Net Taxable Assessed Property Value History

Fiscal Year Ended June 30	Total Assessed Valuation	Increase over Prior Year	Percent Increase over Prior Year	Cumulative Increase Since 2006
2006	2,355,008,346	-	-	-
2007	2,703,243,809	348,235,463	14.8%	348,235,463
2008	2,923,482,096	220,238,287	8.1%	568,473,750
2009	3,127,120,736	203,638,640	7.0%	772,112,390
2010	3,030,591,425	-96,529,311	-3.1%	675,583,079
2011	2,991,549,736	-39,041,689	-1.3%	636,541,390
2012	2,993,669,068	2,119,332	0.1%	638,660,722
2013	3,109,969,070	116,300,002	3.9%	754,960,724
2014	3,254,789,852	144,820,782	4.7%	899,781,506
2015	3,354,840,139	100,050,287	3.1%	999,831,793

As noted above, the improving economy has led to sustained revenue growth, particularly from sales- and property-related taxes, which represent three-quarters of the General Fund’s revenue total. As a result, General Fund revenues, excluding those associated with one-time events, are expected to increase in Fiscal Year 2016.

National City has a progressive history of commercial development, including the “Mile of Cars,” San Diego County’s first major auto park, and Westfield Plaza Bonita, the County’s first indoor mall and

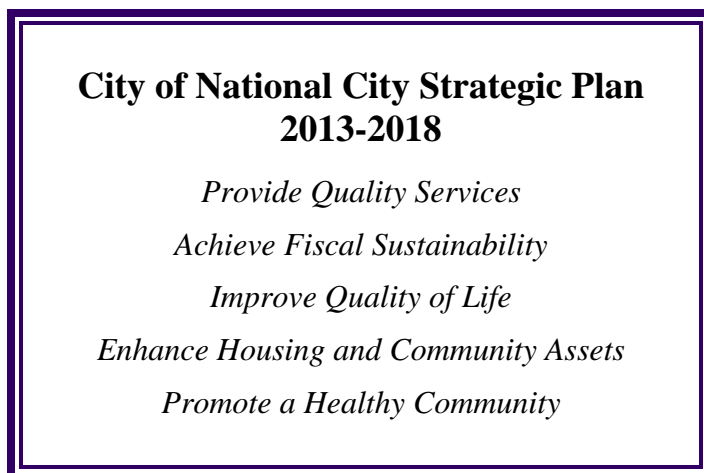
largest enclosed mall in the South San Diego Bay area. Both attract shoppers from throughout the County and outlying areas and continue to be major revenue sources for the City, directly supporting local programs and services. The Walmart Supercenter is the retail hub of the City's central section, generating significant tax revenue and bringing shoppers to nearby stores and restaurants. Despite these successes, however, National City has experienced economic ebbs and flows which have directly impacted service levels to the community. In 2005 and 2006, the City faced revenue shortfalls and structural deficits that led to reductions in services and service hours. In response, National City voters in 2006 approved the Proposition "D" transactions & use tax, which now produces nearly \$10 million of revenue per year. During the November 2014 General Elections, National City voters approved a measure extending the tax for an additional twenty years. Proposition "D" has allowed the City to continue to provide important programs and services to its citizens.

Additional setbacks occurred with the global recession beginning in 2008 and the State of California's dissolution of redevelopment agencies in February 2012. The recession impacted City general purpose revenues and the operations of the City, but the dissolution of redevelopment agencies hampered completion of economic development projects and, in some cases, stopped them all together. National City's Redevelopment Agency was a critical partner in planning and implementing improvements to the City's infrastructure, as well as in meeting the housing needs for low and moderate income residents, and the loss of it resulted in the loss of millions of dollars in revenue needed to address these priorities.

Long-term Financial Planning

During the Fiscal Year 2014 budget process, City management reviewed and updated the City's five-year Strategic Plan. The Strategic Plan is approved by the Council every two years in conjunction with adoption of the annual budget. Its purpose is to:

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



The City updates its five-year Capital Improvement Program ("CIP") annually. The CIP encompasses and highlights some of the City's needed infrastructure improvements. Planned capital expenditures during Fiscal Years 2016-2020 total approximately \$96.6 million. Funding comes from multiple sources,

including available fund balance, general purpose revenues, user fees, special tax revenues, and regional, state, and federal funds. In addition to routine sewer, drainage, and transportation-related projects, the CIP includes improvements to parks, recreation, and community services facilities and municipal buildings and facilities, such as the library, community center, police department, and fire stations.

Financial Policies

A portion of the fund balance of the General Fund, the “Contingency Reserve,” is committed to strengthening the City’s ability to withstand unexpected financial emergencies and to accumulate funds for large-scale purchases. The City’s reserve policy establishes that the City will accumulate and maintain an amount equal to between twenty-five percent (25%) and fifty percent (50%) of a single year’s General Fund operating expenditures for these purposes. The operational surplus generated by the City’s Fiscal Year 2015 activities, when combined with the fund balance previously committed by the Council to the Contingency Reserve is sufficient to fund the Contingency Reserve at its minimum threshold. In addition, the City maintains a number of other reserves, most of which have accumulated their minimum target balances, as of June 30, 2015.

Cash Management Policies and Practices

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

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

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

MAJOR ACCOMPLISHMENTS AND INITIATIVES

The City of National City’s Capital Improvement Program addresses the City’s initiatives of improving quality of life, enhancing housing and community assets, and promoting a healthy community. Amongst the most notable projects planned or recently completed are the following:

Infrastructure

D Avenue Community Corridor (Completed May 2015)

Phase I of the project includes traffic calming, pedestrian, bicycle, and Safe Routes to School enhancements on “D” Avenue between Division Street and East 30th Street. Improvements include enhanced crosswalks with pedestrian refuge islands and corner bulb-outs for traffic calming, pedestrian actuated flashing crosswalk signs, and high intensity signing and striping; pedestrian curb ramps for Americans with Disabilities Act (“ADA”) compliance; new bike lanes and arrows with signage; reverse angle parking for bicycle safety; and green bike boxes at two signalized intersections, East 18th Street and

East 24th Street. Phase II includes a new traffic calming roundabout at East 12th Street and improvements to the War Memorial.

8th Street Smart Growth Revitalization (Completed June 2015)

Phase I includes undergrounding overhead utilities between National City Boulevard and Highland Avenue and replacing the sewer between the 8th Street trolley station and K Avenue. Traffic calming and pedestrian and streetscape enhancements between the 8th Street trolley station and Highland Avenue are planned for Phase II. The 8th Street Project will tie together previous urban core redevelopment efforts, including the award-winning Southwestern College Education Village at the intersection of National City Boulevard and 8th Street, new Chamber of Commerce building, state-of-the-art public library, and renovation of historic Brick Row at A Avenue and 9th Street, along with several new mixed-use development projects.

18th Street Community Corridor (Completed January 2015)

Phase I of the project includes traffic calming, pedestrian, bicycle, and Safe Routes to School enhancements on 18th Street between Wilson Avenue and “D” Avenue. Improvements include a raised crosswalk with high intensity pavement markings and new plaza area with lighting, landscaping, benches and bike racks in front of Kimball Elementary School; pedestrian curb ramps for ADA compliance; new bike lanes with signage; and green bike boxes at two signalized intersections, National City Boulevard and “D” Avenue. Phase II includes traffic calming, pedestrian, bicycle and Safe Routes to School enhancements on 18th Street between “D” Avenue and Granger Avenue. Improvements include enhanced crosswalks with high intensity signing and striping; pedestrian curb ramps for ADA compliance; new bike arrows with signage; traffic calming measures such as corner bulb-outs at school crosswalks and a new roundabout at Lanoitan Avenue; and storm water treatment infiltration areas.

8th Street Safety Enhancements (Completed January 2015)

The 8th Street safety enhancements focused on East 8th Street between K and Palm Avenues, to increase the safety of drivers and pedestrians with improvements including a new signalized intersection, enhanced crosswalks, ADA improvements, and traffic calming. Another aspect of this project was the construction of retaining walls on the north and south sides of East 8th Street between K and L Avenues, to prevent further erosion of the weathered slopes adjacent to the sidewalk. In addition to improving safety, the project plan included various streetscape enhancements, such as new sidewalks, pedestrian ramps, landscaping, and paved median islands.

Highland Ave Community Corridor (Estimated Completion: December 2015)

This project includes traffic safety enhancements on Highland Avenue between Division and East 8th Streets within the public right of way, to calm traffic, reduce collisions, and improve access for pedestrians. It will reduce travel lanes from four lanes to two lanes with protected left-turn pockets at intersections, to reduce rear-end and left-turn versus opposing thru traffic collisions; provide ADA improvements, enhanced signing and striping, corner bulb-outs, and refuge islands, to calm traffic and reduce pedestrian crossing distances at intersections; construct landscaped islands mid-block, to calm traffic and beautify the corridor; and convert parallel parking to angle parking on the east side of the street, to provide more parking and improve access to local businesses.

A Avenue “Green” Street (Estimated Completion: December 2015)

The A Avenue “Green” Street project will create a “Green” street, which implements Low Impact Development infiltration measures, to improve water quality of urban runoff entering the storm drain system, which discharges downstream into Paradise Creek at Kimball Park. It will create a safe, environmentally friendly walking path along A Avenue, to connect Historic Brick Row, Morgan Square, and the 8th Street Revitalization District to City Hall, National City Public Library, and Kimball Park. It

will also provide educational opportunities through implementation of interpretative signage and creek-themed art.

Coolidge Avenue Safe Routes to School (Estimated Completion: November 2014)

Approximately ten years ago, the Safe Routes to School Program Task Force was formed. The purpose of the Task Force, a partnership between the City of National City, National School District, Sweetwater Union High School District, school principals, parents, volunteers and community organizations, was to identify barriers between school zones and feeder neighborhoods that precluded many children from walking to school. The Task Force provided direction to City engineers and planners regarding the areas in which to collect data, perform site evaluations, and develop projects to create safe walking corridors. The Safe Routes to School project is the culmination of this partnership's work. The City was successful in securing approximately \$4 million in competitive grant funding over the past five years to provide much needed safety enhancements for children walking to school. These enhancements included in-roadway warning lights and pedestrian refuge islands at crosswalks, flashing beacons, radar speed feedback signs, new sidewalks, traffic calming bulb-outs, ADA curb ramps, and enhanced school zone signing and striping. In addition to these physical safety improvements, the National City Police Department, through its participation in the Task Force, was able to identify high priority locations for school zone traffic enforcement.

Bicycle Parking Enhancements (Estimated Completion: March 2016)

Bicycle safety enhancements were completed along 4th Street, 18th Street, and "D" Avenue, National City's new bicycle corridors. The enhancements included creation of reverse angle parking and bike boxes and new bike lanes and sharrows, as well as upgrading current bike paths throughout the city to Class II bicycle lanes.

D Avenue & 12th Street Roundabout & War Memorial (Estimated Completion: January 2016)

Phase I of the project includes traffic calming, pedestrian, bicycle, and Safe Routes to School enhancements on "D" Avenue between Division Street and East 30th Street. Improvement include enhanced crosswalks with pedestrian refuge islands and corner bulb-outs for traffic calming, pedestrian actuated flashing crosswalk signs, and high intensity signing and striping; pedestrian curb ramps for ADA compliance; new bike lanes and sharrows with signage; reverse angel parking for bicycle safety; and green bike boxes at two signalized intersections, East 18th Street. Phase II includes a new traffic calming roundabout at East 12th Street and improvement to the War Memorial.

Paradise Valley Road Safe to School (Estimated Completion: March 2016)

The project will construct new sidewalk, curb, and gutter, and lighting along the west side of Paradise Valley Road between East 8th Street and East Plaza Boulevard to provide a "gap closure" along this key walking route to/from Ira Harbison Elementary School.

Housing

Westside Infill – Transit Oriented Development ("WI-TOD") Housing Project (Estimated Completion: Fiscal Year 2018)

The WI-TOD project is the preparation of the sites of the current Public Works yard and former Sun Diego Bus Charters (2100 and 2020 Hoover Avenue on the east side of Paradise Creek) for construction of a 201-unit affordable housing development, including on-site parking of more than 300 spaces, and the expansion of Paradise Creek Educational Park on the west side of Paradise Creek with a naturalized planting buffer along Paradise Creek, an expansive lawn area, a community garden, playgrounds, a plaza and kiosk, picnic tables and grills, hedgerows, a pedestrian/bicycle path along the length of the creek, and informal tree and shrub plantings along the western edge of the park.

Facilities

New City Public Works Facilities (Estimated Completion: June 2015)

In order to allow for the WI-TOD project to proceed, the existing City Public Works facilities located at 2100 Hoover Avenue will be relocated. The new home of the City's Public Works' Streets, Sewer, and Equipment Maintenance divisions will be 1726 Wilson Avenue. The project will provide tenant improvements, including electrical and plumbing system upgrades, new offices, break room, bathrooms, locker room, conference room, computers, and an equipment maintenance facility.

Police Station Upgrades (Estimated Completion: August 2016)

A number of building improvements of the National City Police Station will be completed to improve the evidence room's capacity and efficiency, update fire suppression systems in key areas, complete some deferred maintenance items, and upgrade the electrical system, to meet current and future demands.

National City Public Library Improvements (Estimated Completion: February 2016)

Phase I of the National City Public Library Improvements includes the installation of public safety cameras, new audio and visual system, flooring, and other interior upgrades. Phase II improvements will be developed as part of a comprehensive needs assessment of City-owned parks and facilities.

Parks & Recreation

Waterfront Adventure Center (Estimated Completion: March 2016)

This 4,663 square foot public facility will be owned by the City of National City upon leased premises (10,000 square feet) in Pepper Park, National City, under the jurisdiction of the San Diego Unified Port District. The structure will include two multi-purpose classrooms that can be opened as one larger room; an office for facility staff; storefront for National City Police and/or Harbor Police; locker, shower, and restroom spaces; boat and equipment storage; and decorative lighting, landscaping, and public art. The South Bay Family YMCA will manage programming at the Center, which will include kayaking, rowing, and environmental education courses. The Center will also be available for public events.

Kimball Park Low-Impact Development and Paradise Creek Restoration (Estimated Completion: September 2016)

The project will construct multiple bioretention areas and expand wetlands habitats in and around Kimball Park to treat a highly urbanized drainage area of approximately 77 acres. The project will also restore approximately 1,050 linear feet of Paradise Creek through Kimball Park by removing the concrete channel, widening the creek, and reintroducing native riparian vegetation. The project will implement low-impact development (LID) to improve water quality from urban storm water runoff and provide an opportunity for residents and guests to interact with a natural, tidally-influenced water body through the park. Educational signage will also be installed along the restored creek and expanded wetland areas within the park.

Kimball & El Toyon Park Improvements: (Estimated Completion: August 2016)

Phase I of the Kimball Park project includes implementation of storm water low-impact development (LID) measures, lightning, public safety cameras, ADA upgrades, new restrooms, skate park, central plaza, benches, bike racks, drought tolerant landscaping, walking paths, wayfinding, and trash receptacles. Phase I of El Toyon Park Improvements includes new restrooms, lighting, public safety cameras, and ADA upgrades. Phase II of these projects will be developed as part of a comprehensive needs assessment of City-owned parks and facilities

Information on the City's CIP projects can be found at nationalcityprojects.com.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of National City for its CAFR for the fiscal year ended June 30, 2014. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to receive the award, a governmental unit must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Leslie Deese
City Manager



Mark Roberts
Director of Finance



This page intentionally left blank

**CITY OF NATIONAL CITY
CITY OFFICIALS
YEAR ENDED JUNE 30, 2015**



City Council

Ron Morrison
Mayor

Jerry Cano
Vice Mayor

Albert Mendivil
Council Member

Mona Rios
Council Member

Alejandra Sotelo-Solis
Council Member

City Treasurer

R. Mitchell Beauchamp

City Clerk

Michael R. Dalla

City Manager

Leslie Deese

City Attorney

Claudia Silva

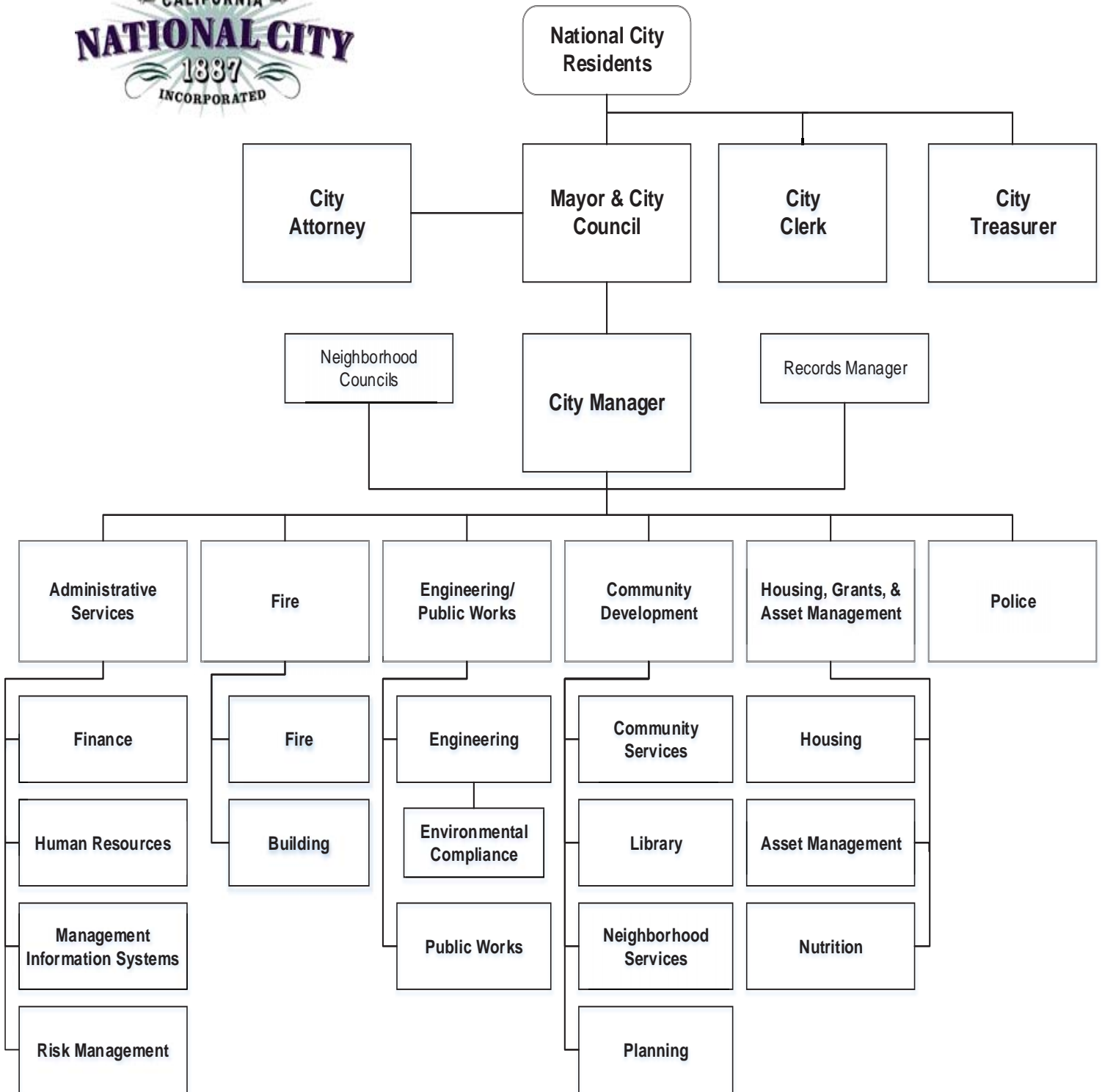
Department Heads

Vacant
Stacey Stevenson
Brad Raulston
Frank Parra
Stephen Manganiello
Mark Roberts
Alfredo Ybarra
Minh Duong
Armando Vergara
Manuel Rodriguez

Assistant City Manager
Director of Administrative Services
Community Development Director
Director of Emergency Services
Director of Engineering / Public Works
Director of Finance
Director of Housing, Grants, & Asset Management
City Librarian
Director of Neighborhood Services
Chief of Police



CITY ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of National City
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



This page intentionally left blank



6265 Greenwich Drive
Suite 220
San Diego, California 92122

Phone: (858) 242-5100
Fax: (858) 242-5150
www.pm-llp.com

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of National City, California (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously 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, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of GASB Statement No. 68 and 71

As discussed in Note 1 and 10 to the basic financial statements, the City implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The adoption of these standards required retrospective application of previously reported net position and reclassification of certain accounts as of July 1, 2014 as described in Note 14 to the basic financial statements. In addition, aggregate net pension liability is reported in the Statement of Net Position in the amount of \$74,631,579 as of June 30, 2014, the measurement date. This net pension liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of June 30, 2013 which was rolled-forward by the actuaries to June 30, 2014, the measurement date. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, Budgetary Comparison Schedules, Schedule of Funding Progress for Other Postemployment Benefits, Schedule of Changes in the Net Pension Liability and Related Ratios and Schedule of Contributions, on pages 7 to 16 and 88 to 98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The Combining and Individual Nonmajor Fund Financial Statements and Fund Budgetary Comparison Schedules on pages 103 through 134 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements and Fund Budgetary Comparison Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



San Diego, California
January 29, 2016



This page intentionally left blank.



6265 Greenwich Drive
Suite 220
San Diego, California 92122

Phone: (858) 242-5100
Fax: (858) 242-5150
www.pm-llp.com

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of National City, California (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 29, 2016.

Internal Control over Financial Reporting

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

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

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

To the Honorable Mayor and Members of the City Council
of the City of National City
National City, California
Page 2

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rick E. McGeady LLP". The signature is written in a cursive, slightly slanted style.

San Diego, California
January 29, 2016

Management's Discussion and Analysis

Management of the City of National City (the "City") offers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with our letter of transmittal, which can be found on page v of this report. The intent of this discussion and analysis is to provide a summarized view of the City's financial performance, as a whole; therefore, readers should also review the basic financial statements and supporting notes to enhance their understanding of the City's financial performance.

Overview of the Financial Statements

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

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

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

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

The *government-wide financial statements* distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, transportation, community development, health, and culture and recreation. The business-type activities of the City include Kimball Towers and Morgan Towers activities, housing for low and moderate income seniors.

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

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

The *government-wide financial statements* can be found on pages 20-23 of this report.

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

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

Because the focus of governmental funds is narrower than that of the *government-wide financial statements*, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the *government-wide financial statements*. By doing so, readers can better understand the long-term impact of the government's near-term financing decisions. Reconciliations between the *government-wide financial statements* and the *fund financial statements* are included as part of the basic financial statements. The major reconciling items relate to capital assets and debt. In the governmental funds, acquisitions of capital assets are treated as "expenditures," because, upon purchase of a capital asset, cash used to acquire it is no longer available for other purposes. The issuance of debt provides cash, which is then available for specified purposes. At the end of the fiscal year, the unassigned fund balances in the *governmental fund financial statements* reflect spendable resources available for appropriation by the City Council. Spendable balances are not presented on the face of the *government-wide financial statements*.

The City maintains twenty-two individual governmental funds, including the General Fund. The Library Trust Fund, previously presented as a fiduciary fund, is now presented as a permanent fund and, therefore, is included in the governmental fund financial statements. Information is presented separately in the governmental funds' Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund, Housing Fund, Housing Choice Voucher Fund (aka "Section 8"), and Sewer Service Fund, all of which are major funds. The City's other governmental funds are considered non-major, and their data are combined into a single, aggregated presentation.

The *governmental fund financial statements* can be found on pages 28-33. Individual fund information for each of the non-major governmental funds is provided in the form of combining statements and can be found on pages 103-123.

The City adopts annual budgets for its General, Housing, Housing Choice Voucher, and Sewer Service Funds. Budgetary comparison statements, found on pages 88-92, have been provided, to reflect compliance with these budgets.

Proprietary Funds. The City maintains two types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the *government-wide financial statements*. The City's enterprise funds account for activities relating to the

operations of Kimball Towers and Morgan Towers, which provide housing to low and moderate income seniors. Internal service funds are used to accumulate and allocate costs internally among the City's functions. The City has seven internal service funds: the Facilities Maintenance Fund, the Liability Insurance Fund, the Information Systems Maintenance Fund, the Motor Vehicle Services Fund, the Equipment Replacement Reserve Fund, the Office Equipment Depreciation Fund, and the Telecommunications Revolving Fund. Because these services predominantly benefit governmental, rather than business-type, functions, their financial information is included within the governmental activities in the *government-wide financial statements*.

Proprietary fund financial statements provide the same type of information as the *government-wide financial statements* (business-type activities), only in more detail. The *proprietary fund financial statements* provide separate information for Kimball Towers and Morgan Towers. The internal service funds are combined into a single, aggregated presentation in the *proprietary fund financial statements*.

The *proprietary fund financial statements* can be found on pages 35-38. Individual fund data for the internal service funds is provided in the form of supplementary combining statements and can be found on pages 127-134.

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

The *fiduciary fund financial statements* can be found on pages 40-41, and the combining Statement of Changes in Assets and Liabilities for the agency funds can be found on page 137.

Notes to Basic Financial Statements. The Notes to Basic Financial Statements section provides additional information essential for a full understanding of the data provided in the *government-wide financial statements*. Notes to Basic Financial Statements begins on page 43.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found on pages 87-98.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented on pages 103-123 and 127-134, respectively.

Government-wide Financial Analysis

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

TABLE 1
NET POSITION
For the Year Ended June 30, 2015

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 98,615,952	\$ 93,170,831	\$ 2,177,592	\$ 2,321,672	\$ 100,793,544	\$ 95,492,503
Capital Assets, Net	133,737,536	122,901,094	6,237,547	6,302,056	139,975,083	129,203,150
TOTAL ASSETS	232,353,488	216,071,925	8,415,139	8,623,728	240,768,627	224,695,653
Deferred Outflows of Resources	6,311,773	58,800	-	-	6,311,773	58,800
Current Liabilities	12,060,337	13,422,195	485,939	460,578	12,546,276	13,882,773
Long-term Liabilities	93,410,902	18,743,734	1,027,967	1,311,137	94,438,869	20,054,871
TOTAL LIABILITIES	105,471,239	32,165,929	1,513,906	1,771,715	106,985,145	33,937,644
Deferred Inflows of Resources	13,823,056	-	-	-	13,823,056	-
Net Position:						
Invested in Capital Assets, Net of Related Debt	120,377,947	108,881,192	4,926,410	4,725,523	125,304,357	113,606,715
Restricted	33,889,727	34,673,951	1,876,125	2,121,988	35,765,852	36,795,939
Unrestricted	(34,896,708)	40,409,653	98,698	4,502	(34,798,010)	40,414,155
TOTAL NET POSITION	\$ 119,370,966	\$ 183,964,796	\$ 6,901,233	\$ 6,852,013	\$ 126,272,199	\$ 190,816,809

The City's assets and deferred outflows exceeded its liabilities and deferred inflows of resources by \$126,272,199 at June 30, 2015, a decrease of \$64,544,610 from June 30, 2014. By far, the largest portion of the City's net position, \$125,304,357, is its investment in capital assets (i.e., land, buildings, machinery, equipment, and infrastructure), net of accumulated depreciation and any related outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens and, consequently, are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate the liabilities.

An additional portion of the City's net position \$35,765,852 represents resources that are subject to external restrictions on how they may be used. The balance of the City's unrestricted net position as of June 30, 2015 was (\$34,798,010). The decline in unrestricted net position of \$75,212,165 was primarily due to the implementation of Governmental Accounting Standards Board Statement No. 68 ("GASB 68"), *Accounting & Financial Reporting for Pension – an amendment of GASB statement 27*, which requires the inclusion of the City's net pension liability in the government-wide financial statements, during Fiscal Year 2015.

The primary objective of the Statement was to improve accounting and financial reporting by state and local governments. It is also intended to improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense through a new note disclosure and required supplementary information. The effect of GASB 68 on the government-wide financial statements can be found on page 85 (Note 14 – Prior Period Adjustments) of the Notes to Basic Financial Statements section. Information intended to enhance decision-usefulness and accountability can be found on page 95 (Note 3 – Required Supplementary Information) of this report.

The \$64,544,610 (33.8 percent) decrease in the City's total net position resulted from a decline in governmental activities of \$64,593,830 and increase in business-type activities of \$49,220. Governmental operating results are discussed on page 31 and business-type operating results are discussed on page 36. Table 2 provides a condensed summary of activities of the City's governmental and business-type operations for the period ended June 30, 2015, with the prior fiscal year presented for comparative purposes.

TABLE 2
CHANGES IN NET POSITION
For the Year Ended June 30, 2015

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
REVENUES:						
Program Revenues:						
Charges for Services	\$ 21,909,268	\$ 18,446,113	\$ 2,361,695	\$ 2,340,688	\$ 24,270,963	\$ 20,786,801
Operating Grants and Contributions	12,508,517	15,818,335	-	-	12,508,517	15,818,335
Capital Grants and Contributions	11,399,349	6,284,789	-	-	11,399,349	6,284,789
General Revenues:	45,817,134	40,549,237	2,361,695	2,340,688	48,178,829	42,889,925
Taxes:						
Property Taxes	10,301,592	9,908,109	-	-	10,301,592	9,908,109
Sales Taxes	27,095,666	25,586,661	-	-	27,095,666	25,586,661
Franchise Taxes	1,902,082	1,718,023	-	-	1,902,082	1,718,023
Utility User Tax	818,820	825,388	-	-	818,820	825,388
Motor Vehicle in-lieu Taxes	-	27,056	-	-	-	27,056
Transient Occupancy Taxes	1,383,793	1,082,339	-	-	1,383,793	1,082,339
Investment Earnings	304,655	459,019	2,579	2,520	307,234	461,539
Miscellaneous	-	-	14,869	15,353	14,869	15,353
Loss on Disposition of Capital Assets (1)	-	(268,224)	-	-	-	(268,224)
TOTAL REVENUES	87,623,742	79,887,608	2,379,143	2,358,561	90,002,885	82,246,169
EXPENSES:						
General Government	6,299,372	5,240,947	-	-	6,299,372	5,240,947
Public Safety	31,522,488	29,045,583	-	-	31,522,488	29,045,583
Transportation	6,737,292	6,315,524	-	-	6,737,292	6,315,524
Community Development	11,603,528	11,669,866	-	-	11,603,528	11,669,866
Health	7,416,697	7,026,857	-	-	7,416,697	7,026,857
Culture and Leisure	6,349,578	6,712,036	-	-	6,349,578	6,712,036
Depreciation	-	-	-	369,396	-	369,396
Interest on Long-term Debt	407,194	439,367	-	-	407,194	439,367
Kimball Towers	-	-	1,251,377	1,174,910	1,251,377	1,174,910
Morgan Towers	-	-	1,078,546	942,297	1,078,546	942,297
TOTAL EXPENSES	70,336,149	66,450,180	2,329,923	2,486,603	72,666,072	68,936,783
	17,287,593	13,437,428	49,220	(128,042)	17,336,813	13,309,386
Restatement of Net Position (See Note 14)	(81,881,423)	(3,618,495)	-	-	(81,881,423)	(3,618,495)
NET POSITION, BEGINNING OF YEAR	183,964,796	174,145,863	6,852,013	6,980,055	190,816,809	181,125,918
NET POSITION, END OF YEAR	\$ 119,370,966	\$ 183,964,796	\$ 6,901,233	\$ 6,852,013	\$ 126,272,199	\$ 190,816,809

(1) The City did allocate loss on disposition of capital assets among the various functions/programs during fiscal year 2015, but did not during fiscal year 2014. Certain prior year amounts have been reclassified to match current presentation.

As noted above, net position for governmental activities decreased by \$64,593,830. Key elements of the change include:

- restatement of net assets associated with the implementation of GASB 68, decreasing the governmental activities Fiscal Year 2015 starting net position by \$81,881,423;
- a decline in operating grants and contributions, the largest factors of which were a reduction in Housing Choice Voucher Program assistance, reclassification of Police facility lease revenue as capital grants and contributions, and elimination of the Successor Agency contribution;
- a growth in public safety expenses, largely due to personnel costs, allocation of expenditures related to the purchase of fixed assets, and internal service funds activities;
- an increase in general government expenses, mainly attributable to the addition of a relative increase in personnel cost and allocation of expenditures related to the purchase of fixed assets;
- a surge in capital grants and contributions resulting from proceeds received toward various transportation-related projects and the National City Aquatic Center;
- an increase in charges for services, including sewer charges reimbursement, pre-2004 mandated cost reimbursements from the State, and transportation development impact fees; and
- a rise in sales-related tax revenue, due to improving economic conditions.

Governmental Activities. The City's total revenues from governmental activities were \$87,623,742 for the fiscal year ended June 30, 2015. The largest source of revenue for the City, at 30.9 percent, is sales-related taxes (which consist of sales & use tax, district transaction & use tax, and property tax in lieu of sales tax). Revenues from sales-related taxes grew \$1,509,005 or 5.9 percent, year over year. Revenues from other taxes, the most significant of which is property-related taxes (real property taxes, personal property taxes, and property tax in lieu of vehicle license fee ["VLF"]), increased by \$845,372 or 6.2 percent, and represented 16.4 percent of total revenues at the end of the current fiscal year (Fiscal Year 2015).

Charges for services for governmental activities ended the fiscal year at \$21,909,268, increasing approximately 18.8 percent from the prior year. Capital grants and contributions grew by \$5,114,560, or 81.4 percent, from the prior year. Operating grants and contributions fell \$12,508,517, or 20.9 percent.

The City's expenses for governmental activities cover a wide array of services, with \$31,522,488, or 44.8 percent, for Fiscal Year 2015 related to public safety and \$11,603,528, or 16.5 percent, to community development. Overall, expenses for governmental activities rose \$3,885,969, or 5.8 percent, with a \$2,476,905, or 8.5 percent, growth in public safety expenses the primary driver of the change.

Business-type Activities. Business-type activities increased the City's net position by \$49,220. The growth resulted from a decrease of \$156,680, or 6.3 percent, in overall expenses and slight increase, \$20,582 (0.9%), in combined revenues for Kimball Towers and Morgan Towers, the City's two business-type activities. The most significant factor in the overall change was a \$107,414 decrease in Kimball Towers maintenance expenses, primarily attributable to the costs associated with replacement of two boilers in Fiscal Year 2014.

The elimination of unallocated depreciation expense for Fiscal Year 2015 was due to a change in the City's reporting approach, with the objective to better reflect the changes in net position to Kimball Towers and Morgan Towers. Depreciation expenses have been allocated to Kimball Towers and Morgan Towers according to whose assets incurred it, rather than reported collectively, as in Fiscal Year 2014.

Financial Analysis of the City's Funds

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

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

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

- non-spendable – either not in spendable form or legally or contractually required to be maintained intact;
- restricted fund – subject to externally enforceable limitations by law, enabling legislation, or limitations imposed by creditors or grantors;

- committed – may be spent only for the specific purposes determined by formal action of the government’s highest level of decision-making authority (City Council) and, therefore, may be used for different purposes only upon the government’s taking the same formal action that imposed the original constraint;
- assigned – constrained by the City’s intent to utilize fund balance for specific purposes;
- unassigned – fund balance not falling in any of the foregoing categories and available for spending at the City’s discretion.

TABLE 3
GOVERNMENTAL FUNDS SUMMARY
 For the Year Ended June 30, 2015

	General Fund		Other Governmental Funds		Total Governmental Funds	
	2015	2014	2015	2014	2015	2014
Total Assets	\$ 44,646,500	\$ 43,387,756	\$ 48,153,061	\$ 43,590,342	\$ 92,799,561	\$ 86,978,098
Total Liabilities	3,674,420	5,898,713	13,882,569	10,701,126	17,556,989	16,599,839
Deferred Inflows of Resources	-	-	-	680,522	-	680,522
Fund Balances						
Non-spendable	4,963,916	4,952,830	7,927,027	7,926,759	12,890,943	12,879,589
Restricted	590,998	611,780	31,005,745	31,713,774	31,596,743	32,325,554
Committed	9,085,066	9,085,066	-	-	9,085,066	9,085,066
Assigned	16,065,736	15,042,191	706,558	733,384	16,772,294	15,775,575
Unassigned	10,266,364	7,797,176	(5,368,838)	(8,165,223)	4,897,526	(368,047)
Total Fund Balance	40,972,080	37,489,043	34,270,492	32,208,694	75,242,572	69,697,737
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 44,646,500	\$ 43,387,756	\$ 48,153,061	\$ 43,590,342	\$ 92,799,561	\$ 86,978,098

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

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$75,242,572, an increase of \$5,544,835 over the prior year. The restricted component represents the largest portion, 41.8 percent, of ending fund balance followed by assigned, at 22.3 percent, and non-spendable, 17.1 percent. Committed fund balance, the entirety of which the City has set aside for future economic contingencies, is 12.1 percent of the total. Lastly, the unassigned fund balance represents 6.7 percent of total fund balance. The primary cause of the negative unassigned fund balance for other governmental funds and resulting negative unassigned fund balance for total governmental funds is a \$4,941,000 promissory note (liability) issued by the Housing Authority.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, the total fund balance of the General Fund equaled \$40,972,080 in comparison to \$37,489,043 the prior year, an increase of \$3,483,037. General Fund revenues grew \$4,433,710, primarily due to increase in taxes and intergovernmental revenues. Expenses increased \$2,394,308, primarily in the public safety and capital outlay areas.

The fund balance classification for the General Fund and other major funds can be found on pages 84-85, in Note 13 of the Notes to Financial Statements section.

Proprietary Funds. As noted above, the City’s proprietary funds provide the same type of information found in the *government-wide financial statements*, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the City’s business-type activities.

General Fund Budgetary Highlights

TABLE 4

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Total Revenues	43,089,464	50,421,106	53,061,304	2,640,198
Expenditures:				
General Government	6,082,888	7,657,716	5,155,132	2,502,584
Public Safety	29,217,916	29,345,760	28,249,969	1,095,791
Transportation	2,314,886	2,365,408	2,184,080	181,328
Community Development	256,469	256,469	192,339	64,130
Culture and Leisure	2,464,057	2,453,519	2,305,561	147,958
Capital Outlay	2,855,000	12,580,542	7,342,511	5,238,031
Principal	107,190	107,190	122,957	(15,767)
Interest on Long-term Debt	1,513	1,513	8,328	(6,815)
Total Expenditures	<u>43,299,919</u>	<u>54,768,117</u>	<u>45,560,877</u>	<u>9,207,240</u>
Revenues Over (Under) Expenditures	(210,455)	(4,347,011)	7,500,427	(11,847,438)
Other Financing Sources	<u>(4,007,728)</u>	<u>(4,418,763)</u>	<u>(4,017,390)</u>	<u>401,373</u>
Net Change in Fund Balances	<u>(4,218,183)</u>	<u>(8,765,774)</u>	3,483,037	<u>12,248,811</u>
Beginning Fund Balance			<u>37,489,043</u>	
Ending Fund Balance			<u>40,972,080</u>	

Final budgeted revenues increased \$7,331,642 from the total originally budgeted for Fiscal Year 2015, as a result of one-time events and the accounting treatment of capital projects, specifically the addition of intergovernmental revenues for reimbursable capital projects, including the WI-TOD and Aquatic Center projects, and funds received for the completion of Successor Agency projects and due to the carrying forward of appropriations for capital projects and other obligations from prior years.

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

- Actual revenues exceeded their final budgeted total by \$2,640,198 with higher than projected sales-related taxes, franchise fee, operating lease, and state mandated claim reimbursement revenues the primary contributors to the positive difference;
- Actual expenditures were less than their overall budgeted amount by \$9,207,240, attributable primarily to unspent appropriations for grants, capital projects, and other special programs that were not completed during the year (and, thus, are carried over to the following fiscal year). In addition, \$974,907 in personnel cost savings were realized, most of which occurred in the Police Department, and \$827,416 was saved in maintenance & operations expenses.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets (net of accumulated depreciation) for governmental and business-type activities, as of June 30, 2015, amounted to \$139,975,083. This investment includes land, rights of ways, construction in progress, buildings and improvements, machinery, and infrastructure. Infrastructure assets represented 38.4 percent of total combined assets.

TABLE 5
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)
For the year ended June 30, 2015

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 20,411,750	\$ 20,247,687	\$ 528,382	\$ 528,382	\$ 20,940,132	\$ 20,776,069
Right-of-way	4,245,088	4,245,088	-	-	4,245,088	4,245,088
Construction in progress	29,969,669	17,204,748	-	-	29,969,669	17,204,748
Buildings and improvements	21,571,006	22,306,538	5,436,974	5,758,344	27,007,980	28,064,882
Machinery and equipment	3,843,217	3,669,917	272,191	15,330	4,115,408	3,685,247
Infrastructure	53,696,806	55,227,116	-	-	53,696,806	55,227,116
TOTALS	\$ 133,737,536	\$ 122,901,094	\$ 6,237,547	\$ 6,302,056	\$ 139,975,083	\$ 129,203,150

The major addition to capital assets during the current fiscal year was construction in progress. Construction in progress totalled \$29,969,669 at June 30, 2015, growing by \$12,764,921. The most significant projects for which construction is underway during the fiscal year were the Aquatic Center, A Avenue Green Street & Pedestrian Pathway, 8th Street Streetscape Improvements, and Public Works Facility Relocation. Buildings and improvements assets decreased by \$735,532, primarily due to the net of depreciation and completion of the City's new public works facility during the fiscal year. Infrastructure assets decreased by \$1,503,310, largely as the result of depreciation offset by the growth associated with completed capital projects. Depreciation expense during the fiscal year was \$4,703,324 for governmental activities and \$293,043 for business-type activities.

Additional information on the City's capital assets can be found in Note 5 on pages 64-65 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total debt outstanding of \$25,163,441 which includes bonded debt of \$9,970,000.

TABLE 6
OUTSTANDING LONG-TERM DEBT
For the year ended June 30, 2015

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
2012 General Obligation Refunding Bonds	\$ 4,405,000	\$ 4,650,000	\$ -	\$ -	\$ 4,405,000	\$ 4,650,000
NCJPFA Lease Revenue Refunding Bonds	1,425,000	1,870,000	-	-	1,425,000	1,870,000
HUD 108 Bonds, Series A	4,140,000	4,450,000	-	-	4,140,000	4,450,000
Capital Leases	1,948,686	1,571,831	-	-	1,948,686	1,571,831
Morgan Towers Notes Payable	-	-	1,311,137	1,576,533	1,311,137	1,576,533
Compensated Absences	3,444,318	3,176,392	-	-	3,444,318	3,176,392
Claims Payable	7,886,000	7,443,000	-	-	7,886,000	7,443,000
OPEB Liability	603,300	326,965	-	-	603,300	326,965
TOTALS	\$ 23,852,304	\$ 23,488,188	\$ 1,311,137	\$ 1,576,533	\$ 25,163,441	\$ 25,064,721

The City's total debt increased by \$98,720 or approximately 0.4% during the current fiscal year. The net increase primarily resulted from increases in claims payable, capital leases, other post-employment benefits, and employees' compensated absences benefits, offset by normal scheduled principal payments.

The City's general obligation bond ratings are "A+". Additional information on the City's long-term debt can be found in Note 6 beginning on page 66 of this report.

Requests for Information

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

BASIC FINANCIAL STATEMENTS





This page intentionally left blank

**GOVERNMENT-WIDE FINANCIAL
STATEMENTS**



City of National City
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 76,572,747	\$ 122,975	\$ 76,695,722
Receivables:			
Accounts	4,134,058	3,185	4,137,243
Taxes	3,633,570	-	3,633,570
Interest	100,312	-	100,312
Due from other governments	4,726,782	-	4,726,782
Due from Successor Agency	411,216	-	411,216
Land held for resale	1,245,000	-	1,245,000
Inventories and prepaid items	1,213,095	175,307	1,388,402
Total current assets	<u>92,036,780</u>	<u>301,467</u>	<u>92,338,247</u>
Noncurrent assets:			
Restricted cash and investments:			
Held by fiscal agent	10,334	1,876,125	1,886,459
Loans receivable	6,568,838	-	6,568,838
Non-depreciable capital assets	54,626,507	528,382	55,154,889
Depreciable capital assets, net	79,111,029	5,709,165	84,820,194
Total noncurrent assets	<u>140,316,708</u>	<u>8,113,672</u>	<u>148,430,380</u>
Total assets	<u>232,353,488</u>	<u>8,415,139</u>	<u>240,768,627</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	54,600	-	54,600
Deferred employer pension contributions made after measurement date	6,257,173	-	6,257,173
Total deferred outflows of resources	<u>6,311,773</u>	<u>-</u>	<u>6,311,773</u>

City of National City
Statement of Net Position (Continued)
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 4,134,757	\$ 60,813	\$ 4,195,570
Accrued liabilities	1,585,110	45,367	1,630,477
Interest payable	148,602	7,102	155,704
Unearned revenue	804,708	-	804,708
Deposits payable	-	89,487	89,487
Compensated absences - due within one year	1,811,833	-	1,811,833
Claims payable - due within one year	2,305,406	-	2,305,406
Long-term debt - due within one year	1,269,921	283,170	1,553,091
Total current liabilities	12,060,337	485,939	12,546,276
Noncurrent liabilities:			
Developer deposits	293,316	-	293,316
Net OPEB obligation	603,300	-	603,300
Aggregate net pension liability	74,631,579	-	74,631,579
Compensated absences - due in more than one year	1,632,485	-	1,632,485
Claims payable - due in more than one year	5,580,594	-	5,580,594
Long-term debt - due in more than one year	10,669,628	1,027,967	11,697,595
Total noncurrent liabilities	93,410,902	1,027,967	94,438,869
Total liabilities	105,471,239	1,513,906	106,985,145
DEFERRED INFLOWS OF RESOURCES			
Investment earnings greater than expected earnings	13,823,056	-	13,823,056
Total deferred inflows of resources	13,823,056	-	13,823,056
NET POSITION			
Net investment in capital assets	120,377,947	4,926,410	125,304,357
Restricted:			
General services	24,671,923	-	24,671,923
Community development	5,348,413	-	5,348,413
Debt service	1,676,222	1,876,125	3,552,347
Capital projects	2,193,169	-	2,193,169
Total restricted	33,889,727	1,876,125	35,765,852
Unrestricted (deficit)	(34,896,708)	98,698	(34,798,010)
Total net position	\$ 119,370,966	\$ 6,901,233	\$ 126,272,199

City of National City
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 6,299,372	\$ 3,101,468	\$ 494,425	\$ -	\$ 3,595,893
Public safety	31,522,488	3,807,824	1,388,015	-	5,195,839
Transportation	6,737,292	1,863,599	-	8,428,140	10,291,739
Community development	11,603,528	3,260,501	10,581,425	630,078	14,472,004
Health	7,416,697	9,522,136	-	-	9,522,136
Culture and leisure	6,349,578	353,740	44,652	2,341,131	2,739,523
Interest on long-term debt	407,194	-	-	-	-
Total governmental activities	<u>70,336,149</u>	<u>21,909,268</u>	<u>12,508,517</u>	<u>11,399,349</u>	<u>45,817,134</u>
Business-type activities:					
Kimball Towers	1,251,377	1,101,514	-	-	1,101,514
Morgan Towers	1,078,546	1,260,181	-	-	1,260,181
Total business-type activities	<u>2,329,923</u>	<u>2,361,695</u>	<u>-</u>	<u>-</u>	<u>2,361,695</u>
Total primary government	<u>\$ 72,666,072</u>	<u>\$ 24,270,963</u>	<u>\$ 12,508,517</u>	<u>\$ 11,399,349</u>	<u>\$ 48,178,829</u>

City of National City
Statement of Activities and Changes in Net Position (Continued)
For the Year Ended June 30, 2015

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (2,703,479)	\$ -	\$ (2,703,479)
Public safety	(26,326,649)	-	(26,326,649)
Transportation	3,554,447	-	3,554,447
Community development	2,868,476	-	2,868,476
Health	2,105,439	-	2,105,439
Culture and leisure	(3,610,055)	-	(3,610,055)
Interest on long-term debt	(407,194)	-	(407,194)
Total governmental activities	(24,519,015)	-	(24,519,015)
Business-type activities:			
Kimball Towers	-	(149,863)	(149,863)
Morgan Towers	-	181,635	181,635
Total business-type activities	-	31,772	31,772
Total primary government	(24,519,015)	31,772	(24,487,243)
General revenues:			
Taxes:			
Property taxes	10,301,592	-	10,301,592
Sales taxes	27,095,666	-	27,095,666
Franchise taxes	1,902,082	-	1,902,082
Utilities user taxes	818,820	-	818,820
Transient occupancy taxes	1,383,793	-	1,383,793
Total taxes	41,501,953	-	41,501,953
Investment earnings	304,655	2,579	307,234
Miscellaneous	-	14,869	14,869
Total general revenues	41,806,608	17,448	41,824,056
Changes in net position	17,287,593	49,220	17,336,813
Net Position - beginning of year, as restated (Note 14)	102,083,373	6,852,013	108,935,386
Net Position - end of year	\$ 119,370,966	\$ 6,901,233	\$ 126,272,199



This page intentionally left blank

FUND FINANCIAL STATEMENTS





This page intentionally left blank

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

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

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

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

City of National City
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds			
	General Fund	Housing Special Revenue Fund	Housing Choice Voucher Program Special Revenue Fund	Sewer Service Special Revenue Fund
ASSETS				
Cash and investments	\$ 27,388,555	\$ 512,519	\$ -	\$ 17,047,814
Receivables:				
Accounts	1,734,588	-	65,378	9,398
Taxes	3,615,427	-	-	3,395
Interest	71,489	713	-	21,836
Loans	-	5,340,078	-	-
Due from other funds	6,025,851	-	-	-
Due from other governments	846,674	-	43,771	3,419
Due from Successor Agency	-	-	-	411,216
Advances to other funds	4,941,000	-	-	415,735
Inventories and prepaid items	22,916	-	-	-
Land held for resale	-	1,245,000	-	-
Total assets	\$ 44,646,500	\$ 7,098,310	\$ 109,149	\$ 17,912,813
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,395,321	\$ -	\$ 4,562	\$ 30,729
Accrued liabilities	1,462,972	1,877	7,737	4,252
Due to other funds	-	-	56,670	-
Advances from other funds	-	4,941,000	-	-
Deposits	11,419	-	-	-
Unearned revenue	804,708	-	-	-
Total liabilities	3,674,420	4,942,877	68,969	34,981
Fund Balances:				
Nonspendable	4,963,916	6,585,078	-	-
Restricted	590,998	-	40,180	17,877,832
Committed	9,085,066	-	-	-
Assigned	16,065,736	-	-	-
Unassigned	10,266,364	(4,429,645)	-	-
Total fund balances	40,972,080	2,155,433	40,180	17,877,832
Total liabilities, deferred inflows of resources and fund balances	\$ 44,646,500	\$ 7,098,310	\$ 109,149	\$ 17,912,813

City of National City
Balance Sheet (Continued)
Governmental Funds
June 30, 2015

	<u>Major Funds</u>		
	Other Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 7,584,424	\$ 7,927,782	\$ 60,461,094
Receivables:			
Accounts	1,658,024	666,670	4,134,058
Taxes	-	14,748	3,633,570
Interest	2,008	4,266	100,312
Loans	-	1,228,760	6,568,838
Due from other funds	-	-	6,025,851
Due from other governments	3,832,918	-	4,726,782
Due from Successor Agency	-	-	411,216
Advances to other funds	-	-	5,356,735
Inventories and prepaid items	-	113,189	136,105
Land held for resale	-	-	1,245,000
Total assets	<u>\$ 13,077,374</u>	<u>\$ 9,955,415</u>	<u>\$ 92,799,561</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,215,172	\$ 863,929	\$ 3,509,713
Accrued liabilities	6,872	82,956	1,566,666
Due to other funds	5,167,746	801,435	6,025,851
Advances from other funds	-	415,735	5,356,735
Deposits	281,897	-	293,316
Unearned revenue	-	-	804,708
Total liabilities	<u>6,671,687</u>	<u>2,164,055</u>	<u>17,556,989</u>
Fund Balances:			
Nonspendable	-	1,341,949	12,890,943
Restricted	6,570,243	6,517,490	31,596,743
Committed	-	-	9,085,066
Assigned	706,558	-	16,772,294
Unassigned	(871,114)	(68,079)	4,897,526
Total fund balances	<u>6,405,687</u>	<u>7,791,360</u>	<u>75,242,572</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,077,374</u>	<u>\$ 9,955,415</u>	<u>\$ 92,799,561</u>

City of National City
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2015

Total Fund Balances - Total Governmental Funds	<u>\$ 75,242,572</u>
Amounts reported for governmental activities in the Statement of Net Position were different because:	
Capital assets used in governmental activities were not financial resources and therefore were not reported in governmental funds.	
Government-Wide Financial Statements	133,737,536
Less: Internal Service Funds' Capital Assets	<u>(2,426,435)</u>
Total capital assets	<u>131,311,101</u>
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet.	
	<u>(148,602)</u>
Long-term liabilities were not due and payable in the current period and therefore were not reported in the governmental funds.	
Amount reported in Government-Wide Statement of Net Position:	
Compensated absences - due within one year	(1,811,833)
Compensated absences - due in more than one year	(1,632,485)
Claims payable - due within one year	(2,305,406)
Claims payable - due in more than one year	(5,580,594)
Long-term debt - due within one year	(1,269,921)
Long-term debt - due in more than one year	(10,669,628)
Net OPEB liability	<u>(603,300)</u>
	<u>(23,873,167)</u>
Less: Amount reported in Internal Service Funds	
Capital leases payable - due within one year	127,726
Capital leases payable - due in more than one year	1,292,314
Compensated absences - due within one year	113,794
Claims payable - due within one year	2,305,406
Claims payable - due in more than one year	<u>5,580,594</u>
	<u>9,419,834</u>
Net long-term liabilities	<u>(14,453,333)</u>
Pension contributions made during the year after the measurement date are reported as expenditures in governmental funds and as deferred outflow of resources in the government-wide financial statements.	
	6,257,173
Net pension liability is not due and payable in the current period and therefore is not reported in the governmental funds.	
	(74,631,579)
Deferred inflows and outflows of resources are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds:	
Deferred amount on refunding	54,600
Difference between projected and actual earnings on pension plan investments are reported in the government-wide statements.	
Projected earnings over actual earnings	(13,823,056)
Internal service funds were used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds were included in governmental activities in the Government-Wide Statement of Net Position.	
	<u>9,562,090</u>
Net Position of Governmental Activities	<u><u>\$ 119,370,966</u></u>

City of National City
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds			
	General Fund	Housing Special Revenue Fund	Housing Choice Voucher Program Special Revenue Fund	Sewer Service Special Revenue Fund
REVENUES:				
Taxes	\$ 39,360,343	\$ -	\$ -	\$ -
Licenses and permits	1,014,962	-	-	16,960
Fines and forfeitures	623,295	-	34,452	-
Use of money and property	935,020	46,142	-	52,209
Intergovernmental	6,779,813	-	8,963,960	-
Charges for services	2,255,296	-	-	7,051,044
Other revenues	2,092,575	-	27	1,782,974
Total revenues	<u>53,061,304</u>	<u>46,142</u>	<u>8,998,439</u>	<u>8,903,187</u>
EXPENDITURES:				
Current:				
General Government	5,155,132	-	-	-
Public Safety	28,249,969	-	-	-
Transportation	2,184,080	-	-	-
Community Development	192,339	221,143	9,755,914	-
Health	-	-	-	6,322,417
Culture and Leisure	2,305,561	-	-	-
Capital outlay	7,342,511	-	22,373	1,615,232
Debt service:				
Principal	122,957	-	2,570	5,938
Interest and fiscal charges	8,328	-	1,239	2,849
Total expenditures	<u>45,560,877</u>	<u>221,143</u>	<u>9,782,096</u>	<u>7,946,436</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>7,500,427</u>	<u>(175,001)</u>	<u>(783,657)</u>	<u>956,751</u>
OTHER FINANCING SOURCES (USES):				
Obligations incurred on capital leases	259,792	-	22,373	89,176
Transfers in	-	-	111,689	-
Transfers out	(4,277,182)	-	-	-
Total other financing sources (uses)	<u>(4,017,390)</u>	<u>-</u>	<u>134,062</u>	<u>89,176</u>
CHANGES IN FUND BALANCES	3,483,037	(175,001)	(649,595)	1,045,927
FUND BALANCES:				
Beginning of year, as restated (Note 14)	37,489,043	2,330,434	689,775	16,831,905
End of year	<u>\$ 40,972,080</u>	<u>\$ 2,155,433</u>	<u>\$ 40,180</u>	<u>\$ 17,877,832</u>

City of National City
Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
Governmental Funds
For the Year Ended June 30, 2015

	<u>Major Funds</u>		
	<u>Other Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:			
Taxes	\$ 283,030	\$ 3,930,216	\$ 43,573,589
Licenses and permits	535,695	-	1,567,617
Fines and forfeitures	-	227,975	885,722
Use of money and property	3,023	37,149	1,073,543
Intergovernmental	8,590,767	2,799,648	27,134,188
Charges for services	700,799	17,740	10,024,879
Other revenues	3,500	165,650	4,044,726
Total revenues	<u>10,116,814</u>	<u>7,178,378</u>	<u>88,304,264</u>
EXPENDITURES:			
Current:			
General Government	212,264	36,409	5,403,805
Public Safety	850,748	-	29,100,717
Transportation	-	1,757,667	3,941,747
Community Development	391,687	612,709	11,173,792
Health	125,357	732,091	7,179,865
Culture and Leisure	46,020	2,954,937	5,306,518
Capital outlay	5,061,298	3,135,339	17,176,753
Debt service:			
Principal	-	1,010,721	1,142,186
Interest and fiscal charges	108	414,685	427,209
Total expenditures	<u>6,687,482</u>	<u>10,654,558</u>	<u>80,852,592</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>3,429,332</u>	<u>(3,476,180)</u>	<u>7,451,672</u>
OTHER FINANCING SOURCES (USES):			
Obligations incurred on capital leases	-	183,263	554,604
Transfers in	125,000	1,528,647	1,765,336
Transfers out	-	-	(4,277,182)
Total other financing sources (uses)	<u>125,000</u>	<u>1,711,910</u>	<u>(1,957,242)</u>
CHANGES IN FUND BALANCES	3,554,332	(1,764,270)	5,494,430
FUND BALANCES:			
Beginning of year	2,851,355	9,555,630	69,748,142
End of year	<u>\$ 6,405,687</u>	<u>\$ 7,791,360</u>	<u>\$ 75,242,572</u>

City of National City
Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ 5,494,430
Amounts reported for governmental activities in the Statement of Activities were different because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.	
Purchase of capital assets	15,440,827
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds. This amount did not include the depreciation expense for Internal Service Funds in the amount of \$354,927.	
	(4,348,307)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) decreased Net Position.	
	(229,594)
Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	
Obligations incurred on capital leases	(554,604)
Principal payment of long-term debt	1,142,186
Amortization expenses were reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, amortization expenses were not reported as expenditures in the Governmental Funds.	
Bond premium	1,605
Loss on refunding	(4,200)
Certain long-term liabilities were reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, long-term liabilities were not reported as expenditures in governmental funds. These amounts represented the changes in long-term liabilities from prior year.	
Changes in compensated absences	(245,628)
Changes in net OPEB liabilities	(276,335)
Changes in net pension liability reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds (Note 10).	
	(13,446,857)
The net effect of various miscellaneous transactions involving pension plans (i.e. deferred inflow/outflow amortization, contributions after measurement date) increased Net Position.	
	13,181,223
Unavailable revenues were reported as revenue in the Governmental Funds during FY14-15, but were reported as revenues in the Government-Wide Statement of Statement of Activities in FY13-14 as follows:	
Public Safety - Operating grants and contributions	(110,592)
Transportation - Capital grants and contributions	(114,435)
Community Development - Operating grants and contributions	(455,495)
Total adjustments	(680,522)
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Position, but it did not require the use of current financial resources. This amount represented the change in accrued interest from prior year.	
	22,610
Internal service funds were used by management to charge the costs of certain activities to individual funds. The net revenue of internal service funds was reported with governmental activities.	
	1,790,759
Change in Net Position of Governmental Activities	\$ 17,287,593

PROPRIETARY FUND FINANCIAL STATEMENTS

Kimball Towers Fund – 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 Towers Fund – 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.

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

City of National City
Statement of Net Position
Proprietary Funds
June 30, 2015

	Major Funds			Governmental
	Kimball Towers	Morgan Towers	Total	Activities Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 25,532	\$ 97,443	\$ 122,975	\$ 16,111,653
Accounts receivable	731	2,454	3,185	-
Prepaid items and deposits	86,696	88,611	175,307	1,076,990
Total current assets	112,959	188,508	301,467	17,188,643
Noncurrent assets:				
Restricted cash and investments with fiscal agents	1,202,099	674,026	1,876,125	10,334
Capital assets:				
Non-depreciable assets	315,814	212,568	528,382	-
Depreciable assets, net of accumulated depreciation	4,064,646	1,644,519	5,709,165	2,426,435
Total capital assets, net	4,380,460	1,857,087	6,237,547	2,426,435
Total noncurrent assets	5,582,559	2,531,113	8,113,672	2,436,769
Total assets	5,695,518	2,719,621	8,415,139	19,625,412
LIABILITIES AND NET POSITION				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	29,156	31,657	60,813	625,044
Salaries payable	24,903	20,464	45,367	18,444
Interest payable	-	7,102	7,102	-
Capital leases payable - due within one year	-	-	-	127,726
Compensated absences - due within one year	-	-	-	113,794
Note payable - due within one year	-	283,170	283,170	-
Claims payable - due within one year	-	-	-	2,305,406
Total current liabilities	54,059	342,393	396,452	3,190,414
Noncurrent liabilities:				
Tenant security deposit liability	44,792	44,695	89,487	-
Capital leases payable - due in more than one year	-	-	-	1,292,314
Note payable - due in more than one year	-	1,027,967	1,027,967	-
Claims payable - due in more than one year	-	-	-	5,580,594
Total noncurrent liabilities	44,792	1,072,662	1,117,454	6,872,908
Total liabilities	98,851	1,415,055	1,513,906	10,063,322
Net Position:				
Net investment in capital assets	4,380,460	545,950	4,926,410	1,006,395
Restricted	1,202,099	674,026	1,876,125	10,334
Unrestricted	14,108	84,590	98,698	8,545,361
Total net position	\$ 5,596,667	\$ 1,304,566	\$ 6,901,233	\$ 9,562,090

City of National City
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Major Funds			Governmental Activities Internal Service Funds
	Kimball Towers	Morgan Towers	Total	
OPERATING REVENUES:				
Rental income	\$ 1,101,514	\$ 1,260,181	\$ 2,361,695	\$ -
Charges for services	-	-	-	9,122,611
Other	7,269	7,600	14,869	355,095
Total operating revenues	1,108,783	1,267,781	2,376,564	9,477,706
OPERATING EXPENSES:				
Operations and administration	564,757	489,499	1,054,256	4,996,227
Maintenance	507,115	375,121	882,236	4,812,899
Depreciation	179,505	113,538	293,043	354,927
Total operating expenses	1,251,377	978,158	2,229,535	10,164,053
OPERATING INCOME (LOSS)	(142,594)	289,623	147,029	(686,347)
NONOPERATING REVENUES (EXPENSES):				
Interest income	1,842	737	2,579	-
Interest expense	-	(100,388)	(100,388)	(34,740)
Total nonoperating revenues (expenses)	1,842	(99,651)	(97,809)	(34,740)
INCOME (LOSS) BEFORE TRANSFERS	(140,752)	189,972	49,220	(721,087)
TRANSFERS:				
Transfers in	-	-	-	2,623,535
Transfers out	-	-	-	(111,689)
Total transfers	-	-	-	2,511,846
CHANGES IN NET POSITION	(140,752)	189,972	49,220	1,790,759
NET POSITION:				
Beginning of year	5,737,419	1,114,594	6,852,013	7,771,331
End of year	<u>\$ 5,596,667</u>	<u>\$ 1,304,566</u>	<u>\$ 6,901,233</u>	<u>\$ 9,562,090</u>

City of National City
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Major Funds			Governmental
	Kimball Towers	Morgan Towers	Total	Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 1,103,035	\$ 1,258,323	\$ 2,361,358	\$ -
Cash received from (payments to) other funds	-	-	-	9,122,611
Cash payments to supplier and employees for goods and services	(1,063,836)	(1,129,645)	(2,193,481)	(10,268,938)
Other operating revenues	7,269	7,600	14,869	355,095
Net cash provided by (used in) operating activities	46,468	136,278	182,746	(791,232)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on capital lease	-	-	-	(89,602)
Acquisition of capital assets	(228,534)	-	(228,534)	(328,444)
Net cash provided by (used in) capital and related financing activities	(228,534)	-	(228,534)	(418,046)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interest expense	-	(93,286)	(93,286)	(34,740)
Transfers in	-	-	-	2,623,535
Transfers (out)	-	-	-	(111,689)
Net cash provided by (used in) noncapital financing activities	-	(93,286)	(93,286)	2,477,106
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	1,842	737	2,579	-
Net cash provided by (used in) investing activities	1,842	737	2,579	-
Net change in cash and cash equivalents	(180,224)	43,729	(136,495)	1,285,841
CASH AND CASH EQUIVALENTS:				
Beginning of year	1,407,855	727,740	2,135,595	14,836,146
End of year	<u>\$ 1,227,631</u>	<u>\$ 771,469</u>	<u>\$ 1,999,100</u>	<u>\$ 16,121,987</u>
RECONCILIATION TO STATEMENT OF NET POSITION:				
Cash and investments	\$ 25,532	\$ 97,443	\$ 122,975	\$ 16,111,653
Restricted cash and investments with fiscal agents	1,202,099	674,026	1,876,125	10,334
Total cash and cash equivalents	<u>\$ 1,227,631</u>	<u>\$ 771,469</u>	<u>\$ 1,999,100</u>	<u>\$ 16,121,987</u>

City of National City
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2015

	Major Funds			Governmental Activities Internal Service Funds
	Kimball Towers	Morgan Towers	Total	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (142,594)	\$ 289,623	\$ 147,029	\$ (686,347)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	179,505	113,538	293,043	354,927
Changes in operating assets and liabilities:				
Accounts receivable	1,521	(1,858)	(337)	-
Prepaid items and deposits	318	(936)	(618)	(1,033,889)
Accounts payable and accrued liabilities	(11,864)	(16,115)	(27,979)	131,846
Salaries payable	19,975	16,874	36,849	(23,067)
Tenant security deposit liability	(393)	548	155	-
Compensated absences	-	-	-	22,298
Claims payable	-	-	-	443,000
Notes payable	-	(265,396)	(265,396)	-
Total adjustments	189,062	(153,345)	35,717	(104,885)
Net cash provided by (used in) operating activities	\$ 46,468	\$ 136,278	\$ 182,746	\$ (791,232)

FIDUCIARY FUND FINANCIAL STATEMENTS

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

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

City of National City
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Agency Funds	Successor Agency Private-Purpose Trust Fund
ASSETS		
Cash and investments	\$ 989,257	\$ 29,369,910
Receivables:		
Account	-	13,631
Interest	-	15,656
Loans	-	6,526,209
Restricted cash and investments with fiscal agent	-	6,776,311
Land held for resale	-	9,845,509
Capital asset, net accumulated depreciation	-	2,441,667
Total assets	\$ 989,257	54,988,893
LIABILITIES		
Accounts payable and accrued liabilities	\$ 51,626	35,998
Legal settlement payable	-	2,016,250
Due to City	-	411,216
Interest payable	-	1,453,760
Long-term debt	-	58,750,000
Developer deposits	-	25,000
Deposits payable	937,631	-
Total liabilities	\$ 989,257	62,692,224
NET POSITION		
Held in trust		(7,703,331)
Total net position		\$ (7,703,331)

City of National City
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015

	Successor Agency Private-Purpose Trust Fund
ADDITIONS:	
Property taxes	\$ 12,705,481
Investment income	159,493
Total additions	12,864,974
DEDUCTIONS:	
Enforceable obligations	3,505,804
Community development	15,878,648
Administrative expenses	471,022
Depreciation	41,667
Total deductions	19,897,141
Changes in Net Position	(7,032,167)
NET POSITION:	
Beginning of period	(671,164)
End of period	\$ (7,703,331)



This page intentionally left blank

City of National City
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
1	Reporting Entity and Summary of Significant Accounting Policies	45
2	Cash and Investments	55
3	Receivables	60
4	Interfund Balances and Transactions	62
5	Capital Assets	64
6	Long-Term Debt	66
7	Compensated Absences	72
8	Other Required Fund Disclosures	73
9	Self-Insurance Accrued Liabilities	73
10	Pension Plans	74
11	Other Postemployment Benefits	81
12	Commitments and Contingencies	83
13	Classification of Fund Balances	84
14	Prior Period Adjustments	85
15	Subsequent Events	85



This page intentionally left blank

City of National City
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

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

A. Reporting Entity

The City was incorporated September 17, 1887 under the general laws of the State of California. The City operates under a Council-Manager form of government and provides basic local governmental services including public safety (police and fire), maintenance and construction of public improvements, cultural, recreation, planning, zoning, transportation, health services and general administration. In addition, the City operates the Community Development Commission (including Morgan Towers and Kimball Towers Enterprise Funds).

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

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

The City Council acts as the governing body and is able to impose its will on the following organizations, establishing financial accountability. As a result, these organizations are considered component units of the City and are included within the financial statements of the City using the blended method. All component units have a June 30 year-end. The City has no discretely presented component units.

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. The capital assets of the Authority have been included in the Government-Wide Financial Statements. There are no separate financial statements available.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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

A. Reporting Entity (Continued)

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. Although the CDC dissolved on February 1, 2012, the Morgan Towers Enterprise Fund continues to issue annual US Department of Housing and Urban Development (HUD) regulated financial statements under the CDC name.

B. Basis of Accounting and Measurement Focus

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

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

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

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

Government - Wide Financial Statements

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

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

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

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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

B. Basis of Accounting and Measurement Focus (Continued)

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

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

Governmental Fund Financial Statements

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

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

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

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

The City reports the following major governmental funds:

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

Housing Fund – This fund is used to account for activities of housing assistance and assistance to low income families. The major revenue source for this fund is program income.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

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

Sewer Service Special Revenue Fund - This fund is used to account for the collection of sewer connection fees and monthly sewer service charges used for the construction and maintenance of City sewers. The major revenue source for this fund is the sewer service fee.

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

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major Proprietary Fund.

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. The City’s internal service funds include eight individual funds which provide services directly to other City funds. These areas of service include Facilities Maintenance, Liability Insurance, Fleet and Vehicle Maintenance, Information Technology Replacement and Workers Compensation.

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

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as 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 reports the following major proprietary funds:

Kimball Towers Fund – 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 Towers Fund – 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.

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

Facilities Maintenance Fund—This fund is used to account for the cost of maintaining all City-owned buildings in a clean, safe, workable, and pleasant condition. The source of revenue is reimbursement from City departments and/or programs in a cost-reimbursement basis.

Liability Insurance Fund—This fund is used to account for the costs of maintaining the City’s Worker’s Compensation and liability insurance programs. The source of revenue is reimbursement from City departments and/or programs in a cost-reimbursement basis.

Information Systems Maintenance Fund—This fund is used to account for the costs to replace City office equipment and information technology software and hardware. The source of revenue is reimbursement from City departments and/or programs in a cost-reimbursement basis.

Office Equipment Depreciation Fund—This fund is used to account for the costs to replace City office equipment. The source of revenue is reimbursement from City departments and/or programs in a cost-reimbursement basis.

Telecommunications Revolving Fund—This fund is used to account for the costs of maintaining the City’s telecommunication systems. The source of revenue is reimbursement from City departments and/or programs in a cost-reimbursement basis.

Motor Vehicle Service Fund—This fund is used to account for the City’s costs of preventative maintenance and repairs for its fleet, including police, fire, general administrative, park, sewer, and public works equipment. The source of revenue is reimbursement from City departments and/or programs in a cost-reimbursement basis.

Vehicle Replacement Fund—This fund is used to account for the costs to replace City equipment, including fleet vehicles. The source of revenue is reimbursement from City departments and/or programs in a cost-reimbursement basis.

Fiduciary Fund Financial Statements

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

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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

B. Basis of Accounting and Measurement Focus (Continued)

Fiduciary Fund Financial Statements (Continued)

The *Community Development Commission as the National City Redevelopment Agency Successor Agency (the “Successor Agency”)* was created by the City Council of National City (City Council) in August 2012. It was established pursuant to Assembly Bill x1 26. Its purpose is to expeditiously wind down the affairs of the dissolved CDC. The governing body of the Successor Agency is comprised of the members of the Oversight Board selected by the County of San Diego, City of National City, school and special districts. The Successor Agency has been included in the accompanying basic financial statements as a private purpose trust fund.

C. Cash, Cash Equivalents and Investments

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

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

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

Certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk
- Foreign Currency Risk

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

D. Inventories and Prepaid items

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

E. Restricted Assets

Fiscal agents acting on behalf of the City hold investment funds arising from the proceeds of long-term debt issuances. The funds may be used for specific capital outlays or for the payment of certain bonds, certificates of participation or tax allocation bonds and have been invested only as permitted by specific State statutes or applicable City ordinance, resolution or bond indenture.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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

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

G. Capital Assets

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

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

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City defines infrastructure as the basic physical assets that allow the City to function. The assets include the streets, water purification and distribution system, sewer collection and treatment system, parks and recreation, lands and improvement system, storm water conveyance system, and buildings combined with the site amenities such as parking and landscaped areas used by the City in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land.

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

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

H. Compensated Absences

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

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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

I. Long-Term Debt

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

J. Property Taxes

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

Property tax revenue is recognized in the fiscal year for which the taxes have been levied, provided the taxes are received within 60 days after the end of the fiscal year. Property taxes received after this date are not considered available as a resource that can be used to finance the current year operations of the City and, therefore, are not recorded as revenue until collected. No allowance for doubtful accounts was considered necessary.

K. Unearned Revenue

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

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

L. 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 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.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 8). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

CalPERS:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Measurement Period	July 1, 2013 to June 30, 2014

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

N. Net Position

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

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

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

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

O. Fund Balances

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

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

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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

O. Fund Balances (Continued)

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

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

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

P. Spending Policy

Government-Wide Financial Statements and the Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

Q. Use of Estimates

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

R. Accounting Changes

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflow of resources, deferred inflows of resources, and expense/expenditures for pension plans. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement became effective for periods beginning after June 15, 2014. See Note 14 for prior period adjustment as a result of implementation.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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

R. Accounting Changes (Continued)

GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement became effective for periods beginning after December 15, 2013 and did not have a significant impact on the City's financial statements for year ended June 30, 2015.

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This Statement establishes standards relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement became effective for periods beginning after June 15, 2014. See Note 14 for prior period adjustment as a result of implementation.

Note 2 – Cash and Investments

The following is a summary of pooled cash and investments, including cash and investments with fiscal agents at June 30, 2015.

	<u>Government-Wide Statement of Net Position</u>			<u>Fiduciary Funds</u>	
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>	<u>Statement of</u> <u>Net Position</u>	<u>Total</u>
Cash and investments	\$ 76,572,747	\$ 122,975	\$ 76,695,722	\$ 30,359,167	\$ 107,054,889
Restricted cash and investments:					
Held by City	-	-	-	-	-
Held by fiscal agents	10,334	1,876,125	1,886,459	6,776,311	8,662,770
Total restricted cash and investments	10,334	1,876,125	1,886,459	6,776,311	8,662,770
Total cash and investments	<u>\$ 76,583,081</u>	<u>\$ 1,999,100</u>	<u>\$ 78,582,181</u>	<u>\$ 37,135,478</u>	<u>\$ 115,717,659</u>

Cash, cash equivalents and investments consisted of the following at June 30, 2015:

Petty cash	\$ 3,783
Deposits with financial institution	25,487,554
Investments	81,563,552
Investments held by bond trustee	8,662,770
Total cash and investments	<u>\$ 115,717,659</u>

A. Deposits

The carrying amount of the City's cash deposits were \$25,487,554 at June 30, 2015. Bank balances before reconciling items were \$26,114,240 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Cash and Investments (Continued)

A. Deposits (Continued)

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

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

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

B. Investments

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

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City’s investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Bankers' Acceptances	180 days	40%	30%
Negotiable Certificates of Deposits	5 years	30%	5%
Commercial Paper	270 days	25%	10%
State and Local Agency Bond Issues	5 years	None	10%
US Treasury Obligations	5 years	None	None
US Agency Securitites	5 years	None	None
Repurchase Agreement	90 days	None	10%
Reverse-Purchase Agreements	92 days	20%	10%
Medium-Term Corporate Notes	5 years	30%	10%
Federally Insured Time Deposits	3 years	None	10%
Money Market Mutual Funds	N/A	15%	10%
Local Agency Investment Fund (LAIF)	N/A	None	\$50 Million**
Investment Trust of California (CalTrust)	N/A	None	10%
San Diego County Pool Money Fund	None	None	None
Asset-Backed Securities	5 years	20%	20%

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

** Maximum is \$50 million per account.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Cash and Investments (Continued)

B. Investments (Continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreement rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
US Treasury Obligations	None	None	None
US Agency Securities	None	None	None
Banker's Acceptances	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
San Diego County Pool Money Fund	None	None	None
Asset-Backed Securities	5 years	20%	20%

C. Restricted Cash and Investments of Morgan Towers and Kimball Towers

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

	Kimball Towers	Morgan Towers	Total
Replacement reserve	\$ 309,880	\$ 352,593	\$ 662,473
Residual receipts reserve	-	300,601	300,601
MIP and insurance impounds reserve	-	20,832	20,832
Other	892,219	-	892,219
Total restricted cash and investments	\$ 1,202,099	\$ 674,026	\$ 1,876,125

Kimball Towers

Reserve for replacements of \$309,880 represents a balance held in trust by the City of National City Community Development Commission.

Other restricted cash and investments totaling \$892,219 are included in the accompanying basic financial statements.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Cash and Investments (Continued)

C. Restricted Cash and Investments of Morgan Towers and Kimball Towers (Continued)

Morgan Towers

Reserve for replacements of \$352,593 represents a monthly deposit of \$3,127, less current use for replacement, plus income earned thereon. The balance of this reserve will be used for the future replacement of property with HUD's approval.

Residual receipts reserve of \$300,601 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 MIP and insurance impounds of \$5,790 and \$15,042, respectively, totaling \$20,832, which represents amounts held for the future payment of property and mortgage insurance.

D. Risks Disclosures

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity, the greater the sensitivity its fair value is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At June 30, 2015, the City's pooled cash and investments had the following maturities:

As of June 30, 2015, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities				
		1 year or fewer	1 to 2 years	2-3 years	3-4 years	4-5 years
LAIF	\$ 53,691,391	\$ 53,691,391	\$ -	\$ -	\$ -	\$ -
Money Market Funds	20,543	20,543	-	-	-	-
San Diego County Investment Pool	5,055,915	5,055,915	-	-	-	-
US Corporate	1,830,266	289,864	542,459	997,943	-	-
US Treasury Obligations	5,603,128	2,299,852	1,074,019	2,229,257	-	-
US Agency Securitites	15,362,309	6,119,119	3,451,086	3,843,350	1,504,762	443,992
Total Investments	\$ 81,563,552	\$ 67,476,684	\$ 5,067,564	\$ 7,070,551	\$ 1,504,762	\$ 443,992

The weighted average maturity of the portfolio was 1.31 years.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. To be eligible to receive City money, a bank, savings association, federal association, or federally insured industrial loan company shall have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities, including low-and moderate income neighborhoods.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Cash and Investments (Continued)

D. Risks Disclosures (Continued)

Credit Risk (Continued)

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Moody's</u>	<u>Standard & Poor's</u>
LAIF	\$ 53,691,391	Not Rated	Not Rated
Time Deposits	20,543	Aaa	AAA
San Diego County Investment Pool	5,055,915	Not Rated	Not Rated
Corporate Bonds	1,830,266	Various	Various
Federal Home Loan Bank	5,603,128	Not Rated	Not Rated
Federal Home Loan Mortgage Corporation	15,362,309	Aaa	AA+
	<u>\$ 81,563,552</u>		

Custodial Credit Risk

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

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Fair Value</u>
Local Agency Investment Fund (LAIF)	California Pooled Investment Fund	\$ 53,691,391
San Diego County Investment Pool	San Diego County Pooled Investment Fund	5,055,915
Federal Home Loan Bank	Federal Agency Securities	5,603,128
Federal Home Loan Mortgage Corporation	Federal Agency Securities	15,362,309

E. Investments in Local Agency Investment Fund

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments in LAIF at June 30, 2015 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Cash and Investments (Continued)

E. Investments in Local Agency Investment Fund (Continued)

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

As of June 30, 2015, the City had \$53,691,391 invested in LAIF, which had invested 2.08% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The City valued its investments in LAIF as of June 30, 2015, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. The fair value of the City's position in the pool is the same as the value of the pool shares. The credit quality rating of LAIF is unrated as of June 30, 2015.

F. Investments in San Diego County Investment Pool

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

Note 3 – Loans Receivable

A. Government-Wide Financial Statements

At June 30, 2015, the City had the following loans receivable, including principal and accrued interest:

Copper Hills Apartments, LP	\$	7,370,824
Plaza City Apartments, LP		3,422,000
Home Improvement Loan Program		58,228
First Time Home Buyers Program		3,114,059
Owner Occupied Loan Program		696,127
Rental Rehabilitation Loan Program		3,332,500
		<hr/>
Subtotal		17,993,738
Less: Contractual Allowance		(11,424,900)
		<hr/>
Total	\$	6,568,838
		<hr/> <hr/>

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 3 – Loans Receivable (Continued)

A. Government-Wide Financial Statements (Continued)

Copper Hills Apartment, LP

In 1999, the former Community Development Commission of the City of National City (CDC) entered into several loan agreements with Copper Hills Apartments, LP. CDC Residual Receipts Note dated February 19, 1999 disclosed a loan of \$2,400,000 with 3% interest per annum for 55 years, funded by HOME and Low & Moderate Income Housing Funds. A second and junior to the CDC Residual Receipts Note was made on June 3, 1999 for \$4,400,000, referred to as CDC Rehabilitation Note with 3% interest per annum for 55 years and funded by Low & Moderate Income Housing Fund. These loans were made to acquire, develop, rehabilitate and operate the multi-family apartments located at “Q” Avenue in National City, CA. This project will contain 134 apartment dwelling units following rehabilitation and renovation. At June 30, 2015, the outstanding balance was \$7,370,824.

Plaza City Apartments, LP

The CDC of the City of National City entered into a Loan Agreement with Plaza City Apartments, LP on November 1, 2005 in the amount of \$2,700,000 with 3% interest per annum for 55 years. It was amended per Resolution No. 2006-202 dated September 19, 2006 which increased the loan amount by \$722,000 for a total of \$3,422,000. This loan will be used by the borrower to pay the balance of the purchase price and additional costs relating to the acquisition, demolition and development of certain real property located at 1535 Plaza Blvd., National City, CA. At June 30, 2015, the outstanding balance of loans made was \$3,422,000.

Home Improvement Loan program

The City of National City Home Improvement Loan Program was administered by the Housing Authority and funded with Community Development Block Grant funds. The loan program provided loans to owners of single family residences that wished to rehabilitate their property, providing for safe, decent, and sanitary housing throughout National City. The loan program provided favorable terms of repayment and stopped issuing loans in 2002. At June 30, 2015, the outstanding balance of the loans made was \$58,228.

First Time Home Buyers program

The City of National City First-Time Homebuyer Assistance Program is currently funded through HUD HOME Investment Partnerships Program and previously was also funded with the State of California Low- and Moderate-Income Housing Set-Aside funds. The Program is currently administered by Community Housing Works, a 501(c)3 affordable housing agency that offers equity share deferred home gap financing loans to qualified borrowers. At June 30, 2015, the outstanding balance of the loans made was \$3,114,059.

Owner Occupied Loan program

The City of National City Owner Occupied Loan Program is administered by the Housing Authority. The program provides loans to owners of single family residences that wish to rehabilitate their property, providing for safe, decent, and sanitary housing throughout National City. Principal payment on the loans provided is deferred for 30 years. At June 30, 2015, the outstanding balance of the loans made was \$696,127.

Rental Rehabilitation program

The City of National City Rental Rehabilitation Loan Program is administered by the Housing Authority and funded through HUD HOME Investment Partnerships Program and the Low- and Moderate-Income Housing Asset Fund. The program offers gap financing to developers for the rehabilitation of multi-family complexes and also provides for long-term rental assistance to deed-restricted units. At June 30, 2015, the outstanding balance of loans made was \$3,332,500.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 3 – Loans Receivable (Continued)

B. Fiduciary Fund Financial Statements

At June 30, 2015, the Agency had the following loans receivable, including principal and accrued interest:

Paradise Creek, LP	\$	6,000,000
National City Mile of Cars		526,209
Total		\$ 6,526,209

Paradise Creek, LP

On June 21, 2011, the Community Development Commission of the City of National City (“Commission”), and Paradise Creek Housing Partners, L.P. (the “Developer”) entered into an agreement (Disposition and Development Agreement) for the development of 201-unit affordable housing as Phase I and II of the Transit-Oriented Infill Affordable Housing and Paradise Creek Enhancement Project (the “Project”). The Commission, in order to make the Project financially feasible, agreed to make a loan to Developer for the amount of \$6,000,000 for Phase I of the Project. As of June 30, 2015, the note receivable amount is \$6,000,000. The Developer will repay the loan with ground lease income and residual receipts to the Community Development Commission-Housing Authority of the City of National City (“CDC-HA”).

National City Mile of Cars

In July 20, 2010, the Community Development Commission of the City of National City (“Commission”), and Mile of Cars Association (“Participant”) entered into an agreement (Freeway Sign Rehabilitation Loan Agreement) for the rehabilitation of existing equipment and improvements constituting the signage. The Commission agrees to loan to the Participant the amount of \$675,000 for said improvements. As of June 30, 2015, the note receivable amount was \$526,209. The Participant agrees to execute a promissory note by which agree to repay the Commission the full amount of the rehabilitation loan plus interest.

Note 4 – Interfund Balances and Transactions

A. Due to/Due from other funds

At June 30, 2015, interfund receivables and payables were as follows:

	Due To Other Funds			
Due From Other Funds	Housing Choice Voucher Program Special Revenue Fund	Other Special Revenue Fund	Nonmajor Governmental Funds	Total
General Fund	\$ 56,670	\$ 5,167,746	\$ 801,435	\$ 6,025,851
Total	\$ 56,670	\$ 5,167,746	\$ 801,435	\$ 6,025,851

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 4 – Interfund Balances and Transactions (Continued)

B. Long-Term Advances

At June 30, 2015, long-term advances balances were as follows:

	Advances To Other Funds		
	General Fund	Nonmajor Governmental Funds	Total
Advances From Other Funds			
Housing Fund	\$ 4,941,000	\$ -	\$ 4,941,000
Sewer Service Special Revenue Fund	-	415,735	415,735
Total	<u>\$ 4,941,000</u>	<u>\$ 415,735</u>	<u>\$ 5,356,735</u>

City Council authorized a loan to borrow funding for the purchasing of a new fire truck: the loan established a ten year re-payment agreement with the NCFD at an interest equal to 3.69% per annum and matures June 30, 2019. The balance was \$415,735 at June 30, 2015.

City Council authorized a loan from the City of National City to the Community Development Commission – Housing Authority (the “CDC-HA”) of the City of National City in the amount of \$4,941,000 for partial consideration of value owed on the purchase of 6.299 acres of land for the development of 201-unit affordable housing as phase I and II of the Transit-Oriented Infill Affordable Housing and Paradise Creek Enhancement Project. The CDC-HA of the City of National City would repay the loan with ground lease income and loan repayments made by the developer of the project.

C. Transfers In/Out

For the year ended June 30, 2015, interfund transfers were as follows:

	Transfers In				
	Housing Choice Voucher Program Special Revenue Fund	Other Special Revenue Fund	Non-major Governmental Funds	Governmental Activities Internal Service	Total
Transfers Out					
General Fund	\$ -	\$ 125,000	\$ 1,528,647	\$ 2,623,535	\$ 4,277,182
Governmental Activities Internal Service	111,689	-	-	-	111,689
Total	<u>\$ 111,689</u>	<u>\$ 125,000</u>	<u>\$ 1,528,647</u>	<u>\$ 2,623,535</u>	<u>\$ 4,388,871</u>

General Fund – Transfers were for operating support to subsidize library operations, park maintenance operations, and nutrition program for seniors operations. The total amount of operating support budgeted and transferred to the aforementioned operations and programs were \$4,277,182. In addition, a transfer was made to the fund retiree health benefits in the amount of \$125,000 and another \$2,623,535 to build a reserve for equipment replacement. The General Fund transfers out totaled \$4,277,182.

Governmental Activities Internal Service Funds – Transfers were made from the Facilities Maintenance Fund to reimburse the Housing Choice Voucher Program Fund for overcharging internal services charges.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 5 – Capital Assets

A. Governmental Activities

A summary of changes in capital assets for governmental activities for the year ended June 30, 2015 is as follows:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>CIP Transfers</u>	<u>Balance June 30, 2015</u>
Capital assets, not being depreciated:					
Land	\$ 20,247,687	\$ 164,063	\$ -	\$ -	\$ 20,411,750
Right of way	4,245,088	-	-	-	4,245,088
Construction in progress	17,204,748	14,010,730	(197,682)	(1,048,127)	29,969,669
Total capital assets, not being depreciated	<u>41,697,523</u>	<u>14,174,793</u>	<u>(197,682)</u>	<u>(1,048,127)</u>	<u>54,626,507</u>
Capital assets, being depreciated:					
Buildings and improvements	42,846,821	639,586	-	-	43,486,407
Machinery and equipment	15,056,487	954,891	(805,868)	-	15,205,510
Infrastructure	115,459,912	-	(146,375)	1,048,127	116,361,664
Subtotal	<u>173,363,220</u>	<u>1,594,477</u>	<u>(952,243)</u>	<u>1,048,127</u>	<u>175,053,581</u>
Less accumulated depreciation					
Buildings and improvements	(20,540,283)	(1,375,118)	-	-	(21,915,401)
Machinery and equipment	(11,386,570)	(781,591)	805,868	-	(11,362,293)
Infrastructure	(60,232,796)	(2,546,525)	114,463	-	(62,664,858)
Subtotal	<u>(92,159,649)</u>	<u>(4,703,234)</u>	<u>920,331</u>	<u>-</u>	<u>(95,942,552)</u>
Total capital assets, being depreciated	<u>81,203,571</u>	<u>(3,108,757)</u>	<u>(31,912)</u>	<u>1,048,127</u>	<u>79,111,029</u>
Total capital assets, net	<u>\$ 122,901,094</u>	<u>\$ 11,066,036</u>	<u>\$ (229,594)</u>	<u>\$ -</u>	<u>\$ 133,737,536</u>

Depreciation expense was charged to functions/programs as follows:

General Government	\$ 17,113
Public Safety	1,046,475
Transportation	2,630,130
Community Development	40,475
Culture and Leisure	614,114
Internal Service Fund	354,927
Total depreciation expense	<u>\$ 4,703,234</u>

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 5 – Capital Assets (Continued)

B. Business-Type Activities

A summary of changes in capital assets for business-type activities for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 528,382	\$ -	\$ -	\$ 528,382
Total capital assets, not being depreciated	<u>528,382</u>	<u>-</u>	<u>-</u>	<u>528,382</u>
Capital assets, being depreciated:				
Building and improvements	15,654,171	-	-	15,654,171
Furniture and equipment	568,103	228,535	-	796,638
Subtotal	<u>16,222,274</u>	<u>228,535</u>	<u>-</u>	<u>16,450,809</u>
Less accumulated depreciation				
Building and improvements	(9,933,692)	(283,505)	-	(10,217,197)
Furniture and equipment	(514,909)	(9,538)	-	(524,447)
Subtotal	<u>(10,448,601)</u>	<u>(293,043)</u>	<u>-</u>	<u>(10,741,644)</u>
Total capital assets, being depreciated	<u>5,773,673</u>	<u>(64,508)</u>	<u>-</u>	<u>5,709,165</u>
Total capital assets, net	<u>\$ 6,302,055</u>	<u>\$ (64,508)</u>	<u>\$ -</u>	<u>\$ 6,237,547</u>

Depreciation expense for business-type activities for the year ended June 30, 2015 was as follows:

Kimball Towers	\$ 179,505
Morgan Towers	113,538
Total depreciation expense	<u>\$ 293,043</u>

C. Fiduciary Funds Financial Statements

A summary of changes in capital assets for fiduciary funds for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 2,050,000	\$ -	\$ -	\$ 2,050,000
Total capital assets, not being depreciated	<u>2,050,000</u>	<u>-</u>	<u>-</u>	<u>2,050,000</u>
Capital assets, being depreciated:				
Buildings	2,450,000	-	-	2,450,000
Improvements other than buildings	-	-	-	-
Machinery and equipment	81,163	-	-	81,163
Subtotal	<u>2,531,163</u>	<u>-</u>	<u>-</u>	<u>2,531,163</u>
Less accumulated depreciation				
Buildings	(2,016,666)	(41,667)	-	(2,058,333)
Improvements other than buildings	-	-	-	-
Machinery and equipment	(81,163)	-	-	(81,163)
Subtotal	<u>(2,097,829)</u>	<u>(41,667)</u>	<u>-</u>	<u>(2,139,496)</u>
Total capital assets, being depreciated	<u>433,334</u>	<u>(41,667)</u>	<u>-</u>	<u>391,667</u>
Total capital assets, net	<u>\$ 2,483,334</u>	<u>\$ (41,667)</u>	<u>\$ -</u>	<u>\$ 2,441,667</u>

Depreciation expense for fiduciary fund financial statements for the year ended June 30, 2015 was \$41,667.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Long-Term Debt

A. Governmental Activities

A summary of changes in governmental activities long-term debt for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Debt Issued	Debt Retired	Balance June 30, 2015	Classification	
					Due within One Year	Due in More Than One Year
Long-term Debt:						
2012 General Obligation Bonds	\$ 4,650,000	\$ -	\$ (245,000)	\$ 4,405,000	\$ 250,000	4,155,000
Bond Premium	22,468	-	(1,605)	20,863	-	20,863
Lease Revenue Refunding Bonds	1,870,000	-	(445,000)	1,425,000	460,000	965,000
Section 108 Bonds	4,450,000	-	(310,000)	4,140,000	335,000	3,805,000
Capital Leases	1,572,062	621,662	(245,038)	1,948,686	224,921	1,723,765
Total long-term debt	12,564,530	621,662	(1,246,643)	11,939,549	1,269,921	10,669,628
Deferred Outflows of Resources:						
Deferred Loss on Refunding	(58,800)	-	4,200	(54,600)	-	(54,600)
Total	\$ 12,505,730	\$ 621,662	\$ (1,242,443)	\$ 11,884,949	\$ 1,269,921	\$ 10,615,028

2012 General Obligation Refunding Bonds

The City issued \$4,885,000 of general obligation bonds, 2012 General Obligation Refunding Bonds, on August 1, 2012 to refund the 2002 General Obligation Bonds. The bonds mature annually through August 1, 2028 in the amounts ranging from \$235,000 to \$395,000 beginning August 1, 2003. The interest of the bonds is payable semi-annually on each February 1 and August 1, commencing February 1, 2004. The interest rate of the bonds ranges from 2.00% to 3.500%. The bonds are payable solely from and secured by ad valorem taxes of all property subject to taxation by the City. The bonds are subject to optional and mandatory early redemption provisions. As of June 30, 2015 the outstanding balance is \$4,405,000.

The annual debt service requirements for the 2012 General Obligation Refunding Bonds outstanding at June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 250,000	\$ 127,950	\$ 377,950
2017	255,000	122,263	377,263
2018	265,000	115,763	380,763
2019	275,000	109,013	384,013
2020	280,000	102,075	382,075
2021-2025	1,575,000	378,650	1,953,650
2026-2029	1,505,000	106,576	1,611,576
Total	\$ 4,405,000	\$ 1,062,290	\$ 5,467,290

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

NCJPFA Lease Revenue Refunding Bonds

The NCJPFA issued \$3,115,000 of refunding bonds on September 28, 2010 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, 2011. 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. As of June 30, 2015 the outstanding balance is \$1,425,000.

The annual debt service requirements for the NCJPFA Lease Revenue Refunding Bonds outstanding at June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 460,000	\$ 35,850	\$ 495,850
2017	475,000	21,825	496,825
2018	490,000	7,350	497,350
Total	\$ 1,425,000	\$ 65,025	\$ 1,490,025

Section 108 Bonds

The City issued \$6,900,000 of HUD 108 Bonds, Series A on August 7, 2003 to provide funds for the construction of a fire station. The bonds mature annually through 2024 in the amount ranging from \$170,000 to \$635,000 beginning in 2005. The interest of the bonds is payable semi-annually on each February 1 and August 1, commencing February 1, 2004. As of June 30, 2015 the outstanding balance is \$4,140,000.

The annual debt service requirements for the Section 108 Bonds outstanding at June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 335,000	\$ 217,685	\$ 552,685
2017	\$ 365,000	\$ 199,721	\$ 564,721
2018	390,000	179,934	569,934
2019	420,000	158,320	578,320
2020	455,000	134,601	589,601
2021-2024	2,175,000	257,162	2,432,162
Total	\$ 4,140,000	\$ 1,147,423	\$ 5,287,423

Capital Leases

	Balance July 1, 2014	Debt Issued	Debt Retired	Balance June 30, 2015	Classification	
					Due within One Year	Due in More Than One Year
Honeywell Lease	\$ 1,455,603	\$ -	\$ (102,230)	\$ 1,353,373	\$ 107,385	\$ 1,245,988
800 MHz Radio System	95,844	-	(95,844)	-	-	-
CAT Loader Equipment	20,615	-	(11,585)	9,030	9,030	-
Enterprise Capital Leases	-	621,662	(35,379)	586,283	108,506	477,777
Total	\$ 1,572,062	\$ 621,662	\$ (245,038)	\$ 1,948,686	\$ 224,921	\$ 1,723,765

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Honeywell Lease

A fifteen year contract was entered into on March 16, 2010 for various energy efficient improvements, such as the installation of a new cooling town with variable speed fans (Civic Center), boiler replacement (Civic Center and Police Station), VFD (Police Station), and rooftop package unit replacement (Public Works, Police Station and MLK Community Center). Quarterly payments in arrears of principal and interest are \$43,101. The final payment will be made in 2025. The balance at June 30, 2015 on this contract was \$1,353,373.

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2015, are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 107,385	\$ 65,019	\$ 172,404
2017	112,800	59,604	172,404
2018	118,489	53,916	172,405
2019	124,463	47,941	172,404
2020	130,740	41,665	172,405
2021-2025	759,496	102,527	862,023
Total	\$ 1,353,373	\$ 370,672	\$ 1,724,045

800 MHz Radio System

A ten year contract was entered into on December 15, 2004 for the purchase of an 800MHZ Regional Communication System to provide communication for law enforcement and public safety personnel. Annual payment of principal and interest are \$194,713. As of June 30, 2015, the lease was paid in full.

CAT Loader Equipment

A ten year contract was entered into on March 24, 2006 for the purchase of a Caterpillar wheel loader. Annual payments of principal and interest are \$12,308. The balance at June 30, 2015 was \$9,030.

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2015, are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 9,030	\$ 201	\$ 9,231
Total	\$ 9,030	\$ 201	\$ 9,231

Enterprise Car Lease

A ten year contract was entered into during 2015 with Enterprise Fleet Management, Inc. to lease approximately 74 vehicles for City-use with each vehicle having a five-year payment plan. Annual payments of principal and interest are \$148,195. The balance at June 30, 2015 was \$586,283.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2015, are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 108,506	\$ 39,689	\$ 148,195
2017	116,804	31,391	148,195
2018	125,739	22,456	148,195
2019	135,361	12,834	148,195
2020	99,873	3,021	102,894
Total	\$ 586,283	\$ 109,391	\$ 695,674

B. Business-Type Activities

	Balance July 1, 2014	Debt Issued	Debt Retired	Balance June 30, 2015	Classification	
					Due within One Year	Due in More Than One Year
Morgan Towers Notes Payable	\$ 1,576,533	\$ -	\$ (265,396)	\$ 1,311,137	\$ 283,170	\$ 1,027,967
Total	\$ 1,576,533	\$ -	\$ (265,396)	\$ 1,311,137	\$ 283,170	\$ 1,027,967

Morgan Towers Notes Payable

The note payable is secured by a deed of trust and is payable to GMAC. The original note was dated March 1, 1978 in the amount of \$5,125,000. Payments of principal and interest at 6.5% aggregating \$30,005 are made monthly with the final payment due August 1, 2019. The note is insured by HUD and is secured by substantially all property and equipment of the Morgan Towers Enterprise Fund. As of June 30, 2015, the outstanding balance is \$1,311,137. The annual debt service payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 283,170	\$ 76,890	\$ 643,230
2017	302,134	57,924	662,192
2018	322,368	37,692	682,429
2019	343,958	16,097	704,013
2020	59,507	484	119,497
Total	\$ 1,311,137	\$ 189,087	\$ 2,811,361

C. Fiduciary Funds

A summary of changes in fiduciary funds long-term debt for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Debt Issued	Debt Retired	Balance June 30, 2015	Classification	
					Due within One Year	Due in More Than One Year
1999 Tax Allocation Bonds	\$ 3,555,000	\$ -	\$ (150,000)	\$ 3,405,000	\$ 155,000	\$ 3,250,000
2004 Tax Allocation Bonds	3,460,000	-	(315,000)	3,145,000	330,000	2,815,000
2005 Series A and B Tax Allocation Bonds	17,015,000	-	(3,505,000)	13,510,000	4,430,000	9,080,000
2011 Tax Allocation Bonds	39,010,000	-	(320,000)	38,690,000	315,000	38,375,000
Total	\$ 63,040,000	\$ -	\$ (4,290,000)	\$ 58,750,000	\$ 5,230,000	\$ 53,520,000

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Long-Term Debt (Continued)

C. Fiduciary Funds (Continued)

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 Allocations Bonds outstanding at June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 155,000	\$ 169,550	\$ 324,550
2017	165,000	161,550	326,550
2018	175,000	153,050	328,050
2019	180,000	144,175	324,175
2020	190,000	134,925	324,925
2021-2025	1,110,000	514,551	1,624,551
2026-2030	1,430,000	190,394	1,620,394
Total	\$ 3,405,000	\$ 1,468,195	\$ 4,873,195

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 2033. 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 Allocations Bonds outstanding at June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
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
2021-2025	-	747,000	747,000
2026-2030	1,485,000	602,125	2,087,125
2031-2033	1,330,000	112,201	1,442,201
Total	\$ 3,145,000	\$ 2,215,339	\$ 5,360,339

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Long-Term Debt (Continued)

C. Fiduciary Funds (Continued)

2005 Series A and B 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 Series A and B Tax Allocation Bonds outstanding at June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 4,430,000	\$ 622,688	\$ 5,052,688
2017	790,000	415,813	1,205,813
2018	825,000	385,003	1,210,003
2019	855,000	352,003	1,207,003
2020	890,000	317,803	1,207,803
2021-2025	3,615,000	1,106,498	4,921,038
2026-2030	1,650,000	330,750	3,507,700
2031-2033	455,000	36,225	736,138
Total	\$ 13,510,000	\$ 3,566,780	\$ 19,048,183

2011 Tax Allocation Bonds

In February 2011, the Commission issued \$39,660,000 in Tax Allocation Bonds for the purpose of funding redevelopment and low and moderate income housing projects within the Project Area. The bonds consist of \$9,790,000 in serial bonds which mature from 2012-2021 in amounts ranging from \$325,000 to \$1,825,000, \$5,830,000 in term bonds which mature in fiscal year 2024, and \$24,040,000 terms bonds which mature in 2032. Interest is paid semi-annually on February 1 and August 1, at interest rates ranging from 3.00% to 5.75%.

The annual debt service requirements for the 2011 Tax Allocation Bonds outstanding at June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 315,000	\$ 2,535,881	\$ 2,862,281
2017	1,145,000	2,487,075	3,632,075
2018	1,255,000	2,427,075	3,682,075
2019	1,315,000	2,362,825	3,677,825
2020	1,445,000	2,292,019	3,737,019
2021-2025	9,175,000	9,946,632	19,121,632
2026-2030	12,905,000	6,330,975	19,235,975
2031-2033	11,135,000	1,185,975	12,320,975
Total	\$ 38,690,000	\$ 29,568,457	\$ 68,269,857

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Long-Term Debt (Continued)

C. Fiduciary Funds (Continued)

Pledged Revenues

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

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

Property tax revenue allocated to the RPTTF for the Successor Agency totaled \$15,347,602 in fiscal year 2015. The RPTTF revenue available for distribution to the Successor Agency was \$13,981,693. After deductions for County administrative fees, pass-through payments and residual balance distributions to affected taxing entities, the RPTTF revenue distributed to the Successor Agency in fiscal year 2015 was \$12,705,481. Total debt service of all Tax Allocation Bonds paid was \$7,879,746, 56% of the RPTTF revenue distributed to the Successor Agency. For fiscal year 2016, the annual principal and interest payments on the Tax Allocation Bonds are expected to be approximately 67% of the RPTTF revenue available to be distributed to the Successor Agency. Beyond fiscal year 2016, the percentage drops to approximately 44% because the final payment on the 2005 Series A bonds will be made in fiscal year 2016. Beginning in fiscal year 2017, annual principal and interest payments decrease to approximately \$5.3 million and will remain at or near that level until the final maturity of all of the Bonds in fiscal year 2033. During this same time period, the amount of available RPTTF is expected to grow consistent with growth in assessed values attributable to the former redevelopment area. Hence, the percentage of the available RPTTF revenues that will be required for debt service is expected to gradually decline.

Note 7 – Compensated Absences

Summary of changes in compensated absences for the year ended June 30, 2015 is as follows:

	Balance			Balance June 30, 2015	Classification	
	July 1, 2014	Additions	Deletions		Due within One Year	Due in More Than One Year
Compensated Absences	\$ 3,176,391	\$ 2,079,760	\$ (1,811,833)	\$ 3,444,318	\$ 1,811,833	\$ 1,632,485
Total	\$ 3,176,391	\$ 2,079,760	\$ (1,811,833)	\$ 3,444,318	\$ 1,811,833	\$ 1,632,485

The City’s liability for vested and unpaid compensated absences (accrued vacation) has been accrued and amounts to \$3,444,318 at June 30, 2015. For the governmental activities claims and judgments and compensated absences are generally liquidated by the General Fund.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 7 – Compensated Absences (Continued)

Compensated absences at June 30, 2015 are obligations of the following funds:

Governmental Funds	\$ 3,330,524
Facilities Maintenance	40,824
Liability Insurance	3,951
Information Systems Maintenance	32,785
Motor Vehicle Services	36,234
Total	\$ 3,444,318

Note 8 – Other Required Fund Disclosures

At June 30, 2015, the following funds had deficit fund equity:

Fund Type	Funds	Deficit
Fiduciary Fund	Successor Agency To the Community Development Commission of National City Private-Purpose Trust Fund	\$ (7,703,331)

The Community Development Commission as the National City Redevelopment Agency (the “Successor Agency”) Private-Purpose Trust Fund - The Successor Agency to the Community Development Commission of National City Private-Purpose Trust Fund had an accumulated deficit of \$(7,703,331). The City expects to repay the amount through tax increment.

Note 9 – Self-Insurance Accrued Liabilities

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

The City is a member of 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 insured for general liability with a self-insured retention of \$150,000.

Losses between the self-insured retention level and \$2,000,000 are shared by the participant cities. Excess liability insurance coverage is provided by the Program Authority for losses greater than \$2,000,000 up to \$35,000,000. Losses in excess of \$35,000,000 are not covered and are self-funded by the City. The City is completely self-insured for unemployment claims.

The City is also a member of CSAC Excess Insurance Authority (“CSAC”), a joint powers authority, for workers compensation claims. The City is self-insured for workers compensation claims and losses up to \$500,000 per occurrence. Losses between the self-insured retention level and \$5,000,000 are shared by the participant cities. Losses in excess of \$5,000,000 up to \$200,000,000 are reinsured by a commercial insurance carrier. The City is completely self-insured for unemployment claims.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 9 – Self-Insurance Accrued Liabilities (Continued)

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

At June 30, 2015, the City accrued \$7,886,000 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, 2015 is dependent on future developments, based upon information from the City Attorney, outside counsel and others involved with the administration of the programs, City management believes that the aggregate accrual is adequate to cover such losses. For the past three years, no settlements or claims payments have exceeded the amount of the applicable coverage. For the past two fiscal years, the changes in the City’s liability for claims payable are summarized as follows:

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Claims liabilities - beginning balance	\$ 7,443,000	\$ 6,776,000	\$ 6,283,000
Incurred claims, representing the total of a provision for events of the current fiscal year and any change in the provision for events of prior fiscal years	2,748,406	2,643,254	2,664,990
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(2,305,406)</u>	<u>(1,976,254)</u>	<u>(2,171,990)</u>
Claims liabilities - ending balance	<u>\$ 7,886,000</u>	<u>\$ 7,443,000</u>	<u>\$ 6,776,000</u>

Note 10 – Pension Plans

A. Summary

Net Pension Liability

Net Pension Liability is reported in the accompanying statement of net position as follows:

	<u>Net Pension Liability</u>
Miscellaneous Plan	\$ 49,770,230
Safety Plan	<u>24,861,349</u>
Total	<u>\$ 74,631,579</u>

Deferred Outflows of Resources

Deferred Outflows of Resources are reported in the accompanying statement of net position as follows:

	<u>Deferred employer pension contributions made after measurement date</u>
Miscellaneous Plan	\$ 2,056,706
Safety Plan	<u>4,200,467</u>
Total	<u>\$ 6,257,173</u>

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Pension Plans (Continued)

A. Summary (Continued)

Deferred Inflows of Resources

Deferred Inflows of Resources are reported in the accompanying statement of net position as follows:

	Investment earnings greater than expected earnings
Miscellaneous Plan	\$ 5,844,094
Safety Plan	7,978,962
Total	\$ 13,823,056

Pension Expense

Pension expenses are included in the accompanying statement of revenues, expenses, and Change in Net Position as follows:

	Net Pension Expense
Miscellaneous Plan	\$ 1,983,298
Safety Plan	4,539,509
Total	\$ 6,522,807

B. CalPERS Pension Plans

Plan Description

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

Benefits Provided

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Participant is eligible for nonindustrial disability retirement if becomes disabled and has at least 5 years of credited service. There is no special age requirement. The standard nonindustrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service.

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

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

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

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2 percent.

Employees Covered – At June 30, 2013, the valuation date, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Active employees	179	117
Transferred and terminated employees	218	63
Retired employees and beneficiaries	253	208

Contributions – Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014, the average active miscellaneous and safety employee contribution rates were 7.964% and 9.000% of annual pay, respectively, and the employer's contribution rates were 21.505% and 40.591% of miscellaneous and safety employee annual payroll, respectively.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

For the year ended June 30, 2015, the contributions were:

	Miscellaneous	Safety	Aggregate Total
Contributions - employer	\$ 2,056,706	\$ 4,200,467	\$ 6,257,173

Net Pension Liability

The City’s net pension liability is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS’ Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on

There were no changes in assumptions, benefit terms or other inputs that affected the measurement of the net pension liability. There were no changes between the measurement date of the net pension liability and the reporting date. The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuations were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the agent multiple-employer plan.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Council action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least fiscal year 2018. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1-10 ¹	Real Return Years 11+ ²
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	-0.55	-1.05

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Changes in the Net Pension Liability

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

	Miscellaneous Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2013 (Valuation Date)	\$ 104,747,721	\$ 74,069,232	\$ 30,678,489
Changes in the year:			
Service cost	1,937,067	-	1,937,067
Interest on the total pension liabilities	7,748,026	-	7,748,026
Differences between expected and actual experience	-	-	-
Benefit payments, including refunds of members contributions	(4,818,483)	(4,818,483)	-
Contributions - employer	-	1,956,344	(1,956,344)
Contributions - employee	-	767,784	(767,784)
Net investment income	-	12,778,105	(12,778,105)
Administrative expenses	-	-	-
Net changes	<u>4,866,610</u>	<u>10,683,750</u>	<u>(5,817,140)</u>
Balance at June 30, 2014 (Measurement Date)	<u>\$ 109,614,331</u>	<u>\$ 84,752,982</u>	<u>\$ 24,861,349</u>

	Safety Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2013 (Valuation Date)	\$ 159,054,536	\$ 101,654,589	\$ 57,399,947
Changes in the year:			
Service cost	3,249,200	-	3,249,200
Interest on the total pension liabilities	11,761,448	-	11,761,448
Differences between expected and actual experience	-	-	-
Benefit payments, including refunds of members contributions	(7,719,645)	(7,719,645)	-
Contributions - employer	-	4,190,264	(4,190,264)
Contributions - employee	-	983,295	(983,295)
Net investment income	-	17,466,806	(17,466,806)
Administrative expenses	-	-	-
Net changes	<u>7,291,003</u>	<u>14,920,720</u>	<u>(7,629,717)</u>
Balance at June 30, 2014 (Measurement Date)	<u>\$ 166,345,539</u>	<u>\$ 116,575,309</u>	<u>\$ 49,770,230</u>

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

	Plan's Aggregate Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Miscellaneous Plan	<u>\$ 72,364,487</u>	<u>\$ 49,770,230</u>	<u>\$ 31,240,737</u>
Safety Plan	<u>\$ 39,328,238</u>	<u>\$ 24,861,349</u>	<u>\$ 12,892,543</u>
Aggregate Total	<u>\$ 111,692,725</u>	<u>\$ 74,631,579</u>	<u>\$ 44,133,280</u>

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

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

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

For the year ended June 30, 2015, the City recognized pension expense in the amounts of \$1,983,298 and \$4,539,509, for the Safety and Miscellaneous plans, respectively.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The Expected Average Remaining Service Lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired).

At June 30, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Difference between projected and actual earning on pension plan investments	\$ -	\$ (5,844,094)
Total	\$ -	\$ (5,844,094)
Safety Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Difference between projected and actual earning on pension plan investments	\$ -	\$ (7,978,962)
Total	\$ -	\$ (7,978,962)
Aggregate Totals		
	Deferred outflows of Resources	Deferred inflows of Resources
Difference between projected and actual earning on pension plan investments	\$ -	\$ (13,823,056)
Total	\$ -	\$ (13,823,056)

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

For the Safety Plan and Miscellaneous Plan, \$2,056,706 and \$4,200,467, respectively, was reported as deferred outflows of resources related to pensions resulting from City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/ (Inflows) of Resources	
	Miscellaneous	Safety
2016	\$ 1,461,024	\$ 1,994,740
2017	1,461,024	1,994,740
2018	1,461,024	1,994,740
2019	1,461,024	1,994,740
2020	-	-
Thereafter	-	-
	\$ 5,844,096	\$ 7,978,960

Note 11 – Other Postemployment Benefits

Plan Description

The City currently provides a fixed dollar contribution towards retiree health benefits for 60 retirees. In addition, 285 employees are currently working and earning service credit for eligibility for a City contribution for retiree health benefits. To be eligible for a City contribution, an employee must retire from the City and commence pension benefits under PERS on or after age 50 with at least 20 years of service (5 years for management and executive employees) with the City. The City provides a fixed dollar monthly contribution equal to \$10 (\$20 for management, executive and Safety employees) times years of service. Employees may receive the contribution to use towards non-City health insurance, if evidence of coverage is provided. The City’s contribution is payable to Medicare eligibility. Management and executive employees are eligible for the City’s contribution during their lifetime.

Eligibility

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 20 years of service. Membership of the plan consisted of the following at June 30, 2014, the date of the latest actuarial valuation:

	Executives & Management	Safety	Other	Total
Eligible active employee	35	119	131	285
Enrolled eligible retirees	25	22	13	60

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2015, the City contributed \$151,826 to the plan for current premiums.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 11 – Other Postemployment Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation

The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation for these benefits:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual required contribution	\$ 436,527	\$ 216,311	\$ 213,079
Interest on net OPEB obligation	13,079	5,096	5,096
Adjustment to the annual required contribution	<u>(21,445)</u>	<u>(7,972)</u>	<u>(7,972)</u>
Annual OPEB cost	428,161	213,435	210,203
Contribution made (includes premiums paid)	<u>(151,826)</u>	<u>(124,249)</u>	<u>(99,836)</u>
Increase in net OPEB obligation	276,335	89,186	110,367
Net OPEB obligation, beginning of the year	<u>326,965</u>	<u>237,779</u>	<u>127,412</u>
Net OPEB obligation, end of year	<u><u>\$ 603,300</u></u>	<u><u>\$ 326,965</u></u>	<u><u>\$ 237,779</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2014 and 2015 were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 210,203	\$ 99,836	58%	\$ 237,779
2014	213,435	124,249	35%	326,965
2015	428,161	151,826	35%	603,300

Funded Status and Funding Progress

As of June 30, 2014, the most recent actuarial valuation date, the plan was not funded in its initial year of implementation. The actuarial accrued liability for benefits was \$4,029,831, and the actuarial value of assets was \$0, resulting in an unfunded actuarial liability (“UAAL”) of \$4,029,831 and a funded ratio (actuarial value of assets as a percentage of the actuarial liability) of 0%.

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 11 – Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions

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

The actuarial cost method used for determining the benefit obligations is the Frozen Entry Age Actuarial Cost Method. The actuarial assumptions included a 4% percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date. The UAAL is being amortized as a level percentage of projected payroll over 30 years. It is assumed the City's payroll will increase 3% per year.

Most Recent Actuarial Study – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Assets Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/2014	\$ -	\$ 4,029,831	\$ 4,029,831	0.00%	\$ 19,537,000	20.63%

Note 12 – Commitments and Contingencies

Litigation

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

Grants

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

City Loan to Successor Agency

The Sewer Service Special Revenue Fund has loaned a cumulative amount of \$411,216 to the Successor Agency for funding for street resurfacing improvements program. The loan establishes a 5 year re-payment agreement with the *TransNet* (Prop A) fund for the last two years at an interest rate of 0.75% per annum and matures June 30, 2015.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 12 – Commitments and Contingencies (Continued)

Successor Agency – Long Range Property Management Plan

The Community Development Commission as the National City Redevelopment Agency (the "Successor Agency") is in the process of preparing a Long Range Property Management Plan (LRPMP) in compliance with AB 1484.

Note 13 – Classification of Fund Balances

	Major Funds					Other Governmental Funds	Total
	General	Housing	Section 8 Housing Choice Vouchers	Sewer	Other Special Revenue		
Nonspendable							
Loans receivable	\$ -	\$ 5,340,078	\$ -	\$ -	\$ -	\$ 1,341,949	\$ 6,682,027
Advances to other funds	4,941,000	-	-	-	-	-	4,941,000
Land held for resale	-	1,245,000	-	-	-	-	1,245,000
Inventories and prepaid items	22,916	-	-	-	-	-	22,916
Total nonspendable	4,963,916	6,585,078	-	-	-	1,341,949	12,890,943
Restricted							
Housing	-	-	-	-	-	-	-
Debt service	570,999	-	6,236	-	1,385	1,105,223	1,683,843
Community development	19,999	-	-	-	4,004,182	173,599	4,197,780
Public safety	-	-	-	-	540,677	743,426	1,284,103
Transportation	-	-	-	-	592,549	1,199,598	1,792,147
General Services	-	-	33,944	17,877,832	1,431,450	3,295,644	22,638,870
Total restricted	590,998	-	40,180	17,877,832	6,570,243	6,517,490	31,596,743
Committed							
Economic contingency	9,085,066	-	-	-	-	-	9,085,066
Total committed	9,085,066	-	-	-	-	-	9,085,066
Assigned							
Accrued employee benefits	3,330,525	-	-	-	-	-	3,330,525
Post-employment benefits	5,844,000	-	-	-	706,558	-	6,550,558
Community development	3,314,231	-	-	-	-	-	3,314,231
Public safety	660,697	-	-	-	-	-	660,697
Transportation	1,035,961	-	-	-	-	-	1,035,961
General Services	862,386	-	-	-	-	-	862,386
Housing	1,017,936	-	-	-	-	-	1,017,936
Total assigned	16,065,736	-	-	-	706,558	-	16,772,294
Unassigned	10,266,364	(4,429,645)	-	-	(871,114)	(68,079)	4,897,526
Total fund balances	\$ 40,972,080	\$ 2,155,433	\$ 40,180	\$ 17,877,832	\$ 6,405,687	\$ 7,791,360	\$ 75,242,572

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 13 – Classification of Fund Balances (Continued)

Categorization of Reserves under Adopted City Policies

All unassigned amounts in the City's General Fund are considered reserves under internal City policies. The City maintains the following committed reserve:

- 1) ***Economic Contingency Reserve*** – represents funds that are set-aside for use only in exceptional circumstances such as catastrophic events that could negatively impact the financial condition of the City. Funding represents 20% of the next year's operating expenditures, and no drawdowns have ever been executed on this reserve. City Policy requires a 4/5 vote of the City Council by resolution to authorize draws on this reserve. The amount of the contingency reserve as of June 30, 2015 was \$9,085,066.

Note 14 – Prior Period Adjustments

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during fiscal year 2015. The statements recognize liabilities, deferred outflow of resources, deferred inflows of resources, and expense/expenditures for pension plans. This required a prior period adjustment to be made due to change in accounting principle. The City also recorded a prior period adjustment to move the Library Trust Fund from the fiduciary fund statements to the governmental fund statements as a permanent fund. The cumulative effect of the prior period adjustments has resulted in a decrease to fiscal year 2014 net position as follows:

Government-Wide Financial Statements

	Primary Government
Beginning Net Position, as previously reported	\$ 190,816,809
Prior period adjustments:	
Report of actual contribution made during the measurement period, net of proportionate share of contribution	6,146,608
Report net pension liability due to the implementation of GASB 68	(88,078,436)
Reclass a fiduciary fund to a permanent fund in the governmental fund statements, a fund that, by nature, belongs to the City through an endowment with only the interest expendable	50,405
Beginning Net Position, as restated	\$ 108,935,386

Governmental Fund Financial Statements

	Library Endowment
Beginning Fund Balance, as previously reported	\$ -
Reclass a fiduciary fund to a permanent fund in the governmental fund statements, a fund that, by nature, belongs to the City through an endowment with only the interest expendable	50,405
Beginning Fund Balance, as restated	\$ 50,405

Note 15 – Subsequent Events

Economic Contingency Reserve – The City established reserves to strengthen its ability to withstand unexpected financial emergencies such as those that may result from catastrophic events. The economic contingency reserve represents an amount equal to between twenty-five percent (25%) and fifty percent (50%) of a single year's budgeted General Fund operating expenditures and no drawdowns have ever been executed on this reserve. The City policy requires a 3/5 vote of the City Council to authorized draws on this reserve. The amount of the contingency reserve as of June 30, 2015 was \$9,085,066.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 15 – Subsequent Events (Continued)

In August 2015, the City refinanced the Section 108 note under the Housing and Community Development Act of 1974. The City participated in the public offering by HUD through the Loan Guarantee Assistance Program under Section 108 of the Housing and Community Development Act of 1974 to refinance the existing note in the original amount of \$6,900,000. The amount refinanced was \$4,140,000 which is the outstanding balance as of June 30, 2015.

**REQUIRED SUPPLEMENTARY
INFORMATION**



City of National City
Required Supplementary Information (Continued)
For the Year Ended June 30, 2015

Note 1 – Budgetary Information (Continued)

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 37,304,126	\$ 37,304,126	\$ 39,360,343	\$ 2,056,217
Licenses and permits	672,153	672,153	1,014,962	342,809
Fines and forfeitures	529,270	529,270	623,295	94,025
Use of money and property	630,533	630,533	935,020	304,487
Intergovernmental	285,788	7,602,158	6,779,813	(822,345)
Charges for services	1,884,485	1,899,757	2,255,296	355,539
Other revenues	1,783,109	1,783,109	2,092,575	309,466
Total revenues	43,089,464	50,421,106	53,061,304	2,640,198
EXPENDITURES:				
Current:				
General government	6,082,888	7,657,716	5,155,132	2,502,584
Public safety	29,217,916	29,345,760	28,249,969	1,095,791
Transportation	2,314,886	2,365,408	2,184,080	181,328
Community development	256,469	256,469	192,339	64,130
Culture and leisure	2,464,057	2,453,519	2,305,561	147,958
Capital outlay	2,855,000	12,580,542	7,342,511	5,238,031
Debt service:				
Principal	107,190	107,190	122,957	(15,767)
Interest and fiscal charges	1,513	1,513	8,328	(6,815)
Total expenditures	43,299,919	54,768,117	45,560,877	9,207,240
REVENUES OVER (UNDER) EXPENDITURES	(210,455)	(4,347,011)	7,500,427	11,847,438
OTHER FINANCING SOURCES (USES)				
Obligations incurred on capital leases	-	-	259,792	259,792
Transfers out	(4,007,728)	(4,418,763)	(4,277,182)	141,581
Total other financing sources (uses)	(4,007,728)	(4,418,763)	(4,017,390)	401,373
Net change in fund balance	\$ (4,218,183)	\$ (8,765,774)	3,483,037	\$ 12,248,811
Fund Balance:				
Beginning of year			37,489,043	
End of year			<u>\$ 40,972,080</u>	

City of National City
Required Supplementary Information (Continued)
For the Year Ended June 30, 2015

Note 1 – Budgetary Information (Continued)

Budgetary Comparison Schedule, Housing Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 86,000	\$ 86,000	\$ 46,142	\$ (39,858)
Total revenues	<u>86,000</u>	<u>86,000</u>	<u>46,142</u>	<u>(39,858)</u>
EXPENDITURES:				
Current:				
Community development	129,284	259,283	221,143	38,140
Total expenditures	<u>129,284</u>	<u>259,283</u>	<u>221,143</u>	<u>38,140</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(43,284)</u>	<u>(173,283)</u>	<u>(175,001)</u>	<u>(1,718)</u>
Net change in fund balance	<u>\$ (43,284)</u>	<u>\$ (173,283)</u>	<u>(175,001)</u>	<u>\$ (1,718)</u>
Fund Balance:				
Beginning of year			<u>2,330,434</u>	
End of year			<u>\$ 2,155,433</u>	

City of National City
Required Supplementary Information (Continued)
For the Year Ended June 30, 2015

Note 1 – Budgetary Information (Continued)

Budgetary Comparison Schedule, Housing Choice Voucher Program Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 21,600	\$ 21,600	\$ 34,452	\$ 12,852
Intergovernmental	10,056,000	10,056,000	8,963,960	(1,092,040)
Other revenues	-	-	27	27
Total revenues	<u>10,077,600</u>	<u>10,077,600</u>	<u>8,998,439</u>	<u>(1,079,161)</u>
EXPENDITURES:				
Current:				
Community development	10,342,987	10,196,778	9,755,914	(440,864)
Capital outlay	-	-	22,373	22,373
Debt service:				
Principal	-	-	2,570	2,570
Interest and fiscal charges	-	-	1,239	1,239
Total expenditures	<u>10,342,987</u>	<u>10,196,778</u>	<u>9,782,096</u>	<u>(414,682)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(265,387)</u>	<u>(119,178)</u>	<u>(783,657)</u>	<u>(664,479)</u>
OTHER FINANCING SOURCES (USES):				
Obligations incurred on capital leases	-	-	22,373	22,373
Transfers in	-	-	111,689	111,689
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>134,062</u>	<u>111,689</u>
Net change in fund balance	<u>\$ (265,387)</u>	<u>\$ (119,178)</u>	<u>(649,595)</u>	<u>\$ (530,417)</u>
Fund Balance:				
Beginning of year			<u>689,775</u>	
End of year			<u>\$ 40,180</u>	

City of National City
Required Supplementary Information (Continued)
For the Year Ended June 30, 2015

Note 1 – Budgetary Information (Continued)

Budgetary Comparison Schedule, Sewer Service Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 5,000	\$ 5,000	\$ 16,960	\$ 11,960
Use of money and property	41,511	41,511	52,209	10,698
Charges for services	7,104,400	7,104,400	7,051,044	(53,356)
Other revenues	-	-	1,782,974	1,782,974
Total revenues	<u>7,150,911</u>	<u>7,150,911</u>	<u>8,903,187</u>	<u>1,752,276</u>
EXPENDITURES:				
Current:				
Health	6,684,563	6,729,143	6,322,417	406,726
Capital outlay	-	4,038,592	1,615,232	2,423,360
Debt service:				
Principal	-	-	5,938	(5,938)
Interest and fiscal charges	181	181	2,849	(2,668)
Total expenditures	<u>6,684,744</u>	<u>10,767,916</u>	<u>7,946,436</u>	<u>2,821,480</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>466,167</u>	<u>(3,617,005)</u>	<u>956,751</u>	<u>4,573,756</u>
OTHER FINANCING SOURCES (USES):				
Premium on debt issuance	-	-	89,176	89,176
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>89,176</u>	<u>89,176</u>
Net change in fund balance	<u>\$ 466,167</u>	<u>\$ (3,617,005)</u>	<u>1,045,927</u>	<u>\$ 4,662,932</u>
Fund Balance:				
Beginning of year			<u>16,831,905</u>	
End of year			<u>\$ 17,877,832</u>	

City of National City
Required Supplementary Information (Continued)
For the Year Ended June 30, 2015

Note 1 – Budgetary Information (Continued)

Budgetary Comparison Schedule, Other Special Revenue Funds

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 308,760	\$ 308,760	\$ 283,030	\$ (25,730)
Licenses and permits	338,000	338,000	535,695	197,695
Use of money and property	2,800	2,800	3,023	223
Intergovernmental	313,045	4,397,022	8,590,767	4,193,745
Charges for services	348,000	403,000	700,799	297,799
Other revenues	3,000	3,000	3,500	500
Total revenues	1,313,605	5,452,582	10,116,814	4,664,232
EXPENDITURES:				
Current:				
General Government	125,000	213,905	212,264	1,641
Public Safety	569,036	1,053,381	850,748	202,633
Community Development	273,713	395,337	391,687	3,650
Health	127,376	130,076	125,357	4,719
Culture and Leisure	9,500	50,651	46,020	4,631
Capital outlay	230,500	11,664,608	5,061,298	6,603,310
Debt service:				
Interest and fiscal charges	108	108	108	-
Total expenditures	1,335,233	13,508,066	6,687,482	6,820,584
REVENUES OVER (UNDER) EXPENDITURES	(21,628)	(8,055,484)	3,429,332	11,484,816
OTHER FINANCING SOURCES (USES):				
Transfers in	125,000	125,000	125,000	-
Total other financing sources (uses)	125,000	125,000	125,000	-
Net change in fund balance	\$ 103,372	\$ (7,930,484)	3,554,332	\$ 11,484,816
Fund Balance:				
Beginning of year			2,851,355	
End of year			<u>\$ 6,405,687</u>	

City of National City
Required Supplementary Information (Continued)
For the Year Ended June 30, 2015

Note 1 – Budgetary Information

Budget and Budgetary Accounting:

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

The City Council adopts a two year operating budget, with appropriations for the first year only. The annual budget provides for the general operations of the City. It includes all proposed expenditures and inter-fund transfers, and the means of financing them. The Council also approves any amendments to appropriations throughout the year, generally at the mid-year budget review in February. This “appropriated budget” covers substantially all City expenditures, with the exception of capital improvement projects, which expenditures constitute a legally authorized “nonappropriated budget.” The legal level of budgetary control is the fund level. The budget figures used in the required supplementary information are both original and final budgeted amounts. The final budget amount includes any amendments adopted during the year.

Formal budgetary integration is employed as a management control device. Commitments for materials and services, such as purchase orders and contracts, are recorded during the year as encumbrances to assist in controlling expenditures. Appropriations which are unencumbered lapse at year end. City Council approval is required to include any unencumbered appropriations at year end in the following fiscal year’s budget as continuing appropriations.

Budget for the General and special revenue funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America. Accordingly, actual revenue and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for the debt service, capital projects, or proprietary funds, as the City is not legally required to adopt an annual budget for those types of funds.

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

City of National City
Required Supplementary Information (Continued)
For the Year Ended June 30, 2015

Note 2 - Schedules of Funding Progress

OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Assets Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/2010	\$ -	\$ 1,370,805	\$ 1,370,805	0.00%	\$ 18,322,000	7.48%
6/30/2012	-	2,114,382	2,114,382	0.00%	18,771,000	11.26%
6/30/2014	-	4,029,831	4,029,831	0.00%	19,537,000	20.63%

City of National City
Required Supplementary Information (Continued)
For the Year Ended June 30, 2015

Note 3 - Schedule of Changes in the Net Pension Liability and Related Ratios

City of National City
Required Supplementary Information (Unaudited)
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Fiscal Years*
City Miscellaneous Plan - 172
As of June 30, 2015

	2013-14
Total Pension Liability	
Service cost	\$ 1,937,067
Interest on total pension liability	7,748,026
Differences between expected and actual experience	-
Changes in assumptions	-
Changes in benefit terms	-
Benefit payments, including refunds of employee contributions	(4,818,483)
Net change in total pension liability	4,866,610
Total pension liability - beginning	104,747,721
Total pension liability - ending (a)	\$ 109,614,331
 Plan fiduciary net position	
Contributions - employer	\$ 1,956,344
Contributions - employee	767,784
Investment income (net of administrative expenses)	12,778,105
Benefit payments	(4,818,483)
Other	-
Net change in plan fiduciary net position	10,683,750
Plan fiduciary net position - beginning	74,069,232
Plan fiduciary net position - ending (b)	\$ 84,752,982
 Net pension liability - ending (a)-(b)	\$ 24,861,349
 Plan fiduciary net position as a percentage of the total pension liability	77.32%
Covered-employee payroll	\$ 9,853,337
Net pension liability as a percentage of covered- employee payroll	252.31%

Notes to Schedule:

Benefit changes: the figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years of Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions: there were no changes in assumptions.

* - Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

City of National City
Required Supplementary Information (Continued)
For the Year Ended June 30, 2015

Note 3 - Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)

City of National City
Required Supplementary Information (Unaudited)
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Fiscal Years*
City Safety Plan - 4923
As of June 30, 2015

	2013-14
Total Pension Liability	
Service cost	\$ 3,249,200
Interest on total pension liability	11,761,448
Differences between expected and actual experience	-
Changes in assumptions	-
Changes in benefit terms	-
Benefit payments, including refunds of employee contributions	(7,719,645)
Net change in total pension liability	7,291,003
Total pension liability - beginning	159,054,536
Total pension liability - ending (a)	\$ 166,345,539
 Plan fiduciary net position	
Contributions - employer	\$ 4,190,264
Contributions - employee	983,295
Investment income (net of administrative expenses)	17,466,806
Benefit payments	(7,719,645)
Other	-
Net change in plan fiduciary net position	14,920,720
Plan fiduciary net position - beginning	101,654,589
Plan fiduciary net position - ending (b)	\$ 116,575,309
 Net pension liability - ending (a)-(b)	\$ 49,770,230
 Plan fiduciary net position as a percentage of the total pension liability	70.08%
Covered-employee payroll	\$ 10,916,911
Net pension liability as a percentage of covered- employee payroll	455.90%

Notes to Schedule:

Benefit changes: the figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years of Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions: there were no changes in assumptions.

* - Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

City of National City
Required Supplementary Information (Continued)
For the Year Ended June 30, 2015

Note 4 – Contributions

City of National City
Required Supplementary Information (Unaudited)
Schedule of Contributions
Last Ten Fiscal Years*
City Miscellaneous Plan - 172
As of June 30, 2015

	<u>2014-15¹</u>	<u>2013-14¹</u>
Actuarially determined contribution	\$ 2,056,706	\$ 1,956,344
Contributions in relation to the actuarially determined contributions ²	(2,056,706)	(1,956,344)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll ^{3,4}	\$ 10,148,937	\$ 9,853,337
Contributions as a percentage of covered-employee payroll ³	20.27%	19.85%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

⁴ Payroll from prior year (\$9,566,347) was assumed to increase by the 3.00% payroll growth assumption.

Notes to Schedule

Valuation date: 6/30/2013

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2011 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* - Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

City of National City
Required Supplementary Information (Continued)
For the Year Ended June 30, 2015

Note 4 – Contributions (Continued)

City of National City
Required Supplementary Information (Unaudited)
Schedule of Contributions
Last Ten Fiscal Years*
City Safety Plan - 4923
As of June 30, 2015

	2014-15 ¹	2013-14 ¹
Actuarially determined contribution	\$ 4,200,467	\$ 4,190,264
Contributions in relation to the actuarially determined contributions ²	(4,200,467)	(4,190,264)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll ^{3,4}	\$ 11,244,418	\$ 10,916,911
Contributions as a percentage of covered-employee payroll ³	37.36%	38.38%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

⁴ Payroll from prior year (\$10,598,943) was assumed to increase by the 3.00% payroll growth assumption.

Notes to Schedule

Valuation date: 6/30/2013

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2011 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* - Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

SUPPLEMENTARY INFORMATION





This page intentionally left blank

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

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

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

Nutrition Fund - This fund is used for operations of the Nutrition grant.

Brownfield Grant - This grant is to provide a Revolving Loan Fund for the community to assist funding cleanup planning and remediation activities.

NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS:

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.

Library Bonds Debt Service Fund - This fund is used to account for debt service of the Library.

CAPITAL PROJECT FUNDS:

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

Proposition "A" Capital Projects Fund - This fund is used to account for 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.

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

PERMANENT FUNDS:

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

**City of National City
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015**

	Special Revenue				
	General Capital Outlay	Library	Parks Maintenance	Library Capital Outlay	Gas Tax
ASSETS					
Cash and investments	\$ 1,011,697.0	\$ 406,086	\$ 176,860	\$ 1,347,868	\$ 315,415
Receivables:					
Accounts	-	-	-	-	-
Taxes	-	2,249	2,621	9,418	-
Interest	-	-	-	-	634
Loans	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Total assets	\$ 1,011,697	\$ 408,335	\$ 179,481	\$ 1,357,286	\$ 316,049
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 10,701	\$ 12,706	\$ 19,118	\$ 244,192
Accrued liabilities	-	10,111	12,524	-	9,246
Due to other funds	-	243,678	31,649	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	-	264,490	56,879	19,118	253,438
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	1,011,697	143,845	122,602	1,338,168	62,611
Unassigned	-	-	-	-	-
Total fund balances	1,011,697	143,845	122,602	1,338,168	62,611
Total liabilities, deferred inflows of resources and fund balances	\$ 1,011,697	\$ 408,335	\$ 179,481	\$ 1,357,286	\$ 316,049

(Continued)

City of National City
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2015

	Special Revenue				
	Parks and Recreation Capital Outlay	CDBG	HOME Program	Asset Forfeiture	Nutrition
ASSETS					
Cash and investments	\$ 525,541	\$ 30,598	\$ 161,263	\$ 743,173	\$ 211,521
Receivables:					
Accounts	402	502,345	75,081	(705)	89,534
Taxes	-	-	-	-	-
Interest	-	-	300	958	-
Loans	-	58,228	1,170,532	-	-
Inventories and prepaid items	-	113,089	100	-	-
Total assets	\$ 525,943	\$ 704,260	\$ 1,407,276	\$ 743,426	\$ 301,055
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 72,613	\$ 60,745	\$ -	\$ 14,767
Accrued liabilities	-	2,301	2,300	-	46,474
Due to other funds	-	526,108	-	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	-	601,022	63,045	-	61,241
Fund Balances:					
Nonspendable	-	171,317	1,170,632	-	-
Restricted	525,943	-	173,599	743,426	239,814
Unassigned	-	(68,079)	-	-	-
Total fund balances	525,943	103,238	1,344,231	743,426	239,814
Total liabilities, deferred inflows of resources and fund balances	\$ 525,943	\$ 704,260	\$ 1,407,276	\$ 743,426	\$ 301,055

(Continued)

City of National City
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2015

	Special Revenue	Debt Service		Capital Projects	
	Brownfield Grant	National City Joint Powers Financing Authority	Library Bonds	STP Local/ <i>TransNet</i>	Proposition A
ASSETS					
Cash and investments	\$ -	\$ 218	\$ 1,104,545	\$ -	\$ 1,717,363
Receivables:					
Accounts	-	-	-	13	-
Taxes	-	-	460	-	-
Interest	-	-	-	-	2,151
Loans	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Total assets	\$ -	\$ 218	\$ 1,105,005	\$ 13	\$ 1,719,514
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 429,087
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	-	415,735
Total liabilities	-	-	-	-	844,822
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	218	1,105,005	13	874,692
Unassigned	-	-	-	-	-
Total fund balances	-	218	1,105,005	13	874,692
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 218	\$ 1,105,005	\$ 13	\$ 1,719,514

(Continued)

City of National City
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2015

	<u>Capital Projects</u>	<u>Permanent</u>	Total Other Governmental Funds
	State-Local Partnership	Library Endowment	
ASSETS			
Cash and investments	\$ 125,131	\$ 50,503	\$ 7,927,782
Receivables:			
Accounts	-	-	666,670
Taxes	-	-	14,748
Interest	159	64	4,266
Loans	-	-	1,228,760
Inventories and prepaid items	-	-	113,189
Total assets	\$ 125,290	\$ 50,567	\$ 9,955,415
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 863,929
Accrued liabilities	-	-	82,956
Due to other funds	-	-	801,435
Advances from other funds	-	-	415,735
Total liabilities	-	-	2,164,055
Fund Balances:			
Nonspendable	-	-	1,341,949
Restricted	125,290	50,567	6,517,490
Unassigned	-	-	(68,079)
Total fund balances	125,290	50,567	7,791,360
Total liabilities, deferred inflows of resources and fund balances	\$ 125,290	\$ 50,567	\$ 9,955,415

(Concluded)

City of National City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue				
	General Capital Outlay	Library	Parks Maintenance	Library Capital Outlay	Gas Tax
REVENUES:					
Taxes	\$ -	\$ 754,502	\$ 879,187	\$ 103,141	\$ 1,813,302
Fines and forfeitures	-	-	-	-	-
Use of money and property	-	-	-	-	3,334
Intergovernmental	-	6,030	7,027	-	-
Charges for services	-	17,740	-	-	-
Other revenues	-	-	932	41,707	-
Total revenues	-	778,272	887,146	144,848	1,816,636
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Transportation	-	-	-	-	1,757,667
Community development	-	-	-	-	-
Health	-	-	-	-	-
Culture and leisure	-	1,652,834	1,225,947	71,845	-
Capital outlay	-	-	183,263	75,661	615,847
Debt service:					
Principal	-	-	10,721	-	-
Interest and fiscal charges	-	-	4,510	-	-
Total expenditures	-	1,652,834	1,424,441	147,506	2,373,514
REVENUES OVER (UNDER) EXPENDITURES	-	(874,562)	(537,295)	(2,658)	(556,878)
OTHER FINANCING SOURCES (USES):					
Premium on debt issuance	-	-	183,263	-	-
Transfers in	-	878,574	353,719	-	-
Total other financing sources (uses)	-	878,574	536,982	-	-
CHANGES IN FUND BALANCES	-	4,012	(313)	(2,658)	(556,878)
FUND BALANCES:					
Beginning of year, as restated (Note 14)	1,011,697	139,833	122,915	1,340,826	619,489
End of year	<u>\$ 1,011,697</u>	<u>\$ 143,845</u>	<u>\$ 122,602</u>	<u>\$ 1,338,168</u>	<u>\$ 62,611</u>

(Continued)

City of National City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue				
	Parks and Recreation Capital Outlay	CDBG	HOME Program	Asset Forfeiture	Nutrition
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	227,975	-
Use of money and property	-	9,491	12,216	1,700	-
Intergovernmental	-	1,140,030	419,044	-	315,523
Charges for services	-	-	-	-	-
Other revenues	-	-	-	-	123,011
Total revenues	-	1,149,521	431,260	229,675	438,534
EXPENDITURES:					
Current:					
General government	18,849	-	-	17,560	-
Public safety	-	-	-	-	-
Transportation	-	-	-	-	-
Community development	-	283,817	328,892	-	-
Health	-	-	-	-	732,091
Culture and leisure	1,231	-	-	-	-
Capital outlay	-	211,408	309	-	4,535
Debt service:					
Principal	-	310,000	-	-	-
Interest and fiscal charges	-	233,819	-	-	-
Total expenditures	20,080	1,039,044	329,201	17,560	736,626
REVENUES OVER (UNDER) EXPENDITURES	(20,080)	110,477	102,059	212,115	(298,092)
OTHER FINANCING SOURCES (USES):					
Premium on debt issuance	-	-	-	-	-
Transfers in	-	-	-	-	296,354
Total other financing sources (uses)	-	-	-	-	296,354
CHANGES IN FUND BALANCES	(20,080)	110,477	102,059	212,115	(1,738)
FUND BALANCES:					
Beginning of year, as restated (Note 14)	546,023	(7,239)	1,242,172	531,311	241,552
End of year	\$ 525,943	\$ 103,238	\$ 1,344,231	\$ 743,426	\$ 239,814

(Continued)

City of National City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue	Debt Service		Capital Projects	
	Brownfield Grant	National City Joint Powers Financing Authority	Library Bonds	STP Local/ <i>TransNet</i>	Proposition A
REVENUES:					
Taxes	\$ -	\$ -	\$ 380,084	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-
Use of money and property	-	-	-	-	9,844
Intergovernmental	417,569	494,425	-	-	-
Charges for services	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	<u>417,569</u>	<u>494,425</u>	<u>380,084</u>	<u>-</u>	<u>9,844</u>
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Transportation	-	-	-	-	-
Community development	-	-	-	-	-
Health	-	-	-	-	-
Culture and leisure	-	-	3,080	-	-
Capital outlay	400,000	-	-	-	1,644,316
Debt service:					
Principal	-	445,000	245,000	-	-
Interest and fiscal charges	-	49,425	126,931	-	-
Total expenditures	<u>400,000</u>	<u>494,425</u>	<u>375,011</u>	<u>-</u>	<u>1,644,316</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>17,569</u>	<u>-</u>	<u>5,073</u>	<u>-</u>	<u>(1,634,472)</u>
OTHER FINANCING SOURCES (USES):					
Premium on debt issuance	-	-	-	-	-
Transfers in	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCES	17,569	-	5,073	-	(1,634,472)
FUND BALANCES:					
Beginning of year, as restated (Note 14)	(17,569)	218	1,099,932	13	2,509,164
End of year	<u>\$ -</u>	<u>\$ 218</u>	<u>\$ 1,105,005</u>	<u>\$ 13</u>	<u>\$ 874,692</u>

(Continued)

City of National City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2015

	<u>Capital Projects</u>	<u>Permanent</u>	Total Other Governmental Funds
	State-Local Partnership	Library Endowment	
REVENUES:			
Taxes	\$ -	\$ -	\$ 3,930,216
Fines and forfeitures	-	-	227,975
Use of money and property	402	162	37,149
Intergovernmental	-	-	2,799,648
Charges for services	-	-	17,740
Other revenues	-	-	165,650
Total revenues	<u>402</u>	<u>162</u>	<u>7,178,378</u>
EXPENDITURES:			
Current:			
General government	-	-	36,409
Public safety	-	-	-
Transportation	-	-	1,757,667
Community development	-	-	612,709
Health	-	-	732,091
Culture and leisure	-	-	2,954,937
Capital outlay	-	-	3,135,339
Debt service:			
Principal	-	-	1,010,721
Interest and fiscal charges	-	-	414,685
Total expenditures	<u>-</u>	<u>-</u>	<u>10,654,558</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>402</u>	<u>162</u>	<u>(3,476,180)</u>
OTHER FINANCING SOURCES (USES):			
Premium on debt issuance	-	-	183,263
Transfers in	-	-	1,528,647
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,711,910</u>
CHANGES IN FUND BALANCES	402	162	(1,764,270)
FUND BALANCES:			
Beginning of year, as restated (Note 14)	124,888	50,405	9,555,630
End of year	<u>\$ 125,290</u>	<u>\$ 50,567</u>	<u>\$ 7,791,360</u>

(Concluded)

City of National City
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
General Capital Outlay Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES:				
Capital outlay	\$ -	\$ 1,004,015	\$ -	\$ 1,004,015
Total expenditures	<u>-</u>	<u>1,004,015</u>	<u>-</u>	<u>1,004,015</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(1,004,015)</u>	<u>-</u>	<u>1,004,015</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (1,004,015)</u>	<u>-</u>	<u>\$ 1,004,015</u>
FUND BALANCE:				
Beginning of year			<u>1,011,697</u>	
End of year			<u>\$ 1,011,697</u>	

City of National City
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Library Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 757,300	\$ 757,300	\$ 754,502	\$ (2,798)
Intergovernmental	7,925	7,925	6,030	(1,895)
Charges for services	17,740	17,740	17,740	-
Total revenues	<u>782,965</u>	<u>782,965</u>	<u>778,272</u>	<u>(4,693)</u>
EXPENDITURES:				
Current:				
Culture and leisure	1,727,942	1,747,924	1,652,834	95,090
Total expenditures	<u>1,727,942</u>	<u>1,747,924</u>	<u>1,652,834</u>	<u>95,090</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(944,977)</u>	<u>(964,959)</u>	<u>(874,562)</u>	<u>90,397</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	944,977	944,977	878,574	(66,403)
Total other financing sources (uses)	<u>944,977</u>	<u>944,977</u>	<u>878,574</u>	<u>(66,403)</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (19,982)</u>	4,012	<u>\$ 23,994</u>
FUND BALANCE:				
Beginning of year			<u>139,833</u>	
End of year			<u>\$ 143,845</u>	

City of National City
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Parks Maintenance Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 882,447	\$ 882,447	\$ 879,187	\$ (3,260)
Intergovernmental	9,235	9,235	7,027	(2,208)
Other revenues	-	-	932	932
Total revenues	<u>891,682</u>	<u>891,682</u>	<u>887,146</u>	<u>(4,536)</u>
EXPENDITURES:				
Current:				
Culture and leisure	1,230,170	1,269,187	1,225,947	43,240
Capital outlay	-	-	183,263	183,263
Debt Service:				
Principal	10,721	10,721	10,721	-
Interest and fiscal charges	4,510	4,510	4,510	-
Total expenditures	<u>1,245,401</u>	<u>1,284,418</u>	<u>1,424,441</u>	<u>(140,023)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(353,719)</u>	<u>(392,736)</u>	<u>(537,295)</u>	<u>(144,559)</u>
OTHER FINANCING SOURCES (USES):				
Premium on debt issuance	-	-	183,263	183,263
Transfers in	353,719	353,719	353,719	-
Total other financing sources (uses)	<u>353,719</u>	<u>353,719</u>	<u>536,982</u>	<u>183,263</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (39,017)</u>	<u>(313)</u>	<u>\$ 38,704</u>
FUND BALANCE:				
Beginning of year			<u>122,915</u>	
End of year			<u>\$ 122,602</u>	

City of National City
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Library Capital Outlay Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 75,000	\$ 75,000	\$ 103,141	\$ 28,141
Other revenues	40,000	40,000	41,707	1,707
Total revenues	<u>115,000</u>	<u>115,000</u>	<u>144,848</u>	<u>29,848</u>
EXPENDITURES:				
Current:				
Culture and leisure	74,437	74,437	71,845	(2,592)
Capital outlay	300,000	779,450	75,661	703,789
Total expenditures	<u>374,437</u>	<u>853,887</u>	<u>147,506</u>	<u>706,381</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(259,437)</u>	<u>(738,887)</u>	<u>(2,658)</u>	<u>736,229</u>
CHANGE IN FUND BALANCE	<u>\$ (259,437)</u>	<u>\$ (738,887)</u>	<u>(2,658)</u>	<u>\$ 736,229</u>
FUND BALANCE:				
Beginning of year			<u>1,340,826</u>	
End of year			<u>\$ 1,338,168</u>	

City of National City
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 1,600,217	\$ 1,600,217	\$ 1,813,302	\$ 213,085
Use of money and property	4,200	4,200	3,334	(866)
Total revenues	<u>1,604,417</u>	<u>1,604,417</u>	<u>1,816,636</u>	<u>212,219</u>
EXPENDITURES:				
Current:				
Transportation	2,156,972	1,892,224	1,757,667	134,557
Capital outlay	-	642,636	615,847	26,789
Total expenditures	<u>2,156,972</u>	<u>2,535,221</u>	<u>2,373,514</u>	<u>161,707</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(552,555)</u>	<u>(930,804)</u>	<u>(556,878)</u>	<u>373,926</u>
CHANGE IN FUND BALANCE	<u>\$ (552,555)</u>	<u>\$ (930,804)</u>	<u>(556,878)</u>	<u>\$ 373,926</u>
FUND BALANCE:				
Beginning of year			<u>619,489</u>	
End of year			<u>\$ 62,611</u>	

City of National City
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Parks and Recreation Capital Outlay Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES:				
Current:				
General Government	\$ 25,000	\$ 25,000	18,849	\$ (6,151)
Culture and Leisure	1,231	1,231	1,231	-
Capital outlay	400,000	400,000	-	400,000
Total expenditures	<u>426,231</u>	<u>426,231</u>	<u>20,080</u>	<u>406,151</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(426,231)</u>	<u>(426,231)</u>	<u>(20,080)</u>	<u>406,151</u>
CHANGE IN FUND BALANCE	<u>\$ (426,231)</u>	<u>\$ (426,231)</u>	<u>(20,080)</u>	<u>\$ 406,151</u>
FUND BALANCE:				
Beginning of year			<u>546,023</u>	
End of year			<u>\$ 525,943</u>	

City of National City
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 15,000	\$ 15,000	\$ 9,491	\$ (5,509)
Intergovernmental	863,156	863,156	1,140,030	276,874
Total revenues	<u>878,156</u>	<u>878,156</u>	<u>1,149,521</u>	<u>271,365</u>
EXPENDITURES:				
Current:				
Community development	269,963	269,963	283,817	13,854
Capital outlay	50,421	266,563	211,408	55,155
Debt Service:				
Principal	310,000	310,000	310,000	-
Interest and fiscal charges	233,819	233,819	233,819	-
Total expenditures	<u>864,203</u>	<u>1,080,345</u>	<u>1,039,044</u>	<u>41,301</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>13,953</u>	<u>(202,189)</u>	<u>110,477</u>	<u>312,666</u>
CHANGE IN FUND BALANCE	<u>\$ 13,953</u>	<u>\$ (202,189)</u>	<u>110,477</u>	<u>\$ 312,666</u>
FUND BALANCE:				
Beginning of year			<u>(7,239)</u>	
End of year			<u>\$ 103,238</u>	

City of National City
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
HOME Program Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 24,500	\$ 24,500	\$ 12,216	\$ (12,284)
Intergovernmental	595,095	595,095	419,044	(176,051)
Total revenues	<u>619,595</u>	<u>619,595</u>	<u>431,260</u>	<u>(188,335)</u>
EXPENDITURES:				
Current:				
Community development	-	-	328,892	328,892
Health	531,854	636,858	-	636,858
Capital outlay	162,633	164,039	309	(163,730)
Total expenditures	<u>694,487</u>	<u>800,897</u>	<u>329,201</u>	<u>471,696</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(74,892)</u>	<u>(181,302)</u>	<u>102,059</u>	<u>283,361</u>
CHANGE IN FUND BALANCE	<u>\$ (74,892)</u>	<u>\$ (181,302)</u>	<u>102,059</u>	<u>\$ 283,361</u>
FUND BALANCE:				
Beginning of year			<u>1,242,172</u>	
End of year			<u>\$ 1,344,231</u>	

City of National City
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Asset Forfeiture Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 75,700	\$ -	\$ 227,975	\$ 227,975
Use of money and property	1,000	-	1,700	1,700
Total revenues	<u>76,700</u>	<u>-</u>	<u>229,675</u>	<u>229,675</u>
EXPENDITURES:				
Current:				
General Government	-	-	17,560	17,560
Public safety	-	17,560	-	17,560
Capital outlay	-	32,000	-	(32,000)
Total expenditures	<u>-</u>	<u>49,560</u>	<u>17,560</u>	<u>32,000</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>76,700</u>	<u>(49,560)</u>	<u>212,115</u>	<u>261,675</u>
CHANGE IN FUND BALANCE	<u>\$ 76,700</u>	<u>\$ (49,560)</u>	<u>212,115</u>	<u>\$ 261,675</u>
FUND BALANCE:				
Beginning of year			<u>531,311</u>	
End of year			<u>\$ 743,426</u>	

City of National City
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Nutrition Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 292,000	\$ 292,000	\$ 315,523	\$ 23,523
Other revenues	111,500	111,500	123,011	11,511
Total revenues	403,500	403,500	438,534	35,034
EXPENDITURES:				
Current:				
Health	775,032	769,532	732,091	54,179
Capital outlay	-	5,500	4,535	(965)
Total expenditures	775,032	775,032	736,626	38,406
REVENUES OVER (UNDER) EXPENDITURES	(371,532)	(371,532)	(298,092)	73,440
OTHER FINANCING SOURCES (USES):				
Transfers in	371,532	371,532	296,354	(75,178)
Total other financing sources (uses)	371,532	371,532	296,354	(75,178)
CHANGE IN FUND BALANCE	\$ -	\$ -	(1,738)	\$ (1,738)
FUND BALANCE:				
Beginning of year			241,552	
End of year			\$ 239,814	

City of National City
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Brownsfield Grant Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 400,000	\$ 417,569	\$ 17,569
Total revenues	<u>-</u>	<u>400,000</u>	<u>417,569</u>	<u>17,569</u>
EXPENDITURES:				
Capital outlay	-	-	400,000	400,000
Total expenditures	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>(400,000)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>400,000</u>	<u>17,569</u>	<u>(382,431)</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 400,000</u>	<u>17,569</u>	<u>\$ (382,431)</u>
FUND BALANCE:				
Beginning of year			<u>(17,569)</u>	
End of year			<u>\$ -</u>	

City of National City
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
National City Joint Powers Financing Authority Debt Service Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 494,425	\$ 494,425	\$ 494,425	\$ -
Total revenues	<u>494,425</u>	<u>494,425</u>	<u>494,425</u>	<u>-</u>
EXPENDITURES:				
Current:				
Debt Service:				
Principal	445,000	445,000	445,000	-
Interest and fiscal charges	49,425	49,425	49,425	-
Total expenditures	<u>494,425</u>	<u>494,425</u>	<u>494,425</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			<u>218</u>	
End of year			<u>\$ 218</u>	

City of National City
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Library Bonds Debt Service Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 372,700	\$ 372,700	\$ 380,084	\$ 7,384
Total revenues	<u>372,700</u>	<u>372,700</u>	<u>380,084</u>	<u>7,384</u>
EXPENDITURES:				
Current:				
Culture and Leisure	-	1,130	3,080	1,950
Debt Service:				
Principal	245,000	245,000	245,000	-
Interest and fiscal charges	132,900	132,900	126,931	5,969
Total expenditures	<u>377,900</u>	<u>379,030</u>	<u>375,011</u>	<u>4,019</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(5,200)</u>	<u>(6,330)</u>	<u>5,073</u>	<u>11,403</u>
CHANGE IN FUND BALANCE	<u>\$ (5,200)</u>	<u>\$ (6,330)</u>	<u>5,073</u>	<u>\$ 11,403</u>
FUND BALANCE:				
Beginning of year			<u>1,099,932</u>	
End of year			<u>\$ 1,105,005</u>	



This page intentionally left blank

INTERNAL SERVICE FUND

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

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

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

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

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

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

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

Equipment Replacement Reserve Fund - This fund is used to account for the costs to replace City general equipment.



This page intentionally left blank

City of National City
Combining Statement of Net Position
All Internal Service Funds
June 30, 2015

	Facilities Maintenance	Liability Insurance	Information Systems Maintenance	Office Equipment Depreciation
ASSETS				
Current assets:				
Cash and investments	\$ 608,841	\$ 8,944,267	\$ 1,979,633	\$ 656,414
Restricted cash and investments with fiscal agents	10,334	-	-	-
Prepaid items and deposits	43,101	-	-	-
Total current assets	<u>662,276</u>	<u>8,944,267</u>	<u>1,979,633</u>	<u>656,414</u>
Noncurrent assets:				
Non-depreciable assets	-	-	-	-
Capital assets, net	1,649,980	-	320,997	7,317
Total noncurrent assets	<u>1,649,980</u>	<u>-</u>	<u>320,997</u>	<u>7,317</u>
Total assets	<u>2,312,256</u>	<u>8,944,267</u>	<u>2,300,630</u>	<u>663,731</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	239,610	96,535	216,469	-
Salaries payable	10,331	692	4,217	-
Capital leases payable - due within one year	127,726	-	-	-
Compensated absences - due within one year	40,824	3,951	32,785	-
Claims payable - due within one year	-	2,305,406	-	-
Total current liabilities	<u>418,491</u>	<u>2,406,584</u>	<u>253,471</u>	<u>-</u>
Noncurrent liabilities:				
Capital leases payable - due in more than one year	1,292,314	-	-	-
Claims payable - due within one year	-	5,580,594	-	-
Total noncurrent liabilities	<u>1,292,314</u>	<u>5,580,594</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,710,805</u>	<u>7,987,178</u>	<u>253,471</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	229,940	-	320,997	7,317
Restricted	10,334	-	-	-
Unrestricted	361,177	957,089	1,726,162	656,414
Total net position	<u>\$ 601,451</u>	<u>\$ 957,089</u>	<u>\$ 2,047,159</u>	<u>\$ 663,731</u>

City of National City
Combining Statement of Net Position
All Internal Service Funds (Continued)
June 30, 2015

	Tele- communications Revolving	Motor Vehicle Services	Equipment Replacement Reserve	Total
ASSETS				
Current assets:				
Cash and investments	\$ 292,402	\$ 1,225,162	\$ 2,404,934	\$ 16,111,653
Restricted cash and investments with fiscal agents	-	-	-	10,334
Prepaid items and deposits	-	-	1,033,889	1,076,990
Total current assets	<u>292,402</u>	<u>1,225,162</u>	<u>3,438,823</u>	<u>17,198,977</u>
Noncurrent assets:				
Non-depreciable assets	-	-	-	-
Capital assets, net	-	220,923	227,218	2,426,435
Total noncurrent assets	<u>-</u>	<u>220,923</u>	<u>227,218</u>	<u>2,426,435</u>
Total assets	<u>292,402</u>	<u>1,446,085</u>	<u>3,666,041</u>	<u>19,625,412</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	-	72,430	-	625,044
Salaries payable	-	3,204	-	18,444
Capital leases payable - due within one year	-	-	-	127,726
Compensated absences - due within one year	-	36,234	-	113,794
Claims payable - due within one year	-	-	-	2,305,406
Total current liabilities	<u>-</u>	<u>111,868</u>	<u>-</u>	<u>3,190,414</u>
Noncurrent liabilities:				
Capital leases payable - due in more than one year	-	-	-	1,292,314
Claims payable - due within one year	-	-	-	5,580,594
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,872,908</u>
Total liabilities	<u>-</u>	<u>111,868</u>	<u>-</u>	<u>10,063,322</u>
NET POSITION				
Net investment in capital assets	-	220,923	227,218	1,006,395
Restricted	-	-	-	10,334
Unrestricted	292,402	1,113,294	3,438,823	8,545,361
Total net position	<u>\$ 292,402</u>	<u>\$ 1,334,217</u>	<u>\$ 3,666,041</u>	<u>\$ 9,562,090</u>

City of National City
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2015

	Facilities Maintenance	Liability Insurance	Information Systems Maintenance	Office Equipment Depreciation
OPERATING REVENUES:				
Charges for services	\$ 2,826,897	\$ 2,840,675	\$ 2,134,771	\$ -
Other	28,140	289,428	-	-
Total operating revenues	<u>2,855,037</u>	<u>3,130,103</u>	<u>2,134,771</u>	<u>-</u>
OPERATING EXPENSES:				
Operations and administration	767,439	3,421,205	393,457	61,272
Maintenance	1,947,624	215,459	1,616,565	-
Depreciation	144,396	-	69,876	21,951
Total operating expenses	<u>2,859,459</u>	<u>3,636,664</u>	<u>2,079,898</u>	<u>83,223</u>
Operating income (loss)	<u>(4,422)</u>	<u>(506,561)</u>	<u>54,873</u>	<u>(83,223)</u>
NONOPERATING REVENUES (EXPENSES):				
Interest expense	(34,740)	-	-	-
Total nonoperating revenues (expenses)	<u>(34,740)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	<u>(39,162)</u>	<u>(506,561)</u>	<u>54,873</u>	<u>(83,223)</u>
TRANSFERS:				
Transfers in	-	-	-	-
Transfers out	(111,689)	-	-	-
Total transfers	<u>(111,689)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net position	<u>(150,851)</u>	<u>(506,561)</u>	<u>54,873</u>	<u>(83,223)</u>
NET POSITION:				
Beginning of year	752,302	1,463,650	1,992,286	746,954
End of year	<u>\$ 601,451</u>	<u>\$ 957,089</u>	<u>\$ 2,047,159</u>	<u>\$ 663,731</u>

City of National City
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds (Continued)
For the Year Ended June 30, 2015

	Tele- communications Revolving	Motor Vehicle Services	Equipment Replacement Reserve	Total
OPERATING REVENUES:				
Charges for services	\$ -	\$ 1,320,268	\$ -	\$ 9,122,611
Other	-	-	37,527	355,095
Total operating revenues	<u>-</u>	<u>1,320,268</u>	<u>37,527</u>	<u>9,477,706</u>
OPERATING EXPENSES:				
Operations and administration	46,288	306,566	-	4,996,227
Maintenance	-	1,033,251	-	4,812,899
Depreciation	-	78,382	40,322	354,927
Total operating expenses	<u>46,288</u>	<u>1,418,199</u>	<u>40,322</u>	<u>10,164,053</u>
Operating income (loss)	<u>(46,288)</u>	<u>(97,931)</u>	<u>(2,795)</u>	<u>(686,347)</u>
NONOPERATING REVENUES (EXPENSES):				
Interest expense	-	-	-	(34,740)
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,740)</u>
Income (loss) before transfers	<u>(46,288)</u>	<u>(97,931)</u>	<u>(2,795)</u>	<u>(721,087)</u>
TRANSFERS:				
Transfers in	-	-	2,623,535	2,623,535
Transfers out	-	-	-	(111,689)
Total transfers	<u>-</u>	<u>-</u>	<u>2,623,535</u>	<u>2,511,846</u>
Changes in net position	<u>(46,288)</u>	<u>(97,931)</u>	<u>2,620,740</u>	<u>1,790,759</u>
NET POSITION:				
Beginning of year	338,690	1,432,148	1,045,301	\$ 7,771,331
End of year	<u>\$ 292,402</u>	<u>\$ 1,334,217</u>	<u>\$ 3,666,041</u>	<u>\$ 9,562,090</u>

City of National City
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2015

	Facilities Maintenance	Liability Insurance	Information Systems Maintenance	Office Equipment Depreciation
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from other funds	\$ 2,826,897	\$ 2,840,675	\$ 2,134,771	\$ -
Cash payments to suppliers and employees for goods and services	(2,687,785)	(3,208,910)	(1,921,577)	(61,272)
Other operating revenues	28,140	289,428	-	-
Net cash provided by (used in) operating activities	167,252	(78,807)	213,194	(61,272)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on capital lease	(89,602)	-	-	-
Acquisition of capital assets	(73,081)	-	(215,362)	-
Interest paid	(16,727)	-	-	-
Net cash provided by (used in) capital and related financing activities	(179,410)	-	(215,362)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers (out)	(111,689)	-	-	-
Net cash (used in) noncapital financing activities	(111,689)	-	-	-
Net change in cash and cash equivalents	(123,847)	(78,807)	(2,168)	(61,272)
CASH AND CASH EQUIVALENT:				
Beginning of year	743,022	9,023,074	1,981,801	717,686
End of year	<u>\$ 619,175</u>	<u>\$ 8,944,267</u>	<u>\$ 1,979,633</u>	<u>\$ 656,414</u>
RECONCILIATION TO STATEMENT OF NET POSITION:				
Cash and investments	\$ 608,841	\$ 8,944,267	\$ 1,979,633	\$ 656,414
Restricted cash and investments with fiscal agents	10,334	-	-	-
Total cash and cash equivalents	<u>\$ 619,175</u>	<u>\$ 8,944,267</u>	<u>\$ 1,979,633</u>	<u>\$ 656,414</u>

City of National City
Combining Statement of Cash Flows
All Internal Service Funds (Continued)
For the Year Ended June 30, 2015

	Tele- communications Revolving	Motor Vehicle Services	Equipment Replacement Reserve	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from other funds	\$ -	\$ 1,320,268	\$ -	\$ 9,122,611
Cash payments to suppliers and employees for goods and services	(46,288)	(1,309,217)	(1,033,889)	(10,268,938)
Other operating revenues	-	-	37,527	355,095
Net cash provided by (used in) operating activities	(46,288)	11,051	(996,362)	(791,232)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on capital lease	-	-	-	(89,602)
Acquisition of capital assets	-	-	(40,001)	(328,444)
Interest paid	-	-	-	(16,727)
Net cash provided by (used in) capital and related financing activities	-	-	(40,001)	(434,773)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers (out)	-	-	-	(111,689)
Net cash (used in) noncapital financing activities	-	-	2,623,535	2,511,846
Net change in cash and cash equivalents	(46,288)	11,051	1,587,172	1,285,841
CASH AND CASH EQUIVALENT:				
Beginning of year	338,690	1,214,111	817,762	14,836,146
End of year	<u>\$ 292,402</u>	<u>\$ 1,225,162</u>	<u>\$ 2,404,934</u>	<u>\$ 16,121,987</u>
RECONCILIATION TO STATEMENT OF NET POSITION:				
Cash and investments	\$ 292,402	\$ 1,225,162	\$ 2,404,934	\$ 16,111,653
Restricted cash and investments with fiscal agents	-	-	-	10,334
Total cash and cash equivalents	<u>\$ 292,402</u>	<u>\$ 1,225,162</u>	<u>\$ 2,404,934</u>	<u>\$ 16,121,987</u>

City of National City
Combining Statement of Cash Flows
All Internal Service Funds (Continued)
For the Year Ended June 30, 2015

	<u>Facilities Maintenance</u>	<u>Liability Insurance</u>	<u>Information Systems Maintenance</u>	<u>Office Equipment Depreciation</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (4,422)	\$ (506,561)	\$ 54,873	\$ (83,223)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	144,396	-	69,876	21,951
Changes in operating assets and liabilities:				
Prepays and deposits	-	-	-	-
Accounts payable	44,534	(14,835)	87,627	-
Salaries payable	(12,332)	(1,001)	(6,266)	-
Compensated absences	(4,924)	590	7,084	-
Claims payable	-	443,000	-	-
Total adjustments	<u>171,674</u>	<u>427,754</u>	<u>158,321</u>	<u>21,951</u>
Net cash provided by (used in) operating activities	<u>\$ 167,252</u>	<u>\$ (78,807)</u>	<u>\$ 213,194</u>	<u>\$ (61,272)</u>

City of National City
Combining Statement of Cash Flows
All Internal Service Funds (Continued)
For the Year Ended June 30, 2015

	Tele- communications Revolving	Motor Vehicle Services	Equipment Replacement Reserve	Total
RECONCILIATION OF OPERATING INCOME				
TO NET CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES:				
Operating income (loss)	\$ (46,288)	\$ (97,931)	\$ (2,795)	\$ (686,347)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	78,382	40,322	354,927
Changes in operating assets and liabilities:				
Prepays and deposits	-	-	(1,033,889)	(1,033,889)
Accounts payable	-	14,520	-	131,846
Salaries payable	-	(3,468)	-	(23,067)
Compensated absences	-	19,548	-	22,298
Claims payable	-	-	-	443,000
Total adjustments	-	108,982	(993,567)	(104,885)
Net cash provided by (used in) operating activities	\$ (46,288)	\$ 11,051	\$ (996,362)	\$ (791,232)

FIDUCIARY FUNDS

AGENCY FUNDS

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

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 - This fund accounts for all money collected to pay for certain deposits.



This page intentionally left blank

City of National City
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<u>Cobra Insurance Fund</u>				
Assets:				
Cash and investments	\$ 13,936	\$ 399,069	\$ (411,988)	\$ 1,017
Total assets	\$ -	\$ 399,069	\$ (411,988)	\$ 1,017
Liabilities:				
Vouchers payable	\$ 13,936	\$ 814,804	\$ (827,723)	\$ 1,017
Total liabilities	\$ -	\$ 814,804	\$ (827,723)	\$ 1,017
<u>Miscellaneous Deposits</u>				
Assets:				
Cash and investments	\$ 807,035	\$ 359,655	\$ (178,450)	\$ 988,240
Total assets	\$ 807,035	\$ 359,655	\$ (178,450)	\$ 988,240
Liabilities:				
Vouchers payable	\$ 33,361	\$ 196,416	\$ (179,168)	\$ 50,609
Deposits payable	773,674	354,755	(190,798)	937,631
Total liabilities	\$ 807,035	\$ 551,171	\$ (369,966)	\$ 988,240
<u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 820,971	\$ 758,724	\$ (590,438)	\$ 989,257
Total assets	\$ 820,971	\$ 758,724	\$ (590,438)	\$ 989,257
Liabilities:				
Vouchers payable	\$ 47,297	\$ 1,011,220	\$ (1,006,891)	\$ 51,626
Deposits payable	773,674	354,755	(190,798)	937,631
Total liabilities	\$ 820,971	\$ 1,365,975	\$ (1,197,689)	\$ 989,257



This page intentionally left blank

STATISTICAL SECTION

This part of the City of National City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

	<u>Page No.</u>
Financial Trends	140-149
These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	150-165
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Debt Capacity	166-172
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	173
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	174-179
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the city provides and the activities it performs.	

City of National City
Net Position by Component¹
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2006	2007	2008	2009	2010
Governmental Activities:					
Invested in Capital assets, net of related debt	\$ 93,916,816	\$ 95,083,039	\$ 90,395,315	\$ 98,809,386	\$ 99,340,829
Restricted for:					
General Services	-	-	-	-	-
Community Development	30,314,098	31,487,994	41,864,051	36,760,186	43,423,854
Public Safety	1,059,835	1,323,836	1,603,522	3,422,897	4,018,272
Transportation	5,634,514	7,235,075	6,801,568	2,730,410	1,694,415
Culture and Leisure/General Services	589,186	1,203,143	2,812,810	5,178,912	5,394,040
Housing	-	-	-	-	1,079,035
Debt Service	-	-	-	-	-
Capital projects	-	-	-	-	-
Unrestricted	(2,314,564)	5,449,969	7,376,407	8,481,142	7,832,285
Total governmental activities net position	129,199,885	141,783,056	150,853,673	107,290,528	162,782,730
Business-type Activities:					
Invested in Capital assets, net of related debt	10,854,822	10,407,472	5,584,797	5,354,253	5,148,247
Restricted					
Community Development	-	-	-	-	-
Public Safety	-	-	-	-	-
Transportation	293,345	(21,211)	-	-	-
Culture and Leisure	-	-	-	-	-
Housing	1,840,698	1,799,835	1,996,801	2,101,803	1,524,392
Debt Service	-	-	-	-	-
Unrestricted	-	-	-	-	-
Total business-type activities net assets	12,988,865	12,186,096	7,581,598	7,456,056	6,672,639
Primary Government:					
Invested in Capital assets, net of related debt	104,771,638	105,490,511	95,980,112	104,163,639	104,489,076
Restricted	39,731,676	43,028,672	55,078,752	50,194,208	57,134,008
Unrestricted	(2,314,564)	5,449,969	7,376,407	8,481,142	7,832,285
Total primary government net assets	\$ 142,188,750	\$ 153,969,152	\$ 158,435,271	\$ 162,838,989	\$ 169,455,369

Notes ¹ The General Service category was added in 2014.

City of National City
Net Position by Component (Continued)¹
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
Governmental Activities:					
Invested in Capital assets, net of related debt	\$ 93,567,130	\$ 100,450,699	\$ 99,343,176	\$ 108,881,192	\$ 120,377,947
Restricted for:					
General Services	-	-	-	25,690,372	24,671,923
Community Development	33,109,741	4,427,765	535,026	4,522,562	5,348,413
Public Safety	3,035,845	927,816	-	-	-
Transportation	1,604,977	3,894,025	-	-	-
Culture and Leisure/General Services	4,101,046	25,086,031	-	-	-
Housing	1,472,075	8,253,320	-	-	-
Debt Service	-	-	472,988	1,691,931	1,676,222
Capital projects	-	-	2,332,408	2,769,086	2,193,169
Unrestricted	13,523,659	24,828,920	71,462,265	40,409,653	(34,896,708)
Total governmental activities net position	150,414,473	167,868,576	174,145,863	183,964,796	119,370,966
Business-type Activities:					
Invested in Capital assets, net of related debt	4,939,455	4,744,375	4,760,761	4,725,523	4,926,410
Restricted				-	
Community Development	-	-	-	-	-
Public Safety	-	-	-	-	-
Transportation	-	-	-	-	-
Culture and Leisure	-	-	-	-	-
Housing	1,631,621	-	-	-	-
Debt Service	-	-	1,953,838	2,121,988	1,876,125
Unrestricted	-	1,982,828	265,456	4,502	98,698
Total business-type activities net position	6,571,076	6,727,203	6,980,055	6,852,013	6,901,233
Primary Government:					
Invested in Capital assets, net of related debt	98,506,585	105,195,074	104,103,937	113,606,715	125,304,357
Restricted	44,955,305	42,588,957	5,294,260	36,795,939	35,765,852
Unrestricted	13,523,659	26,811,748	71,727,721	40,414,155	(34,798,010)
Total primary government net position	\$ 156,985,549	\$ 174,595,779	\$ 181,125,918	\$ 190,816,809	\$ 126,272,199

(Concluded)

Notes ¹ The General Service category was added in 2014.

City of National City
Changes in Net Position¹
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2006	2007	2008	2009	2010
Expenses:					
Governmental Activities:					
General government	\$ 3,141,167	\$ 5,219,116	\$ 5,881,015	\$ 5,224,693	\$ 6,774,769
Public safety	24,841,408	25,943,803	27,218,309	29,670,520	32,426,770
Transportation	9,979,551	2,680,880	7,144,911	7,735,716	2,966,635
Community development	23,709,596	22,209,522	24,841,387	17,049,437	17,679,675
Health	6,049,689	6,273,178	7,426,569	5,963,766	7,775,510
Culture and leisure	6,243,390	6,387,197	6,304,412	6,928,456	6,238,223
Interest and fiscal charges	2,631,082	2,768,004	2,853,399	2,525,568	2,524,121
Depreciation expense (unallocated)	-	-	-	-	-
Total governmental activities expenses	76,595,883	71,481,700	81,670,002	75,098,156	76,385,703
Business-type Activities:					
TDA	3,684,772	2,689,687	2,218,661	-	-
Community development commission	2,535,540	2,059,738	2,078,822	2,191,014	2,854,075
Kimball Towers	-	-	-	-	-
Morgan Towers	-	-	-	-	-
Total business-type activities expenses	6,220,312	4,749,425	4,297,483	2,191,014	2,854,075
Total primary government expenses	82,816,195	76,231,125	85,967,485	77,289,170	79,239,778
Program Revenue:					
Government Activities:					
Charges for services:					
General government	11,731,690	11,210,231	3,035,893	2,331,329	3,624,978
Public safety	182,214	74,987	192,291	1,820,369	1,976,414
Transportation	-	-	-	-	-
Community development	557,715	767,558	776,094	631,769	625,194
Health	-	-	7,426,730	7,355,009	7,258,317
Culture and leisure	650,428	843,273	935,297	420,314	771,433
Operating grants and contributions	27,308,279	23,016,167	26,090,615	20,674,207	21,051,606
Capital grants and contributions	243,662	166,994	112,107	-	-
Total governmental activities program revenue	40,673,988	36,079,210	38,569,027	33,232,997	35,307,942
Business-type Activities:					
Charges for services:					
TDA	1,287,218	891,013	-	-	-
Community development commission	1,920,403	1,955,520	2,044,277	2,041,477	2,063,715
Kimball Towers	-	-	-	-	-
Morgan Towers	-	-	-	-	-
Operating grants and contributions	2,002,041	990,340	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenue	5,209,662	3,836,873	2,044,277	2,041,477	2,063,715
Total primary government program revenue	45,883,650	39,916,083	40,613,304	35,274,474	37,371,657
Net Revenues (Expenses):					
Governmental activities	(35,921,895)	(35,402,490)	(43,100,975)	(41,865,159)	(41,077,761)
Business-type activities	(1,010,650)	(912,552)	(2,253,206)	(149,537)	(790,360)
Total Net Revenues (Expenses)	\$ (36,932,545)	\$ (36,315,042)	\$ (45,354,181)	\$ (42,014,696)	\$ (41,868,121)

Notes ¹ The National City transit operation (TDA) was discontinued during fiscal year 2007.

City of National City
Changes in Net Position (Continued)¹
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
Expenses:					
Governmental Activities:					
General government	\$ 6,813,807	\$ 5,858,519	\$ 443,592	\$ 5,240,947	\$ 6,299,372
Public safety	32,287,471	29,477,075	28,024,676	29,045,583	31,522,488
Transportation	3,642,820	4,399,470	3,061,647	6,315,524	6,737,292
Community development	19,204,057	13,959,966	11,991,339	11,669,866	11,603,528
Health	6,846,972	6,595,669	8,477,778	7,026,857	7,416,697
Culture and leisure	5,734,894	5,943,563	5,784,578	6,712,036	6,349,578
Interest and fiscal charges	4,091,247	5,082,341	633,338	439,367	407,194
Depreciation expense (unallocated)	-	-	4,423,669	-	-
Total governmental activities expenses	78,621,268	71,316,603	62,840,617	66,450,180	70,336,149
Business-type Activities:					
TDA	-	-	-	-	-
Community development commission	2,313,011	2,181,928	-	-	-
Kimball Towers	-	-	1,089,698	1,356,385	1,251,377
Morgan Towers	-	-	1,177,596	1,130,218	1,078,546
Total business-type activities expenses	2,313,011	2,181,928	2,267,294	2,486,603	2,329,923
Total primary government expenses	80,934,279	73,498,531	65,107,911	68,936,783	72,666,072
Program Revenue:					
Government Activities:					
Charges for services:					
General government	2,924,037	1,394,546	1,258,710	2,371,861	\$3,101,468
Public safety	2,564,953	3,767,099	3,018,064	3,150,630	3,807,824
Transportation	-	-	1,549,092	2,195,535	1,863,599
Community development	945,733	1,179,697	2,079,578	2,994,274	3,260,501
Health	7,418,448	6,984,746	7,414,151	7,534,320	9,522,136
Culture and leisure	216,746	282,197	246,880	199,493	353,740
Operating grants and contributions	16,763,058	19,261,931	14,732,996	15,818,335	12,508,517
Capital grants and contributions	-	1,312,296	1,006,059	6,284,789	11,399,349
Total governmental activities program revenue	30,832,975	34,182,512	31,305,530	40,549,237	45,817,134
Business-type Activities:					
Charges for services:					
TDA	-	-	-	-	-
Community development commission	2,208,044	2,334,863	-	-	-
Kimball Towers	-	-	1,073,082	1,096,559	1,101,514
Morgan Towers	-	-	1,241,253	1,244,129	1,260,181
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenue	2,208,044	2,334,863	2,314,335	2,340,688	2,361,695
Total primary government program revenue	33,041,019	36,517,375	33,619,865	42,889,925	48,178,829
Net Revenues (Expenses):					
Governmental activities	(47,788,293)	(37,134,091)	(31,535,087)	(25,900,943)	(24,519,015)
Business-type activities	(104,967)	152,935	47,041	(145,915)	31,772
Total Net Revenues (Expenses)	\$ (47,893,260)	\$ (36,981,156)	\$ (31,488,046)	\$ (26,046,858)	\$ (24,487,243)

Notes ¹ The National City transit operation (TDA) was discontinued during fiscal year 2007.

City of National City
Changes in Net Position (Continued)^{1 2}
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2006	2007	2008	2009	2010
General Revenue and Other Changes in Net Position:					
Governmental Activities:					
Taxes:					
Property taxes	\$ 13,304,816	\$ 15,232,910	\$ 16,421,961	\$ 15,827,505	\$ 9,983,799
Sales taxes	17,571,328	22,102,515	24,072,743	20,700,283	18,872,987
Franchise taxes	1,357,256	1,440,770	1,416,236	1,737,134	1,941,081
Motor vehicle license	4,558,078	4,837,677	5,100,399	5,370,617	5,181,701
Transient occupancy taxes	618,378	908,187	841,745	630,049	725,901
Utilities Tax	-	-	-	-	-
Investment earnings	1,460,288	3,405,789	3,369,224	1,425,385	572,489
Other miscellaneous revenues	314,606	(27,714)	-	270,269	461,101
Rent	80,711	85,527	305,082	733,454	763,157
Transfers	-	-	2,378,910	-	-
Gain/Loss on Sale of Assets	-	-	-	-	-
Total governmental activities	<u>39,265,461</u>	<u>47,985,661</u>	<u>53,906,300</u>	<u>46,694,696</u>	<u>38,502,216</u>
Business-type Activities:					
Investment earnings	59,721	82,069	27,618	23,995	6,943
Other misc	34,653	-	-	-	-
Rent	-	27,714	-	-	-
Transfers	-	-	(2,378,910)	-	-
Total business-type activities	<u>94,374</u>	<u>109,783</u>	<u>(2,351,292)</u>	<u>23,995</u>	<u>6,943</u>
Total primary government	<u>39,359,835</u>	<u>48,095,444</u>	<u>51,555,008</u>	<u>46,718,691</u>	<u>38,509,159</u>
Changes in Net Position:					
Governmental activities	3,343,566	12,583,171	10,805,325	4,829,537	(2,575,545)
Business-type activities	(916,276)	(802,769)	(4,604,498)	(125,542)	(783,417)
Total Primary Government	<u>\$ 2,427,290</u>	<u>\$ 11,780,402</u>	<u>\$ 6,200,827</u>	<u>\$ 4,703,995</u>	<u>\$ (3,358,962)</u>

Notes: ¹ The National City transit operation (TDA) was discontinued during fiscal year 2007.

² The City of National City implemented a one cent district tax during fiscal year 2007 causing an increase in sales tax revenue and investment earnings.

City of National City
Changes in Net Position (Continued)^{1 2}
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
General Revenue and Other Changes in Net Position:					
Governmental Activities:					
Taxes:					
Property taxes	\$ 14,184,279	\$ 11,373,533	\$ 4,724,959	\$ 9,908,109	\$ 10,301,592
Sales taxes	21,731,925	22,864,669	23,757,635	25,586,661	27,095,666
Franchise taxes	1,949,759	1,852,996	1,602,891	1,718,023	1,902,082
Motor vehicle license	5,219,884	4,962,804	-	27,056	818,820
Transient occupancy taxes	838,255	887,820	5,154,530	1,082,339	-
Utilities Tax	-	-	815,136	825,388	1,383,793
Investment earnings	374,153	297,882	1,873,896	459,019	304,655
Other miscellaneous revenues	365,734	23,811	-	-	-
Rent	868,535	-	-	-	-
Transfers	-	-	-	-	-
Gain/Loss on Sale of Assets	-	-	151,879	(268,224)	-
Total governmental activities	45,532,524	42,263,515	38,080,926	39,338,371	41,806,608
Business-type Activities:					
Investment earnings	3,404	3,192	3,685	2,520	\$2,579
Other misc	-	-	14,776	15,353	14,869
Rent	-	-	-	-	-
Transfers	-	-	-	-	-
Total business-type activities	3,404	3,192	18,461	17,873	17,448
Total primary government	45,535,928	42,266,707	38,099,387	39,356,244	41,824,056
Changes in Net Position:					
Governmental activities	(2,255,769)	5,129,424	6,545,839	13,437,428	17,287,593
Business-type activities	(101,563)	156,127	65,502	(128,042)	49,220
Total Primary Government	\$ (2,357,332)	\$ 5,285,551	\$ 6,611,341	\$ 13,309,386	\$ 17,336,813

Notes: ¹ The National City transit operation (TDA) was discontinued during fiscal year 2007.

² The City of National City implemented a one cent district tax during fiscal year 2007 causing an increase in sales tax revenue and investment earnings.

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

	Fiscal Year				
	2006	2007	2008	2009	2010
General Fund:					
Reserved	\$ 1,171,748	\$ 1,501,213	\$ 1,727,692	\$ 1,164,034	\$ 1,126,408
Unreserved (designated, undesignated)	11,620,584	15,585,066	18,298,540	17,276,654	10,699,617
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	<u>\$ 12,792,332</u>	<u>\$ 17,086,279</u>	<u>\$ 20,026,232</u>	<u>\$ 18,440,688</u>	<u>\$ 11,826,025</u>
All Other Governmental Funds:					
Reserved	\$ 21,676,313	\$ 25,758,503	\$ 23,958,237	\$ 22,821,977	\$ 28,011,724
Unreserved					
Designated	7,416,455	15,554,052	10,832,286	18,774,518	25,433,482
Undesignated:					
Special revenue funds	17,346,630	15,595,453	23,394,266	19,853,304	15,651,538
Capital projects funds	7,107,297	4,201,534	9,750,823	4,428,286	(244,185)
Debt service funds	-	-	-	-	-
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 53,546,695</u>	<u>\$ 61,109,542</u>	<u>\$ 67,935,612</u>	<u>\$ 65,878,085</u>	<u>\$ 68,852,559</u>

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

	Fiscal Year				
	2011	2012	2013	2014	2015
General Fund:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (designated, undesignated)	-	-	-	-	-
Nonspendable	-	-	10,162	4,952,830	4,963,916
Restricted	-	-	707,262	611,780	590,998
Committed	1,671,257	1,671,257	9,085,066	9,085,066	9,085,066
Assigned	4,829,800	5,536,697	6,787,396	15,042,191	16,065,936
Unassigned	7,059,792	10,708,984	6,995,075	7,797,176	10,266,364
Total General Fund	<u>\$ 13,560,849</u>	<u>\$ 17,916,938</u>	<u>\$ 23,584,961</u>	<u>\$ 37,489,043</u>	<u>\$ 40,972,280</u>
All Other Governmental Funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved					
Designated	-	-	-	-	-
Undesignated:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Nonspendable	-	-	8,164,235	7,926,759	7,927,027
Restricted	103,585,798	42,694,439	33,122,400	31,713,774	31,005,745
Committed	2,002,596	2,166,798	-	-	-
Assigned	-	-	740,177	733,384	706,558
Unassigned	(538,052)	485,332	24,729	(8,165,223)	(5,368,838)
Total All Other Governmental Funds	<u>\$ 105,050,342</u>	<u>\$ 45,346,569</u>	<u>\$ 42,051,541</u>	<u>\$ 32,208,694</u>	<u>\$ 34,270,492</u>

City of National City
Changes in Fund Balances of Governmental Funds¹
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2006	2007	2008	2009	2010
Revenues:					
Taxes	\$ 39,138,480	\$ 46,477,691	49,871,559	\$ 47,448,811	\$ 44,435,811
Licenses and permits	887,009	872,998	801,232	742,616	555,717
Fines and forfeitures	1,237,069	939,083	1,322,347	1,303,006	1,454,328
Interest and rents	1,957,322	3,405,789	3,369,224	2,387,531	1,414,747
Use of money and property	-	-	-	-	-
Intergovernmental	24,345,988	23,863,565	24,377,473	21,575,928	22,200,569
Charges for services	9,330,082	9,328,340	8,471,286	8,371,734	9,064,198
Other revenues	2,662,154	2,358,768	2,680,389	1,926,494	3,465,296
Total revenues	<u>79,558,104</u>	<u>87,246,234</u>	<u>90,893,510</u>	<u>83,756,120</u>	<u>82,590,666</u>
Expenditures:					
Current:					
General government	5,395,508	4,723,185	5,354,513	4,559,601	6,517,068
Public safety	25,784,443	25,130,868	26,528,937	27,958,385	30,715,473
Transportation	3,369,380	3,236,793	3,756,298	3,079,647	2,118,325
Community development	23,315,799	20,992,576	23,721,153	18,029,047	21,840,082
Health	6,049,689	6,273,178	7,426,569	5,963,766	7,761,907
Culture and leisure	6,243,390	6,387,197	6,276,859	6,928,456	6,160,615
Capital outlay	10,957,597	2,074,818	1,636,398	14,450,567	5,501,888
Debt service:					
Principal	3,224,395	2,871,863	2,891,709	3,024,837	3,191,174
Interest and fiscal charges	3,014,431	2,898,962	2,864,933	2,689,608	2,535,113
Cost of issuance	-	-	-	-	-
Total expenditures	<u>87,354,632</u>	<u>74,589,440</u>	<u>80,457,369</u>	<u>86,683,914</u>	<u>86,341,645</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,796,528)</u>	<u>12,656,794</u>	<u>10,436,141</u>	<u>(2,927,794)</u>	<u>(3,750,979)</u>
Other Financing Sources (uses):					
Issuance of long-term debt	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Original discount on issuance	-	-	-	-	-
Proceeds from lease	458,994	-	-	-	-
Proceeds from sale of property	-	-	-	-	-
Transfers in	10,431,154	8,182,525	13,096,724	8,227,100	10,620,576
Transfers out	(7,931,154)	(8,982,525)	(13,151,446)	(8,642,100)	(10,917,436)
Total other financing sources (uses)	<u>2,958,994</u>	<u>(800,000)</u>	<u>(54,722)</u>	<u>(415,000)</u>	<u>(296,860)</u>
Extraordinary/Special Items	-	-	-	-	-
Net change in fund balances	<u>\$ (4,837,534)</u>	<u>\$ 11,856,794</u>	<u>\$ 10,381,419</u>	<u>\$ (3,342,794)</u>	<u>\$ (4,047,839)</u>
Debt services as a percentage of noncapital expenditures	8.17%	7.96%	7.30%	7.91%	7.08%

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

City of National City
Changes in Fund Balances of Governmental Funds (Continued)¹
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
Revenues:					
Taxes	\$ 46,981,938	\$ 42,797,241	\$ 38,837,279	\$ 41,386,311	\$ 43,573,589
Licenses and permits	772,326	837,532	1,225,571	1,099,929	1,567,617
Fines and forfeitures	1,574,031	1,873,119	1,044,422	1,111,961	885,722
Interest and rents	971,728	720,301	-	-	-
Use of money and property	-	-	768,612	1,122,149	1,073,543
Intergovernmental	17,498,972	19,427,220	15,803,886	23,571,850	27,134,188
Charges for services	9,161,970	8,482,536	10,080,029	9,531,741	10,024,879
Other revenues	2,166,456	2,025,862	757,913	1,651,370	4,044,726
Total revenues	<u>79,127,421</u>	<u>76,163,811</u>	<u>68,517,712</u>	<u>79,475,311</u>	<u>88,304,264</u>
Expenditures:					
Current:					
General government	6,595,278	5,650,734	5,349,464	5,062,227	5,403,805
Public safety	27,631,707	28,458,759	28,156,246	27,687,841	29,100,717
Transportation	1,945,357	1,667,437	2,957,941	3,673,470	3,941,747
Community development	17,752,422	13,657,581	10,529,246	11,235,322	11,173,792
Health	6,842,236	7,015,478	8,559,588	6,994,103	7,179,865
Culture and leisure	5,127,204	5,138,826	5,797,227	6,057,037	5,306,518
Capital outlay	6,468,842	2,839,897	3,749,471	20,361,948	17,176,753
Debt service:					
Principal	3,327,360	4,547,823	1,068,801	1,376,871	1,142,186
Interest and fiscal charges	2,456,640	4,560,865	547,580	477,061	427,209
Cost of issuance	439,442	-	-	-	-
Total expenditures	<u>78,586,488</u>	<u>73,537,400</u>	<u>66,715,564</u>	<u>82,925,880</u>	<u>80,852,592</u>
Excess (deficiency) of revenues over (under) expenditures	<u>540,933</u>	<u>2,626,411</u>	<u>1,802,148</u>	<u>(3,450,569)</u>	<u>7,451,672</u>
Other Financing Sources (uses):					
Issuance of long-term debt	42,775,000	-	4,885,000	-	554,604
Premium on debt issuance	-	-	25,678	-	-
Payment to bond escrow agent	(3,115,000)	-	(4,760,000)	-	-
Original discount on issuance	(1,056,085)	-	(150,678)	-	-
Proceeds from lease	-	-	-	-	-
Proceeds from sale of property	-	-	-	7,052,194	-
Transfers in	16,870,308	7,017,427	3,085,535	5,131,249	1,765,336
Transfers out	(16,196,104)	(6,738,538)	(2,514,688)	(4,671,639)	(4,277,182)
Total other financing sources (uses)	<u>39,278,119</u>	<u>278,889</u>	<u>570,847</u>	<u>7,511,804</u>	<u>(1,957,242)</u>
Extraordinary/Special Items	<u>-</u>	<u>(59,950,984)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 39,819,052</u>	<u>\$ (57,045,684)</u>	<u>\$ 2,372,995</u>	<u>\$ 4,061,235</u>	<u>\$ 5,494,430</u>
Debt services as a percentage of noncapital expenditures	8.02%	12.88%	2.57%	2.96%	2.46%

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

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

Category	Fiscal Year				
	2006	2007	2008	2009	2010
Secured:					
Residential Property	\$ 1,249,018,196	\$ 1,519,346,327	\$ 1,675,533,232	\$ 1,727,050,075	\$ 1,486,019,671
Commercial Property	677,325,076	704,702,806	744,585,873	797,911,588	871,757,000
Industrial Property	237,113,411	262,732,815	264,996,707	276,149,692	288,230,654
Institutional Property	6,773,868	5,568,713	4,382,185	44,982,886	54,514,910
Irrigated Property	-	-	-	35,858	36,575
Recreational Property	4,369,771	4,745,005	6,697,142	14,655,682	26,509,839
Unknown	-	-	-	-	-
Vacant Land	41,602,858	58,129,839	68,304,793	92,409,693	93,470,678
Dry Farm	-	-	-	-	-
Total Secured	<u>2,216,203,180</u>	<u>2,555,225,505</u>	<u>2,764,499,932</u>	<u>2,953,195,474</u>	<u>2,820,539,327</u>
Unsecured	132,740,967	142,087,044	154,942,915	168,066,373	204,465,642
SBE Nonunitary	<u>6,064,199</u>	<u>5,931,260</u>	<u>4,039,249</u>	<u>5,858,889</u>	<u>5,586,456</u>
Total Taxable Assessed Value	<u>\$ 2,355,008,346</u>	<u>\$ 2,703,243,809</u>	<u>\$ 2,923,482,096</u>	<u>\$ 3,127,120,736</u>	<u>\$ 3,030,591,425</u>
Total Direct Tax Rate	0.55593	0.56773	0.56773	0.57066	0.55977

Note: Exempt values are not included in Total.

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

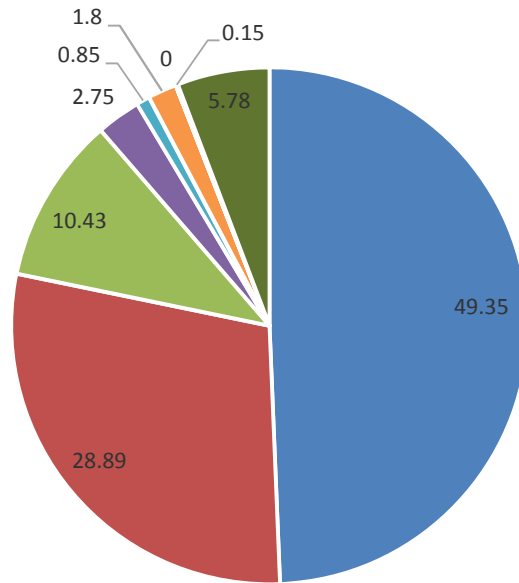
Category	Fiscal Year				
	2011	2012	2013	2014	2015
Secured:					
Residential Property	\$ 1,438,117,757	\$ 1,482,008,218	\$ 1,503,553,951	\$ 1,547,773,659	\$1,665,406,317
Commercial Property	886,630,566	899,802,065	915,142,395	971,070,608	992,982,224
Industrial Property	282,442,202	275,585,085	370,755,962	372,617,155	360,527,549
Institutional Property	55,348,512	44,298,664	45,384,698	46,107,183	46,316,498
Irrigated Property	-	-	-	-	-
Recreational Property	26,677,054	27,127,749	29,056,094	25,828,782	25,827,429
Unknown	-	-	-	-	-
Vacant Land	96,674,219	58,383,925	57,090,009	61,320,039	60,685,749
Dry Farm	224,466	-	-	-	-
Total Secured	<u>2,786,114,776</u>	<u>2,787,205,706</u>	<u>2,920,983,109</u>	<u>3,024,717,426</u>	<u>3,151,745,766</u>
Unsecured	200,239,342	201,267,744	183,790,343	224,847,953	197,869,900
SBE Nonunitary	<u>5,195,618</u>	<u>5,195,618</u>	<u>5,195,618</u>	<u>5,224,473.00</u>	<u>5,224,473</u>
Total Taxable Assessed Value	<u>\$ 2,991,549,736</u>	<u>\$ 2,993,669,068</u>	<u>\$ 3,109,969,070</u>	<u>\$ 3,254,789,852</u>	<u>\$ 3,354,840,139</u>
Total Direct Tax Rate	0.54335	0.54734	0.54683	0.24559	0.20747

Note: Exempt values are not included in Total.

City of National City

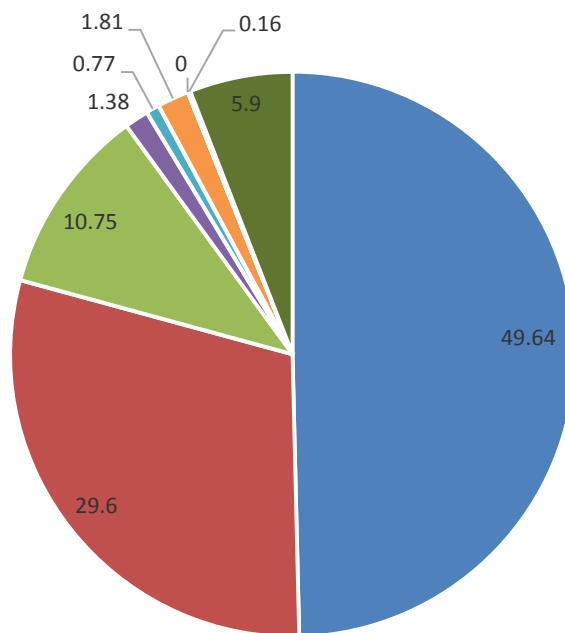
2014/15 Use Category Summary

Assessed Value



■ Residential
 ■ Commercial
 ■ Industrial
 ■ Institutional
 ■ Recreational
 ■ Vacant
 ■ Exempt
 ■ SBE Nonunitary
 ■ Unsecured

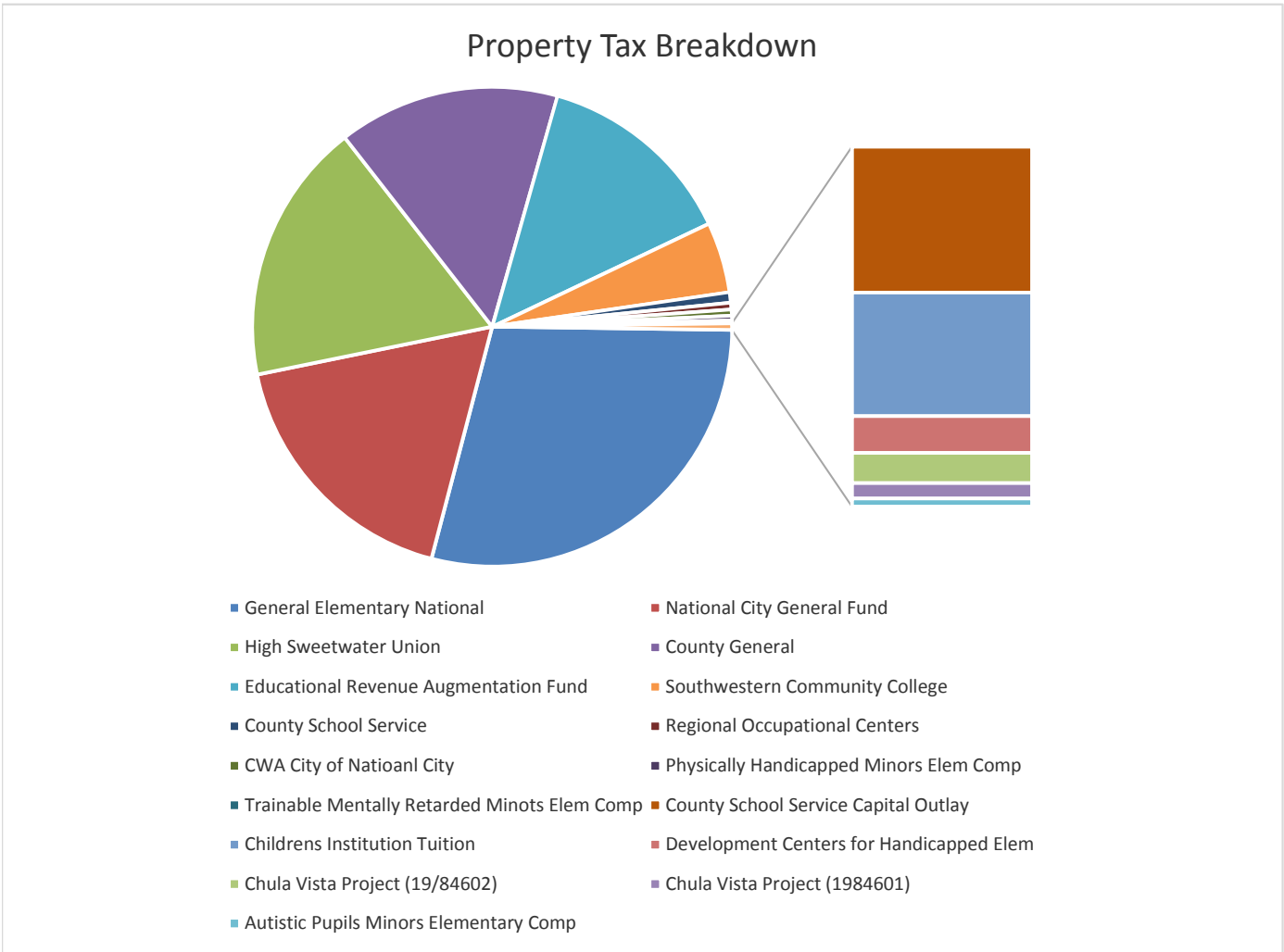
Net Taxable Value



■ Residential
 ■ Commercial
 ■ Industrial
 ■ Institutional
 ■ Recreational
 ■ Vacant
 ■ Exempt
 ■ SBE Nonunitary
 ■ Unsecured

City of National City

Property Tax Dollar Breakdown



**City of National City
2014/15 Roll Summary
Taxable Property Values**

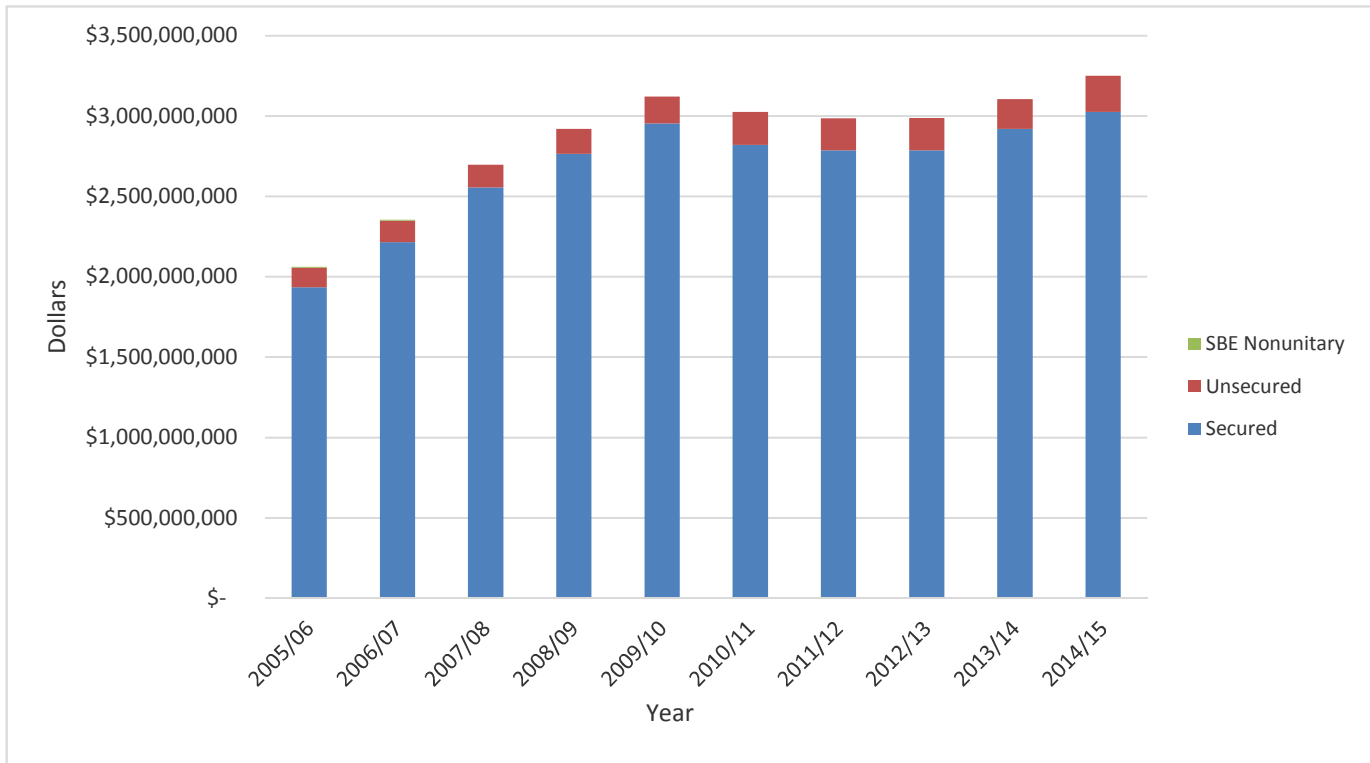
	<u>Secured</u>	<u>Nonunitary Utilities</u>	<u>Unsecured</u>
Parcels	10,031	21	1,524
TRAs	42	4	18
Values			
Land	1,386,063,244	5,224,473	\$ -
Improvements	1,869,548,314	-	69,664,739
Personal Property	2,937,924	-	130,624,568
Fixtures	-	-	-
Aircraft	-	-	-
Total Value	\$ 3,258,549,482	\$ 5,224,473	\$ 200,289,307
Exemptions			
Real Estate	106,803,716	\$ -	480,943
Personal Property	-	-	1,938,464
Fixture	-	-	-
Aircraft	-	-	-
Homeowners*	30,097,200	-	103,600
Total Exemptions*	\$ 106,803,716	\$ -	\$ 2,419,407
Total Net Value	\$ 3,151,745,766	\$ 5,224,473	\$ 197,869,900

Combined Values	Total
Total Values	\$ 3,464,063,262
Total Exemptions	\$ 109,223,123
Net Total Values	\$ 3,354,840,139
Net Aircraft Values	\$ -

Note: Homeowner Exemptions are not included in Total Exemptions
Totals Do Not Include Aircraft Values or Exemptions

City of National City
Net Taxable Assessed Value History
2005/06 - 2014/15

<u>Year</u>	<u>Secured</u>	<u>Unsecured</u>	<u>SBE Nonunitary</u>	<u>Net Total AV</u>	<u>% Change</u>
2005/06	\$ 2,216,203,180	\$ 132,740,967	\$ 6,064,199	\$ 2,355,008,346	14.15%
2006/07	2,555,225,505	142,087,044	5,931,260	2,703,243,809	14.79%
2007/08	2,764,499,932	154,942,915	4,039,249	2,923,482,096	8.15%
2008/09	2,953,195,474	168,066,373	5,858,889	3,127,120,736	6.97%
2009/10	2,820,539,327	204,465,642	5,586,456	3,030,591,425	-3.09%
2010/11	2,786,114,776	200,239,342	5,195,618	2,991,549,736	-1.29%
2011/12	2,787,205,706	201,267,744	5,195,618	2,993,669,068	7.00%
2012/13	2,920,983,109	183,790,343	5,195,618	3,109,969,070	3.88%
2013/14	3,024,717,426	224,847,953	5,224,473	3,254,789,852	4.66%
2014/15	3,151,745,766	197,869,900	5,224,473	3,354,840,139	3.07%



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

	Fiscal Year				
	2006	2007	2008	2009	2010
Apparel Stores	\$ 99,965	\$ 101,217	\$ 106,217	\$ 110,078	\$ 119,538
General Merchandise	156,320	140,764	150,958	146,586	146,301
Food Stores	24,980	24,170	27,014	27,535	27,611
Eating and Drinking Places	101,584	109,137	114,293	114,416	121,464
Auto Dealers and Supplies	681,405	580,097	420,857	335,729	372,638
Service Stations	74,152	81,930	87,219	66,588	75,945
Other Retail Stores	347,150	248,954	215,340	154,741	141,898
All Other Outlets	286,321	270,892	237,160	204,471	249,179
Total	<u>\$ 1,771,877</u>	<u>\$ 1,557,161</u>	<u>\$ 1,359,058</u>	<u>\$ 1,160,144</u>	<u>\$ 1,254,574</u>

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue. Data for 2014 is not available as of date of issuance of the report.

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

	Fiscal Year				
	2011	2012	2013	2014	2015
Apparel Stores	\$ 128,298	\$ 132,422	\$ 132,348	\$ 134,528	n/a
General Merchandise	156,827	163,836	165,147	\$171,040	n/a
Food Stores	28,603	32,024	32,256	\$34,518	n/a
Eating and Drinking Places	125,985	132,006	137,903	\$148,252	n/a
Auto Dealers and Supplies	417,159	505,275	546,769	\$582,143	n/a
Service Stations	87,217	85,832	77,741	\$79,500	n/a
Other Retail Stores	148,814	155,312	164,727	\$178,776	n/a
All Other Outlets	248,268	261,418	296,528	\$300,540	n/a
Total	<u>\$ 1,341,171</u>	<u>\$ 1,468,125</u>	<u>\$ 1,553,419</u>	<u>\$ 1,629,297</u>	<u>n/a</u>

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue. Data for 2014 is not available as of date of issuance of the report.

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Current Year Tax Levy	\$ 2,415,266	\$ 2,678,832	\$ 2,855,587	\$ 3,119,018	\$ 3,133,984
Current Tax Collections	2,407,114	2,670,618	2,843,810	3,102,793	3,104,248
Percent of Levy Collected	99.66%	99.69%	99.59%	99.48%	99.05%
Delinquent Tax Receivable	12,204	13,618	15,637	16,472	16,863
Delinquent Tax Collections	2,061	1,502	1,104	2,886	1,864
Total Tax Collections	<u>\$ 2,409,175</u>	<u>\$ 2,672,120</u>	<u>\$ 2,844,914</u>	<u>\$ 3,105,679</u>	<u>\$ 3,106,112</u>
Percent of Total Tax Collections To Tax Levy	99.75%	99.75%	99.63%	99.57%	99.11%
Outstanding Delinquent Taxes	18,295	20,330	26,310	29,810	44,735
Percent of Delinquent Taxes To Tax Levy	0.76%	0.76%	0.92%	0.96%	1.43%

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

	Fiscal Year				
	2011	2012	2013	2014	2015
Current Year Tax Levy	\$ 3,118,154	\$ 3,207,237	\$ 3,348,632	\$ 3,099,715	\$ 3,240,544
Current Tax Collections	3,079,633	3,160,964	3,330,941	3,087,464	3,227,793
Percent of Levy Collected	98.76%	98.56%	99.47%	99.60%	99.61%
Delinquent Tax Receivable	17,417	19,334	19,089	19,203	19,758
Delinquent Tax Collections	2,717	1,995	1,781	1,542	1,312
Total Tax Collections	<u>\$ 3,082,350</u>	<u>\$ 3,162,959</u>	<u>\$ 3,332,721</u>	<u>\$ 3,089,006</u>	<u>\$ 3,229,105</u>
Percent of Total Tax Collections To Tax Levy	98.85%	98.62%	99.52%	99.65%	99.65%
Outstanding Delinquent Taxes	53,222	63,612	34,999	29,912	31,197
Percent of Delinquent Taxes To Tax Levy	1.71%	1.98%	1.05%	0.96%	0.96%

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

Agency	Fiscal Year				
	2006	2007	2008	2009	2010
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000
Chula Vista Elementary	0.02738	0.02662	0.02029	0.01762	0.02507
Gen Bond Chula Vista Prop J 11/03/1998 2013ARef	0.00000	0.00000	0.00000	0.00000	0.00000
Gen Bond Chula Vista Sfid 2012-1, Prop E 11/06/12	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00520	0.00470	0.00450	0.00430	0.00430
National City Gen Obligation Bonds 2002 Series A	0.01770	0.01570	0.01430	0.01300	0.01270
San Diego Community College Bond	0.02495	0.01782	0.02740	0.01212	0.02482
San Diego Prop Z 11/06/12 Ser 2013A, A1	0.00000	0.00000	0.00000	0.00000	0.00000
San Diego Prop Z 11/06/12, Ser 2013B	0.00000	0.00000	0.00000	0.00000	0.00000
San Diego Prop Z 11/06/12, Ser 2013C	0.00000	0.00000	0.00000	0.00000	0.00000
San Diego Unified	0.07590	0.07149	0.06007	0.06184	0.06670
Southwestern Community College	0.01505	0.01405	0.01253	0.01320	0.03442
Sweetwater High Bond	0.02252	0.02016	0.04711	0.04621	0.05580
Total Direct & Overlapping² Tax Rates	1.18870	1.17054	1.18620	1.16829	1.22381
City's Share of 1% Levy Per Prop 13 ³	0.17720	0.17720	0.17720	0.17720	0.17720
General Obligation Debt Rate	0.01770	0.01570	0.01430	0.01300	0.01300
Redevelopment Rate	1.00520	1.00470	1.00450	1.00430	1.00430
Total Direct Rate	0.55593	0.56773	0.57636	0.57066	0.55977

Notes:

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

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

³City's Share of 1% Levy is based on the City's share of the General Fund tax rate area with the largest net taxable value within the city. ERAF General Fund tax shifts may not be included in tax ratio figures.

*RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.

**Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

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

Agency	Fiscal Year				
	2011	2012	2013	2014	2015
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000
Chula Vista Elementary	0.02611	0.02594	0.02526	0.00995	0.04753
Gen Bond Chula Vista Prop J 11/03/1998 2013ARef	0.00000	0.00000	0.00000	0.01264	0.00000
Gen Bond Chula Vista Sfid 2012-1, Prop E 11/06/12	0.00000	0.00000	0.00000	0.02372	0.00000
Metropolitan Water District	0.00370	0.00370	0.00350	0.00350	0.00350
National City Gen Obligation Bonds 2002 Series A	0.01420	0.01370	0.01320	0.01190	0.00960
San Diego Community College Bond	0.02494	0.03740	0.03636	0.04760	0.04381
San Diego Prop Z 11/06/12 Ser 2013A, A1	0.00000	0.00000	0.00000	0.04282	0.00000
San Diego Prop Z 11/06/12, Ser 2013B	0.00000	0.00000	0.00000	0.00012	0.00000
San Diego Prop Z 11/06/12, Ser 2013C	0.00000	0.00000	0.00000	0.01706	0.00000
San Diego Unified	0.06670	0.06670	0.06667	0.06667	0.00000
Southwestern Community College	0.03635	0.03308	0.03753	0.03675	0.03582
Sweetwater High Bond	0.05517	0.06079	0.05862	0.05823	0.05407
Total Direct & Overlapping² Tax Rates	1.22717	1.24131	1.24114	1.33096	1.19433
City's Share of 1% Levy Per Prop 13 ³	0.17720	0.17720	0.17720	0.17720	0.17720
General Obligation Debt Rate	0.01420	0.01370	0.01320	0.01190	0.00960
Redevelopment Rate	1.00430	1.00370	0.00000	-	-
Total Direct Rate	0.54335	0.54734	0.54683	0.24559	0.20747

Notes:

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

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

³City's Share of 1% Levy is based on the City's share of the General Fund tax rate area with the largest net taxable value within the city. ERAF General Fund tax shifts may not be included in tax ratio figures.

*RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.

**Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

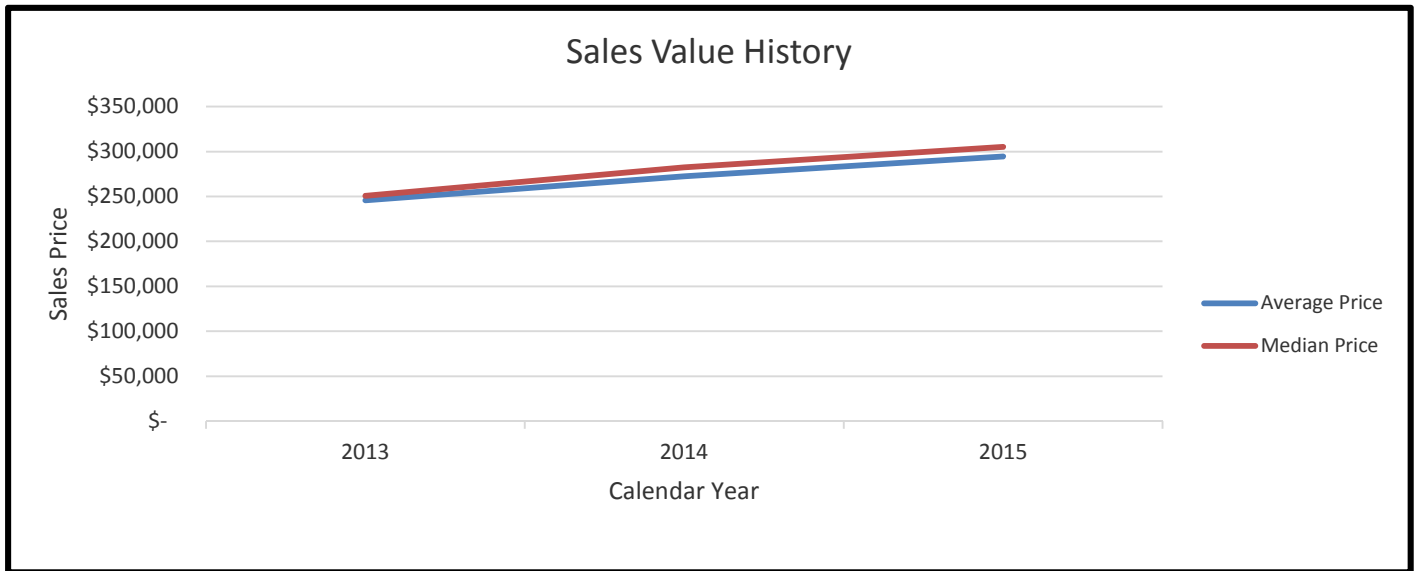
**City of National City
Principal Property Taxpayers
Current Year and Nine Years Ago**

	2014/2015			2005/2006		
	Taxable Assessed Value (Secured and Unsecured)	Rank	Percentage of Net Assessed Value	Taxable Assessed Value (Secured and Unsecured)	Rank	Percentage of Net Assessed Value
<u>Taxpayer (Parcels)</u>						
Centermark Properties Inc. (11)	\$248,433,724	1	7.41%	-	-	-
Pasha Automotive Services	105,001,256	2	3.13%	-	-	-
PVHRLLC (3)	54,289,522	3	1.62%	-	-	-
Summercrest Apartments LP	46,250,000	4	1.38%	-	-	-
Costco Wholesale Corporation (1)	33,216,419	5	0.99%	-	-	-
MPT of Paradise Valley LP (30)	30,892,670	6	0.92%	-	-	-
Dixieline Lumber Company (5)	30,855,027	7	0.92%	-	-	-
Fenton NCP LCC (16)	30,508,368	8	0.91%	-	-	-
Target Corporation	27,989,169	9	0.83%	-	-	-
Sweetwater Associates LP (22)	24,046,115	10	0.72%	-	-	-
Centermark Properties Inc.	-	-	-	\$ 163,899,374	1	6.96%
Pasha Automotive Services	-	-	-	\$44,324,558	2	1.88%
Wells Fargo Bank	-	-	-	23,260,700	3	0.99%
Sweetwater Associates LP	-	-	-	21,100,083	4	1%
G.W. Williams Company	-	-	-	21,041,523	5	0.89%
WalMart Real Estate Business Trust	-	-	-	18,868,416	6	0.80%
Costco Wholesale Corporation (1)	-	-	-	15,994,193	7	0.68%
C I P Venture	-	-	-	15,295,857	8	0.65%
Dixieline Lumber Company	-	-	-	14,762,547	9	0.63%
May Department Stores Company	-	-	-	13,123,079	10	0.56%
Top Ten Total	<u>\$ 631,482,270</u>		<u>18.83%</u>	<u>\$ 351,670,330</u>		<u>14.94%</u>
City Total	<u>\$3,354,840,139*</u>			<u>2,355,008,346*</u>		

*Value Includes Outer TRA's

City of National City
Sales Value History
Single Family Residential Full Value Sales (1/1/2013-8/31/2015)

<u>Year</u>	<u>Full Value Sales</u>	<u>Average Price</u>	<u>Median Price</u>	<u>Median % Change</u>
2013	298	\$ 245,898	\$ 250,750	
2014	254	272,301	282,500	12.66%
2015	185	294,359	305,000	7.96%



City of National City
Top 25 Sales Tax Producers
For Fiscal Year 2014-15 & 2005-06

FY 2014-2015

Business Name	Business Category
Arco AM PM	Service Stations
Ball Honda Acura Mitsubishi Suzuki Kia	New Motor Vehicle Dealers
Frank Hyundai	New Motor Vehicle Dealers
Frank Subaru	New Motor Vehicle Dealers
Frank Toyota Scion	New Motor Vehicle Dealers
Highland Arco	Service Stations
JC Penny	Department Stores
Macys	Department Stores
Mor Furniture 4 Less	Home Furnishings
Mossy Nissan	New Motor Vehicle Dealers
Nordstrom Rack	Department Stores
Perry Chrysler Dodge Jeep Ram	New Motor Vehicle Dealers
Perry Ford	New Motor Vehicle Dealers
Probuild Company	Lumber/Building Materials
Ron Baker Chevrolet	New Motor Vehicle Dealers
Ross Dress for Less	Family Apparel
South Bay Volkswagen	New Motor Vehicle Dealers
South County Buick GMC	New Motor Vehicle Dealers
Target	Discount Dept Stores
Tesoro Refining and Marketing	Service Stations
Univar	Drugs/Chemicals
Walmart	Discount Dept Stores
Westcott Mazda	New Motor Vehicle Dealers
Westair Gases & Equipment	Heavy Industrial

Percent of 2014-2015 total paid by top 25 accounts = 53.79

* Firms Listed Alphabetically

Period April 2014- March 2015

City of National City
Top 25 Sales Tax Producers (Continued)
For Fiscal Year 2014-15 & 2005-06

FY 2005-2006

Business Name	Business Category
Ball Honda	New Motor Vehicles
BP West Coast Products LLC	Service Stations
Circuit City	Electronics/ Appliance Stores
Daimler Chrysler Finance	Auto Lease
Dixieline Lumber	Lumber/Building Materials
Frank Auto Pros	New Motor Vehicle Dealers
Harrison Buick	New Motor Vehicle Dealers
JC Penny	Department Stores
McCune Motors	New Motor Vehicle Dealers
Mervyns	Department Stores
Mossy Nissan	New Motor Vehicle Dealers
Perry Ford	New Motor Vehicle Dealers
Robinsons May	Department Stores
Ron Baker Chevrolet	New Motor Vehicle Dealers
Ross Dress for Less	Family Apparel
San Diego Dodge	New Motor Vehicle Dealers
South Bay Subaru	New Motor Vehicle Dealers
South Bay Volkswagen	New Motor Vehicle Dealers
South Bay Yamaha	Boats/Motorcycles
Sweetwater Chevron	Service Stations
Toys R Us	Specialty Stores
Univar	Drugs/Chemicals
Walmart	Discount Dept Stores
Westcott Mazda	New Motor Vehicles Dealers

Percent of 2005-2006 total paid by top 25 accounts = 61.78

* Firms Listed Alphabetically

Period April 2005- March 2006

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Governmental Activities:					
NCJPFA Lease Revenue Refunding Bond	\$ 4,510,000	\$ 4,220,000	\$ 3,920,000	\$ 3,605,000	\$ 3,280,000
Tax Allocation Bonds	45,885,000	43,885,000	41,820,000	39,680,000	37,455,000
General Obligation Bonds	5,850,000	5,720,000	5,585,000	5,440,000	5,285,000
HUD 108 Bond 2003 A	6,560,000	6,380,000	6,185,000	5,975,000	5,750,000
Total Bonded Debt	<u>62,805,000</u>	<u>60,205,000</u>	<u>57,510,000</u>	<u>54,700,000</u>	<u>51,770,000</u>
Per Capita	\$ 1,127	\$ 1,078	\$ 1,026	\$ 971	\$ 913
Percent of Taxable Assessed Values	2.67%	2.23%	1.97%	1.75%	1.71%
Other Governmental Activities Debt					
Claims Payable	2,105,127	4,145,000	4,508,000	4,825,000	5,884,000
Compensating Absences	2,897,920	2,490,655	3,111,061	3,176,651	3,028,792
Other Postemployment Benefits	-	-	-	34,624	53,795
Capital Lease Payable	1,927,190	1,655,327	1,372,940	1,117,728	2,611,714
Business-Type Activities:					
Notes Payable	<u>3,180,054</u>	<u>3,328,141</u>	<u>3,180,054</u>	<u>3,022,049</u>	<u>2,853,463</u>
Total Primary Government	<u>\$ 67,912,244</u>	<u>\$ 65,188,468</u>	<u>\$ 62,062,994</u>	<u>\$ 58,839,777</u>	<u>\$ 57,235,177</u>
Percent of Personal Income	9.40%	8.55%	7.85%	7.35%	7.27%
Per Capita	\$ 1,219	\$ 1,167	\$ 1,107	\$ 1,045	\$ 1,009

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

	Fiscal Year				
	2011	2012	2013	2014	2015
Governmental Activities:					
NCJPFRA Lease Revenue Refunding Bond	\$ 3,115,000	\$ 2,715,000	\$ 2,300,000	\$ 1,870,000	\$1,425,000
Tax Allocation Bonds	74,590,000	71,115,000	67,160,000	63,040,000	58,750,000
General Obligation Bonds	5,120,000	4,945,000	4,846,073	4,613,668	4,371,263
HUD 108 Bond 2003 A	5,505,000	5,245,000	4,965,000	4,450,000	4,140,000
Total Bonded Debt	<u>88,330,000</u>	<u>84,020,000</u>	<u>79,271,073</u>	<u>73,973,668</u>	<u>68,686,263</u>
Per Capita	\$ 1,528	\$ 1,425	\$ 1,347	\$ 1,246	\$ 1,138
Percent of Taxable Assessed Values	2.95%	2.81%	2.55%	1415.91%	2.05%
Other Governmental Activities Debt					
Claims Payable	6,114,000	6,283,000	6,776,000	7,443,000	7,886,000
Compensating Absences	2,815,341	1,683,000	2,752,558	3,176,392	3,444,318
Other Postemployment Benefits	105,229	127,412	237,779	326,965	603,300
Capital Lease Payable	2,416,722	2,147,477	1,866,025	1,571,831	1,948,686
Business-Type Activities:					
Notes Payable	<u>2,481,662</u>	<u>2,853,463</u>	<u>2,058,393</u>	<u>1,576,533</u>	<u>1,311,137</u>
Total Primary Government	<u>\$ 93,228,384</u>	<u>\$ 89,020,940</u>	<u>\$ 83,195,491</u>	<u>\$ 77,122,032</u>	<u>\$ 71,946,086</u>
Percent of Personal Income	10.95%	9.54%	8.63%	7.85%	7.16%
Per Capita	\$ 1,613	\$ 1,510	\$ 1,414	\$ 1,299	\$ 1,192

City of National City
Direct and Overlapping Debt
As of June 30, 2015

2014-2015 Assessed Valuation:

\$3,356,819,574

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/2015	% Applicable ¹	City's Share of Debt 06/30/15
Metropolitan Water District	\$110,420,000	0.145%	\$160,109
San Diego Community College District	1,280,454,917	0.002%	25,609
Southwestern Community College District	222,049,345	7.456%	16,555,999
Chula Vista City School District	56,835,000	1.604%	911,633
Chula Vista City School District School Facilities Improvement District No. 1	42,995,000	2.977%	1,279,961
National School District	18,000,000	93.12%	16,761,060
Sweetwater Union High School District	336,119,415	8.91%	29,954,962
Chula Vista City School District Community Facilities Districts	3,830,000	0.29%	11,107
Sweetwater Union High School District Community Facilities Districts	12,280,522	4.035-24.174%	2,220,573
City of National City	4,405,000	100%	4,405,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	\$2,087,389,199		\$72,286,013

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

San Diego County General Fund Obligations	\$351,670,000	0.80%	\$2,816,877
San Diego County Pension Obligation Bonds	682,615,180	0.80%	5,467,748
San Diego County Superintendent of Schools Obligations	14,732,500	0.80%	118,007
Southwestern Community College District General Fund Obligations	1,070,000	7.46%	79,779
Sweetwater Union High School District Certificates of Participation	42,165,000	8.91%	3,757,745
Chula Vista City School District Certificates of Participation	134,745,000	1.60%	2,161,310
City of National City General Fund Obligations	1,425,000	100.00%	1,425,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT	\$1,228,422,680		\$15,826,467

<u>Overlapping Tax Increment Debt (Successor Agency)</u>	58,750,000	100%	58,750,000
--	------------	------	------------

COMBINED TOTAL DEBT	<u>\$3,315,811,879</u>		<u>\$88,112,480</u>
---------------------	------------------------	--	---------------------

Total Direct Debt			5,830,000
Total Direct and Overlapping Tax and Assessment Debt			141,032,479
Combined Total Debt			146,862,479

Ratios to 2013-14 Assessed Valuation:

Direct Debt (\$4,650,000)	0.13%
Total Direct and Overlapping Tax and Assessment Debt	2.15%
Total Direct Debt (\$6,520,000)	0.17%
Combined Total Debt	4.38%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$1,482,059,292):

Total Overlapping Tax Increment Debt	3.96%
AB:(\$475)	

¹ Percentage of overlapping agency's assessed valuation located within boundaries of the city.

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

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Assessed Valuation	\$ 2,355,008,346	\$ 2,703,243,809	\$ 2,923,482,096	\$ 3,127,120,736	\$ 3,030,591,425
Conversion Percentage	25%	25%	25%	25%	25%
Adjusted Assessed Valuation	\$ 588,752,087	\$ 675,810,952	\$ 730,870,524	\$ 781,780,184	\$ 757,647,856
Debt Limit Percentage	15%	15%	15%	15%	15%
Debt Limit	\$ 88,312,813	\$ 101,371,643	\$ 109,630,579	\$ 117,267,028	\$ 113,647,178
Total Debt (due more than one year)	\$ 68,984,074	\$ 65,688,525	\$ 62,378,019	\$ 59,277,180	\$ 58,583,736
Less: Non Bonded Debt					
Claims Payable	(1,705,127)	(2,890,000)	(2,578,000)	(2,759,900)	(4,286,256)
Compensated Absences	(2,396,563)	(1,062,113)	(1,326,678)	(1,356,429)	(1,053,748)
Capitalized Lease Obligation	(1,655,335)	(1,372,949)	(1,099,735)	874,565	(2,423,051)
Notes Payable	(3,022,049)	(2,853,463)	(2,673,606)	(2,481,662)	(2,276,886)
Total Applicable to Limitation	60,205,000	57,510,000	54,700,000	53,553,754	48,543,795
Legal Debt Margin	<u>\$ 28,107,813</u>	<u>\$ 43,861,643</u>	<u>\$ 54,930,579</u>	<u>\$ 63,713,274</u>	<u>\$ 65,103,383</u>
Total debt applicable to the limit as a percentage of debt limit	68%	57%	50%	46%	43%

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

	Fiscal Year				
	2011	2012	2013	2014	2015
Assessed Valuation	\$ 2,991,549,736	\$ 2,993,669,068	\$ 3,109,969,070	\$ 3,254,789,852	\$ 3,354,840,139
Conversion Percentage	25%	25%	25%	25%	25%
Adjusted Assessed Valuation	\$ 747,887,434	\$ 748,417,267	\$ 777,492,268	\$ 813,697,463	\$ 838,710,035
Debt Limit Percentage	15%	15%	15%	15%	15%
Debt Limit	\$ 112,183,115	\$ 112,262,590	\$ 116,623,840	\$ 122,054,619	\$ 125,806,505
Total Debt (due more than one year)	\$ 93,559,890	\$ 23,783,337	\$ 12,725,499	\$ 22,225,052	\$ 20,579,839
Less: Non Bonded Debt					
Claims Payable	(4,535,629)	(4,701,604)	-	(1,976,254)	(5,580,594)
Compensated Absences	(803,341)	(304,477)	(948,661)	(1,754,920)	(1,632,485)
Capitalized Lease Obligation	(2,037,295)	(2,059,274)	(1,571,831)	(209,428)	(1,723,765)
Notes Payable	(2,058,393)	(1,825,270)	(1,576,533)	(1,246,142)	(1,027,967)
Total Applicable to Limitation	84,125,232	14,892,712	8,628,474	17,038,308	10,615,028
Legal Debt Margin	<u>\$ 28,057,883</u>	<u>\$ 97,369,878</u>	<u>\$ 107,995,366</u>	<u>\$ 105,016,311</u>	<u>\$ 115,191,477</u>
Total debt applicable to the limit as a percentage of debt limit	75%	13%	7%	14%	8%

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Revenue					
Property Tax Gross Incremental Revenue	\$ 9,847,226	\$ 10,834,596	\$ 11,766,428	\$ 11,790,224	\$ 11,184,289
Debt Service Requirements					
Principal	\$ 2,795,000	\$ 2,000,000	\$ 2,065,000	\$ 2,140,000	\$ 2,225,000
Interest and fiscal charges	2,614,817	2,033,220	2,017,843	1,883,148	1,806,370
Pass - through payments	1,367,750	1,452,351	1,525,468	1,553,258	7,395,921
	<u>\$ 6,777,567</u>	<u>\$ 5,485,571</u>	<u>\$ 5,608,311</u>	<u>\$ 5,576,406</u>	<u>\$ 11,427,291</u>
Debt Coverage	1.45	1.98	2.10	2.11	0.98

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

	Fiscal Year				
	2011	2012	2013	2014	2015
Revenue					
Property Tax Gross Incremental Revenue	\$ 11,070,963	\$ 6,054,668	\$ 11,505,010	\$ 13,608,368	\$ 12,705,481
Debt Service Requirements					
Principal	\$ 2,525,000	\$ 4,547,823	\$ 1,068,801	\$ 4,290,000	\$ 5,230,000
Interest and fiscal charges	1,706,646	4,560,865	5,647,580	3,589,747	3,484,532
Pass - through payments	2,613,680	-	-	-	-
	<u>\$ 6,845,326</u>	<u>\$ 9,108,688</u>	<u>\$ 6,716,381</u>	<u>\$ 7,879,747</u>	<u>\$ 8,714,532</u>
Debt Coverage	1.62	0.66	1.71	1.73	1.46

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

Year	Total Population	Pct. of S.D. County Population	Pct. Change from Previous Year	Median Age	Avg. Household Size	Educational Attainment		Unemployment Rate	Personal Income (000s)*	Per Capita Personal Income*
						% High School Graduate (25+)	% Bachelor's Degree or Higher (25%)			
2006	55,710	1.8%	2.0%	28.4	3.52	n/a	n/a	8.7%	\$722,162	\$12,963
2007	55,863	1.8%	0.3%	28.7	3.49	n/a	n/a	8.0%	\$762,468	\$13,649
2008	56,063	1.8%	0.4%	28.9	3.58	62%	9%	9.1%	\$790,759	\$14,105
2009	56,320	1.8%	0.5%	29.0	3.59	66%	13%	11.8%	\$800,319	\$14,210
2010	56,730	1.8%	0.7%	28.7	3.66	60%	11%	18.5%	\$787,399	\$13,880
2011	57,799	1.8%	1.9%	30.7	3.81	63%	12%	19.9%	\$851,321	\$14,729
2012	58,967	1.9%	0.5%	31.5	3.44	65%	13%	18.9%	\$933,389	\$15,829
2013	58,838	1.9%	0.5%	31.7	3.4	67%	13.10%	13.6%	\$963,708	\$16,379
2014	59,381	1.9%	0.5%	32	3.41	67.9	12.7	11.90%	\$982,043	\$16,538
2015	60,343	1.8%	1.6%	31.5	3.41	0.698	0.139	10.70%	\$1,005,194	\$16,658

Notes:

*Dollar values are inflation-adjusted to 2009

Sources: SANDAG, Current Estimates (Aug. 2010); California Department of Finance; California Employment Development Department; US Census Bureau, Census 2000 and American Community Survey; US Bureau of Economic Analysis

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

<u>Function/Program</u>	Fiscal Year				
	2006	2007	2008	2009	2010
General Government					
City Clerk	3.03	3.16	3.16	3.16	3.16
City Manager	7.00	7.50	7.50	7.50	7.50
Risk Management	1.00	1.00	2.00	2.00	2.00
Management Information Systems	6.00	4.00	4.00	4.00	4.00
Finance	13.75	17.00	17.00	17.00	17.00
Purchasing	2.48	2.48	3.48	3.48	2.48
City Attorney	3.00	3.50	3.50	3.50	3.50
Human Resources	5.50	6.25	4.80	4.80	5.30
Community Development ¹	25.75	—	—	—	—
Planning	6.50	6.50	7.50	7.70	5.10
Building	15.00	4.00	4.00	4.00	4.40
Engineering	12.50	14.95	14.95	14.70	14.70
Redevelopment ¹	—	4.00	4.00	7.00	5.20
Advanced Planning / Economic Development ¹	—	1.00	5.50	2.40	2.75
Housing & Grants ¹	—	11.00	11.00	11.58	17.85
Neighborhood Services ¹	—	11.00	12.00	11.00	6.00
Public Works ²	51.27	51.25	51.00	50.00	51.00
Community Services ²	23.08	23.00	23.00	23.00	22.50
Nutrition Center	—	15.00	15.00	12.25	11.25
Library	21.41	25.91	25.91	31.18	28.51
Public Safety					
Police	134.84	134.36	139.36	139.36	139.36
Fire	48.25	48.25	48.25	48.25	48.25
Transit ³	43.00	—	—	—	—

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

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

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

N/A: Not available.

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

<u>Function/Program</u>	Fiscal Year				
	2011	2012	2013	2014	2015
General Government					
City Clerk	3.16	3.00	3.00	3.00	3.00
City Manager	9.50	9.00	7.05	8	8
Risk Management	2.00	2.00	1.00	1.00	1.00
Management Information Systems	4.00	4.00	3.00	3.00	3.50
Finance	16.55	16.75	14.48	14.48	14.77
Purchasing	2.48	2.48	2.48	2.48	1.48
City Attorney	3.50	3.50	3.00	3.50	4
Human Resources	5.50	5.50	3.00	3	3
Community Development ¹	—	—	19.60	19.34	15.01
Planning	5.17	4.83	3.00	3.00	3
Building	4.33	4.33	3.00	4.00	4
Engineering	14.70	14.04	9.00	10	11
Redevelopment ¹	5.70	3.20	3.20	3.20	0.00
Advanced Planning / Economic Development ¹	2.75	—	—	—	—
Housing & Grants ¹	18.30	17.05	14.50	14.00	15
Neighborhood Services ¹	11.00	9.50	10.00	11.00	10
Public Works ²	51.00	51.00	50.00	52	56
Community Services ²	22.50	33.69	28.35	19.35	15.01
Nutrition Center	11.25	11.25	6.75	10.00	10
Library	60.07	59.31	56.47	56.3	20.35
Public Safety					
Police	134.36	135.38	124.38	125.38	129.5
Fire	48.25	48.25	42.00	43	43
Transit ³	—	—	—	—	—

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

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

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

N/A: Not available.

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

<u>Function/Program</u>	Fiscal Year				
	2006	2007	2008	2009	2010
Police					
Physical arrests	N/A	3,000	3,100	3,834	3,456
Parking violations	N/A	5,341	5,003	4,956	9,843
Traffic violations	N/A	1,941	2,450	3,154	3,491
Fire					
Emergency responses	5,342	5,402	5,497	5,394	5,165
Fires extinguished	184	170	158	118	140
Inspections	1,638	2,099	N/A	N/A	N/A
Other public works					
Street resurfacing (miles)	N/A	N/A	N/A	17	25
Parks and recreation					
Athletic field permits issued b	N/A	24	24	24	17
Community center admissions ¹	N/A	49,767	49,803	49,825	65,609
Library					
Volumes in collection	170,915	185,722	194,383	200,516	207,100
Total volumes borrowed	214,837	273,646	312,591	316,075	285,527
Wastewater					
Average daily sewage treatment (million gallons per day)	N/A	5	5.211	5.211	4.482

¹ Excludes Nutrition Center Admissions

N/A: Not available.

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

<u>Function/Program</u>	Fiscal Year				
	2011	2012	2013	2014	2015
Police					
Physical arrests	3,008	3,082	3,861	3,167	3,484
Parking violations	12,157	10,406	9,704	10,749	6,996
Traffic violations	2,325	3,384	3,811	2,158	1,801
Fire					
Emergency responses	6,008	7,240	6,974	6,264	7,815
Fires extinguished	79	136	155	149	28
Inspections	1,909	3,505	1,591	1,583	1,316
Other public works					
Street resurfacing (miles)	5	0	0	0	2
Parks and recreation					
Athletic field permits issued b	11	10	9	9	18
Community center admissions ¹	57,142	54,520	54,520	54,520	18,138
Library					
Volumes in collection	212,175	213,177	241,921	246,299	238,114
Total volumes borrowed	243,055	252,356	247,608	215,955	189,145
Wastewater					
Average daily sewage treatment (million gallons per day)	4.566	4.566	3.917	3.902	3.891

¹ Excludes Nutrition Center Admissions

N/A: Not available.

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

<u>Function/Program</u>	Fiscal Year				
	2006	2007	2008	2009	2010
Police					
Stations	1	1	1	1	1
Zone offices	0	0	1	1	1
Patrol units	N/A	N/A	38	38	38
Fire stations	2	2	2	2	2
Other public works					
Streets (miles)	101	101	101	101	101
Highways (miles) a	6	6	6	6	6
Streetlights	N/A	1,673	1,723	1,725	1,730
Traffic signals	89	89	89	89	88
Parks and recreation					
Acreage	84	84	84	84	84
Playgrounds	4	4	4	4	4
Baseball/softball diamonds b	7	7	7	7	7
Soccer/football fields b	3	3	3	3	3
Community centers	5	5	5	5	5
Wastewater					
Sanitary sewers (miles)	100	100	100	100	97
Storm sewers (miles)	25.3	25.3	25.3	25.3	25.3
Treatment capacity (million gallons per day)	5.02	4.83	4.52	4.48	7.10

N/A: Not available.

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

<u>Function/Program</u>	Fiscal Year				
	2011	2012	2013	2014	2015
Police					
Stations	1	1	1	1	1
Zone offices	1	1	1	1	1
Patrol units	38	38	38	34	38
Fire stations	2	2	2	2	2
Other public works					
Streets (miles)	101	101	101	101	101
Highways (miles) a	6	6	6	6	6
Streetlights	1,730	1,730	1,730	1,730	1,730
Traffic signals	88	88	88	74	74
Parks and recreation					
Acreage	84	84	84	84	84
Playgrounds	4	4	4	4	4
Baseball/softball diamonds b	5	5	5	5	5
Soccer/football fields b	1	1	1	1	1
Community centers	5	5	5	5	5
Wastewater					
Sanitary sewers (miles)	97	97	97	97	97
Storm sewers (miles)	25.3	25.3	25.3	45.0	45.0
Treatment capacity (million gallons per day)	7.10	7.10	7.10	7.20	7.20

N/A: Not available.