

— CALIFORNIA —
NATIONAL CITY
1887
INCORPORATED



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
JUNE 30, 2019**

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Steve Uzzell (Photographer)

City of National City

National City, California

Comprehensive Annual Financial Report

For the Year Ended June 30, 2019

**City of National City
Comprehensive Annual Financial Report
For the Year Ended June 30, 2019**

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Office of the City Manager

February 28, 2020

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, 2019. 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.

The Pun Group, LLP, an independent auditing firm of certified public accountants, has issued an unmodified (“clean”) opinion on the City’s financial statements for the fiscal year ended June 30, 2019. 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 62,000 residents and occupies 9.2 square miles.

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

The City Council is responsible for enacting ordinances, adopting the budget, establishing policies, reviewing the General Plan, appointing committees, and appointing the City Manager and the City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, overseeing the day-to-day operations of the City, and appointing the heads of departments. The City Attorney is the legal counsel for the City 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 the National City Municipal Code, 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 102 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 103.

FACTORS AFFECTING FINANCIAL CONDITION

Economic Profile

The national, state, and local economies continued to improve during fiscal year 2018. A key factor in the economy’s continued improvement is the decline in unemployment rates for the June 2018 to June 2019 period, which fell at the state and local levels – California’s from 4.4% to 4.2%, the San Diego County metropolitan area’s from 3.6% to 3.3%, and the City’s from 4.9% to 4.3%. Also contributing to the positive economy is growth in assessed property values, which increased for the seventh consecutive year in both National City and the County.

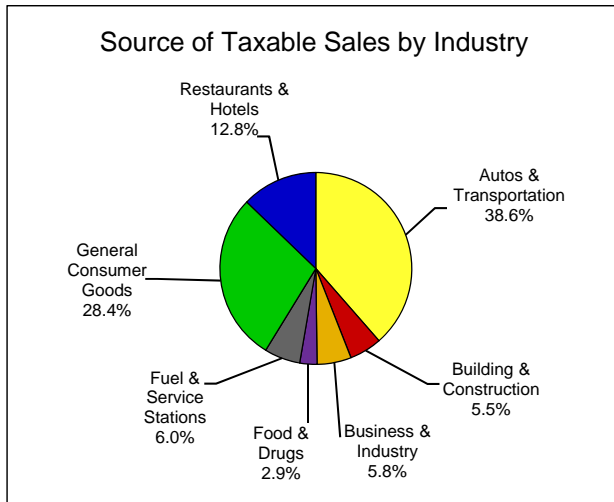
Recent General Fund revenue trends reflect that National City has benefitted from the healthy economic climate; however, revenues are expected to level off in the upcoming fiscal year. As shown in Table 1, the City’s major revenue sources, sales- and property-related taxes, while growing in recent

Table 1

Prior Years Sales- & Property-Related Taxes			Projection
FY 17	FY 18	FY 19	FY 20
\$37.1M	\$38.5M	\$40.6M	\$39.9M

years, are projected to dip slightly in the upcoming fiscal year. Fiscal year 2019 results for these revenue were positive, however. Assessed valuation growth resulted in a 4.1% increase in property tax-related revenues over the prior year. Revenues for the City’s voter-approved 1% district transactions & use (“Proposition ‘D’”) tax increased, due to gains in all sectors, particularly in restaurants & hotels and fuel & service stations. Sales & use tax revenues also grew, led by receipts from general consumer goods, restaurants & hotels, and fuel & service stations, with only the building & construction sector seeing a decrease in comparison to fiscal year 2018. Revenues for both the district transactions & use tax and sales & use tax were impacted by the State’s transition to a new sales tax reporting system in fiscal year 2018, which delayed processing of payments statewide. The delayed payments from fiscal year 2018 were recognized as revenue in fiscal year 2019. The autos & transportation segment was the single largest contributor to sales & use tax revenue, accounting for approximately 38.6%, while general consumer goods accounted for the largest portion, 39.9%, of district transactions & use tax revenue. 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.

Table 2



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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 2009
2009	3,127,120,736	-	-	-
2010	3,030,591,425	-96,529,311	-3.1%	-96,529,311
2011	2,991,549,736	-39,041,689	-1.3%	-135,571,000
2012	2,993,669,068	2,119,332	0.1%	-133,451,668
2013	3,109,969,070	116,300,002	3.9%	-17,151,666
2014	3,254,789,852	144,820,782	4.7%	127,669,116
2015	3,354,840,139	100,050,287	3.1%	227,719,403
2016	3,440,631,221	85,791,082	2.6%	313,510,485
2017	3,588,038,313	147,407,092	4.3%	460,917,577
2018	3,877,829,380	289,791,067	8.1%	750,708,644
2019	4,057,201,760	179,372,380	4.6%	930,081,024

Property tax revenue, although a much smaller revenue source than sales tax, has again been boosted by the City’s all-time-high total assessed valuation. Net taxable assessed value rose by 4.6% in 2019. At the same time, the average price in the City for a detached single-family residential home grew 2.9%, also reaching its historical high. The median home price rose 3.2%, achieving its second-highest level.

As noted above, the healthy economy has resulted in recent revenue growth, particularly from sales- and property-related taxes, which represent more than 70% of the General Fund’s revenue total. However, overall General Fund revenues are expected to fall slightly in fiscal year 2020.

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

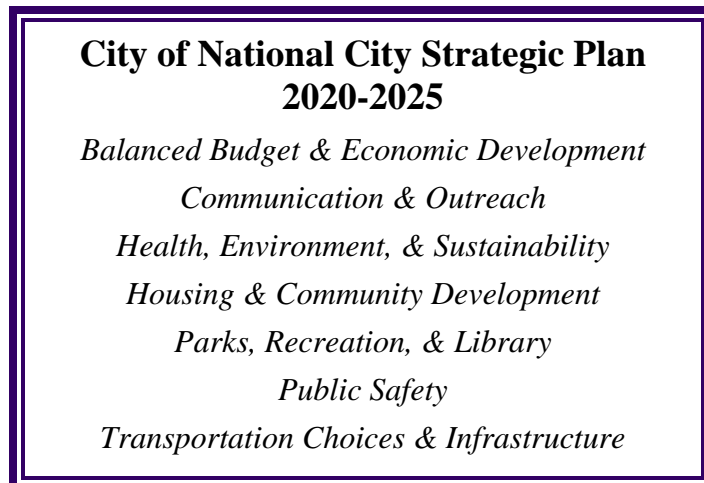
in services and service hours. In response, National City voters in 2006 approved the “Proposition ‘D’” transactions & use tax, which now produces more than \$12.0 million of revenue per year. During the November 2014 General Election, National City voters approved a measure extending the tax for an additional twenty years. Proposition “D” has allowed the City to continue to provide important programs and services to its citizens.

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

Prior to the fiscal year 2019 budget development process, City management reviewed and updated the City’s five-year strategic plan. The strategic plan is approved by the Council every two years. Its purpose is to:

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



The City updates its five-year Capital Improvement Program (“CIP”) annually. The CIP encompasses and highlights some of the City’s needed infrastructure improvements. Planned capital expenditures during fiscal years 2020-2024 total approximately \$82.0 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 strive to accumulate and maintain a Contingency Reserve balance equal to between twenty-five percent (25%) and fifty percent (50%) of a single year’s General Fund operating expenditures for these purposes. When combined, the fund balance previously committed by the Council to the Contingency Reserve and the City’s unassigned fund balance, the portion of fund balance which is available for use at Council’s discretion, are sufficient to meet the Contingency Reserve’s minimum threshold.

The City’s reserve policy also commits a portion of General Fund fund balance to the “Facilities Maintenance Reserve,” which was established with the objective of pre-funding the costs of deferred maintenance on City facilities and providing funding for “down payments” on replacement costs. The reserve policy establishes a target level for this reserve of between ten (10%) and fifteen percent (15%) of the total acquisition cost of the City’s building assets. An initial balance of \$2,500,000, or 4.9% of the total acquisition cost, was established during fiscal year 2016. However, the use of \$500,000 from the reserve was authorized during fiscal year 2018, to address Tier 1 (high-priority) capital maintenance needs, and use of \$700,000 was approved in fiscal year 2019, to address additional Tier 1 needs. The reserve was also augmented in fiscal year 2019 by \$4,400,000 with proceeds from the sale of the City’s senior living centers, Kimball & Morgan Towers. A balance of \$6,065,451, as of June 30, 2019, remains in the reserve after actual expenditures. In accordance with the reserve policy, the assets maintained in the Facilities Maintenance Reserve, as well as those in the Contingency Reserve, described above, are designated as committed fund balance.

In addition to the Contingency Reserve and Facilities Maintenance Reserve, the City maintains a number of other reserves, most of which have accumulated their minimum target balances, as of June 30, 2019.

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

Infrastructure

Citywide Midblock Pedestrian Crossing Enhancements (\$1,600,000; completed October 2018)

The project included a variety of pedestrian safety enhancements at midblock / uncontrolled crosswalks Citywide. Improvements included ADA upgrades, replacement of existing safety light fixtures with new LED fixtures at 30 signalized intersections, installation of pedestrian level LED street lights at 16 midblock crosswalks, and construction of traffic calming measures such as corner bulb-outs, pedestrian actuated flashing crosswalk signs and high intensity striping at 6 midblock crosswalks.

Drainage Improvements (\$670,000; completed May 2019)

Improvements included rehabilitation and/or replacement of approximately 1,000 linear feet of storm water pipe, ranging in size from 18" diameter to 42" diameter, through Las Palmas Park.

Harbison Avenue Traffic Calming (\$360,000; completed September 2019)

The project included street resurfacing, drainage improvements, Class III bike sharrows with signage, and traffic calming chicanes on Harbison Avenue between Division Street and East 4th Street.

Traffic Signal Upgrades (\$3,200,000; estimated completion February 2020)

Projects included various upgrades and modifications to traffic signals and associated infrastructure/equipment Citywide, to enhance traffic safety and operations. Improvements included installation of a new traffic signal at the intersection of Highland Avenue and East 28th Street near Sweetwater High School; modifications to signal poles and heads based on changes to roadway configuration or signal phasing; pedestrian "countdown" signal heads and audible pedestrian crossing systems; new poles, push buttons and pedestrian curb ramps for ADA compliance; new cabinets, controllers, battery back-up and other equipment; communications infrastructure upgrades to support GPS-based emergency vehicle preemption systems and CCTV cameras; and expansion of the City's fiber optic interconnect network for high speed data transfer and connectivity to the City's traffic signal timing management system.

E. 16th Street Pavement Rehabilitation (\$200,000; estimated completion May 2020)

The project will improve pavement quality on E. 16th Street from "N" Avenue to the west side of I-805. Improvements include asphalt removal and replacement in dig-out locations, grind and asphalt overlay, ADA improvements, and drainage improvements.

Palm Avenue Pavement Rehabilitation (\$1,040,000; estimated completion August 2020)

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

Euclid Ave Bicycle & Pedestrian Enhancements (\$4,060,000; estimated completion July 2020)

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

Division Street – Euclid Avenue to Harbison Avenue Bicycle Improvements (\$600,000; estimated completion August 2020)

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

Sweetwater River Bikeway Connections/30th Street Bicycle Facility Improvements (\$960,000; estimated completion October 2020)

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

Parks & Facilities

Civic Center (City Hall) Improvements (\$2,400,000 project; completed March 2019)

The project included mechanical, electrical and plumbing upgrades to the Civic Center (City Hall) building as part of a Citywide Energy Savings Contract (ESCO) where capital improvements are funded up front, then reimbursed over time through a reduction in utility costs resulting from implementation of energy efficient systems and equipment. Other improvements in support of the ESCO include replacement of the roof in preparation for installation of solar panels and installation of a new electrical service panel and relays for the fire alarm system.

Police Department Building Improvements (\$1,200,000; completed March 2019)

The project included mechanical, electrical and plumbing upgrades to the Police Department building as part of a Citywide Energy Savings Contract (ESCO) where capital improvements are funded up front, then reimbursed over time through a reduction in utility costs resulting from implementation of energy efficient systems and equipment. Other improvements in support of the ESCO include replacement of the roof in preparation for installation of solar panels.

National City Public Library Improvements (\$790,000; completed March 2019)

The project included mechanical, electrical and plumbing upgrades to the National City Public Library as part of a Citywide Energy Savings Contract (ESCO) where capital improvements are funded up front, then reimbursed over time through a reduction in utility costs resulting from implementation of energy efficient systems and equipment.

Martin Luther King Jr Community Center Improvements (\$540,000; completed March 2019)

The project included mechanical, electrical and plumbing upgrades to Martin Luther King Jr Community Center as part of a Citywide Energy Savings Contract (ESCO) where capital improvements are funded up front, then reimbursed over time through a reduction in utility costs resulting from implementation of energy efficient systems and equipment.

Fire Station 34 Improvements (\$470,000; completed March 2019)

The project included mechanical, electrical and plumbing upgrades to Fire Station 34 as part of a Citywide Energy Savings Contract (ESCO) where capital improvements are funded up front, then reimbursed over time through a reduction in utility costs resulting from implementation of energy efficient systems and equipment.

ARTS Center Improvements (\$260,000; completed March 2019)

The project included mechanical and electrical upgrades to the ARTS Center as part of a Citywide Energy Savings Contract (ESCO) where capital improvements are funded up front, then reimbursed over time through a reduction in utility costs resulting from implementation of energy efficient systems and equipment.

Casa de Salud Manuel Portillo Youth Center Improvements (\$120,000; completed March 2019)

The project included mechanical, electrical and plumbing upgrades to the Casa de Salud Manuel Portillo Youth Center as part of a Citywide Energy Savings Contract (ESCO) where capital improvements are funded up front, then reimbursed over time through a reduction in utility costs resulting from implementation of energy efficient systems and equipment.

1726 Wilson Avenue Improvements (\$90,000; completed March 2019)

The project included mechanical and electrical upgrades to Public Works facilities located at 1726 Wilson Ave as part of a Citywide Energy Savings Contract (ESCO) where capital improvements are funded up front, then reimbursed over time through a reduction in utility costs resulting from implementation of energy efficient systems and equipment.

Kimball Senior Center Improvements (\$40,000; completed March 2019)

The project included mechanical, electrical and plumbing upgrades to the Kimball Senior Center as part of a Citywide Energy Savings Contract (ESCO) where capital improvements are funded up front, then reimbursed over time through a reduction in utility costs resulting from implementation of energy efficient systems and equipment.

Fire Station 31 Improvements (\$30,000; completed March 2019)

The project included mechanical, electrical and plumbing upgrades to Fire Station 31 as part of a Citywide Energy Savings Contract (ESCO) where capital improvements are funded up front, then reimbursed over time through a reduction in utility costs resulting from implementation of energy efficient systems and equipment.

1430 Hoover Avenue Tenant Improvements (\$1,300,000; completed December 2019)

The project included the purchase of real property containing a 6,400 square foot warehouse located at 1430 Hoover Avenue to be used by City Police and Public Works for secure storage of vehicles, equipment and materials. Tenant improvements included installation of a fire suppression system and ADA upgrades.

National City Public Library Chiller Replacement (\$360,000; completed December 2019)

The project included Heating Ventilation and Air Conditioning (HVAC) upgrades. The project replaced the existing chilled water system consisting of an air cooled chiller unit and new variable primary pumps at the National City Public Library, located at 1401 National City Boulevard, National City, CA. The project also included providing temporary A/C during construction.

City Hall Ceiling Replacement Project (\$400,000; estimated completion April 2020)

The project consists of the removal and replacement of the existing ceiling grid and tiles on the 2nd, 1st, and basement floors of City Hall. The project will also provide new updated light fixtures, HVAC registers and fire suppression sprinkler modifications as necessary, to tie into the new ceiling system.

Las Palmas Pool Facility Roof Replacement (\$100,000; estimated completion June 2020)

The general scope of work is to remove and dispose of the existing roofing system and provide and install a new roofing system on the buildings located at 1800 E. 22nd St.

Camacho Gym Roof Replacement (\$150,000; estimated completion June 2020)

The general scope of work is to remove and dispose of the existing roofing system and provide and install a new roofing system on the building located at 1810 E. 22nd St.

Las Palmas Electrical Pool System Replacement (\$340,000; estimated completion July 2020)

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

Paradise Creek Park Site Remediation & Improvements (\$5,220,000; estimated completion February 2020)

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

Paradise Creek Water Quality and Community Enhancements (\$1,010,000; estimated completion May 2020)

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

Paradise Creek Park Expansion (\$2,330,000; estimated completion August 2020)

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

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of National City for its CAFR for the fiscal year ended June 30, 2018. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to receive the award, a governmental unit must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable program requirements.

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

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

Respectfully submitted,



Brad Raulston
City Manager



Mark Roberts
Director of Finance



Directory of City Officials As of June 30, 2019

City Council

Alejandra Sotelo-Solis
Mayor

Ron Morrison
Vice Mayor

Jerry Cano
Councilmember

Gonzalo Quintero
Councilmember

Mona Rios
Councilmember

City Treasurer

R. Mitchel Beauchamp

City Clerk

Michael R. Dalla

City Manager

Brad Raulston

City Attorney

Angil Morris-Jones

Department Heads

Alfredo Ybarra

Frank Parra

Stephen Manganiello

Mark Roberts

Carlos Aguirre

Minh Duong

Armando Vergara

Jose Tellez

Robert Meteau

Assistant City Manager

Chief of Emergency Services

Director of Engineering & Public Works

Director of Finance

Director of Housing

City Librarian

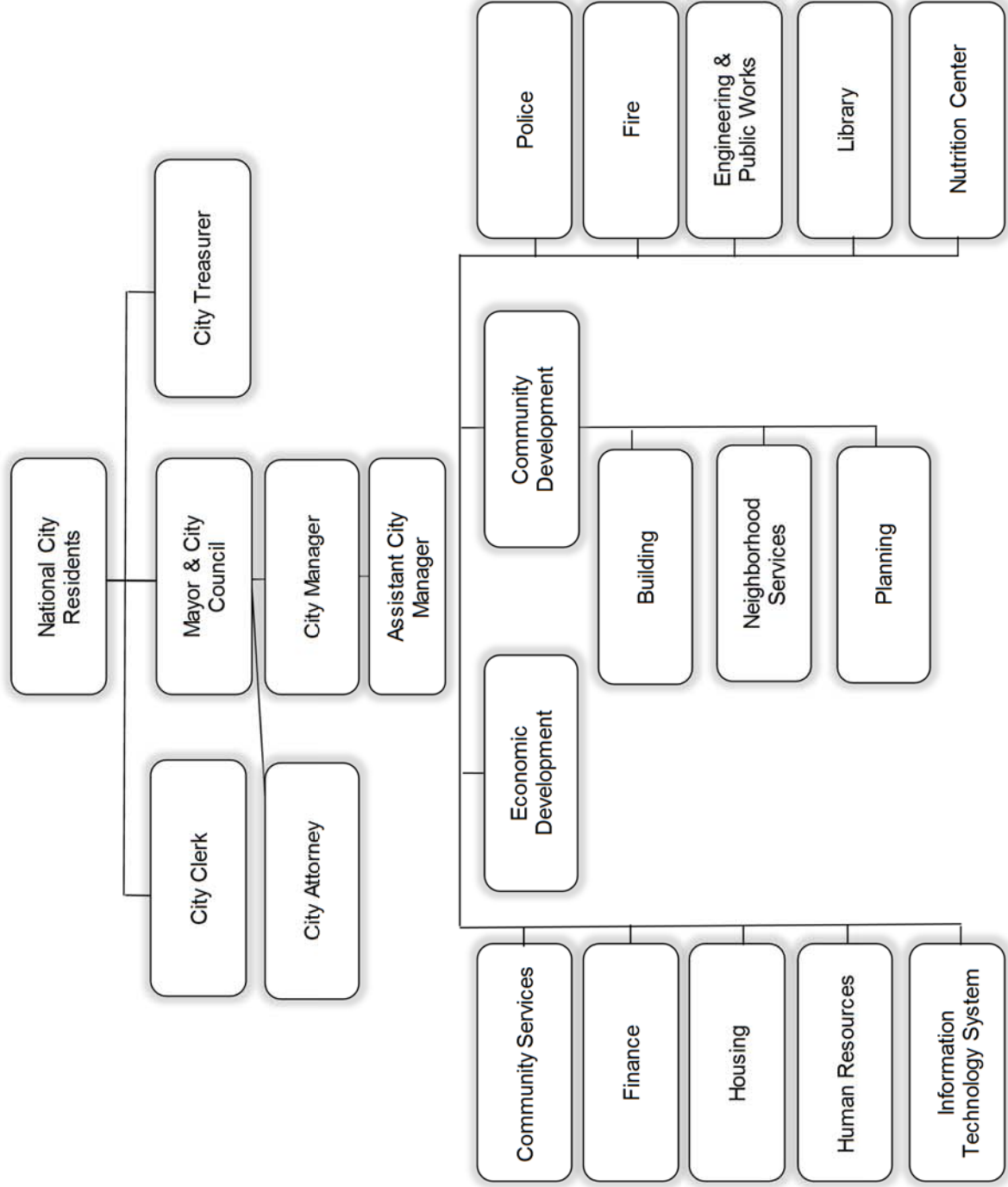
Director of Community Development

Chief of Police

Director of Human Resources



CITY ORGANIZATION 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, 2018

Christopher P. Morill

Executive Director/CEO



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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, 2019, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

4365 Executive Drive, Suite 710, San Diego, California 92121

Tel: 858-242-5100 • Fax: 858-242-5150

www.pungroup.com

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, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of Changes in the Net Pension Liability and Related Ratios, Schedules of Pension Contributions, and Schedule of Changes in Net OPEB Liability and Related Ratios on pages 5 to 15 and 103 to 114 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The Combining and Individual Non-Major Fund Financial Statements and the Budgetary Comparison Schedules on pages 120 through 149 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Non-Major Fund Financial Statements and the Budgetary Comparison Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The PwC Group, LLP

San Diego, California
February 28, 2020



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Management's Discussion and Analysis

Management of the City of National City (the "City") offers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with our letter of transmittal, which can be found beginning 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 comprise the operations of Kimball Towers and Morgan Towers, which provide housing for low and moderate income seniors.

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

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

The *government-wide financial statements* can be found on pages 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. Each of the City's funds falls into one of three categories: governmental, proprietary, or fiduciary.

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

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

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

The *governmental fund financial statements* can be found on pages 28-34. 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 120-140.

The City adopts annual budgets for its General, Housing, Housing Choice Voucher Program, and Sewer Service Funds. Budgetary comparison statements, found on pages 104-109, 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 37-41. Individual fund data for the internal service funds is provided in the form of supplementary combining statements and can be found on pages 142-149.

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. These funds are not reflected in the *government-wide financial statements* because the resources of the funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The *fiduciary fund financial statements* can be found on pages 45-46, and the combining Statement of Changes in Assets and Liabilities for the Agency Funds can be found on page 153.

Notes to the Basic Financial Statements. The Notes to the Basic Financial Statements section provides additional information essential for a full understanding of the data provided in the *government-wide financial statements*. The Notes to the Basic Financial Statements section begins on page 51.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits ("OPEB") to its employees. Required supplementary information can be found on pages 103-114.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented on pages 120-127 and 142-149, 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, 2019

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 174,177,224	\$ 106,206,286	\$ -	\$ 2,628,637	\$ 174,177,224	\$ 108,834,923
Capital Assets, Net	160,921,212	157,090,410	-	5,407,409	160,921,212	162,497,819
TOTAL ASSETS	335,098,436	263,296,696	-	8,036,046	335,098,436	271,332,742
Deferred Outflows of Resources	19,201,843	23,814,784	-	-	19,201,843	23,814,784
Current Liabilities	15,153,152	15,899,941	-	616,871	15,153,152	16,516,812
Long-term Liabilities	130,512,382	127,918,861	-	59,506	130,512,382	127,978,367
TOTAL LIABILITIES	145,665,534	143,818,802	-	676,377	145,665,534	144,495,179
Deferred Inflows of Resources	2,597,755	3,762,217	-	-	2,597,755	3,762,217
Net Position:						
Net Investment in						
Capital Assets	147,820,375	141,748,074	-	5,003,945	147,820,375	146,752,019
Restricted	99,839,364	31,566,245	-	2,333,153	99,839,364	33,899,398
Unrestricted	(41,622,749)	(33,783,858)	-	22,571	(41,622,749)	(33,761,287)
TOTAL NET POSITION	\$ 206,036,990	\$ 139,530,461	\$ -	\$ 7,359,669	\$ 206,036,990	\$ 146,890,130

The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$206,036,990 at June 30, 2019, an increase of \$59,146,860 from June 30, 2018. By far, the largest portion of the City's net position, \$146,914,581, is its investment in capital assets (i.e., land, buildings, machinery, equipment, and infrastructure). These capital assets are used to provide services to citizens and, consequently, are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate the liabilities.

Another portion of the City's net position, \$99,839,364, represents resources that are subject to external restrictions on how they may be used. The remainder of net position, unrestricted net position, comprises the City's net pension liability of (\$102,890,709), the total OPEB liability (\$5,302,749). Unrestricted net position was \$(41,622,749), as of June 30, 2019, a decline of \$7,839,164, which is due to the City's going effort to reserve funds for OPEB and Pension obligations.

TABLE 2
CHANGES IN NET POSITION
For the year ended June 30, 2019

	Governmental		Business-Type		Total	
	2019	2018	2019	2018	2019	2018
REVENUES:						
Program Revenues:						
Charges for Services	\$ 20,770,466	\$ 20,199,048	\$ 2,274,112	\$ 2,457,217	\$ 23,044,578	\$ 22,656,265
Operating Grants and Contributions	14,908,491	14,306,662	-	-	14,908,491	14,306,662
Capital Grants and Contributions	4,201,520	6,414,610	-	-	4,201,520	6,414,610
Total Program Revenues	39,880,477	40,920,320	2,274,112	2,457,217	42,154,589	43,377,537
General Revenues:						
Taxes:						
Property Taxes	14,340,418	12,721,058	-	-	14,340,418	12,721,058
Sales Taxes	33,196,667	30,084,675	-	-	33,196,667	30,084,675
Franchise Taxes	1,966,728	1,910,053	-	-	1,966,728	1,910,053
Utility User Tax	708,451	711,635	-	-	708,451	711,635
Transient Occupancy Taxes	1,774,843	1,660,800	-	-	1,774,843	1,660,800
Total Taxes	51,987,107	47,088,221	-	-	51,987,107	47,088,221
Investment Earnings	2,297,242	836,038	10,038	9,390	2,307,280	845,428
Miscellaneous	45,017	21,049	11,378	14,743	56,395	35,792
Total General Revenues	54,329,366	47,945,308	21,416	24,133	54,350,782	47,969,441
TOTAL REVENUES	94,209,843	88,865,628	2,295,528	2,481,350	96,505,371	91,346,978
EXPENSES:						
General Government	14,474,787	15,307,497	-	-	14,474,787	15,307,497
Public Safety	41,216,052	39,597,743	-	-	41,216,052	39,597,743
Transportation	8,479,861	8,076,078	-	-	8,479,861	8,076,078
Community Development	13,521,091	12,884,161	-	-	13,521,091	12,884,161
Health	8,160,870	7,467,338	-	-	8,160,870	7,467,338
Culture and Leisure	7,686,697	8,521,220	-	-	7,686,697	8,521,220
Interest on Long-term Debt	380,596	414,353	-	-	380,596	414,353
Kimball Towers	-	-	945,180	1,187,232	945,180	1,187,232
Morgan Towers	-	-	787,266	1,102,742	787,266	1,102,742
TOTAL EXPENSES	93,919,955	92,268,390	1,732,446	2,289,974	95,652,401	94,558,364
	289,888	(3,402,762)	563,082	191,376	852,970	(3,211,386)
TRANSFERS/SPECIAL ITEMS:						
Transfers						
Intra-City capital contributions	528,382	-	(528,382)	-	-	-
Intra-City transfers	65,688,259	-	(65,688,259)	-	-	-
Special items (Note 14)						
Gain on disposal of asset for discontinuance of operations	-	-	58,293,890	-	58,293,890	-
TOTAL TRANSFERS/SPECIAL ITEMS	66,216,641	-	(7,922,751)	-	58,293,890	-
CHANGE IN NET POSITION	66,506,529	(3,402,762)	(7,359,669)	191,376	59,146,860	(3,211,386)
NET POSITION, BEGINNING OF YEAR	139,530,461	142,933,223	7,359,669	7,168,293	146,890,130	150,101,516
NET POSITION, END OF YEAR	\$ 206,036,990	\$ 139,530,461	\$ -	\$ 7,359,669	\$ 206,036,990	\$ 146,890,130

Table 2 provides a condensed summary of activities of the City's governmental and business-type operations for the period ended June 30, 2019, with the prior fiscal year presented for comparative purposes. The \$852,970 (0.41%) increase in the City's total net position resulted from an increase in governmental activities of \$289,888 and increase in business-type activities of \$563,082, respectively. Governmental and business-type operating results for the current fiscal year are provided in greater detail on pages 22-23.

As noted, net position for governmental activities increased by \$289,888. The key element of the increase was moderate spending on general government and public safety, an increase in Property Tax and Sales Tax Revenue, which is discussed below.

Business-type activities increased the City's net position by \$563,082, as the result of an excess of revenues over expenses.

Governmental Activities. The City's total revenues from governmental activities were \$94,209,843 for the fiscal year ended June 30, 2019, growing \$5,344,215, or 6.01%, compared to the prior year. The largest source of revenue for the City, at 35.24%, is sales-related taxes (comprising sales & use tax and district transaction & use tax). Revenues from sales-related taxes grew \$3,111,992, or 10.34%. Revenues from other taxes, the most significant of which is property-related taxes (real property taxes, personal property taxes, and property tax in lieu of vehicle license fee ["VLF"]), represented 15.22% of total revenues at the end of the current fiscal year (fiscal year 2019) and increased by \$1,619,360, or 12.73%.

Capital grants and contributions for governmental activities ended the fiscal year \$4,201,520, or -34.5%, lower than the prior year, the decline is due to several Capital Projects that were completed in FY19. Charges for services grew by \$571,418, or 2.8%, compared to the prior year. Lastly, operating grants and contributions increased by \$601,829, or 4.2%.

The City's expenses for governmental activities cover a wide array of services, with \$41,216,052, or 43.88%, for fiscal year 2019 related to public safety and \$14,474,787, or 15.41%, to general government. Overall, expenses for governmental activities rose \$1,651,565, or 1.79%, with a \$1,618,309, or 4.09%, growth in Public Safety being the primary driver of the increase. General government includes construction in progress which, in the current fiscal year, was \$7,044,873. Details regarding projects contributing to this total may be found in the "Major Accomplishments and Initiatives" section of the letter of transmittal.

Business-type Activities. On March 28, 2019, the Community Development Commission- Housing Authority (CDC-HA) of the City of National City sold 152 units (151 affordable units and 1 manager's unit) of housing for low-income senior households located at 1415 D Avenue in National City to Morgan Tower Housing Associates, L.P., for \$33,800,000. The CDC-HA sold only the improvements and retained fee-simple ownership of the land through a 99 year-ground lease. The CDC-HA provided a seller carryback note totaling \$15,106,284.00. The note carries a 55-year term with interest compounding annually at 2.91% and has a mandatory annual payment of \$222,000 that increases by 3.50% per year following the base year. An additional annual payment will be made from 50% of residual receipts.

Also on March 28, 2019, the CDC-HA sold 151 units (149 affordable units and 2 manager's units) of housing for low-income senior households located at 1317 D Avenue, National City to Kimball Tower Housing Associates, L.P., for \$28,800,000.00. The CDC-HA sold only the improvements and retained fee-simple ownership of the land through a 99 year-ground lease. The CDC-HA provided a seller carryback note totaling \$19,374,337.00. The note carries a 55-year term with interest compounding annually at 2.91% and has a mandatory annual payment of \$253,000 that increases by 3.50% per year following the base year. An additional annual payment will be made from 50% of residual receipts.

The CDC-HA sold these two buildings to two non-profits. The sale is intended to ensure the feasibility of the renovation, since non-profits have financing sources that are unavailable to a developer such as a city.

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, 2019

	General Fund		Housing Choice Voucher Program Fund		Other Governmental Funds		Total Governmental Funds	
	2019	2018	2019	2018	2019	2018	2019	2018
Total Assets	\$ 55,653,633	\$ 57,426,555	\$ 204,565	\$ 277,790	\$102,281,005	\$ 38,262,344	\$158,139,203	\$ 95,966,689
Total Liabilities	6,649,278	7,315,657	21,067	101,307	4,375,139	9,291,425	11,045,484	16,708,389
Total Deferred Inflows of Resources	-	-	-	-	550,864	-	550,864	-
Fund Balances								
Non-spendable	5,010,267	9,966,729	-	129,383	25,805	86	5,036,072	10,096,198
Restricted	2,304,908	555,168	183,498	47,100	97,350,958	30,881,507	99,839,364	31,483,775
Committed	15,150,517	11,085,066	-	-	-	-	15,150,517	11,085,066
Assigned	12,865,120	15,772,642	-	-	-	-	12,865,120	15,772,642
Unassigned	13,673,543	12,731,293	-	-	(21,761)	(1,910,674)	13,651,782	10,820,619
Total Fund Balance	49,004,355	50,110,898	183,498	176,483	97,355,002	28,970,919	146,542,855	79,258,300
Total Liabilities and Fund Balances	\$ 55,653,633	\$ 57,426,555	\$ 204,565	\$ 277,790	\$102,281,005	\$ 38,262,344	\$158,139,203	\$ 95,966,689

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 \$146,542,855, an increase of \$67,284,555 over the prior year. The restricted component represents the largest portion, \$99,839,364, of ending fund balance which includes the two bank notes the City holds pertaining to the sale of Kimball & Morgan Towers, \$39,490,888.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, the assigned fund balance of the General Fund equaled \$12,865,120 in comparison to \$15,772,642 in the prior year, a decrease of \$2,907,522. General Fund revenues grew \$4,465,030 with increases of \$3,418,248 in taxes revenues, \$2,285,119 in fines, and \$1,125,070 in use of money. Intergovernmental, charges for services and other revenues decreased by \$800,571, \$709,412 & \$853,205, respectively. General Fund expenditures rose \$2,012,418, with an increases of \$1,559,845 in general government functions.

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The fund balance classification for the General Fund and other major funds can be found on page 99, in Note 13 of the Notes to Financial Statements section.

The Sewer Service Fund total fund balance increased \$840,024, due to a reduction in capital outlay spending for FY19. Housing Choice Voucher Fund revenues and expenditures both were, essentially, flat year over year, resulting in an increase of the Housing Choice Voucher Fund fund balance of \$7,015.

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Total Revenues	\$ 55,206,376	\$ 55,206,376	\$ 59,381,004	\$ 4,174,628
Expenditures:				
General Government	8,266,896	9,079,193	10,117,845	(1,038,652)
Public Safety	37,666,466	38,526,340	36,628,711	1,897,629
Transportation	3,474,897	3,655,625	3,544,045	111,580
Community Development	375,643	877,129	465,058	412,071
Culture and Leisure	4,096,101	4,055,992	3,859,145	196,847
Capital Outlay	2,900,000	16,507,489	4,373,137	12,134,352
Principal	672,162	672,162	365,732	306,430
Interest on Long-term Debt	315,419	315,419	213,011	102,408
Total Expenditures	<u>57,767,584</u>	<u>73,689,349</u>	<u>59,566,684</u>	<u>14,122,665</u>
Revenues Over (Under) Expenditures	(2,561,208)	(18,482,973)	(185,680)	18,297,293
Other Financing Sources	-	-	(920,863)	(920,863)
Net Change in Fund Balances	<u>(2,561,208)</u>	<u>(18,482,973)</u>	(1,106,543)	<u>17,376,430</u>
Beginning Fund Balance			50,110,898	
Ending Fund Balance			<u>\$ 49,004,355</u>	

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

- Actual revenues were \$4,174,628 more than the final budget. While collections for fines and forfeitures and charges for services were short of their budgeted estimate, and , respectively, overall receipts for all other revenue categories exceeded their budgeted amounts, led by taxes, which ended the year above their projected total.
- Actual expenditures were less than their overall budgeted amount \$14,122,665. The most significant variance of \$12,134,352 is attributable to unspent appropriations for capital projects not completed during the year (and, thus, are carried over to the following fiscal year). The remaining \$1,988,313 of the total variance is due to savings in public safety and operational cost savings, particularly personnel cost savings.

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, 2019, amounted to \$160,921,212. This investment includes land, rights of ways, construction in progress, buildings and improvements, machinery, and infrastructure. Infrastructure assets represented 49.20% of total combined assets.

TABLE 5
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)
 For the year ended June 30, 2019

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 24,402,009	\$ 22,011,750	\$ -	\$ 528,382	\$ 24,402,009	\$ 22,540,132
Right-of-way	4,245,088	4,245,088	-	-	\$ 4,245,088	\$ 4,245,088
Construction in progress	13,270,929	14,340,585	-	-	\$ 13,270,929	\$ 14,340,585
Buildings and improvements	30,916,183	28,564,089	-	4,685,090	\$ 30,916,183	\$ 33,249,179
Machinery and equipment	7,831,464	7,188,232	-	193,937	\$ 7,831,464	\$ 7,382,169
Infrastructure	79,175,390	79,596,979	-	-	\$ 79,175,390	\$ 79,596,979
Radio Rights	1,080,149	1,143,687	-	-	\$ 1,080,149	\$ 1,143,687
TOTALS	\$ 160,921,212	\$ 157,090,410	\$ -	\$ 5,407,409	\$ 160,921,212	\$ 162,497,819

The largest addition to capital assets during the current fiscal year was in land, which grew \$2,390,259 to \$24,402,009, due to the addition of 1430 Hoover Avenue and 302 W 19th Street, \$979,877 and \$882,000 respectively. Building and improvement increased in Governmental Activities funds due to the energy savings projects, \$2,352,094, net of depreciation. Buildings and improvements in Business-Type Activities over all fell \$4,685,090 to \$30,916,183 after depreciation, due to the sale of Kimball & Morgan Towers. Construction in progress totaled \$13,270,929, which included new spending of \$9,020,132 and transfers to completed projects of \$7,699,529. Depreciation expense during the fiscal year was \$7,220,302 for governmental activities.

Additional information on the City’s capital assets can be found in Note 5 on pages 75-76 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total debt outstanding of \$32,949,449, including bonded debt of \$10,933,668.

TABLE 6
OUTSTANDING LONG-TERM DEBT
 For the year ended June 30, 2019

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
2012 General Obligation Refunding Bonds	\$ 3,360,000	\$ 3,635,000	\$ -	\$ -	\$ 3,360,000	\$ 3,635,000
Bond Premium	14,443	16,048	-	-	14,443	16,048
HUD 108 Bonds, Series A	2,630,000	3,050,000	-	-	2,630,000	3,050,000
2017 Clean Energy Bonds	1,800,000	1,800,000	-	-	1,800,000	1,800,000
2017 Lease Revenue Bonds	3,407,479	3,530,497	-	-	3,407,479	3,530,497
Notes Payable	925,530	1,043,788	-	-	925,530	1,043,788
Capital Leases	1,001,185	1,264,425	-	-	1,001,185	1,264,425
Morgan Towers Notes Payable	-	-	-	403,464	-	403,464
Compensated Absences	3,940,063	3,755,968	-	-	3,940,063	3,755,968
Claims Payable	10,568,000	9,395,000	-	-	10,568,000	9,395,000
OPEB Liability	5,302,749	5,268,116	-	-	5,302,749	5,268,116
TOTALS	\$32,949,449	\$32,758,842	\$ -	\$ 403,464	\$32,949,449	\$33,162,306

The City's total debt increased by \$190,607, or 0.6%, during the current fiscal year. There is an increase in compensated absences, \$184,095; however the net decrease primarily resulted from normally scheduled payments in other debt scheduled 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 pages 77-83 of this report.

Economic Factors and Next Year's Budget

Total assessed valuation in the City continues to increase with the continued improvement of the economy with both market values and new construction rising. The projected increase is approximately 5.5% for next fiscal year, and the projected corresponding increases in property tax revenues are reflected in the fiscal year 2020 budget.

Sales & use tax and district transactions & use tax revenues are budgeted at a combined \$30.7 million for fiscal year 2020, a modest increase from fiscal year 2019's budgeted revenues, reflecting a slowing retail sales environment. Revenues are projected to decrease slightly in comparison to prior year actual revenues, however, in part due to the inflation of fiscal year 2019 revenues resulting from the delayed recognition of fiscal year 2018 revenues, due to the State's transition to a new sales tax reporting system, as explained in the transmittal letter above.

Fiscal year 2019 was the eleventh full year of collection of the City's 1% district transactions & use tax. The tax measure ("Proposition 'D'") was approved by National City voters in June 2006 and became effective in October 2006. The initial measure was effective for a period of ten years; however, in November 2014, voters approved a measure to extend the tax for an additional twenty years. The tax now generates approximately \$12 million in revenue annually, allowing the City to continue to provide important programs and services to its citizens.

The City's new user fee schedule became effective January 1, 2019, following an extensive study conducted to ensure full recovery of costs of City services provided directly to end users.

California Public Employees Retirement System (CalPERS) employer contribution rates are expected to continue to be the primary driver of increases in the City's operating costs. Previous changes to the employer contribution methodology and phased-in reductions to the discount rate have significantly impacted the City's pension costs. And beginning in fiscal year 2021, CalPERS will implement 20-year amortization for future gains and losses, replacing the current 30-year schedule.

To address the City's unfunded pension liability and mitigate the impact of increasing CalPERS contributions, the City established an irrevocable supplemental pension trust fund in fiscal year 2018 with initial funding of \$1 million. The trust was augmented by \$650,000 in fiscal year 2019, and \$4.4 million has been added for fiscal year 2020, bringing the balance of the trust, including investment earnings, to more than \$6.1 million. The City has also established an irrevocable other post-employment benefits (OPEB) trust fund with funding of \$3.1 million planned for 2020.

All of these factors were considered in the City's fiscal year 2021 budget.

Requests for Information

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



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BASIC FINANCIAL STATEMENTS





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**GOVERNMENT -WIDE
FINANCIAL STATEMENTS**



City of National City
Statement of Net Position
June 30, 2019

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and investments	\$ 109,027,388	\$ -	\$ 109,027,388
Receivables:			
Accounts	1,543,318	-	1,543,318
Taxes	5,776,685	-	5,776,685
Interest	487,519	-	487,519
Due from other governments	1,982,962	-	1,982,962
Land held for resale	6,239,182	-	6,239,182
Inventories and prepaid items	68,485	-	68,485
Total current assets	125,125,539	-	125,125,539
Noncurrent assets:			
Restricted cash and investments:			
Investment in Section 115 trust	1,749,740	-	1,749,740
Held by fiscal agent	782,553	-	782,553
Loans receivable	46,519,392	-	46,519,392
Non-depreciable capital assets	41,918,026	-	41,918,026
Depreciable capital assets, net	119,003,186	-	119,003,186
Total noncurrent assets	209,972,897	-	209,972,897
Total assets	335,098,436	-	335,098,436
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	37,800	-	37,800
Pension-related deferred outflows	19,164,043	-	19,164,043
Total deferred outflows of resources	19,201,843	-	19,201,843

City of National City
Statement of Net Position (Continued)
June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 4,428,298	\$ -	\$ 4,428,298
Due to other governments	4,293	-	4,293
Accrued liabilities	1,985,482	-	1,985,482
Interest payable	114,960	-	114,960
Unearned revenue	2,773,890	-	2,773,890
Compensated absences - due within one year	2,317,587	-	2,317,587
Claims payable - due within one year	2,305,406	-	2,305,406
Long-term debt - due within one year	1,223,236	-	1,223,236
Total current liabilities	15,153,152	-	15,153,152
Noncurrent liabilities:			
Developer deposits	518,453	-	518,453
Total OPEB liability	5,302,749	-	5,302,749
Aggregate net pension liability	102,890,709	-	102,890,709
Compensated absences - due in more than one year	1,622,476	-	1,622,476
Claims payable - due in more than one year	8,262,594	-	8,262,594
Long-term debt - due in more than one year	11,915,401	-	11,915,401
Total noncurrent liabilities	130,512,382	-	130,512,382
Total liabilities	145,665,534	-	145,665,534
DEFERRED INFLOWS OF RESOURCES			
Pension-related deferred inflows	2,381,815	-	2,381,815
OPEB-related deferred inflows	215,940	-	215,940
Total deferred inflows of resources	2,597,755	-	2,597,755
NET POSITION			
Net investment in capital assets	147,820,375	-	147,820,375
Restricted:			
General services	17,345,785	-	17,345,785
Community development	169,573	-	169,573
Public safety	1,296,186	-	1,296,186
Transportation	1,157,623	-	1,157,623
Housing	74,709,334	-	74,709,334
Debt service	1,667,147	-	1,667,147
Capital projects	1,743,976	-	1,743,976
Investment in Section 115 trust	1,749,740	-	1,749,740
Total restricted	99,839,364	-	99,839,364
Unrestricted (deficit)	(41,622,749)	-	(41,622,749)
Total net position	\$ 206,036,990	\$ -	\$ 206,036,990

City of National City
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2019

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues
Primary government:					
Governmental activities:					
General government	\$ 14,474,787	\$ 1,811,719	\$ -	\$ -	\$ 1,811,719
Public safety	41,216,052	2,911,464	1,468,113	-	4,379,577
Transportation	8,479,861	2,556,059	-	4,201,520	6,757,579
Community development	13,521,091	4,461,949	13,377,532	-	17,839,481
Health	8,160,870	8,551,905	15,472	-	8,567,377
Culture and leisure	7,686,697	477,370	47,374	-	524,744
Interest on long-term debt	380,597	-	-	-	-
Total governmental activities	<u>93,919,955</u>	<u>20,770,466</u>	<u>14,908,491</u>	<u>4,201,520</u>	<u>39,880,477</u>
Business-type activities:					
Kimball Towers	945,180	1,256,346	-	-	1,256,346
Morgan Towers	787,266	1,017,766	-	-	1,017,766
Total business-type activities	<u>1,732,446</u>	<u>2,274,112</u>	<u>-</u>	<u>-</u>	<u>2,274,112</u>
Total primary government	<u>\$ 95,652,401</u>	<u>\$ 23,044,578</u>	<u>\$ 14,908,491</u>	<u>\$ 4,201,520</u>	<u>\$ 42,154,589</u>

City of National City
Statement of Activities and Changes in Net Position (Continued)
For the Year Ended June 30, 2019

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (12,663,068)	\$ -	\$ (12,663,068)
Public safety	(36,836,475)	-	(36,836,475)
Transportation	(1,722,282)	-	(1,722,282)
Community development	4,318,390	-	4,318,390
Health	406,507	-	406,507
Culture and leisure	(7,161,953)	-	(7,161,953)
Interest on long-term debt	(380,597)	-	(380,597)
Total governmental activities	(54,039,478)	-	(54,039,478)
Business-type activities:			
Kimball Towers	-	311,166	311,166
Morgan Towers	-	230,500	230,500
Total business-type activities	-	541,666	541,666
Total primary government	(54,039,478)	541,666	(53,497,812)
General revenues:			
Taxes:			
Property taxes	14,340,418	-	14,340,418
Sales taxes	33,196,667	-	33,196,667
Franchise taxes	1,966,728	-	1,966,728
Utilities user taxes	708,451	-	708,451
Transient occupancy taxes	1,774,843	-	1,774,843
Total taxes	51,987,107	-	51,987,107
Investment earnings	2,297,242	10,038	2,307,280
Miscellaneous	45,017	11,378	56,395
Total general revenues	54,329,366	21,416	54,350,782
Transfers			
Intra-City capital contributions	528,382	(528,382)	-
Intra-City transfers	65,688,259	(65,688,259)	-
Total transfers	66,216,641	(66,216,641)	-
Special items (Note 14):			
Gain on sale of assets for discontinuance of operations	-	58,293,890	58,293,890
Total special items	-	58,293,890	58,293,890
Changes in net position	66,506,529	(7,359,669)	59,146,860
Net position - beginning of year	139,530,461	7,359,669	146,890,130
Net position - end of year	\$ 206,036,990	\$ -	\$ 206,036,990



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FUND FINANCIAL STATEMENTS





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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

City of National City
Balance Sheet
Governmental Funds
June 30, 2019

	Major Funds			
	General Fund	Housing Special Revenue Fund	Housing Choice Voucher Program Special Revenue Fund	Sewer Service Special Revenue Fund
ASSETS				
Cash and investments	\$ 39,220,556	\$ 273,942	\$ 98,301	\$ 16,404,182
Receivables:				
Accounts	1,196,303	-	106,264	37,161
Taxes	5,533,083	-	-	13,338
Interest	358,672	1,575	-	77,384
Loans	-	10,680,156	-	-
Due from other funds	2,339,733	-	-	-
Due from other governments	245,279	-	-	9,650
Inventories and prepaid items	16,085	-	-	-
Land held for resale	4,994,182	1,245,000	-	-
Restricted cash and investments:				
Investment in Section 115 trust	1,749,740	-	-	-
Held by fiscal agents	-	-	-	-
Total assets	\$ 55,653,633	\$ 12,200,673	\$ 204,565	\$ 16,541,715
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,064,921	\$ -	\$ 9,027	\$ 109,525
Due to other governments	4,293	-	-	-
Accrued liabilities	1,795,843	6,113	12,040	15,668
Due to other funds	-	-	-	-
Deposits	11,419	-	-	-
Unearned revenue	2,772,802	-	-	-
Total liabilities	6,649,278	6,113	21,067	125,193
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances:				
Nonspendable	5,010,267	-	-	-
Restricted	2,304,908	12,194,560	183,498	16,416,522
Committed	15,150,517	-	-	-
Assigned	12,865,120	-	-	-
Unassigned	13,673,543	-	-	-
Total fund balances	49,004,355	12,194,560	183,498	16,416,522
Total liabilities, deferred inflows of resources, and fund balances	\$ 55,653,633	\$ 12,200,673	\$ 204,565	\$ 16,541,715

**City of National City
Balance Sheet (Continued)
Governmental Funds
June 30, 2019**

	Major Funds			
	Other Special Revenue Fund	Housing Authority Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 4,741,451	\$ 25,318,507	\$ 4,691,885	\$ 90,748,824
Receivables:				
Accounts	-	45	141,284	1,481,057
Taxes	46	-	230,218	5,776,685
Interest	2,483	34,979	12,426	487,519
Loans	-	34,480,621	1,358,615	46,519,392
Due from other funds	-	-	-	2,339,733
Due from other governments	889,441	-	838,592	1,982,962
Inventories and prepaid items	-	25,805	-	41,890
Land held for resale	-	-	-	6,239,182
Restricted cash and investments:				
Investment in Section 115 trust	-	-	-	1,749,740
Held by fiscal agents	-	772,219	-	772,219
Total assets	<u>\$ 5,633,421</u>	<u>\$ 60,632,176</u>	<u>\$ 7,273,020</u>	<u>\$ 158,139,203</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 651,271	\$ 163,923	\$ 460,816	\$ 3,459,483
Due to other governments	-	-	-	4,293
Accrued liabilities	9,655	-	110,313	1,949,632
Due to other funds	1,546,894	-	792,839	2,339,733
Deposits	507,034	-	-	518,453
Unearned revenue	-	-	1,088	2,773,890
Total liabilities	<u>2,714,854</u>	<u>163,923</u>	<u>1,365,056</u>	<u>11,045,484</u>
Deferred inflows of resources:				
Unavailable revenues	547,535	-	3,329	550,864
Total deferred inflows of resources	<u>547,535</u>	<u>-</u>	<u>3,329</u>	<u>550,864</u>
Fund Balances:				
Nonspendable	-	25,805	-	5,036,072
Restricted	2,371,032	60,442,448	5,926,396	99,839,364
Committed	-	-	-	15,150,517
Assigned	-	-	-	12,865,120
Unassigned	-	-	(21,761)	13,651,782
Total fund balances	<u>2,371,032</u>	<u>60,468,253</u>	<u>5,904,635</u>	<u>146,542,855</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,633,421</u>	<u>\$ 60,632,176</u>	<u>\$ 7,273,020</u>	<u>\$ 158,139,203</u>



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City of National City
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2019

Total Fund Balances - Total Governmental Funds	<u>\$ 146,542,855</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	160,921,212
Less: Internal Service Funds' Capital Assets	<u>(7,018,218)</u>
Total capital assets	<u>153,902,994</u>
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet (net of \$11,017 in internal service funds).	
	<u>(103,943)</u>
Long-term liabilities were not due and payable in the current period and therefore were not reported in the governmental funds.	
Amount reported in Government-Wide Statement of Net Position:	
Compensated absences - due within one year	(2,317,587)
Compensated absences - due in more than one year	(1,622,476)
Claims payable - due within one year	(2,305,406)
Claims payable - due in more than one year	(8,262,594)
Long-term debt - due within one year	(1,223,236)
Long-term debt - due in more than one year	(11,915,401)
Aggregate net pension liability	(102,890,709)
Net OPEB liability	<u>(5,302,749)</u>
	<u>(135,840,158)</u>
Less: Amount reported in Internal Service Funds	
Capital leases payable - due within one year	130,740
Capital leases payable - due in more than one year	775,054
Compensated absences - due within one year	99,743
Claims payable - due within one year	2,305,406
Claims payable - due in more than one year	<u>8,262,594</u>
	<u>11,573,537</u>
Net long-term liabilities	<u>(124,266,621)</u>
Deferred outflows of resources related to pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
	19,164,043
Deferred inflows of resources related to pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
	(2,381,815)
Deferred inflows of resources related to OPEB are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
	(215,940)
Deferred amounts on refunding are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
	37,800
Unavailable revenues are deferred in the governmental funds, but are recognized as revenues in the Government-Wide statement of Net Position	
	550,864
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>12,806,753</u>
Net Position of Governmental Activities	<u><u>\$ 206,036,990</u></u>

City of National City
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

	Major Funds			
	General Fund	Housing Special Revenue Fund	Housing Choice Voucher Program Special Revenue Fund	Sewer Service Special Revenue Fund
REVENUES:				
Taxes	\$ 48,116,544	\$ -	\$ -	\$ -
Licenses and permits	1,168,997	-	-	-
Fines and forfeitures	2,829,330	-	54,080	-
Use of money and property	2,218,021	243,273	106	357,991
Intergovernmental	1,556,735	-	12,185,510	-
Charges for services	2,574,008	-	-	7,906,254
Other revenues	917,369	-	-	-
Total revenues	59,381,004	243,273	12,239,696	8,264,245
EXPENDITURES:				
Current:				
General Government	10,117,845	-	-	-
Public Safety	36,628,711	-	-	-
Transportation	3,544,045	-	-	-
Community Development	465,058	350,985	12,232,681	-
Health	-	-	-	7,199,912
Culture and Leisure	3,859,145	-	-	-
Capital outlay	4,373,137	-	-	224,309
Debt service:				
Principal	365,732	-	-	-
Interest and fiscal charges	213,011	-	-	-
Total expenditures	59,566,684	350,985	12,232,681	7,424,221
REVENUES OVER (UNDER) EXPENDITURES	(185,680)	(107,712)	7,015	840,024
OTHER FINANCING SOURCES (USES):				
Transfers in	-	4,941,000	-	-
Transfers out	(920,863)	-	-	-
Total other financing sources (uses)	(920,863)	4,941,000	-	-
CHANGES IN FUND BALANCES	(1,106,543)	4,833,288	7,015	840,024
FUND BALANCES:				
Beginning of year	50,110,898	7,361,272	176,483	15,576,498
End of year	<u>\$ 49,004,355</u>	<u>\$ 12,194,560</u>	<u>\$ 183,498</u>	<u>\$ 16,416,522</u>

City of National City
Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)
Governmental Funds
For the Year Ended June 30, 2019

	Major Funds			Total Governmental Funds
	Other Special Revenue Fund	Housing Authority Special Revenue Fund	Other Governmental Funds	
REVENUES:				
Taxes	\$ 518,976	\$ -	\$ 4,898,894	\$ 53,534,414
Licenses and permits	358,381	-	-	1,527,378
Fines and forfeitures	23,920	-	98,920	3,006,250
Use of money and property	14,837	195,895	95,608	3,125,731
Intergovernmental	4,301,238	-	2,746,529	20,790,012
Charges for services	145,938	-	3,810	10,630,010
Other revenues	2,523	99	125,193	1,045,184
Total revenues	5,365,813	195,994	7,968,954	93,658,979
EXPENDITURES:				
Current:				
General Government	235,735	-	-	10,353,580
Public Safety	724,081	-	-	37,352,792
Transportation	-	-	1,524,298	5,068,343
Community Development	45,598	-	463,232	13,557,554
Health	116,896	-	841,274	8,158,082
Culture and Leisure	173,045	-	3,034,340	7,066,530
Capital outlay	3,200,944	-	1,260,720	9,059,110
Debt service:				
Principal	-	-	695,000	1,060,732
Interest and fiscal charges	-	-	172,949	385,960
Total expenditures	4,496,299	-	7,991,813	92,062,683
REVENUES OVER (UNDER) EXPENDITURES	869,514	195,994	(22,859)	1,596,296
OTHER FINANCING SOURCES (USES):				
Transfers in	954,571	65,688,259	1,930,819	73,514,649
Transfers out	(1,489,309)	(5,416,000)	(218)	(7,826,390)
Total other financing sources (uses)	(534,738)	60,272,259	1,930,601	65,688,259
CHANGES IN FUND BALANCES	334,776	60,468,253	1,907,742	67,284,555
FUND BALANCES:				
Beginning of year	2,036,256	-	3,996,893	79,258,300
End of year	\$ 2,371,032	\$ 60,468,253	\$ 5,904,635	\$ 146,542,855

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, 2019

Net Change in Fund Balances - Total Governmental Funds	\$ 67,284,555
Amounts reported for governmental activities in the Statement of Activities were different because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period (net of \$1,960,605 added in internal service funds).	8,622,543
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 \$1,010,430.	(6,209,872)
Transfer of capital assets from the Proprietary Funds did not provide current financial resources to the governmental funds but was recorded as a special item on the Government-Wide Statement of Activities.	528,382
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) increased net position.	(60,426)
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.	
Principal payment of long-term debt	1,060,732
Amortization expenses were reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, amortization expenses were not reported as expenditures in the Governmental Funds.	
Bond premium	1,605
Deferred amount on refunding	(4,200)
Certain long-term liabilities were reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, long-term liabilities were not reported as expenditures in governmental funds. These amounts represented the changes in long-term liabilities from prior year.	
Changes in compensated absences	(216,460)
Changes in net OPEB liabilities	(34,633)
Change in net pension liability reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds (Note 10).	(2,313,771)
The net effect of various miscellaneous transactions involving pension plans (i.e. deferred inflow/outflow amortization, contributions after measurement date) decreased net position.	(3,228,339)
The net effect of various miscellaneous transactions involving the OPEB plan (i.e. deferred inflow/outflow amortization) decreased net position.	(215,940)
Unavailable revenues in the governmental funds were reported as revenue in the Government-Wide Statement of Net Position as follows:	
Community Development - Operating grants and contributions	3,329
Transportation - Capital grants and contributions	547,535
Total adjustments	<u>550,864</u>
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.	7,958
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.	<u>733,531</u>
Change in Net Position of Governmental Activities	<u><u>\$ 66,506,529</u></u>

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.



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City of National City
Statement of Net Position
Proprietary Funds
June 30, 2019

	Major Funds			Governmental
	Kimball Towers	Morgan Towers	Total	Activities Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ -	\$ -	\$ 18,278,564
Accounts receivable	-	-	-	62,261
Prepaid items and deposits	-	-	-	26,595
Total current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,367,420</u>
Noncurrent assets:				
Restricted cash and investments	-	-	-	10,334
Capital assets:				
Depreciable assets, net of accumulated depreciation	-	-	-	7,018,218
Total capital assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,018,218</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,028,552</u>
Total assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,395,972</u>
LIABILITIES AND NET POSITION				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	-	-	-	968,815
Salaries payable	-	-	-	35,850
Interest payable	-	-	-	11,017
Capital leases payable - due within one year	-	-	-	130,740
Compensated absences - due within one year	-	-	-	99,743
Claims payable - due within one year	-	-	-	2,305,406
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,551,571</u>
Noncurrent liabilities:				
Capital leases payable - due in more than one year	-	-	-	775,054
Claims payable - due in more than one year	-	-	-	8,262,594
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,037,648</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,589,219</u>
Net Position:				
Net investment in capital assets	-	-	-	6,112,424
Restricted:				
Debt service	-	-	-	10,334
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,334</u>
Unrestricted	-	-	-	6,683,995
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,806,753</u>



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City of National City
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Major Funds			Governmental
	Kimball Towers	Morgan Towers	Total	Activities Internal Service Funds
OPERATING REVENUES:				
Rental income	\$ 1,256,346	\$ 1,017,766	\$ 2,274,112	\$ -
Charges for services	-	-	-	11,177,879
Other	5,555	5,823	11,378	102,178
Total operating revenues	1,261,901	1,023,589	2,285,490	11,280,057
OPERATING EXPENSES:				
Operations and administration	410,268	378,175	788,443	5,285,887
Maintenance	387,312	310,042	697,354	4,218,131
Depreciation	147,600	85,153	232,753	1,010,430
Total operating expenses	945,180	773,370	1,718,550	10,514,448
OPERATING INCOME (LOSS)	316,721	250,219	566,940	765,609
NONOPERATING REVENUES (EXPENSES):				
Interest income	4,499	5,539	10,038	-
Interest expense	-	(13,896)	(13,896)	(32,078)
Total nonoperating revenues (expenses)	4,499	(8,357)	(3,858)	(32,078)
INCOME (LOSS) BEFORE TRANSFERS	321,220	241,862	563,082	733,531
TRANSFERS				
Transfers out	(31,056,327)	(34,631,932)	(65,688,259)	-
Capital contributions	(315,814)	(212,568)	(528,382)	-
Total transfers	(31,372,141)	(34,844,500)	(66,216,641)	-
SPECIAL ITEMS (Note 14):				
Gain on sale of assets for discontinuance of operations	25,551,446	32,742,444	58,293,890	-
Total special items	25,551,446	32,742,444	58,293,890	-
CHANGES IN NET POSITION	(5,499,475)	(1,860,194)	(7,359,669)	733,531
NET POSITION:				
Beginning of year	5,499,475	1,860,194	7,359,669	12,073,222
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,806,753</u>

City of National City
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Major Funds			Governmental Activities Internal Service Funds
	Kimball Towers	Morgan Towers	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 1,256,686	\$ 1,022,094	\$ 2,278,780	\$ -
Cash received from other funds	-	-	-	11,204,307
Cash payments to supplier and employees for goods and services	(883,135)	(797,296)	(1,680,431)	(8,052,433)
Other operating revenues	5,554	5,823	11,377	102,178
Net cash provided by operating activities	<u>379,105</u>	<u>230,621</u>	<u>609,726</u>	<u>3,254,052</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Debt paid from proceeds of sale	-	(403,464)	(403,464)	(138,784)
Acquisition of capital assets	(22,091)	-	(22,091)	(1,960,605)
Interest paid	-	-	-	(33,618)
Proceeds received from disposal of capital assets	3,449,614	1,218,660	4,668,274	-
Net cash provided by (used in) capital and related financing activities	<u>3,427,523</u>	<u>815,196</u>	<u>4,242,719</u>	<u>(2,133,007)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interest paid	-	(15,990)	(15,990)	-
Transfers in	25,551,446	32,742,444	58,293,890	-
Transfers (out)	(31,056,327)	(34,631,932)	(65,688,259)	-
Net cash provided by (used in) noncapital financing activities	<u>(5,504,881)</u>	<u>(1,905,478)</u>	<u>(7,410,359)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	4,499	5,539	10,038	-
Net cash provided by investing activities	<u>4,499</u>	<u>5,539</u>	<u>10,038</u>	<u>-</u>
Net change in cash and cash equivalents	(1,693,754)	(854,122)	(2,547,876)	1,121,045
CASH AND CASH EQUIVALENTS:				
Beginning of year	1,693,754	854,122	2,547,876	17,167,853
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,288,898</u>
RECONCILIATION TO STATEMENT OF NET POSITION:				
Cash and investments	\$ -	\$ -	\$ -	\$ 18,278,564
Restricted cash and investments	-	-	-	10,334
Total cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,288,898</u>

City of National City
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2019

	Major Funds		Total	Governmental
	Kimball Towers	Morgan Towers		Activities Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 316,721	\$ 250,219	\$ 566,940	\$ 765,609
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	147,600	85,153	232,753	1,010,430
Changes in operating assets and liabilities:				
Accounts receivable	339	4,328	4,667	26,428
Prepaid items and deposits	38,842	37,252	76,094	(26,595)
Accounts payable and accrued liabilities	(65,974)	(92,653)	(158,627)	336,249
Salaries payable	(9,382)	(8,799)	(18,181)	1,296
Tenant security deposit liability	(49,041)	(44,879)	(93,920)	-
Compensated absences	-	-	-	(32,365)
Claims payable	-	-	-	1,173,000
Total adjustments	<u>62,384</u>	<u>(19,598)</u>	<u>42,786</u>	<u>2,488,443</u>
Net cash provided by operating activities	<u><u>\$ 379,105</u></u>	<u><u>\$ 230,621</u></u>	<u><u>\$ 609,726</u></u>	<u><u>\$ 3,254,052</u></u>



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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).



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City of National City
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Agency Funds	Successor Agency Private-Purpose Trust Fund
ASSETS		
Cash and investments	\$ 1,545,843	\$ 12,473,917
Receivables:		
Account	-	10,963
Interest	-	56,673
Loans	-	403,280
Restricted cash and investments with fiscal agent	-	8,382
Capital asset, net accumulated depreciation	-	450,000
Total assets	\$ 1,545,843	13,403,215
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding		6,172,157
Total deferred outflows of resources		6,172,157
LIABILITIES		
Accounts payable and accrued liabilities	\$ 39,845	146,154
Interest payable	-	469,450
Deposits payable	1,505,998	-
Unearned revenue	-	-
Long-term debt - due within one year	-	3,113,000
Long-term debt - due in more than one year	-	42,264,000
Developer deposits	-	25,000
Total liabilities	\$ 1,545,843	46,017,604
NET POSITION		
Held in trust		(26,442,232)
Total net position		\$ (26,442,232)

City of National City
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2019

	Successor Agency Private-Purpose Trust Fund
ADDITIONS:	
Property taxes	\$ 5,185,031
Investment income	223,998
Total additions	5,409,029
DEDUCTIONS:	
Enforceable obligations	2,747,449
Community development	1,532,199
Administrative expenses	253,560
Total deductions	4,533,208
Changes in Net Position	875,821
NET POSITION:	
Beginning of year	(27,318,053)
End of year	\$ (26,442,232)

**NOTES TO THE
BASIC FINANCIAL STATEMENTS**





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City of National City
Index to the Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
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City of National City
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

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 City sold Kimball Towers and Morgan Towers to two not-for-profit organizations on March 28, 2019. The sale was intended to ensure the feasibility of the renovation, since not-for-profit organizations have financing sources that are unavailable to a developer such as a City.

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

Blended Component Units

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

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

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

A. Reporting Entity (Continued)

Blended Component Units (Continued)

National City Joint Powers Financing Authority

The National City Joint Powers Financing Authority (the “NCJPFA”) was created pursuant to a joint exercise of powers agreement entered into by and between the City and the CDC on April 16, 1991. The purpose of such agreement was to provide for the financing and construction of a new police facility and a new community center. The NCJPFA is administered by a commission consisting of the members of the City Council and all voting power of the NCJPFA resides in the commission. The NCJPFA exclusively benefits the City. 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.

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.

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

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

B. Basis of Accounting and Measurement Focus

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

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

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

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

Government - Wide Financial Statements

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

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

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

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

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

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements

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

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

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

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

The City reports the following major governmental funds:

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

Housing Fund – This fund 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.

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.

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows 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 non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following proprietary funds:

Kimball Towers Fund – This major 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. The City sold Kimball Towers in March 2019 in order to ensure the feasibility of a renovation.

Morgan Towers Fund – This major 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. The City sold Morgan Towers in March 2019 in order to ensure the feasibility of a renovation.

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.

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.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

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 the agency funds and the private purpose trust funds are accounted for on the full accrual basis of accounting.

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

The **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 Community Development Commission. 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, and school and special districts. The Successor Agency has been included in the accompanying basic financial statements as a private purpose trust fund.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

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 deposit and investment risks in the following areas:

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

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

D. Fair Value Measurement

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

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

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

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

E. Inventories and Prepaid items

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

F. Restricted Assets

Fiscal agents acting on behalf of the City hold investment funds 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.

G. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” or “advances to/from other funds” (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the Governmental-Wide Financial Statements as “internal balances.”

H. Capital Assets

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

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

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

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

H. Capital Assets (Continued)

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

I. Compensated Absences

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

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

J. Long-Term Debt

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

K. 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.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

L. Unearned Revenue

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

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

M. 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.

N. Pensions

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

CalPERS:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

O. Other Postemployment Benefits

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

The following timeframes are used for OPEB reporting:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

P. Net Position

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

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

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

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

Q. Fund Balances

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

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

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

Q. 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.

R. 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.

S. Use of Estimates

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

T. Accounting Changes

New Governmental Accounting Standards Implemented for the Year Ended June 30, 2019

GASB Statement No. 83

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (ARO). This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. Application of this statement did not have a material effect on the financial statements of the City.

GASB Statement No. 88

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement also defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. In addition the statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. Application of this statement did not have a significant effect on the City's financial statements.

Upcoming Governmental Accounting Standards Implementation

GASB Statement No. 84

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Application of this statement is effective for the City's fiscal year ending June 30, 2020.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

T. Accounting Changes (Continued)

Upcoming Governmental Accounting Standards Implementation (Continued)

GASB Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Application of this statement is effective for the City's fiscal year ending June 30, 2020.

GASB Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Application of this statement is effective for the City's fiscal year ending June 30, 2021.

GASB Statement No. 90

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests— An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Application of this statement is effective for the City's fiscal year ending June 30, 2020.

GASB Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of this statement is effective for the City's fiscal year ending June 30, 2022.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019.

	Government-Wide Statement of Net Position			Fiduciary Funds	
	Governmental Activities	Business-Type Activities	Total	Statement of Net Position	Total
Cash and investments	\$ 109,027,388	\$ -	\$ 109,027,388	\$ 14,019,760	\$ 123,047,148
Restricted cash and investments:					
Investment in Section 115 trust	1,749,740	-	1,749,740	-	1,749,740
Held by fiscal agents	782,553	-	782,553	8,382	790,935
Total restricted cash and investments	2,532,293	-	2,532,293	8,382	2,540,675
Total cash and investments	\$ 111,559,681	\$ -	\$ 111,559,681	\$ 14,028,142	\$ 125,587,823

Cash, cash equivalents and investments consisted of the following at June 30, 2019:

Petty cash	\$ 3,615
Deposits with financial institution	22,261,086
Investments	100,782,447
Investment in Section 115 trust	1,749,740
Investments held by bond trustee	790,935
Total cash and investments	\$ 125,587,823

A. Deposits

The carrying amount of the City's cash deposits were \$22,261,086 at June 30, 2019. Bank balances before reconciling items were \$21,631,200 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

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

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

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Cash and Investments (Continued)

B. Investments

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

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

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

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

** Maximum is \$50 million per account.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Cash and Investments (Continued)

B. Investments (Continued)

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
US Treasury Obligations	None	None	None
US Agency Securities	None	None	None
Banker’s Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None
Certificates of Deposit	None	None	None
Repurchase Agreements	None	None	None
Mortgage Pass-Through Securities	None	None	None
State Bonds or Notes	None	None	None
Municipal Bonds or Notes	None	None	None
San Diego County Pool Money Fund	None	None	None
Asset-Backed Securities	5 years	20%	20%

C. Fair Value Measurement

As of June 30, 2019, the City’s investments had the following recurring fair value measurements:

Investment Type	Level 2	Uncategorized	Total	Percent of Total
LAIF	\$ -	\$ 61,863,892	\$ 61,863,892	59.87%
Money Market Funds	-	148,108	148,108	0.14%
San Diego County Investment Pool	-	8,354,000	8,354,000	8.09%
Supranational	498,580	-	498,580	0.48%
Negotiable Certificates of Deposit	600,276	-	600,276	0.58%
Commercial Paper	595,309	-	595,309	0.58%
Asset-Backed Securities	2,367,128	-	2,367,128	2.29%
US Corporate	7,236,889	-	7,236,889	7.00%
US Treasury Obligations	8,813,360	-	8,813,360	8.53%
US Agency Securities	10,304,905	-	10,304,905	9.97%
Subtotal	30,416,447	70,366,000	100,782,447	97.54%
Held by fiscal agent:				
Investment in Section 115 trust	-	1,749,740	1,749,740	1.69%
Investments held by bond trustee	-	790,935	790,935	0.77%
Subtotal	-	2,540,675	2,540,675	2.46%
Total Investments	\$ 30,416,447	\$ 72,906,675	\$ 103,323,122	100.00%

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Cash and Investments (Continued)

C. Fair Value Measurement (Continued)

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

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Medium term notes: quoted prices for similar securities in active markets; and
- Asset-backed securities: recent appraisals of the asset value.

D. Risk Disclosures

Interest Rate Risk

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

As of June 30, 2019, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities				
		1 year or less	1 to 2 years	2-3 years	3-4 years	4-5 years
LAIF	\$ 61,863,892	\$ 61,863,892	\$ -	\$ -	\$ -	\$ -
Money Market Funds	148,108	148,108	-	-	-	-
San Diego County Investment Pool	8,354,000	8,354,000	-	-	-	-
Supranational	498,580	-	498,580	-	-	-
Negotiable Certificates of Deposit	600,276	600,276	-	-	-	-
Commercial Paper	595,309	595,309	-	-	-	-
Asset-Backed Securities	2,367,128	1,975	448,036	1,180,368	736,749	-
US Corporate	7,236,889	1,482,812	2,970,985	787,968	1,174,820	820,304
US Treasury Obligations	8,813,360	2,562,200	2,578,947	2,194,707	1,477,506	-
US Agency Securities	10,304,905	3,316,597	1,981,579	2,773,556	1,628,163	605,010
Subtotal	100,782,447	78,925,169	8,478,127	6,936,599	5,017,238	1,425,314
Held by fiscal agent:						
Investment in Section 115 trust	1,749,740	1,749,740	-	-	-	-
Investments held by bond trustee	790,935	790,935	-	-	-	-
Subtotal	2,540,675	2,540,675	-	-	-	-
Total Investments	\$ 103,323,122	\$ 78,925,169	\$ 8,478,127	\$ 6,936,599	\$ 5,017,238	\$ 1,425,314

The weighted average maturity of the portfolio was 1.43 years.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

Credit Risk

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Moody's</u>	<u>Standard & Poor's</u>
LAIF	\$ 61,863,892	Not Rated	Not Rated
Money Market Funds	148,108	Aaa	AAA
San Diego County Investment Pool	8,354,000	Not Rated	Not Rated
Supranational	498,580	Aaa	AAA
Negotiable Certificates of Deposit	600,276	P-1	A-1+
Commercial Paper	595,309	P-1	A-1
Asset-backed Securities	2,367,128	Various	Various
US Corporate	7,236,889	Various	Various
US Treasury Obligations	8,813,360	Aaa	AA+
US Agency Securities	10,304,905	Aaa	AA+
Investment in Section 115 trust	1,749,740	Not Rated	Not Rated
Investments held by bond trustee	790,935	Not Rated	Not Rated
	<u>\$ 103,323,122</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	\$ 61,863,892
US Agency Securities	Federal Agency Securities	10,304,905
San Diego County Investment Pool	San Diego County Pooled Investment Fund	8,354,000
US Treasury Obligations	US Treasury Obligations	8,813,360
US Corporate	Corporate Medium Term Notes	7,236,889

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Cash and Investments (Continued)

E. Investments in Local Agency Investment Fund

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments in LAIF at June 30, 2019 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

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

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

As of June 30, 2019, the City had \$61,863,892 invested in LAIF, which had invested 1.77% 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, 2019, 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, 2019.

F. Investments in San Diego County Investment Pool

The City also participates in the San Diego County Treasurer's Pooled Money Fund which is administered by the Treasurer-Tax Collector's Office. At June 30, 2019, the City had \$8,354,000 invested in the pool. The fair value of Commission's investment in the pool is reported at amounts based upon the City's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). Earnings realized on investments based on amortized cost are distributed to Investment Pool participants. Section 27013 of the California Government Code authorizes the Treasurer's Office to deduct administrative fees related to investments. The net realized earnings on investments are apportioned to the Investment Pool participants quarterly, based on the participants' average daily balances. The County's annual financial report for the Pool can be obtained from the Treasurer-Tax Collector at 1600 Pacific Highway, Room 162, San Diego, California, 92101 and can also be accessed at <http://www.sdtreastax.com>.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 3 – Loans Receivable

A. Government-Wide Financial Statements

At June 30, 2019, the City had the following loans receivable, including principal and accrued interest:

Morgan Tower Housing Associates, LP	\$	15,106,284
Kimball Tower Housing Associates, LP		19,374,337
Copper Hills Apartments, LP		7,280,154
Plaza City Apartments, LP		3,422,000
Home Improvement Loan Program		32,611
First Time Home Buyers Program		3,565,856
Owner Occupied Loan Program		489,057
Rental Rehabilitation Loan Program		3,332,500
Paradise Creek, LP		5,954,793
Subtotal		58,557,592
Less: Contractual Allowance		(12,038,200)
Total	\$	46,519,392

Morgan Tower Housing Associates, LP

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

Kimball Tower Housing Associates, LP

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

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 the HOME Program 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 the Low & Moderate Income Housing Fund (currently Housing Fund). These loans were made to acquire, develop, rehabilitate and operate the multi-family apartments located at “Q” Avenue in National City, CA. This project will contain 134 apartment dwelling units following rehabilitation and renovation. At June 30, 2019, the outstanding balance was \$7,280,154.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 3 – Loans Receivable (Continued)

A. Government-Wide Financial Statements (Continued)

Plaza City Apartments, LP

The CDC of the City of National City entered into a Loan Agreement with Plaza City Apartments, LP on November 1, 2005 in the amount of \$2,700,000 with 3% interest per annum for 55 years. It was amended per Resolution No. 2006-202 dated September 19, 2006 which increased the loan amount by \$722,000 for a total of \$3,422,000. This loan will be used by the borrower to pay the balance of the purchase price and additional costs relating to the acquisition, demolition and development of certain real property located at 1535 Plaza Blvd., National City, CA. At June 30, 2019, 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, 2019, the outstanding balance of the loans made was \$32,611.

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, 2019, the outstanding balance of the loans made was \$3,565,856.

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, 2019, the outstanding balance of the loans made was \$489,057.

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, 2019, 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, 2019

Note 3 – Loans Receivable (Continued)

A. Government-Wide Financial Statements (Continued)

Paradise Creek, LP

On June 21, 2011, the Community Development Commission of the City of National City (“Commission”), and Paradise Creek Housing Partners, L.P. (the “Developer”) entered into an agreement (Disposition and Development Agreement) for the development of 201-unit affordable housing as Phase I and II of the Transit-Oriented Infill Affordable Housing and Paradise Creek Enhancement Project (the “Project”). The Commission, in order to make the Project financially feasible, agreed to make a loan to Developer for the amount of \$6,000,000 for Phase I of the Project. During 2016, the loan receivable was transferred from the Successor Agency to the City and was recorded as a special item. As of June 30, 2019, the note receivable amount is \$5,954,793. The Developer will repay the loan with ground lease income and residual receipts to the Community Development Commission-Housing Authority of the City of National City (“CDC-HA”).

B. Fiduciary Fund Financial Statements

At June 30, 2019, the Agency had the following loans receivable, including principal and accrued interest:

National City Mile of Cars	\$	403,280
First Time Home Buyers Program		2,500,000
		2,903,280
Subtotal		2,903,280
Less: Contractual Allowance		(2,500,000)
		(2,500,000)
Total	\$	403,280

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, 2019, the note receivable amount was \$403,280. The Participant agrees to execute a promissory note by which agree to repay the Commission the full amount of the rehabilitation loan plus interest.

First Time Home Buyers program

The Commission’s First-Time Homebuyer Assistance Program was funded through the HUD HOME Investment Partnerships Program and State of California Low- and Moderate-Income Housing Set-Aside funds. The Program is currently administered by Community Housing Works, a 501(c)3 affordable housing agency that offers equity share deferred home gap financing loans to qualified borrowers. At June 30, 2019, the outstanding balance of the loans made was \$2,500,000 with an allowance for doubtful accounts applied for the full balance.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 4 – Interfund Balances and Transactions

A. Due to/Due from other funds

At June 30, 2019, interfund receivables and payables were as follows:

Due From Other Funds	Due To Other Funds		
	Other Special Revenue Fund	Nonmajor Governmental Funds	Total
	General Fund	\$ 1,546,894	\$ 792,839
Total	\$ 1,546,894	\$ 792,839	\$ 2,339,733

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

B. Transfers In/Out

For the year ended June 30, 2019, interfund transfers were as follows:

Transfers Out	Transfers In				
	Housing Special Revenue Fund	Other Special Revenue Fund	Housing Authority Special Revenue Fund	Non-major Governmental Funds	Total
General Fund	\$ -	\$ -	\$ -	\$ 920,863	\$ 920,863
Other Special Revenue Fund	-	954,571	-	534,738	1,489,309
Housing Authority Special Revenue Fund	4,941,000	-	-	475,000	5,416,000
Nonmajor Governmental Funds	-	-	-	218	218
Governmental Activities Internal Service Funds	-	-	-	-	-
Kimball Towers Fund	-	-	31,056,327	-	31,056,327
Morgan Towers Fund	-	-	34,631,932	-	34,631,932
Successor Agency	-	-	-	-	-
Total	\$ 4,941,000	\$ 954,571	\$ 65,688,259	\$ 1,930,819	\$ 73,514,649

Housing Special Revenue Fund – A transfer from the Housing Authority Special Revenue Fund in the amount of \$4,9041,000 was to record the Kimball Tower loan payoff.

Other Special Revenue Funds – A transfer from the Development Impact Fees Fund to the Transportation Impact Fees Fund in the amount of \$756,991 was to segregate funds which were previously consolidated, and to the Personnel Compensation Fund in the amount of \$197,580 to fund retiree health benefits. The total amount transferred to the aforementioned activities was \$954,571.

Housing Authority Special Revenue Fund – Transfers in from the Kimball Towers Fund and Morgan Towers Fund in the amounts of \$31,056,327 and \$34,631,932, respectively were to transfer the residual balances of the Morgan Towers and Kimball Towers funds after their respective discontinuance of operations. The total amount transferred was \$65,688,259.

Non-major Governmental Funds – The Non-major Governmental Funds budgeted transfers were for operating support to subsidize library, park maintenance, and nutrition center operations, and to close out the National City Joint Powers Financing Authority debt service fund. The total amount of operating support transferred to the aforementioned operations and programs was \$1,930,819.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 5 – Capital Assets

A. Governmental Activities

A summary of changes in capital assets for governmental activities for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Transfers/ Reclassifications	Contributions from Business-Type Activities	Balance June 30, 2019
Capital assets, not being depreciated:						
Land	\$ 22,011,750	\$ 1,446,877	\$ -	\$ 415,000	\$ 528,382	\$ 24,402,009
Right of way	4,245,088	-	-	-	-	4,245,088
Construction in progress	14,340,585	7,044,873	-	(8,114,529)	-	13,270,929
Total capital assets, not being depreciated	40,597,423	8,491,750	-	(7,699,529)	528,382	41,918,026
Capital assets, being depreciated:						
Buildings and improvements	57,456,722	-	-	4,740,540	-	62,197,262
Machinery and equipment	20,529,827	2,094,992	(716,232)	-	-	21,908,587
Infrastructure	148,123,663	-	-	2,958,989	-	151,082,652
Radio rights	1,270,763	-	-	-	-	1,270,763
Subtotal	227,380,975	2,094,992	(716,232)	7,699,529	-	236,459,264
Less accumulated depreciation						
Buildings and improvements	(28,892,633)	(2,388,446)	-	-	-	(31,281,079)
Machinery and equipment	(13,341,595)	(1,387,740)	652,212	-	-	(14,077,123)
Infrastructure	(68,526,684)	(3,380,578)	-	-	-	(71,907,262)
Radio rights	(127,076)	(63,538)	-	-	-	(190,614)
Subtotal	(110,887,988)	(7,220,302)	652,212	-	-	(117,456,078)
Total capital assets, being depreciated	116,492,987	(5,125,310)	(64,020)	7,699,529	-	119,003,186
Total capital assets, net	\$ 157,090,410	\$ 3,366,440	\$ (64,020)	\$ -	\$ 528,382	\$ 160,921,212

Depreciation expense was charged to functions/programs as follows:

General government	\$ 970,222
Public safety	1,154,094
Transportation	3,479,446
Community development	19,453
Culture and leisure	586,657
Internal service funds	1,010,430
Total depreciation expense	\$ 7,220,302

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Contributions to Governmental Activities	Balance June 30, 2019
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>	<u>-</u>
Capital assets, being depreciated:					
Building and improvements	15,741,156	-	(15,741,156)	-	-
Furniture and equipment	796,638	-	(796,638)	-	-
Subtotal	<u>16,537,794</u>	<u>-</u>	<u>(16,537,794)</u>	<u>-</u>	<u>-</u>
Less accumulated depreciation					
Building and improvements	(11,056,066)	(207,829)	11,263,895	-	-
Furniture and equipment	(602,701)	(24,924)	627,625	-	-
Subtotal	<u>(11,658,767)</u>	<u>(232,753)</u>	<u>11,891,520</u>	<u>-</u>	<u>-</u>
Total capital assets, being depreciated	<u>4,879,027</u>	<u>(232,753)</u>	<u>(4,646,274)</u>	<u>-</u>	<u>-</u>
Total capital assets, net	<u>\$ 5,407,409</u>	<u>\$ (232,753)</u>	<u>\$ (4,646,274)</u>	<u>\$ (528,382)</u>	<u>\$ -</u>

Depreciation expense for business-type activities for the year ended June 30, 2019 was as follows:

Kimball Towers	\$ 147,600
Morgan Towers	85,153
Total depreciation expense	<u>\$ 232,753</u>

C. Fiduciary Funds Financial Statements

A summary of changes in capital assets for fiduciary funds for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 450,000	\$ -	\$ -	\$ 450,000
Total capital assets, not being depreciated	<u>450,000</u>	<u>-</u>	<u>-</u>	<u>450,000</u>
Capital assets, being depreciated:				
Buildings	800,000	-	-	800,000
Machinery and equipment	81,163	-	-	81,163
Subtotal	<u>881,163</u>	<u>-</u>	<u>-</u>	<u>881,163</u>
Less accumulated depreciation				
Buildings	(800,000)	-	-	(800,000)
Machinery and equipment	(81,163)	-	-	(81,163)
Subtotal	<u>(881,163)</u>	<u>-</u>	<u>-</u>	<u>(881,163)</u>
Total capital assets, being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, net	<u>\$ 450,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 450,000</u>

Depreciation expense for fiduciary fund financial statements for the year ended June 30, 2019 was \$0.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6 – Long-Term Debt

A. Governmental Activities

A summary of changes in governmental activities long-term debt for the year ended June 30, 2019 is as follows:

	Balance June 30, 2018	Debt Issued	Debt Retired	Balance June 30, 2019	Classification	
					Due within One Year	Due in More Than One Year
Long-term debt:						
2012 General Obligation Bonds	\$ 3,635,000	\$ -	\$ (275,000)	\$ 3,360,000	\$ 280,000	\$ 3,080,000
Bond Premium	16,048	-	(1,605)	14,443	-	14,443
Section 108 Bonds	3,050,000	-	(420,000)	2,630,000	455,000	2,175,000
2017 Clean Energy Bonds	1,800,000	-	-	1,800,000	-	1,800,000
2017 Lease Revenue Bonds	3,530,497	-	(123,018)	3,407,479	134,455	3,273,024
Notes payable	1,043,788	-	(118,258)	925,530	121,558	803,972
Capital leases	1,264,425	-	(263,240)	1,001,185	232,223	768,962
Total long-term debt	\$ 14,339,758	\$ -	\$ (1,201,121)	\$ 13,138,637	\$ 1,223,236	\$ 11,915,401

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, 2019, the outstanding balance is \$3,360,000.

The annual debt service requirements for the 2012 General Obligation Refunding Bonds outstanding at June 30, 2019 are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 280,000	\$ 102,075	\$ 384,013
2021	290,000	94,225	382,075
2022	300,000	85,375	384,225
2023	315,000	76,150	385,375
2024	330,000	66,475	385,375
2025-2029	1,845,000	163,001	2,008,001
Total	\$ 3,360,000	\$ 587,301	\$ 3,929,064

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

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, 2019, the outstanding balance is \$2,630,000.

The annual debt service requirements for the Section 108 Bonds outstanding at June 30, 2019 are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 455,000	\$ 56,883	\$ 511,883
2021	485,000	47,804	532,804
2022	520,000	36,893	556,893
2023	565,000	23,861	588,861
2024	605,000	8,470	613,470
Total	\$ 2,630,000	\$ 173,911	\$ 2,803,911

2017 Clean Energy Bonds and 2017 Lease Revenue Bonds

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

The annual debt service requirements for the 2017 taxable Clean Energy Bonds outstanding at June 30, 2019 are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ -	\$ 86,940	\$ 86,940
2021	-	86,940	86,940
2022	-	86,940	86,940
2023	-	86,940	86,940
2024	84,635	85,923	170,558
2025-2029	513,083	361,550	874,633
2030-2034	688,621	219,236	907,857
2035-2037	513,661	44,309	557,970
Total	\$ 1,800,000	\$ 1,058,778	\$ 2,858,778

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

The annual debt service requirements for the 2017 Lease Revenue Bonds outstanding at June 30, 2019 are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 134,455	\$ 93,462	\$ 227,917
2021	162,810	89,543	252,353
2022	176,433	84,939	261,372
2023	190,720	79,954	270,674
2024	120,936	75,151	196,087
2025-2029	756,453	319,012	1,075,465
2030-2034	1,056,690	196,303	1,252,993
2035-2037	808,982	40,143	849,125
Total	\$ 3,407,479	\$ 978,507	\$ 4,385,986

Notes Payable

San Diego County Regional Communication System

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

The annual debt service requirements for the San Diego County RCS Notes Payable outstanding at June 30, 2019 are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 121,558	\$ 25,822	\$ 147,380
2021	124,949	22,431	147,380
2022	128,435	18,945	147,380
2023	132,019	15,361	147,380
2024	135,702	11,678	147,380
2025-2026	282,867	11,892	294,759
Total	\$ 925,530	\$ 106,129	\$ 1,031,659

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Capital Leases

	Balance July 1, 2018	Debt Issued	Debt Retired	Balance June 30, 2019	Classification	
					Due within One Year	Due in More Than One Year
Honeywell Lease	\$ 1,014,698	\$ -	\$ (124,463)	\$ 890,235	\$ 130,740	\$ 759,495
Fleet Vehicle Lease	249,727	-	(138,777)	110,950	101,483	9,467
Total	\$ 1,264,425	\$ -	\$ (263,240)	\$ 1,001,185	\$ 232,223	\$ 768,962

Honeywell Lease

A fifteen year contract was entered into on March 16, 2010 for various energy efficiency improvements, such as the installation of a new cooling 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, 2019 on this contract was \$890,235.

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2019, are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 130,740	\$ 41,665	\$ 172,405
2021	137,332	35,073	172,405
2022	144,258	28,147	172,405
2023	151,532	20,873	172,405
2024	159,173	13,232	172,405
2025	167,200	5,205	172,405
Total	\$ 890,235	\$ 144,195	\$ 1,034,430

Enterprise Car Lease

A ten-year contract was entered into during 2015 with Enterprise Fleet Management, Inc. to lease approximately 74 vehicles for City-use with each vehicle having a five-year payment plan. The balance at June 30, 2019 was \$110,950.

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2019, are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 101,483	\$ 3,683	\$ 105,166
2021	3,404	509	3,913
2022	3,650	262	3,912
2023	2,413	32	2,445
Total	\$ 110,950	\$ 4,486	\$ 115,436

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6 – Long-Term Debt (Continued)

B. Business-Type Activities

A summary of changes in business-type activities long-term debt for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Debt Issued	Debt Retired	Balance June 30, 2019	Classification	
					Due within One Year	Due in More Than One Year
Morgan Towers Notes Payable	\$ 403,464	\$ -	\$ (403,464)	\$ -	\$ -	\$ -
Total	\$ 403,464	\$ -	\$ (403,464)	\$ -	\$ -	\$ -

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, 2019, the outstanding balance is \$0 as proceeds from the sale of Morgan Tower were used to pay off the note payable.

C. Fiduciary Funds

A summary of changes in fiduciary funds long-term debt for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Debt Issued	Debt Retired	Balance June 30, 2019	Classification	
					Due within One Year	Due in More Than One Year
2017A Tax Allocation Refunding Bonds	\$ 45,874,000	\$ -	\$ (2,967,000)	\$ 42,907,000	\$ 2,915,000	\$ 39,992,000
2017B Tax Allocation Refunding Bonds	2,669,000	-	(199,000)	2,470,000	198,000	2,272,000
Total	\$ 48,543,000	\$ -	\$ (3,166,000)	\$ 45,377,000	\$ 3,113,000	\$ 42,264,000

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6 – Long-Term Debt (Continued)

C. Fiduciary Funds (Continued)

2017 Series A and B Tax Allocation Refunding Bonds

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

The annual debt service requirements for the 2017 Series A Tax Allocation Bonds outstanding at June 30, 2019 are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 2,915,000	\$ 1,032,129	\$ 3,947,129
2021	2,991,000	958,562	3,949,562
2022	2,923,000	884,933	3,807,933
2023	2,996,000	811,242	3,807,242
2024	3,065,000	735,783	3,800,783
2025-2029	15,236,000	2,525,631	17,761,631
2030-2033	12,781,000	642,485	13,423,485
Total	\$ 42,907,000	\$ 7,590,765	\$ 50,497,765

The annual debt service requirements for the 2017 Series B Tax Allocation Bonds outstanding at June 30, 2019 are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 198,000	\$ 55,955	\$ 253,955
2021	203,000	51,223	254,223
2022	208,000	46,374	254,374
2023	212,000	41,418	253,418
2024	221,000	36,308	257,308
2025-2029	1,176,000	100,347	1,276,347
2030	252,000	2,975	254,975
Total	\$ 2,470,000	\$ 334,600	\$ 2,804,600

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6 – Long-Term Debt (Continued)

C. Fiduciary Funds (Continued)

2017 Series A and B Tax Allocation Refunding Bonds (Continued)

Pledged Revenues

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

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

In fiscal year 2019, the amount of property tax revenue deposited to the RPTTF for the Successor Agency totaled \$21,067,299. After deductions for County administrative fees and pass-through payments, the RPTTF revenue available for distribution to the Successor Agency was \$16,299,406. The actual amount of RPTTF revenue authorized by the State Department of Finance to be distributed to the Successor Agency was \$5,185,031. Total debt service for all Tax Allocation Refunding Bonds (TARBs) in fiscal year 2019 was \$4,331,965, 27% of the RPTTF revenue available for distribution to the Successor Agency. Beyond fiscal year 2019 and through final maturity in fiscal year 2033, these annual payments will gradually decline from \$4.2 million in fiscal year 2020 to \$3.3 million in fiscal year 2033. The percentage of available RPTTF required for debt service will also gradually drop as total payments decrease and the amount of available RPTTF grows as a result of expected growth in assessed values attributable to the former redevelopment area.

Note 7 – Compensated Absences

Summary of changes in compensated absences for the year ended June 30, 2019 is as follows:

	Balance			Balance June 30, 2019	Classification	
	July 1, 2018	Additions	Deletions		Due within One Year	Due in More Than One Year
Compensated Absences	\$ 3,755,968	\$ 2,501,682	\$ (2,317,587)	\$ 3,940,063	\$ 2,317,587	\$ 1,622,476
Total	\$ 3,755,968	\$ 2,501,682	\$ (2,317,587)	\$ 3,940,063	\$ 2,317,587	\$ 1,622,476

The City's liability for vested and unpaid compensated absences (accrued vacation) has been accrued and amounts to \$3,940,063 at June 30, 2019. For the governmental activities compensated absences are generally liquidated by the General Fund.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 7 – Compensated Absences (Continued)

Compensated absences at June 30, 2019 are obligations of the following funds:

Governmental Funds	\$ 3,840,320
Facilities Maintenance	29,544
Liability Insurance	3,167
Information Systems Maintenance	31,933
Motor Vehicle Services	35,099
Total	<u><u>\$ 3,940,063</u></u>

Note 8 – Other Required Fund Disclosures

At June 30, 2019, the following funds had deficit fund equity:

Fund Type	Funds	Deficit
Special Revenue Fund	CDBG	<u><u>\$ (21,761)</u></u>
Fiduciary Fund	Successor Agency To the Community Development Commission of National City Private-Purpose Trust Fund	<u><u>\$ (26,442,232)</u></u>

CDBG Special Revenue Fund – The CDBG Special Revenue Fund had a deficit of \$(21,761) resulting from program expenses for the year ended June 30, 2019. The deficit will be eliminated via funding drawdowns from HUD/CDBG programs.

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 \$(26,442,232). The City expects to repay the amount through tax increment.

Governmental Activities - At June 30, 2019, the City had an unrestricted net position deficit of \$(41,622,749) on the Statement of Activities. This deficit was created from the implementation of GASB Statement 68 (Net Pension Liability) in fiscal year 2015 and the implementation of GASB Statement 75 (Total OPEB Liability) in 2017. The City expects to eliminate the deficit via increased pension contributions consistent with the amortization schedule provided by the City’s pension administrator (CalPERS).

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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.

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, 2019, the City accrued \$10,568,000 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, 2019 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>2019</u>	<u>2018</u>	<u>2017</u>
Claims liabilities - beginning balance	\$ 9,395,000	\$ 9,494,000	\$ 8,128,000
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	2,752,891	1,318,157	4,443,482
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(1,579,891)</u>	<u>(1,417,157)</u>	<u>(3,077,482)</u>
Claims liabilities - ending balance	<u>\$ 10,568,000</u>	<u>\$ 9,395,000</u>	<u>\$ 9,494,000</u>

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Pension Plans

A. Summary

Net Pension Liability

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

	Net Pension Liability
Miscellaneous Plan	\$ 34,932,328
Safety Plan	67,958,381
Total	\$ 102,890,709

Deferred Outflows of Resources

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

	Deferred employer pension contributions made after measurement date	Net difference between projected and actual earnings on pension plan investments	Changes in experience	Changes in assumptions	Total pension-related deferred outflows
Miscellaneous Plan	\$ 3,371,801	\$ 278,641	\$ 228,343	\$ 1,171,253	\$ 5,050,038
Safety Plan	6,483,584	332,634	2,409,452	4,888,335	14,114,005
Total	\$ 9,855,385	\$ 611,275	\$ 2,637,795	\$ 6,059,588	\$ 19,164,043

Deferred Inflows of Resources

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

	Changes of assumptions	Differences between expected and actual experience	Total pension-related deferred inflows
Miscellaneous Plan	\$ 586,730	\$ 205,286	\$ 792,016
Safety Plan	650,983	938,816	1,589,799
Total	\$ 1,237,713	\$ 1,144,102	\$ 2,381,815

Pension Expense

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

	Pension Expense
Miscellaneous Plan	\$ 5,966,188
Safety Plan	9,430,850
Total	\$ 15,397,038

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Pension Plans (Continued)

B. CalPERS Pension Plans

Plan Description

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

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member or PEPRA Safety member becomes eligible for Service Retirement upon attainment of age 55 with at least 5 years of credited service. PEPRA 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 PEPRA 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 PEPRA safety employees are calculated as 2%-3% of the average final 36 months compensation.

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

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

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Benefits Provided (Continued)

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

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

Employees Covered – At June 30, 2017, the valuation date, the following employees were covered by the benefit terms for each plan:

	Miscellaneous	Safety
Active employees	196	125
Transferred and terminated employees	229	70
Retired employees and beneficiaries	279	223

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, 2018, the average active miscellaneous and safety employee contribution rates were 8% and 9% of annual pay, respectively, and the employer's contribution rates were 11.091% and 20.216% of miscellaneous and safety employee annual payroll, respectively.

For the year ended June 30, 2019, the contributions were:

	Miscellaneous	Safety	Aggregate Total
Contributions - employer	\$ 3,371,801	\$ 6,483,584	\$ 9,855,385

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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Net Pension Liability (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuations were based on the results of a January 2015 actuarial experience study for the period 1997 to 2014. Further details of the Experience Study can be found on the CalPERS website.

Change of Assumption

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

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Net Pension Liability (Continued)

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

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

The long-term expected rate of return by asset class for the measurement period ended June 30, 2018 was as follows:

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

¹An expected inflation of 2.0% used for this period

²An expected inflation of 2.92% used for this period

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2017 (Valuation Date)	\$ 125,492,182	\$ 90,006,495	\$ 35,485,687
Changes in the year:			
Service cost	2,282,129	-	2,282,129
Interest on the total pension liabilities	8,802,231	-	8,802,231
Changes of Assumptions	(953,437)	-	(953,437)
Differences between expected and actual experience	371,057	-	371,057
Benefit payments, including refunds of members contributions	(5,885,469)	(5,885,469)	-
Plan to plan resource movement	-	(221)	221
Contributions - employer	-	2,953,421	(2,953,421)
Contributions - employee	-	933,458	(933,458)
Net investment income	-	7,575,282	(7,575,282)
Administrative expenses	-	(406,601)	406,601
Net changes	4,616,511	5,169,870	(553,359)
Balance at June 30, 2018 (Measurement Date)	<u>\$ 130,108,693</u>	<u>\$ 95,176,365</u>	<u>\$ 34,932,328</u>

	Safety Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2017 (Valuation Date)	\$ 190,667,560	\$ 125,576,309	\$ 65,091,251
Changes in the year:			
Service cost	4,006,475	-	4,006,475
Interest on the total pension liabilities	13,628,845	-	13,628,845
Changes of Assumptions	(922,226)	-	(922,226)
Differences between expected and actual experience	3,413,390	-	3,413,390
Benefit payments, including refunds of members contributions	(9,097,472)	(9,097,472)	-
Plan to plan resource movement	-	(311)	311
Contributions - employer	-	5,838,406	(5,838,406)
Contributions - employee	-	1,357,948	(1,357,948)
Net investment income	-	10,630,597	(10,630,597)
Administrative expenses	-	(567,286)	567,286
Net changes	11,029,012	8,161,882	2,867,130
Balance at June 30, 2018 (Measurement Date)	<u>\$ 201,696,572</u>	<u>\$ 133,738,191</u>	<u>\$ 67,958,381</u>

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Changes in the Net Pension Liability (Continued)

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

	Plan's Aggregate Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15)
Miscellaneous Plan	\$ 52,173,734	\$ 34,932,328	\$ 20,682,754
Safety Plan	\$ 95,938,077	\$ 67,958,381	\$ 45,055,659
Aggregate Total	\$ 148,111,811	\$ 102,890,709	\$ 65,738,413

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

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

For the year ended June 30, 2019, the City recognized pension expense in the amounts of \$5,966,188 and \$9,430,850, for the Miscellaneous and Safety plans, respectively.

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

The Expected Average Remaining Service Lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSLs for the Miscellaneous and Safety plans, respectively, for the 2017-18 measurement period are 2.6 and 3.4 years, respectively, which was obtained by dividing the total service years of 1,863 and 1,424, respectively, (the sum of remaining service lifetimes of the active employees) by 704 and 418, respectively, (the total number of participants: active, inactive, and retired).

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

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

At June 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Contributions after measurement date	\$ 3,371,801	\$ -
Changes of assumptions	1,171,253	(586,730)
Difference between expected and actual experience	228,343	(205,286)
Difference between projected and actual earning on pension plan investments	278,641	-
Total	\$ 5,050,038	\$ (792,016)

Safety Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Contributions after measurement date	\$ 6,483,584	\$ -
Changes of assumptions	4,888,335	(650,983)
Difference between expected and actual experience	2,409,452	(938,816)
Difference between projected and actual earning on pension plan investments	332,634	-
Total	\$ 14,114,005	\$ (1,589,799)

Aggregate Totals		
	Deferred outflows of Resources	Deferred inflows of Resources
Contributions after measurement date	\$ 9,855,385	\$ -
Changes of assumptions	6,059,588	(1,237,713)
Difference between expected and actual experience	2,637,795	(1,144,102)
Difference between projected and actual earning on pension plan investments	611,275	-
Total	\$ 19,164,043	\$ (2,381,815)

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

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

For the Miscellaneous Plan and Safety Plan, \$3,371,801 and \$6,483,584, respectively, were reported as deferred outflows of resources related to pensions resulting from City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/ (Inflows) of Resources		
	Miscellaneous	Safety	Total
2019	\$ 1,919,441	\$ 4,681,414	\$ 6,600,855
2020	135,265	2,697,720	2,832,985
2021	(920,699)	(985,690)	(1,906,389)
2022	(247,786)	(352,822)	(600,608)
2023	-	-	-
Thereafter	-	-	-
	\$ 886,221	\$ 6,040,622	\$ 6,926,843

Note 11 – Other Postemployment Benefits

Plan Description

The City provides postemployment health benefits through a single-employer defined benefit plan administered by the City. The City provides a fixed dollar contribution towards retiree health benefits for approximately 70 retirees. In addition, 294 employees are currently working and earning service credit for eligibility for a City contribution for retiree health benefits. To be eligible for a City contribution, an employee must retire from the City and commence pension benefits under PERS on or after age 50 with at least 20 years of service (five years for management and executive employees) with the City. The City provides a fixed dollar monthly contribution equal to \$10 (\$20 for management, executive, and safety employees) times years of service. Employees may receive the contribution to use towards non-City health insurance, if evidence of coverage is provided. The City’s contribution is payable 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, 2019, the date of the latest actuarial valuation:

Active plan members	294
Retirees	70
Total	364

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 11 – Other Postemployment Benefits (Continued)

Total OPEB Liability

The City’s total OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The total OPEB liability at June 30, 2019 was:

Total OPEB liability	\$	5,302,749
		5,302,749
		5,302,749

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.15%
Inflation	2.50%
Aggregate payroll increases	3.00%
Expected long-term investment rate of return	n/a
Mortality, Termination, and Disability	CalPERS 1997-2014
Mortality Improvement Scale	Modified MP-2014, which converge to ultimate mortality improvement rates in 2022.
Pre-retirement turnover	Ranging from 0.01% to 17.42% based on termination rates under the CalPERS pension plan.
Healthcare Trend Rate	An annual healthcare cost trend rate of 6.5% initially reduced by decrements to an ultimate of 5.0% therefore.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2007 through June 30, 2014.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.15 percent at the measurement date of June 30, 2019. It was changed from 3.50 percent at the measurement dated of June 30, 2018. This discount rate is the mid-point, rounded to five basis points, of the range of 3-20 year municipal bond rate indices; S&P Municipal bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO AA 20 Year Bond Index.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 11 – Other Postemployment Benefits (Continued)

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 5,268,116
Changes Recognized for the Measurement Period:	
Service Cost	201,904
Interest on the total OPEB liability	187,984
Changes of benefit terms	-
Difference between expected and actual experience	(131,753)
Changes of assumptions	(25,433)
Contributions from the employer	-
Net investment income	-
Administrative expenses	-
Benefit payments	(198,069)
Net Changes during July 1, 2018 to June 30, 2019	34,633
Balance at June 30, 2019 (Measurement Date)	\$ 5,302,749

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current discount rate:

Plan's Total OPEB Liability		
Discount Rate - 1% (2.15%)	Current Discount Rate (3.15%)	Discount Rate + 1% (4.15%)
\$ 5,867,454	\$ 5,302,749	\$ 4,814,973

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

Plan's Total OPEB Liability		
Discount Rate - 1% (5.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% decreasing to 5.0%)	Discount Rate + 1% (7.5% decreasing to 6.0%)
\$ 5,287,089	\$ 5,302,749	\$ 5,315,758

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 11 – Other Postemployment Benefits (Continued)

Contributions

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 2019, the City contributed \$198,069 to the plan for current premiums.

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

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$358,088.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
Difference between expected and actual experience	\$ -	\$ 153,714
Changes of assumptions	-	62,226
Total	\$ -	\$ 215,940

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

Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources
2020	\$ 31,800
2021	31,800
2022	31,800
2023	31,800
2024	31,800
Thereafter	56,940
	\$ 215,940

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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.

Contractual Commitments

The City has contractual and regulatory commitments that will result in expenses in future fiscal years. These include operating and capital contractual commitments. As of June 30, 2019, the City had a total of 20 contractual commitments with a remaining balance of \$8,469,458. The following table represents the City's contractual commitments by contract type.

Capital lease	\$ 1,001,185
Construction	176,433
Consulting services	6,103,246
Professional services	<u>1,188,594</u>
Total contractual commitments	<u>\$ 8,469,458</u>

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 13 – Classification of Fund Balances

The City classifies fund balances, as shown on the *Balance Sheet – Governmental Funds* as of June 30, 2019 as follows:

	Major Funds						Other Governmental Funds	Total
	General	Housing	Housing Choice Voucher Program	Sewer Service	Other Special Revenue	Housing Authority Special Revenue		
Nonspendable								
Loans receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advances to other funds	-	-	-	-	-	-	-	-
Land held for resale	4,994,182	-	-	-	-	-	-	4,994,182
Inventories and prepaid items	16,085	-	-	-	-	25,805	-	41,890
Total nonspendable	5,010,267	-	-	-	-	25,805	-	5,036,072
Restricted								
Housing	-	12,194,560	177,236	-	-	37,322,722	-	49,694,518
Debt service	535,169	-	6,262	24,614	-	-	1,101,102	1,667,147
Community development	19,999	-	-	-	149,574	23,119,726	1,895,090	25,184,389
Public safety	-	-	-	-	704,254	-	591,932	1,296,186
Transportation	-	-	-	-	1,157,610	-	1,105,044	2,262,654
General services	-	-	-	16,391,908	359,594	-	1,233,228	17,984,730
Investment in Section 115 trust	1,749,740	-	-	-	-	-	-	1,749,740
Total restricted	2,304,908	12,194,560	183,498	16,416,522	2,371,032	60,442,448	5,926,396	99,839,364
Committed								
Facilities maintenance	6,065,451	-	-	-	-	-	-	6,065,451
Economic contingency	9,085,066	-	-	-	-	-	-	9,085,066
Total committed	15,150,517	-	-	-	-	-	-	15,150,517
Assigned								
Accrued employee benefits	3,840,320	-	-	-	-	-	-	3,840,320
Pension stabilization	4,400,000	-	-	-	-	-	-	4,400,000
Post-employment benefits	3,100,000	-	-	-	-	-	-	3,100,000
Community development	258,250	-	-	-	-	-	-	258,250
Public safety	45,017	-	-	-	-	-	-	45,017
Transportation	437,804	-	-	-	-	-	-	437,804
General Services	464,958	-	-	-	-	-	-	464,958
Housing	318,771	-	-	-	-	-	-	318,771
Total assigned	12,865,120	-	-	-	-	-	-	12,865,120
Unassigned (deficit)	13,673,543	-	-	-	-	-	(21,761)	13,651,782
Total fund balances	\$ 49,004,355	\$ 12,194,560	\$ 183,498	\$ 16,416,522	\$ 2,371,032	\$ 60,468,253	\$ 5,904,635	\$ 146,542,855

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, 2019 was \$9,085,066.
- 2) ***Facilities Maintenance Reserve*** – represents funds that are set aside for future building maintenance and/or replacement costs. The funding represents approximately 5% of the total acquisition cost of the City's building assets. City Policy requires City Council approval for all transfers and expenditures therefrom. The amount of Facilities Maintenance Reserve as of June 30, 2019 was \$6,065,451.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 14 – Special Items

Sale of Morgan Towers and Kimball Towers

On March 28, 2019, the Community Development Commission- Housing Authority of the City of National City sold 152 units (151 affordable units and 1 manager's unit) of housing for low-income senior households located at 1415 D Avenue in National City to Morgan Tower Housing Associates, L.P., for \$33,800,000. The CDC-HA sold only the improvements and retained fee-simple ownership of the land through a 99 year-ground lease. The CDC-HA provided a seller carryback note totaling \$15,106,284. The note carries a 55-year term with interest compounding annually at 2.91% and has a mandatory annual payment of \$222,000 that increases by 3.50% per year following the base year. An additional annual payment will be made from 50% of residual receipts. The gain on sale of assets for discontinuance of the City's operation of Morgan Towers was \$32,742,444.

Also, on March 28, 2019, the CDC-HA sold 151 units (149 affordable units and 2 manager's units) of housing for low-income senior households located at 1317 D Avenue, National City to Kimball Tower Housing Associates, L.P., for \$28,800,000. The CDC-HA sold only the improvements and retained fee-simple ownership of the land through a 99 year-ground lease. The CDC-HA provided a seller carryback note totaling \$19,374,337. The note carries a 55-year term with interest compounding annually at 2.91% and has a mandatory annual payment of \$253,000 that increases by 3.50% per year following the base year. An additional annual payment will be made from 50% of residual receipts. The City sold these two buildings to two nonprofits. The gain on sale of assets for discontinuance of the City's operation of Kimball Towers was \$25,551,446.

The sale is intended to ensure the feasibility of the renovation, since nonprofits have financing sources that are unavailable to a developer such as a city.

**REQUIRED SUPPLEMENTARY
INFORMATION**





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City of National City
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2019

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 “non-appropriated 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 XIIB 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 XIIB allows the City to designate a portion of fund balance for general contingencies to be used in future years without limitation.

City of National City
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 44,715,455	\$ 44,715,455	\$ 48,116,544	\$ 3,401,089
Licenses and permits	961,489	961,489	1,168,997	207,508
Fines and forfeitures	4,118,490	4,118,490	2,829,330	(1,289,160)
Use of money and property	691,876	691,876	2,218,021	1,526,145
Intergovernmental	1,290,100	1,290,100	1,556,735	266,635
Charges for services	2,846,725	2,846,725	2,574,008	(272,717)
Other revenues	582,241	582,241	917,369	335,128
Total revenues	<u>55,206,376</u>	<u>55,206,376</u>	<u>59,381,004</u>	<u>4,174,628</u>
EXPENDITURES:				
Current:				
General government	8,266,896	9,079,193	10,117,845	(1,038,652)
Public safety	37,666,466	38,526,340	36,628,711	1,897,629
Transportation	3,474,897	3,655,625	3,544,045	111,580
Community development	375,643	877,129	465,058	412,071
Culture and leisure	4,096,101	4,055,992	3,859,145	196,847
Capital outlay	2,900,000	16,507,489	4,373,137	12,134,352
Debt service:				
Principal	672,162	672,162	365,732	306,430
Interest and fiscal charges	315,419	315,419	213,011	102,408
Total expenditures	<u>57,767,584</u>	<u>73,689,349</u>	<u>59,566,684</u>	<u>14,122,665</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,561,208)</u>	<u>(18,482,973)</u>	<u>(185,680)</u>	<u>18,297,293</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(920,863)	(920,863)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(920,863)</u>	<u>(920,863)</u>
Net change in fund balance	<u>\$ (2,561,208)</u>	<u>\$ (18,482,973)</u>	<u>(1,106,543)</u>	<u>\$ 17,376,430</u>
Fund Balance:				
Beginning of year			<u>50,110,898</u>	
End of year			<u>\$ 49,004,355</u>	

City of National City
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – Housing Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 243,273	\$ 243,273
Total revenues	-	-	243,273	243,273
EXPENDITURES:				
Current:				
Community development	416,636	416,636	350,985	65,651
Total expenditures	416,636	416,636	350,985	65,651
REVENUES OVER (UNDER) EXPENDITURES	(416,636)	(416,636)	(107,712)	308,924
Net change in fund balance	\$ (416,636)	\$ (416,636)	4,833,288	\$ 5,249,924
Fund Balance:				
Beginning of year			7,361,272	
End of year			\$ 12,194,560	

City of National City
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – Housing Choice Vouchers Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 30,000	\$ 30,000	\$ 54,080	\$ 24,080
Use of money and property	90	90	106	16
Intergovernmental	11,410,000	11,410,000	12,185,510	775,510
Total revenues	11,440,090	11,440,090	12,239,696	799,606
EXPENDITURES:				
Current:				
Community development	11,439,589	11,439,589	12,232,681	793,092
Culture and Leisure	500	500	-	(500)
Total expenditures	11,440,089	11,440,089	12,232,681	792,592
Net change in fund balance	\$ 1	\$ 1	7,015	\$ 7,014
Fund Balance:				
Beginning of year			176,483	
End of year			\$ 183,498	

City of National City
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – Sewer Service Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 15,000	\$ 15,000	\$ -	\$ (15,000)
Use of money and property	61,044	61,044	357,991	296,947
Charges for services	6,958,000	6,958,000	7,906,254	948,254
Total revenues	<u>7,034,044</u>	<u>7,034,044</u>	<u>8,264,245</u>	<u>1,230,201</u>
EXPENDITURES:				
Current:				
Health	7,829,883	7,829,883	7,199,912	629,971
Capital outlay	343,854	343,854	224,309	119,545
Total expenditures	<u>8,173,737</u>	<u>8,173,737</u>	<u>7,424,221</u>	<u>749,516</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,139,693)</u>	<u>(1,139,693)</u>	<u>840,024</u>	<u>1,979,717</u>
Net change in fund balance	<u>\$ (1,139,693)</u>	<u>\$ (1,139,693)</u>	<u>840,024</u>	<u>\$ 1,979,717</u>
Fund Balance:				
Beginning of year			<u>15,576,498</u>	
End of year			<u>\$ 16,416,522</u>	

City of National City
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – Other Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 492,429	\$ 492,429	\$ 518,976	\$ 26,547
Licenses and permits	384,000	384,000	358,381	(25,619)
Fines and forfeitures	-	-	23,920	23,920
Use of money and property	-	-	14,837	14,837
Intergovernmental	1,608,377	1,373,377	4,301,238	2,927,861
Charges for services	126,000	126,000	145,938	19,938
Other revenues	-	-	2,523	2,523
Total revenues	<u>2,610,806</u>	<u>2,375,806</u>	<u>5,365,813</u>	<u>2,990,007</u>
EXPENDITURES:				
Current:				
General Government	197,611	197,611	235,735	(38,124)
Public Safety	1,088,349	874,963	724,081	150,882
Community Development	48,829	48,829	45,598	3,231
Health	133,193	133,193	116,896	16,297
Culture and Leisure	173,492	173,492	173,045	447
Capital outlay	12,787,213	12,516,773	3,200,944	9,315,829
Total expenditures	<u>14,428,687</u>	<u>13,944,861</u>	<u>4,496,299</u>	<u>9,448,562</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(11,817,881)</u>	<u>(11,569,055)</u>	<u>869,514</u>	<u>12,438,569</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	954,571	954,571
Transfers out	-	-	(1,489,309)	(1,489,309)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(534,738)</u>	<u>(534,738)</u>
Net change in fund balance	<u>\$ (11,817,881)</u>	<u>\$ (11,569,055)</u>	<u>334,776</u>	<u>\$ 11,903,831</u>
Fund Balance:				
Beginning of year			<u>2,036,256</u>	
End of year			<u>\$ 2,371,032</u>	

City of National City
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – Housing Authority Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 195,895	\$ 195,895
Other revenues	-	-	99	99
Total revenues	-	-	195,994	195,994
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	65,688,259	65,688,259
Transfers out	-	-	(5,416,000)	(5,416,000)
Total other financing sources (uses)	-	-	60,272,259	60,272,259
Net change in fund balance	\$ -	\$ -	60,468,253	\$ 60,468,253
Fund Balance:				
Beginning of year			-	
End of year			\$ 60,468,253	

City of National City
Required Supplementary Information (Unaudited) (Continued)
Schedules of Changes in the Net Pension Liability and Related Ratios
Last Ten Fiscal Years*
For the Year Ended June 30, 2019

City Miscellaneous Plan

	2017-18	2016-17	2015-16	2014-15	2013-14
Total pension liability					
Service cost	\$ 2,282,129	\$ 2,118,219	\$ 1,825,480	\$ 1,811,929	\$ 1,937,067
Interest on total pension liability	8,802,231	8,488,639	8,268,915	7,985,539	7,748,026
Changes in assumptions	(953,437)	7,027,519	-	(1,944,963)	-
Differences between expected and actual experience	371,057	(1,231,712)	(975,368)	(1,691,529)	-
Changes in benefit terms	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(5,885,469)	(5,555,553)	(5,253,955)	(4,995,309)	(4,818,483)
Net change in total pension liability	4,616,511	10,847,112	3,865,072	1,165,667	4,866,610
Total pension liability - beginning	125,492,182	114,645,070	110,779,998	109,614,331	104,747,721
Total pension liability - ending (a)	\$ 130,108,693	\$ 125,492,182	\$ 114,645,070	\$ 110,779,998	\$ 109,614,331
Plan fiduciary net position					
Contributions - employer	\$ 2,953,421	\$ 2,854,739	\$ 2,367,548	\$ 2,056,706	\$ 1,956,344
Contributions - employee	933,458	858,901	820,175	895,912	767,784
Investment income (net of administrative expenses)	7,575,282	9,198,616	415,274	1,859,184	12,778,105
Benefit payments	(5,885,469)	(5,555,553)	(5,253,955)	(4,995,309)	(4,818,483)
Plan to plan resource movement	(221)	-	(135)	-	-
Administrative expenses	(406,601)	(122,207)	(51,483)	(94,900)	-
Net change in plan fiduciary net position	5,169,870	7,234,496	(1,702,576)	(278,407)	10,683,750
Plan fiduciary net position - beginning	90,006,495	82,771,999	84,474,575	84,752,982	74,069,232
Plan fiduciary net position - ending (b)	\$ 95,176,365	\$ 90,006,495	\$ 82,771,999	\$ 84,474,575	\$ 84,752,982
Net pension liability - ending (a)-(b)	\$ 34,932,328	\$ 35,485,687	\$ 31,873,071	\$ 26,305,423	\$ 24,861,349
Plan fiduciary net position as a percentage of the total pension liability	73.15%	71.72%	72.20%	76.25%	77.32%
Covered payroll	\$ 11,885,467	\$ 10,724,047	\$ 10,126,926	\$ 9,742,081	\$ 9,853,337
Net pension liability as a percentage of covered-employee payroll	293.91%	330.90%	314.74%	270.02%	252.31%

Notes to Schedule:

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

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

* - Historical information is presented for measurement periods for which GASB 68 is applicable.

City of National City
Required Supplementary Information (Unaudited) (Continued)
Schedules of Changes in the Net Pension Liability and Related Ratios (Continued)
Last Ten Fiscal Years *
For the Year Ended June 30, 2019

City Safety Plan

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

Notes to Schedule:

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

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

* - Historical information is presented for measurement periods for which GASB 68 is applicable.

City of National City
Required Supplementary Information (Unaudited) (Continued)
Schedules of Pension Contributions
Last Ten Fiscal Years *
For the Year Ended June 30, 2019

	City Miscellaneous Plan - 172				
	2018-19 ¹	2017-18 ¹	2016-17 ¹	2015-16 ¹	2014-15 ¹
Actuarially determined contribution	\$ 3,371,801	\$ 2,953,694	\$ 2,854,739	\$ 2,367,548	\$ 2,056,706
Contributions in relation to the actuarially determined contributions ²	(3,371,801)	(2,953,694)	(2,854,739)	(2,367,548)	(2,056,706)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll ^{3,4}	\$ 12,242,031	\$ 11,885,467	\$ 10,724,074	\$ 10,126,926	\$ 9,742,081
Contributions as a percentage of covered payroll ³	27.54%	24.85%	26.62%	23.38%	21.11%

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 in excess of the actuarially determined contributions, resulting in an unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

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

⁴ Payroll from prior year, \$11,885,467, was assumed to increase by the 3.00% payroll growth assumption.

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2015 Funding Valuation Report
Asset valuation method	Market value of assets. For details, see the June 30, 2015 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 2009
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2009 and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published Actuarial Tables.

* - Historical information is presented for measurement periods for which GASB 68 is applicable.

City of National City
Required Supplementary Information (Unaudited) (Continued)
Schedules of Pension Contributions (Continued)
Last Ten Fiscal Years *
For the Year Ended June 30, 2019

	City Safety Plan - 4923					
	2018-19 ¹	2017-18 ¹	2016-17 ¹	2015-16 ¹	2014-15 ¹	2013-14 ¹
Actuarially determined contribution	\$ 6,483,584	\$ 5,838,406	\$ 5,748,626	\$ 4,978,090	\$ 4,463,726	\$ 4,190,264
Contributions in relation to the actuarially determined contributions ²	(6,483,584)	(5,838,406)	(5,748,626)	(4,978,090)	(4,463,726)	(4,190,264)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll ^{3,4}	\$ 13,285,694	\$ 12,898,732	\$ 11,939,450	\$ 11,157,745	\$ 11,228,972	\$ 10,916,911
Contributions as a percentage of covered payroll ³	48.80%	45.26%	48.15%	44.62%	39.75%	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 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, \$12,898,732, was assumed to increase by the 3.00% payroll growth assumption.

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2015 Funding Valuation Report
Asset valuation method	Market value of assets. For details, see the June 30, 2015 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 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

* - Historical information is presented for measurement periods for which GASB 68 is applicable.

City of National City
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Ten Fiscal Years ¹
For the Year Ended June 30, 2019

Measurement period, year ending:	<u>6/30/2019 ¹</u>	<u>6/30/2018 ¹</u>
Total OPEB liability		
Service cost	\$ 201,904	\$ 196,023
Interest	187,984	177,753
Changes of benefit terms	-	-
Differences between expected and actual experience	(131,753)	-
Changes of assumptions	(25,433)	(53,296)
Benefit payments, including refunds of member contributions	(198,069)	(168,761)
Net change in total OPEB liability	<u>34,633</u>	<u>151,719</u>
Total OPEB liability - beginning	<u>5,268,116</u>	<u>5,116,397</u>
Total OPEB liability - ending (a)	<u><u>\$ 5,302,749</u></u>	<u><u>\$ 5,268,116</u></u>
OPEB fiduciary net position		
Contributions - employer	\$ 198,069	\$ 168,761
Net investment income	-	-
Benefit payments, including refunds of member contributions	(198,069)	(168,761)
Administrative expense	-	-
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>-</u>	<u>-</u>
Plan net OPEB liability - ending (a) - (b)	<u><u>\$ 5,302,749</u></u>	<u><u>\$ 5,268,116</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered payroll	\$ 23,361,180	\$ 23,316,000
Plan net OPEB liability as a percentage of covered payroll	22.70%	22.59%

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

SUPPLEMENTARY INFORMATION





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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.



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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, 2019**

	Special Revenue				
	General Capital Outlay	Library	Parks Maintenance	Library Capital Outlay	Gas Tax
ASSETS					
Cash and investments	\$ 7,682	\$ 32,667	\$ 44,222	\$ 727,869	\$ 905,841
Receivables:					
Accounts	-	-	-	700	-
Taxes	-	6,208	7,234	11,914	203,756
Interest	-	-	-	-	5,076
Loans	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 7,682</u>	<u>\$ 38,875</u>	<u>\$ 51,456</u>	<u>\$ 740,483</u>	<u>\$ 1,114,673</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 3,452	\$ 19,187	\$ 3,965	\$ 135,279
Accrued liabilities	-	21,407	17,132	-	12,581
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>24,859</u>	<u>36,319</u>	<u>3,965</u>	<u>147,860</u>
Deferred inflows of resources:					
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted	7,682	14,016	15,137	736,518	966,813
Unassigned (deficit)	-	-	-	-	-
Total fund balances	<u>7,682</u>	<u>14,016</u>	<u>15,137</u>	<u>736,518</u>	<u>966,813</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,682</u>	<u>\$ 38,875</u>	<u>\$ 51,456</u>	<u>\$ 740,483</u>	<u>\$ 1,114,673</u>

(Continued)

City of National City
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2019

	Special Revenue				
	Parks and Recreation Capital Outlay	CDBG	HOME Program	Asset Forfeiture	Nutrition
ASSETS					
Cash and investments	\$ 3,714	\$ 46,010	\$ 532,781	\$ 589,904	\$ 89,500
Receivables:					
Accounts	96	-	-	-	140,475
Taxes	-	-	-	-	-
Interest	-	-	2,478	2,028	-
Loans	-	32,611	1,326,004	-	-
Due from other governments	-	725,433	113,159	-	-
Total assets	\$ 3,810	\$ 804,054	\$ 1,974,422	\$ 591,932	\$ 229,975
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 24,815	\$ 74,915	\$ -	\$ 24,362
Accrued liabilities	-	8,161	-	-	51,032
Due to other funds	-	792,839	-	-	-
Unearned revenue	-	-	1,088	-	-
Total liabilities	-	825,815	76,003	-	75,394
Deferred inflows of resources:					
Unavailable revenues	-	-	3,329	-	-
Total deferred inflows of resources	-	-	3,329	-	-
Fund Balances:					
Restricted	3,810	-	1,895,090	591,932	154,581
Unassigned (deficit)	-	(21,761)	-	-	-
Total fund balances	3,810	(21,761)	1,895,090	591,932	154,581
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,810	\$ 804,054	\$ 1,974,422	\$ 591,932	\$ 229,975

(Continued)

City of National City
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2019

	Special Revenue	Debt Service		Capital Projects	
	Brownfields Grant	National City Joint Powers Financing Authority	Library Bonds	STP Local/ <i>TransNet</i>	Proposition A
ASSETS					
Cash and investments	\$ -	\$ -	\$ 1,099,996	\$ -	\$ 429,307
Receivables:					
Accounts	-	-	-	13	-
Taxes	-	-	1,106	-	-
Interest	-	-	-	-	1,996
Loans	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ -	\$ -	\$ 1,101,102	\$ 13	\$ 431,303
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 174,841
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	-	-	-	174,841
Deferred inflows of resources:					
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Restricted	-	-	1,101,102	13	256,462
Unassigned (deficit)	-	-	-	-	-
Total fund balances	-	-	1,101,102	13	256,462
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ -	\$ 1,101,102	\$ 13	\$ 431,303

(Continued)

City of National City
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2019

	<u>Capital Projects</u>	<u>Permanent</u>	Total Other Governmental Funds
	State-Local Partnership	Library Endowment	
ASSETS			
Cash and investments	\$ 129,945	\$ 52,447	\$ 4,691,885
Receivables:			
Accounts	-	-	141,284
Taxes	-	-	230,218
Interest	604	244	12,426
Loans	-	-	1,358,615
Due from other governments	-	-	838,592
Total assets	<u>\$ 130,549</u>	<u>\$ 52,691</u>	<u>\$ 7,273,020</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 460,816
Accrued liabilities	-	-	110,313
Due to other funds	-	-	792,839
Unearned revenue	-	-	1,088
Total liabilities	<u>-</u>	<u>-</u>	<u>1,365,056</u>
Deferred inflows of resources:			
Unavailable revenues	-	-	3,329
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>3,329</u>
Fund Balances:			
Restricted	130,549	52,691	5,926,396
Unassigned (deficit)	-	-	(21,761)
Total fund balances	<u>130,549</u>	<u>52,691</u>	<u>5,904,635</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 130,549</u>	<u>\$ 52,691</u>	<u>\$ 7,273,020</u>

(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, 2019

	Special Revenue				
	General Capital Outlay	Library	Parks Maintenance	Library Capital Outlay	Gas Tax
REVENUES:					
Taxes	\$ -	\$ 833,908	\$ 971,714	\$ 213,257	\$ 2,508,036
Licenses and Permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	-	-	-	-	16,970
Intergovernmental	-	5,176	6,031	-	-
Charges for services	-	-	-	-	-
Other revenues	-	100	-	34,729	-
Total revenues	-	839,184	977,745	247,986	2,525,006
EXPENDITURES:					
Current:					
Public safety	-	-	-	-	-
Transportation	-	-	-	-	1,524,298
Community development	-	-	-	-	-
Health	-	-	12,680	-	-
Culture and leisure	-	1,839,440	1,363,728	39,872	-
Capital outlay	-	-	49,550	31,752	173,107
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	1,839,440	1,425,958	71,624	1,697,405
REVENUES OVER (UNDER) EXPENDITURES	-	(1,000,256)	(448,213)	176,362	827,601
OTHER FINANCING SOURCES (USES):					
Transfers in	-	1,003,308	452,511	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	1,003,308	452,511	-	-
CHANGES IN FUND BALANCES	-	3,052	4,298	176,362	827,601
FUND BALANCES:					
Beginning of year	7,682	10,964	10,839	560,156	139,212
End of year	\$ 7,682	\$ 14,016	\$ 15,137	\$ 736,518	\$ 966,813

(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, 2019

	Special Revenue				
	Parks and Recreation Capital Outlay	CDBG	HOME Program	Asset Forfeiture	Nutrition
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-
Fines and forfeitures	-	-	-	98,920	-
Use of money and property	-	3,294	52,356	12,750	-
Intergovernmental	-	950,285	184,328	-	304,709
Charges for services	3,810	-	-	-	-
Other revenues	-	-	-	1,889	88,475
Total revenues	3,810	953,579	236,684	113,559	393,184
EXPENDITURES:					
Current:					
Public safety	-	-	-	-	-
Transportation	-	-	-	-	-
Community development	-	333,740	129,492	-	-
Health	-	-	-	-	828,594
Culture and leisure	-	(6,993)	(210,000)	-	7,133
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	420,000	-	-	-
Interest and fiscal charges	-	63,953	-	-	-
Total expenditures	-	810,700	(80,508)	-	835,727
REVENUES OVER (UNDER) EXPENDITURES	3,810	142,879	317,192	113,559	(442,543)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	475,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	475,000
CHANGES IN FUND BALANCES	3,810	142,879	317,192	113,559	32,457
FUND BALANCES:					
Beginning of year	-	(164,640)	1,577,898	478,373	122,124
End of year	\$ 3,810	\$ (21,761)	\$ 1,895,090	\$ 591,932	\$ 154,581

(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, 2019

	Special Revenue	Debt Service		Capital Projects	
	Brownfields Grant	National City Joint Powers		STP Local/ <i>TransNet</i>	Proposition A
		Financing Authority	Library Bonds		
REVENUES:					
Taxes	\$ -	\$ -	\$ 371,979	\$ -	\$ -
Licenses and Permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	-	-	-	-	6,004
Intergovernmental	-	-	-	-	1,296,000
Charges for services	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	-	-	371,979	-	1,302,004
EXPENDITURES:					
Current:					
Public safety	-	-	-	-	-
Transportation	-	-	-	-	-
Community development	-	-	-	-	-
Health	-	-	-	-	-
Culture and leisure	-	-	1,160	-	-
Capital outlay	-	-	-	-	1,006,311
Debt service:					
Principal	-	-	275,000	-	-
Interest and fiscal charges	-	-	108,996	-	-
Total expenditures	-	-	385,156	-	1,006,311
REVENUES OVER (UNDER) EXPENDITURES	-	-	(13,177)	-	295,693
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	(218)	-	-	-
Total other financing sources (uses)	-	(218)	-	-	-
CHANGES IN FUND BALANCES	-	(218)	(13,177)	-	295,693
FUND BALANCES:					
Beginning of year	-	218	1,114,279	13	(39,231)
End of year	\$ -	\$ -	\$ 1,101,102	\$ 13	\$ 256,462

(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, 2019

	<u>Capital Projects</u>	<u>Permanent</u>	Total Other Governmental Funds
	State-Local Partnership	Library Endowment	
REVENUES:			
Taxes	\$ -	\$ -	\$ 4,898,894
Licenses and Permits	-	-	-
Fines and forfeitures	-	-	98,920
Use of money and property	3,016	1,218	95,608
Intergovernmental	-	-	2,746,529
Charges for services	-	-	3,810
Other revenues	-	-	125,193
Total revenues	<u>3,016</u>	<u>1,218</u>	<u>7,968,954</u>
EXPENDITURES:			
Current:			
Public safety	-	-	-
Transportation	-	-	1,524,298
Community development	-	-	463,232
Health	-	-	841,274
Culture and leisure	-	-	3,034,340
Capital outlay	-	-	1,260,720
Debt service:			
Principal	-	-	695,000
Interest and fiscal charges	-	-	172,949
Total expenditures	<u>-</u>	<u>-</u>	<u>7,991,813</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>3,016</u>	<u>1,218</u>	<u>(22,859)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	1,930,819
Transfers out	-	-	(218)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,930,601</u>
CHANGES IN FUND BALANCES	3,016	1,218	1,907,742
FUND BALANCES:			
Beginning of year	127,533	51,473	3,996,893
End of year	<u>\$ 130,549</u>	<u>\$ 52,691</u>	<u>\$ 5,904,635</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES:				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>-</u>	<u>-</u>	<u>-</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>7,682</u>	
End of year			<u>\$ 7,682</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 825,311	\$ 825,311	\$ 833,908	\$ 8,597
Intergovernmental	5,000	5,000	5,176	176
Total revenues	830,311	830,311	839,184	8,873
EXPENDITURES:				
Current:				
Culture and leisure	1,923,619	1,923,619	1,839,440	84,179
Total expenditures	1,923,619	1,923,619	1,839,440	84,179
REVENUES OVER (UNDER) EXPENDITURES	(1,093,308)	(1,093,308)	(1,000,256)	93,052
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	1,003,308	1,003,308
Total other financing sources (uses)	-	-	1,003,308	1,003,308
CHANGE IN FUND BALANCE	\$ (1,093,308)	\$ (1,093,308)	3,052	\$ 1,096,360
FUND BALANCE:				
Beginning of year			10,964	
End of year			\$ 14,016	

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 961,698	\$ 961,698	\$ 971,714	\$ 10,016
Intergovernmental	6,000	6,000	6,031	31
Total revenues	<u>967,698</u>	<u>967,698</u>	<u>977,745</u>	<u>10,047</u>
EXPENDITURES:				
Current:				
Health	13,180	13,180	12,680	500
Culture and leisure	1,491,717	1,491,717	1,363,728	127,989
Capital outlay	50,312	50,312	49,550	762
Total expenditures	<u>1,555,209</u>	<u>1,555,209</u>	<u>1,425,958</u>	<u>129,251</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(587,511)</u>	<u>(587,511)</u>	<u>(448,213)</u>	<u>139,298</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	452,511	452,511
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>452,511</u>	<u>452,511</u>
CHANGE IN FUND BALANCE	<u>\$ (587,511)</u>	<u>\$ (587,511)</u>	<u>4,298</u>	<u>\$ 591,809</u>
FUND BALANCE:				
Beginning of year			<u>10,839</u>	
End of year			<u>\$ 15,137</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 136,429	\$ 136,429	\$ 213,257	\$ 76,828
Other revenues	39,786	39,786	34,729	(5,057)
Total revenues	<u>176,215</u>	<u>176,215</u>	<u>247,986</u>	<u>71,771</u>
EXPENDITURES:				
Current:				
Culture and leisure	81,450	81,450	39,872	41,578
Capital outlay	441,670	122,878	31,752	91,126
Total expenditures	<u>523,120</u>	<u>204,328</u>	<u>71,624</u>	<u>132,704</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(346,905)</u>	<u>(28,113)</u>	<u>176,362</u>	<u>204,475</u>
CHANGE IN FUND BALANCE	<u>\$ (346,905)</u>	<u>\$ (28,113)</u>	<u>176,362</u>	<u>\$ 204,475</u>
FUND BALANCE:				
Beginning of year			<u>560,156</u>	
End of year			<u>\$ 736,518</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 2,583,242	\$ 2,583,242	\$ 2,508,036	\$ (75,206)
Use of money and property	-	-	16,970	16,970
Total revenues	<u>2,583,242</u>	<u>2,583,242</u>	<u>2,525,006</u>	<u>(58,236)</u>
EXPENDITURES:				
Current:				
Transportation	1,638,465	1,638,465	1,524,298	114,167
Capital outlay	1,308,784	1,308,784	173,107	1,135,677
Total expenditures	<u>2,947,249</u>	<u>2,947,249</u>	<u>1,697,405</u>	<u>1,249,844</u>
CHANGE IN FUND BALANCE	<u>\$ (364,007)</u>	<u>\$ (364,007)</u>	827,601	<u>\$ 1,191,608</u>
FUND BALANCE:				
Beginning of year			<u>139,212</u>	
End of year			<u>\$ 966,813</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for Services	\$ -	\$ -	\$ 3,810	\$ 3,810
Total revenues	<u>-</u>	<u>-</u>	<u>3,810</u>	<u>3,810</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	3,810	<u>\$ 3,810</u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u>\$ 3,810</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ -	\$ -	\$ 3,294	\$ 3,294
Intergovernmental	741,061	741,061	950,285	209,224
Total revenues	741,061	741,061	953,579	212,518
EXPENDITURES:				
Current:				
Community development	395,061	408,580	333,740	74,840
Culture and leisure	5,240	5,240	(6,993)	12,233
Debt Service:				
Principal	420,000	420,000	420,000	-
Interest and fiscal charges	63,953	63,953	63,953	-
Total expenditures	884,254	897,773	810,700	87,073
REVENUES OVER (UNDER) EXPENDITURES	(143,193)	(156,712)	142,879	299,591
CHANGE IN FUND BALANCE	\$ (143,193)	\$ (156,712)	142,879	\$ 299,591
FUND BALANCE:				
Beginning of year			(164,640)	
End of year			\$ (21,761)	

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 12,000	\$ 12,000	\$ 52,356	\$ 40,356
Intergovernmental	246,830	246,830	184,328	(62,502)
Total revenues	<u>258,830</u>	<u>258,830</u>	<u>236,684</u>	<u>(22,146)</u>
EXPENDITURES:				
Current:				
Community development	502,051	864,083	129,492	734,591
Culture and Leisure	397,279	-	(210,000)	210,000
Total expenditures	<u>899,330</u>	<u>864,083</u>	<u>(80,508)</u>	<u>944,591</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(640,500)</u>	<u>(605,253)</u>	<u>317,192</u>	<u>922,445</u>
CHANGE IN FUND BALANCE	<u>\$ (640,500)</u>	<u>\$ (605,253)</u>	<u>317,192</u>	<u>\$ 922,445</u>
FUND BALANCE:				
Beginning of year			<u>1,577,898</u>	
End of year			<u>\$ 1,895,090</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 45,000	\$ 45,000	\$ 98,920	\$ 53,920
Use of money and property	2,131	2,131	12,750	10,619
Other revenues	-	-	1,889	1,889
Total revenues	<u>47,131</u>	<u>47,131</u>	<u>113,559</u>	<u>66,428</u>
EXPENDITURES:				
Current:				
Public safety	3,200	3,200	-	3,200
Total expenditures	<u>3,200</u>	<u>3,200</u>	<u>-</u>	<u>3,200</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>43,931</u>	<u>43,931</u>	<u>113,559</u>	<u>69,628</u>
CHANGE IN FUND BALANCE	<u>\$ 43,931</u>	<u>\$ 43,931</u>	<u>113,559</u>	<u>\$ 69,628</u>
FUND BALANCE:				
Beginning of year			<u>478,373</u>	
End of year			<u>\$ 591,932</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 300,000	\$ 300,000	\$ 304,709	\$ 4,709
Other revenues	484,850	484,850	88,475	(396,375)
Total revenues	<u>784,850</u>	<u>784,850</u>	<u>393,184</u>	<u>(391,666)</u>
EXPENDITURES:				
Current:				
Health	786,123	786,123	828,594	(42,471)
Culture and Leisure	7,360	7,360	7,133	227
Total expenditures	<u>793,483</u>	<u>793,483</u>	<u>835,727</u>	<u>(42,244)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(8,633)</u>	<u>(8,633)</u>	<u>(442,543)</u>	<u>(433,910)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	475,000	475,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>475,000</u>	<u>475,000</u>
CHANGE IN FUND BALANCE	<u>\$ (8,633)</u>	<u>\$ (8,633)</u>	<u>32,457</u>	<u>\$ 41,090</u>
FUND BALANCE:				
Beginning of year			122,124	
End of year			<u>\$ 154,581</u>	

City of National City
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Brownfields Grant Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</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>-</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(218)	(218)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(218)</u>	<u>(218)</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(218)	<u>\$ (218)</u>
FUND BALANCE:				
Beginning of year			218	
End of year			<u>\$ -</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 384,013	\$ 384,013	\$ 371,979	\$ (12,034)
Total revenues	<u>384,013</u>	<u>384,013</u>	<u>371,979</u>	<u>(12,034)</u>
EXPENDITURES:				
Current:				
Culture and Leisure	-	-	1,160	(1,160)
Total expenditures	<u>384,013</u>	<u>384,013</u>	<u>385,156</u>	<u>(1,143)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(13,177)</u>	<u>(13,177)</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(13,177)</u>	<u>\$ (13,177)</u>
FUND BALANCE:				
Beginning of year			<u>1,114,279</u>	
End of year			<u>\$ 1,101,102</u>	

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

City of National City
Combining Statement of Net Position
All Internal Service Funds
June 30, 2019

	Facilities Maintenance	Liability Insurance	Information Systems Maintenance	Office Equipment Depreciation
ASSETS				
Current assets:				
Cash and investments	\$ 516,537	\$ 14,283,765	\$ 1,110,938	\$ 635,768
Accounts receivable	469	61,792	-	-
Prepaid items and deposits	-	-	26,595	-
Total current assets	517,006	14,345,557	1,137,533	635,768
Noncurrent assets:				
Restricted cash and investments with fiscal agents	10,334	-	-	-
Capital assets, net	1,046,983	-	633,129	-
Total noncurrent assets	1,057,317	-	633,129	-
Total assets	1,574,323	14,345,557	1,770,662	635,768
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	270,003	132,705	405,686	-
Salaries payable	18,889	1,319	12,254	-
Interest payable	11,017	-	-	-
Capital leases payable - due within one year	130,740	-	-	-
Compensated absences - due within one year	29,544	3,167	31,933	-
Claims payable - due within one year	-	2,305,406	-	-
Total current liabilities	460,193	2,442,597	449,873	-
Noncurrent liabilities:				
Capital leases payable - due in more than one year	775,054	-	-	-
Claims payable - due within one year	-	8,262,594	-	-
Total noncurrent liabilities	775,054	8,262,594	-	-
Total liabilities	1,235,247	10,705,191	449,873	-
NET POSITION				
Net investment in capital assets	141,189	-	633,129	-
Restricted for debt service	10,334	-	-	-
Unrestricted (deficit)	187,553	3,640,366	687,660	635,768
Total net position	\$ 339,076	\$ 3,640,366	\$ 1,320,789	\$ 635,768

City of National City
Combining Statement of Net Position (Continued)
All Internal Service Funds
June 30, 2019

	Tele- communications Revolving	Motor Vehicle Services	Equipment Replacement Reserve	Total
ASSETS				
Current assets:				
Cash and investments	\$ 14,623	\$ 524,433	\$ 1,192,500	\$ 18,278,564
Accounts receivable	-	-	-	62,261
Prepaid items and deposits	-	-	-	26,595
Total current assets	<u>14,623</u>	<u>524,433</u>	<u>1,192,500</u>	<u>18,367,420</u>
Noncurrent assets:				
Restricted cash and investments with fiscal agents	-	-	-	10,334
Capital assets, net	-	-	5,338,106	7,018,218
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>5,338,106</u>	<u>7,028,552</u>
Total assets	<u>14,623</u>	<u>524,433</u>	<u>6,530,606</u>	<u>25,395,972</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	-	43,783	116,638	968,815
Salaries payable	-	3,388	-	35,850
Interest payable	-	-	-	11,017
Capital leases payable - due within one year	-	-	-	130,740
Compensated absences - due within one year	-	35,099	-	99,743
Claims payable - due within one year	-	-	-	2,305,406
Total current liabilities	<u>-</u>	<u>82,270</u>	<u>116,638</u>	<u>3,551,571</u>
Noncurrent liabilities:				
Capital leases payable - due in more than one year	-	-	-	775,054
Claims payable - due within one year	-	-	-	8,262,594
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,037,648</u>
Total liabilities	<u>-</u>	<u>82,270</u>	<u>116,638</u>	<u>12,589,219</u>
NET POSITION				
Net investment in capital assets	-	-	5,338,106	6,112,424
Restricted for debt service	-	-	-	10,334
Unrestricted (deficit)	14,623	442,163	1,075,862	6,683,995
Total net position	<u>\$ 14,623</u>	<u>\$ 442,163</u>	<u>\$ 6,413,968</u>	<u>\$ 12,806,753</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, 2019

	Facilities Maintenance	Liability Insurance	Information Systems Maintenance	Office Equipment Depreciation
OPERATING REVENUES:				
Charges for services	\$ 3,364,661	\$ 3,252,894	\$ 2,393,664	\$ -
Other	1,137	11,490	-	-
Total operating revenues	<u>3,365,798</u>	<u>3,264,384</u>	<u>2,393,664</u>	<u>-</u>
OPERATING EXPENSES:				
Operations and administration	986,173	3,216,103	662,885	-
Maintenance	1,894,968	106,859	1,533,855	-
Depreciation	150,749	-	211,830	-
Total operating expenses	<u>3,031,890</u>	<u>3,322,962</u>	<u>2,408,570</u>	<u>-</u>
Operating income (loss)	<u>333,908</u>	<u>(58,578)</u>	<u>(14,906)</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES):				
Interest expense	(32,078)	-	-	-
Total nonoperating revenues (expenses)	<u>(32,078)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	<u>301,830</u>	<u>(58,578)</u>	<u>(14,906)</u>	<u>-</u>
Changes in net position	301,830	(58,578)	(14,906)	-
NET POSITION:				
Beginning of year	37,246	3,698,944	1,335,695	635,768
End of year	<u>\$ 339,076</u>	<u>\$ 3,640,366</u>	<u>\$ 1,320,789</u>	<u>\$ 635,768</u>

City of National City
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
All Internal Service Funds
For the Year Ended June 30, 2019

	Tele- communications Revolving	Motor Vehicle Services	Equipment Replacement Reserve	Total
OPERATING REVENUES:				
Charges for services	\$ -	\$ 1,149,120	\$ 1,017,540	\$ 11,177,879
Other	-	89,551	-	102,178
Total operating revenues	-	1,238,671	1,017,540	11,280,057
OPERATING EXPENSES:				
Operations and administration	-	415,171	5,555	5,285,887
Maintenance	-	682,449	-	4,218,131
Depreciation	-	-	647,851	1,010,430
Total operating expenses	-	1,097,620	653,406	10,514,448
Operating income (loss)	-	141,051	364,134	765,609
NONOPERATING REVENUES (EXPENSES):				
Interest expense	-	-	-	(32,078)
Total nonoperating revenues (expenses)	-	-	-	(32,078)
Income (loss) before transfers	-	141,051	364,134	733,531
Changes in net position	-	141,051	364,134	733,531
NET POSITION:				
Beginning of year	14,623	301,112	6,049,834	12,073,222
End of year	<u>\$ 14,623</u>	<u>\$ 442,163</u>	<u>\$ 6,413,968</u>	<u>\$ 12,806,753</u>

City of National City
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2019

	Facilities Maintenance	Liability Insurance	Information Systems Maintenance	Office Equipment Depreciation
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from other funds	\$ 3,364,192	\$ 3,263,053	\$ 2,410,402	\$ -
Cash payments to suppliers and employees for goods and services	(2,904,306)	(2,136,119)	(2,007,041)	-
Other operating revenues	1,137	11,490	-	-
Net cash provided by (used in) operating activities	461,023	1,138,424	403,361	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on capital lease	(138,784)	-	-	-
Acquisition of capital assets	-	-	(363,416)	-
Interest paid	(33,618)	-	-	-
Proceeds received from disposal of capital assets	-	-	-	-
Net cash (used in) capital and related financing activities	(172,402)	-	(363,416)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Net cash provided by (used in) noncapital financing activities	-	-	-	-
Net change in cash and cash equivalents	288,621	1,138,424	39,945	-
CASH AND CASH EQUIVALENT:				
Beginning of year	238,250	13,145,341	1,070,993	635,768
End of year	<u>\$ 526,871</u>	<u>\$ 14,283,765</u>	<u>\$ 1,110,938</u>	<u>\$ 635,768</u>
RECONCILIATION TO STATEMENT OF NET POSITION:				
Cash and investments	\$ 516,537	\$ 14,283,765	\$ 1,110,938	\$ 635,768
Restricted cash and investments with fiscal agents	10,334	-	-	-
Total cash and cash equivalents	<u>\$ 526,871</u>	<u>\$ 14,283,765</u>	<u>\$ 1,110,938</u>	<u>\$ 635,768</u>

City of National City
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2019

	Tele- communications Revolving	Motor Vehicle Services	Equipment Replacement Reserve	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from other funds	\$ -	\$ 1,149,120	\$ 1,017,540	\$ 11,204,307
Cash payments to suppliers and employees for goods and services	-	(1,116,050)	111,083	(8,052,433)
Other operating revenues	-	89,551	-	102,178
Net cash provided by (used in) operating activities	-	122,621	1,128,623	3,254,052
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on capital lease	-	-	-	(138,784)
Acquisition of capital assets	-	-	(1,597,189)	(1,960,605)
Interest paid	-	-	-	(33,618)
Proceeds received from disposal of capital assets	-	-	-	-
Net cash (used in) capital and related financing activities	-	-	(1,597,189)	(2,133,007)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Net cash provided by (used in) noncapital financing activities	-	-	-	-
Net change in cash and cash equivalents	-	122,621	(468,566)	1,121,045
CASH AND CASH EQUIVALENT:				
Beginning of year	14,623	401,812	1,661,066	17,167,853
End of year	<u>\$ 14,623</u>	<u>\$ 524,433</u>	<u>\$ 1,192,500</u>	<u>\$ 18,288,898</u>
RECONCILIATION TO STATEMENT OF NET POSITION:				
Cash and investments	\$ 14,623	\$ 524,433	\$ 1,192,500	\$ 18,278,564
Restricted cash and investments with fiscal agents	-	-	-	10,334
Total cash and cash equivalents	<u>\$ 14,623</u>	<u>\$ 524,433</u>	<u>\$ 1,192,500</u>	<u>\$ 18,288,898</u>

City of National City
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2019

	Facilities Maintenance	Liability Insurance	Information Systems Maintenance	Office Equipment Depreciation
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 333,908	\$ (58,578)	\$ (14,906)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	150,749	-	211,830	-
Changes in operating assets and liabilities:				
Accounts receivable	(469)	10,159	16,738	-
Prepays and deposits	-	-	(26,595)	-
Accounts payable	(5,956)	13,821	221,045	-
Salaries payable	920	156	4,074	-
Compensated absences	(18,129)	(134)	(8,825)	-
Claims payable	-	1,173,000	-	-
Total adjustments	<u>127,115</u>	<u>1,197,002</u>	<u>418,267</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u><u>\$ 461,023</u></u>	<u><u>\$ 1,138,424</u></u>	<u><u>\$ 403,361</u></u>	<u><u>\$ -</u></u>

City of National City
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2019

	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)	\$ -	\$ 141,051	\$ 364,134	\$ 765,609
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	647,851	1,010,430
Changes in operating assets and liabilities:				
Accounts receivable	-	-	-	26,428
Prepays and deposits	-	-	-	(26,595)
Accounts payable	-	(9,299)	116,638	336,249
Salaries payable	-	(3,854)	-	1,296
Compensated absences	-	(5,277)	-	(32,365)
Claims payable	-	-	-	1,173,000
Total adjustments	-	(18,430)	764,489	2,488,443
Net cash provided by (used in) operating activities	\$ -	\$ 122,621	\$ 1,128,623	\$ 3,254,052



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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.



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City of National City
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<u>Cobra Insurance Fund</u>				
Assets:				
Cash and investments	\$ 13,194	\$ 418,367	\$ (420,966)	\$ 10,595
Total assets	\$ 13,194	\$ 418,367	\$ (420,966)	\$ 10,595
Liabilities:				
Vouchers payable	\$ 13,194	\$ 819,459	\$ (822,058)	\$ 10,595
Total liabilities	\$ 13,194	\$ 819,459	\$ (822,058)	\$ 10,595
<u>Miscellaneous Deposits</u>				
Assets:				
Cash and investments	\$ 1,488,117	\$ 339,000	\$ (291,869)	\$ 1,535,248
Total assets	\$ 1,488,117	\$ 339,000	\$ (291,869)	\$ 1,535,248
Liabilities:				
Vouchers payable	\$ 145,959	\$ 175,160	\$ (291,869)	\$ 29,250
Deposits payable	1,342,158	341,416	(177,576)	1,505,998
Total liabilities	\$ 1,488,117	\$ 516,576	\$ (469,445)	\$ 1,535,248
<u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 1,501,311	\$ 757,367	\$ (712,835)	\$ 1,545,843
Total assets	\$ 1,501,311	\$ 757,367	\$ (712,835)	\$ 1,545,843
Liabilities:				
Vouchers payable	\$ 159,153	\$ 994,619	\$ (1,113,927)	\$ 39,845
Deposits payable	1,342,158	341,416	(177,576)	1,505,998
Total liabilities	\$ 1,501,311	\$ 1,336,035	\$ (1,291,503)	\$ 1,545,843



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STATISTICAL SECTION





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CITY OF NATIONAL CITY, CALIFORNIA
STATISTICAL SECTION
JUNE 30, 2019

Statistical Section

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

Financial Trends **Page**

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

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Fund Balances of Governmental Funds	164
Changes in Fund Balances of Government Funds	166

Revenue Capacity

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

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Debt Capacity

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Demographic and Economic Information

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

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Operating Information

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

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental Activities:					
Net Investment in					
Capital Assets	\$ 99,340,829	\$ 93,567,130	\$ 100,450,699	\$ 99,343,176	\$ 108,881,192
Restricted for:					
General Services ¹	-	-	-	-	25,690,372
Community Development	43,423,854	33,109,741	4,427,765	535,026	4,522,562
Public Safety	4,018,272	3,035,845	927,816	-	-
Transportation	1,694,415	1,604,977	3,894,025	-	-
Culture and Leisure/General Services	5,394,040	4,101,046	25,086,031	-	-
Housing	1,079,035	1,472,075	8,253,320	-	-
Debt Service	-	-	-	472,988	1,691,931
Capital projects	-	-	-	2,332,408	2,769,086
Investment in Section 115 trust	-	-	-	-	-
Unrestricted	7,832,285	13,523,659	24,828,920	71,462,265	40,409,653
Total governmental activities net position	\$ 162,782,730	\$ 150,414,473	\$ 167,868,576	\$ 174,145,863	\$ 183,964,796
Business-type Activities:					
Net Investment in					
Capital Assets	\$ 5,148,247	\$ 4,939,455	\$ 4,744,375	\$ 4,760,761	\$ 4,725,523
Restricted					
Community Development	-	-	-	-	-
Public Safety	-	-	-	-	-
Transportation	-	-	-	-	-
Culture and Leisure	-	-	-	-	-
Housing	1,524,392	1,631,621	-	-	-
Debt Service	-	-	-	1,953,838	2,121,988
Unrestricted	-	-	1,982,828	265,456	4,502
Total business-type activities net position	\$ 6,672,639	\$ 6,571,076	\$ 6,727,203	\$ 6,980,055	\$ 6,852,013
Primary Government:					
Net Investment in					
Capital Assets	104,489,076	98,506,585	105,195,074	104,103,937	113,606,715
Restricted	57,134,008	44,955,305	42,588,957	5,294,260	36,795,939
Unrestricted	7,832,285	13,523,659	26,811,748	71,727,721	40,414,155
Total primary government net position	\$ 169,455,369	\$ 156,985,549	\$ 174,595,779	\$ 181,125,918	\$ 190,816,809

¹ General Services category added in 2014

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

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Governmental Activities:					
Net Investment in					
Capital Assets	\$ 120,377,947	\$ 134,444,245	\$ 140,128,868	\$ 141,748,074	\$ 147,820,375
Restricted for:					
General Services ¹	24,671,923	29,511,338	17,830,592	16,441,482	17,345,785
Community Development	5,348,413	3,448,959	1,413,792	283,394	169,573
Public Safety	-	-	1,566,498	1,472,665	1,296,186
Transportation	-	-	2,279,981	1,985,811	1,157,623
Culture and Leisure/General Services	-	-	-	-	-
Housing	-	-	8,450,433	8,980,034	74,709,334
Debt Service	1,676,222	1,845,117	1,753,076	1,681,688	1,667,147
Capital projects	2,193,169	942,285	840,156	721,171	1,743,976
Investment in Section 115 trust	-	-	-	-	1,749,740
Unrestricted	<u>(34,896,708)</u>	<u>(26,157,042)</u>	<u>(31,330,173)</u>	<u>(33,783,858)</u>	<u>(41,622,749)</u>
Total governmental activities net position	<u>\$ 119,370,966</u>	<u>\$ 144,034,902</u>	<u>\$ 142,933,223</u>	<u>\$ 139,530,461</u>	<u>\$ 206,036,990</u>
Business-type Activities:					
Net Investment in					
Capital Assets	\$ 4,926,410	\$ 4,905,110	\$ 4,995,791	\$ 5,003,945	\$ -
Restricted					
Community Development	-	-	-	-	-
Public Safety	-	-	1,422,433	1,514,475	-
Transportation	-	-	-	-	-
Culture and Leisure	-	-	-	-	-
Housing	-	-	-	-	-
Debt Service	1,876,125	2,031,385	763,085	818,678	-
Unrestricted	<u>98,698</u>	<u>99,478</u>	<u>(13,016)</u>	<u>22,571</u>	<u>-</u>
Total business-type activities net position	<u>\$ 6,901,233</u>	<u>\$ 7,035,973</u>	<u>\$ 7,168,293</u>	<u>\$ 7,359,669</u>	<u>\$ -</u>
Primary Government:					
Net Investment in					
Capital Assets	125,304,357	139,349,355	145,124,659	146,752,019	147,820,375
Restricted	35,765,852	37,779,084	36,320,046	33,899,398	99,839,364
Unrestricted	<u>(34,798,010)</u>	<u>(26,057,564)</u>	<u>(31,343,189)</u>	<u>(33,761,287)</u>	<u>(41,622,749)</u>
Total primary government net position	<u>\$ 126,272,199</u>	<u>\$ 151,070,875</u>	<u>\$ 150,101,516</u>	<u>\$ 146,890,130</u>	<u>\$ 206,036,990</u>

¹ General Services category added in 2014

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Expenses:					
Governmental Activities:					
General government	\$ 6,774,769	\$ 6,813,807	\$ 5,858,519	\$ 443,592	\$ 5,240,947
Public safety	32,426,770	32,287,471	29,477,075	28,024,676	29,045,583
Transportation	2,966,635	3,642,820	4,399,470	3,061,647	6,315,524
Community development	17,679,675	19,204,057	13,959,966	11,991,339	11,669,866
Health	7,775,510	6,846,972	6,595,669	8,477,778	7,026,857
Culture and leisure	6,238,223	5,734,894	5,943,563	5,784,578	6,712,036
Interest and fiscal charges	2,524,121	4,091,247	5,082,341	633,338	439,367
Depreciation expense (unallocated)	-	-	-	4,423,669	-
Total governmental activities expenses	\$ 76,385,703	\$ 78,621,268	\$ 71,316,603	\$ 62,840,617	\$ 66,450,180
Business-type Activities:					
Transportation Development Act ¹	\$ -	\$ -	\$ -	\$ -	\$ -
Community development commission	2,854,075	2,313,011	2,181,928	-	-
Kimball Towers	-	-	-	1,089,698	1,356,385
Morgan Towers	-	-	-	1,177,596	1,130,218
Total business-type activities expenses	\$ 2,854,075	\$ 2,313,011	\$ 2,181,928	\$ 2,267,294	\$ 2,486,603
Total primary government expenses	\$ 79,239,778	\$ 80,934,279	\$ 73,498,531	\$ 65,107,911	\$ 68,936,783
Program Revenue:					
Government Activities:					
Charges for services:					
General government	\$ 3,624,978	\$ 2,924,037	\$ 1,394,546	\$ 1,258,710	\$ 2,371,861
Public safety	1,976,414	2,564,953	3,767,099	3,018,064	3,150,630
Transportation	-	-	-	1,549,092	2,195,535
Community development	625,194	945,733	1,179,697	2,079,578	2,994,274
Health	7,258,317	7,418,448	6,984,746	7,414,151	7,534,320
Culture and leisure	771,433	216,746	282,197	246,880	199,493
Operating grants and contributions	21,051,606	16,763,058	19,261,931	14,732,996	15,818,335
Capital grants and contributions	-	-	1,312,296	1,006,059	6,284,789
Total governmental activities program revenue	\$ 35,307,942	\$ 30,832,975	\$ 34,182,512	\$ 31,305,530	\$ 40,549,237
Business-type Activities:					
Charges for services:					
Community development commission	\$ 2,063,715	\$ 2,208,044	\$ 2,334,863	\$ -	\$ -
Kimball Towers	-	-	-	1,073,082	1,096,559
Morgan Towers	-	-	-	1,241,253	1,244,129
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenue	\$ 2,063,715	\$ 2,208,044	\$ 2,334,863	\$ 2,314,335	\$ 2,340,688
Total primary government program revenue	\$ 37,371,657	\$ 33,041,019	\$ 36,517,375	\$ 33,619,865	\$ 42,889,925
Net Revenues (Expenses):					
Governmental activities	(41,077,761)	(47,788,293)	(37,134,091)	(31,535,087)	(25,900,943)
Business-type activities	(790,360)	(104,967)	152,935	47,041	(145,915)
Total Net Revenues (Expenses)	\$ (41,868,121)	\$ (47,893,260)	\$ (36,981,156)	\$ (31,488,046)	\$ (26,046,858)

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

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Expenses:					
Governmental Activities:					
General government	\$ 6,299,372	\$ 6,237,858	\$ 7,379,307	\$ 15,307,497	\$ 14,474,787
Public safety	31,522,488	31,293,361	34,007,632	39,597,743	41,216,052
Transportation	6,737,292	8,605,631	8,925,351	8,076,078	8,479,861
Community development	11,603,528	11,812,563	13,560,523	12,884,161	13,521,091
Health	7,416,697	7,499,719	8,102,830	7,467,338	8,160,870
Culture and leisure	6,349,578	7,188,896	8,129,529	8,521,220	7,686,697
Interest and fiscal charges	407,194	308,808	243,832	414,353	380,597
Depreciation expense (unallocated)	-	-	-	-	-
Total governmental activities expenses	\$ 70,336,149	\$ 72,946,836	\$ 80,349,004	\$ 92,268,390	\$ 93,919,955
Business-type Activities:					
Transportation Development Act ¹	\$ -	\$ -	\$ -	\$ -	\$ -
Community development commission	-	-	-	-	-
Kimball Towers	1,251,377	1,160,095	1,166,521	1,187,232	945,180
Morgan Towers	1,078,546	1,113,885	1,141,607	1,102,742	787,266
Total business-type activities expenses	\$ 2,329,923	\$ 2,273,980	\$ 2,308,128	\$ 2,289,974	\$ 1,732,446
Total primary government expenses	\$ 72,666,072	\$ 75,220,816	\$ 82,657,132	\$ 94,558,364	\$ 95,652,401
Program Revenue:					
Government Activities:					
Charges for services:					
General government	\$ 3,101,468	\$ 5,081,812	\$ 2,697,690	\$ 2,543,350	\$ 1,811,719
Public safety	3,807,824	2,681,493	2,704,952	3,393,625	2,911,464
Transportation	1,863,599	1,344,988	1,218,156	1,640,930	2,556,059
Community development	3,260,501	1,908,755	2,105,289	3,320,354	4,461,949
Health	9,522,136	8,363,190	8,819,322	8,624,774	8,551,905
Culture and leisure	353,740	306,675	631,597	676,015	477,370
Operating grants and contributions	12,508,517	13,295,661	15,280,776	14,306,662	14,908,491
Capital grants and contributions	11,399,349	7,299,398	3,878,546	6,414,610	4,201,520
Total governmental activities program revenue	\$ 45,817,134	\$ 40,281,972	\$ 37,336,328	\$ 40,920,320	\$ 39,880,477
Business-type Activities:					
Charges for services:					
Community development commission	\$ -	\$ -	\$ -	\$ -	\$ -
Kimball Towers	1,101,514	1,124,578	1,130,543	1,127,607	1,256,346
Morgan Towers	1,260,181	1,266,441	1,289,180	1,329,610	1,017,766
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenue	\$ 2,361,695	\$ 2,391,019	\$ 2,419,723	\$ 2,457,217	\$ 2,274,112
Total primary government program revenue	\$ 48,178,829	\$ 42,672,991	\$ 39,756,051	\$ 43,377,537	\$ 42,154,589
Net Revenues (Expenses):					
Governmental activities	(24,519,015)	(32,664,864)	(43,012,676)	(51,348,070)	(54,039,478)
Business-type activities	31,772	117,039	111,595	167,243	541,666
Total Net Revenues (Expenses)	\$(24,487,243)	\$(32,547,825)	\$(42,901,081)	\$(51,180,827)	\$(53,497,812)

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

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

	Fiscal Year				
	2010	2011	2012	2013	2014
General Revenue and Other Changes in Net Position:					
Governmental Activities:					
Taxes:					
Property taxes	\$ 9,983,799	\$ 14,184,279	\$ 11,373,533	\$ 4,724,959	\$ 9,908,109
Sales taxes ¹	18,872,987	21,731,925	22,864,669	23,757,635	25,586,661
Franchise taxes	1,941,081	1,949,759	1,852,996	1,602,891	1,718,023
Motor vehicle license	5,181,701	5,219,884	4,962,804	-	27,056
Transient occupancy taxes	725,901	838,255	887,820	5,154,530	1,082,339
Utilities tax	-	-	-	815,136	825,388
Investment earnings ¹	572,489	374,153	297,882	1,873,896	459,019
Other miscellaneous revenues	461,101	365,734	23,811	-	-
Rent	763,157	868,535	-	-	-
Transfers	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	151,879	(268,224)
Transfer to Successor Agency	-	-	-	-	-
Special items	-	-	-	-	-
Total governmental activities	<u>\$ 38,502,216</u>	<u>\$ 45,532,524</u>	<u>\$ 42,263,515</u>	<u>\$ 38,080,926</u>	<u>\$ 39,338,371</u>
Business-type Activities:					
Investment earnings	\$ 6,943	\$ 3,192	\$ 3,192	\$ 3,685	\$ 2,520
Other misc	-	-	-	14,776	15,353
Rent	-	-	-	-	-
Transfers	-	-	-	-	-
Total business-type activities	<u>\$ 6,943</u>	<u>\$ 3,192</u>	<u>\$ 3,192</u>	<u>\$ 18,461</u>	<u>\$ 17,873</u>
Total primary government	<u>\$ 38,509,159</u>	<u>\$ 45,535,716</u>	<u>\$ 42,266,707</u>	<u>\$ 38,099,387</u>	<u>\$ 39,356,244</u>
Changes in Net Position:					
Governmental activities	(2,575,545)	4,454,763	5,129,424	6,545,839	13,437,428
Business-type activities	(783,417)	(787,168)	156,127	65,502	(128,042)
Total Primary Government	<u><u>\$ (3,358,962)</u></u>	<u><u>\$ 3,667,595</u></u>	<u><u>\$ 5,285,551</u></u>	<u><u>\$ 6,611,341</u></u>	<u><u>\$ 13,309,386</u></u>

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

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

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

	Fiscal Year				
	2015	2016	2017	2018	2019
General Revenue and Other Changes in Net Position:					
Governmental Activities:					
Taxes:					
Property taxes	\$ 10,301,592	\$ 10,293,634	\$ 11,948,882	\$ 12,721,058	\$ 14,340,418
Sales taxes ¹	27,095,666	29,170,512	29,284,869	30,084,675	33,196,667
Franchise taxes	1,902,082	1,922,723	1,856,039	1,910,053	1,966,728
Motor vehicle license	-	-	-	-	-
Transient occupancy taxes	1,383,793	1,611,788	1,597,957	1,660,800	1,774,843
Utilities tax	818,820	867,488	886,455	711,635	708,451
Investment earnings ¹	304,655	553,184	361,077	836,038	2,297,242
Other miscellaneous revenues	-	1,864	-	21,049	45,017
Rent	-	-	-	-	-
Transfers	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-
Transfer to Successor Agency	-	(826,577)	-	-	-
Special items	-	13,734,184	-	-	-
Total governmental activities	<u>\$ 41,806,608</u>	<u>\$ 57,328,800</u>	<u>\$ 45,935,279</u>	<u>\$ 47,945,308</u>	<u>\$ 54,329,366</u>
Business-type Activities:					
Investment earnings	\$ 2,579	\$ 3,678	\$ 5,621	\$ 9,390	\$ 10,038
Other misc	14,869	14,023	15,464	14,743	11,378
Rent	-	-	-	-	-
Transfers	-	-	-	-	-
Total business-type activities	<u>\$ 17,448</u>	<u>\$ 17,701</u>	<u>\$ 21,085</u>	<u>\$ 24,133</u>	<u>\$ 21,416</u>
Total primary government	<u>\$ 41,824,056</u>	<u>\$ 57,346,501</u>	<u>\$ 45,956,364</u>	<u>\$ 47,969,441</u>	<u>\$ 54,350,782</u>
Changes in Net Position:					
Governmental activities	17,287,593	24,663,936	2,922,603	(3,402,762)	66,506,529
Business-type activities	49,220	134,740	132,320	191,376	(7,359,669)
Total Primary Government	<u>\$ 17,336,813</u>	<u>\$ 24,798,676</u>	<u>\$ 3,054,923</u>	<u>\$ (3,211,386)</u>	<u>\$ 59,146,860</u>

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

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

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

	Fiscal Year				
	2010	2011	2012	2013	2014
General Fund:					
Reserved ¹	\$ 1,126,408	\$ -	\$ -	\$ -	\$ -
Unreserved (designated, undesignated) ¹	10,699,617	-	-	-	-
Nonspendable	-	-	-	10,162	4,952,830
Restricted	-	-	-	707,262	611,780
Committed	-	1,671,257	1,671,257	9,085,066	9,085,066
Assigned	-	4,829,800	5,536,697	6,787,396	15,042,191
Unassigned	-	7,059,792	10,708,984	6,995,075	7,797,176
Total general fund	\$ 11,826,025	\$ 13,560,849	\$ 17,916,938	\$ 23,584,961	\$ 37,489,043
All Other Governmental Funds:					
Reserved ¹	\$ 28,011,724	\$ -	\$ -	\$ -	\$ -
Unreserved ¹					
Designated	25,433,482	-	-	-	-
Undesignated:					
Special revenue funds	15,651,538	-	-	-	-
Capital projects funds	(244,185)	-	-	-	-
Debt service funds	-	-	-	-	-
Nonspendable	-	-	-	8,164,235	7,926,759
Restricted	-	103,585,798	42,694,439	33,122,400	31,713,774
Committed	-	2,002,596	2,166,798	-	-
Assigned	-	-	-	740,177	733,384
Unassigned	-	(538,052)	485,332	24,729	(8,165,223)
Total all other governmental funds	\$ 68,852,559	\$ 105,050,342	\$ 45,346,569	\$ 42,051,541	\$ 32,208,694

¹ The City of National City implemented GASB 54 for the fiscal year ended June 30, 2011. The City has elected not to restate fund balance amounts for previous years.

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

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

	Fiscal Year				
	2015	2016	2017	2018	2019
General Fund:					
Reserved ¹	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (designated, undesignated) ¹	-	-	-	-	-
Nonspendable	4,963,916	10,766,098	9,963,816	9,966,729	5,010,267
Restricted	590,998	754,913	616,253	555,168	2,304,908
Committed	9,085,066	11,585,066	11,585,066	11,085,066	15,150,517
Assigned	16,065,736	14,792,381	14,325,683	15,772,642	12,865,120
Unassigned	10,266,365	12,166,732	11,903,272	12,731,293	13,673,543
Total general fund	\$ 40,972,081	\$ 50,065,190	\$ 48,394,090	\$ 50,110,898	\$ 49,004,355
All Other Governmental Funds:					
Reserved ¹	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved ¹					
Designated	-	-	-	-	-
Undesignated:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Nonspendable	7,927,027	-	1,636,570	129,469	25,805
Restricted	31,005,844	36,333,305	32,015,860	30,928,607	97,534,456
Committed	-	-	-	-	-
Assigned	706,558	-	-	-	-
Unassigned	(5,368,938)	(821,959)	(985,588)	(1,910,674)	(21,761)
Total all other governmental funds	\$ 34,270,491	\$ 35,511,346	\$ 32,666,842	\$ 29,147,402	\$ 97,538,500

¹ The City of National City implemented GASB 54 for the fiscal year ended June 30, 2011. The City has elected not to restate fund balance amounts for previous years.

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Revenues:					
Taxes ¹	\$ 44,435,811	\$ 46,981,938	\$ 42,797,241	\$ 38,837,279	\$ 41,386,311
Licenses and permits	555,717	772,326	837,532	1,225,571	1,099,929
Fines and forfeitures	1,454,328	1,574,031	1,873,119	1,044,422	1,111,961
Interest ¹ and rents	1,414,747	971,728	720,301	-	-
Use of money and property	-	-	-	768,612	1,122,149
Intergovernmental	22,200,569	17,498,972	19,427,220	15,803,886	23,571,850
Charges for services	9,064,198	9,161,970	8,482,536	10,080,029	9,531,741
Other revenues	3,465,296	2,166,456	2,025,862	757,913	1,651,370
Total revenues	\$ 82,590,666	\$ 79,127,421	\$ 76,163,811	\$ 68,517,712	\$ 79,475,311
Expenditures:					
Current:					
General government	\$ 6,517,068	\$ 6,595,278	\$ 5,650,734	\$ 5,349,464	\$ 5,062,227
Public safety	30,715,473	27,631,707	28,458,759	28,156,246	27,687,841
Transportation	2,118,325	1,945,357	1,667,437	2,957,941	3,673,470
Community development	21,840,082	17,752,422	13,657,581	10,529,246	11,235,322
Health	7,761,907	6,842,236	7,015,478	8,559,588	6,994,103
Culture and leisure	6,160,615	5,127,204	5,138,826	5,797,227	6,057,037
Capital outlay	5,501,888	6,468,842	2,839,897	3,749,471	20,361,948
Debt service:					
Principal	3,191,174	3,327,360	4,547,823	1,068,801	1,376,871
Interest and fiscal charges	2,535,113	2,456,640	4,560,865	547,580	477,061
Cost of issuance	-	439,442	-	-	-
Total expenditures	\$ 86,341,645	\$ 78,586,488	\$ 73,537,400	\$ 66,715,564	\$ 82,925,880
Excess (deficiency) of revenues over (under) expenditures	(3,750,979)	540,933	2,626,411	1,802,148	(3,450,569)
¹ City of National City implemented a one cent district tax during Fiscal Year 2007, causing an increase in sales tax revenue and investment earnings.					
Other Financing Sources (uses)					
Issuance of long-term debt	\$ -	\$ 42,775,000	\$ -	\$ 4,885,000	\$ -
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 sale of property	-	-	-	-	7,052,194
Proceeds from lease	-	-	-	-	-
Proceeds from sale of land	-	-	-	-	-
Gain on sale of land held for resale	-	-	-	-	-
Pass-through payments to other agencies	-	-	-	-	-
Transfers in	10,620,576	16,870,308	7,017,427	3,085,535	5,131,249
Transfers out	(10,917,436)	(16,196,104)	(6,738,538)	(2,514,688)	(4,671,639)
Transfers to Successor Agency	-	-	-	-	-
Total other financing sources (uses)	\$ (296,860)	\$ 39,278,119	\$ 278,889	\$ 570,847	\$ 7,511,804
Extraordinary/Special Items	-	-	(59,950,984)	-	-
Net change in fund balances	\$ (4,047,839)	\$ 39,819,052	\$ (57,045,684)	\$ 2,372,995	\$ 4,061,235
Debt services as a percentage of noncapital expenditures	7.08%	8.02%	12.88%	2.57%	2.96%

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

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Revenues:					
Taxes ¹	\$ 43,573,589	\$ 45,474,959	\$ 47,058,901	\$ 48,968,671	\$ 53,534,414
Licenses and permits	1,567,617	1,122,139	1,280,675	1,879,379	1,527,378
Fines and forfeitures	885,722	646,370	642,972	663,205	3,006,250
Interest ¹ and rents	-	-	-	-	-
Use of money and property	1,073,543	1,417,606	1,035,112	1,393,733	3,125,731
Intergovernmental	26,791,254	21,381,584	20,051,795	22,671,850	20,790,012
Charges for services	10,024,879	10,734,789	11,721,905	11,010,813	10,630,010
Other revenues	4,387,660	3,925,718	2,552,556	2,675,725	1,045,184
Total revenues	\$ 88,304,264	\$ 84,703,165	\$ 84,343,916	\$ 89,263,376	\$ 93,658,979
Expenditures:					
Current:					
General government	\$ 5,403,805	\$ 6,986,812	\$ 5,673,456	\$ 8,755,798	\$ 10,353,580
Public safety	29,100,717	31,785,904	34,754,008	37,535,638	37,352,792
Transportation	3,941,747	4,546,976	4,687,611	4,731,634	5,068,343
Community development	11,173,792	11,752,502	12,909,844	16,801,816	13,557,554
Health	7,179,865	7,587,801	8,227,149	7,544,106	8,158,082
Culture and leisure	5,306,518	6,239,067	7,351,974	4,186,345	7,066,530
Capital outlay	17,176,753	16,737,745	12,938,379	14,560,697	9,059,110
Debt service:					
Principal	1,142,186	1,150,824	1,310,893	1,552,162	1,060,732
Interest and fiscal charges	427,209	364,723	243,329	387,857	385,960
Cost of issuance	-	-	-	-	-
Total expenditures	\$ 80,852,592	\$ 87,152,354	\$ 88,096,643	\$ 96,056,053	\$ 92,062,683
Excess (deficiency) of revenues over (under) expenditures	7,451,672	(2,449,189)	(3,752,727)	(6,792,677)	1,596,296
¹ City of National City implemented a one cent district tax during Fiscal Year 2007, causing an increase in sales tax revenue and investment earnings.					
Other Financing Sources (uses)					
Issuance of long-term debt	\$ 554,604	\$ -	\$ -	\$ 5,523,602	\$ -
Premium on debt issuance	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Original discount on issuance	-	-	-	-	-
Proceeds from sale of property	-	-	58,474	-	-
Proceeds from lease	-	-	-	-	-
Proceeds from sale of land	-	-	-	-	-
Gain on sale of land held for resale	-	-	65,966	-	-
Pass-through payments to other agencies	-	-	(705,115)	-	-
Transfers in	1,765,336	4,903,988	2,932,166	6,913,968	73,514,649
Transfers out	(4,277,182)	(3,078,442)	(3,114,366)	(7,447,525)	(7,826,390)
Transfers to Successor Agency	-	(826,577)	-	-	-
Total other financing sources (uses)	\$ (1,957,242)	\$ 998,969	\$ (762,875)	\$ 4,990,045	\$ 65,688,259
Extraordinary/Special Items	-	11,784,182	-	-	-
Net change in fund balances	\$ 5,494,430	\$ 10,333,962	\$ (4,515,602)	\$ (1,802,632)	\$ 67,284,555
Debt services as a percentage of noncapital expenditures	2.46%	2.15%	2.07%	2.38%	1.74%

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

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

Category	Fiscal Year				
	2010	2011	2012	2013	2014
Secured:					
Residential Property	\$ 1,486,019,671	\$ 1,438,117,757	\$ 1,482,008,218	\$ 1,503,553,951	\$ 1,547,773,659
Commercial Property	871,757,000	886,630,566	899,802,065	915,142,395	971,070,608
Industrial Property	288,230,654	282,442,202	275,585,085	370,755,962	372,617,155
Institutional Property	54,514,910	55,348,512	44,298,664	45,384,698	46,107,183
Irrigated Property	36,575	-	-	-	-
Recreational Property	26,509,839	26,677,054	27,127,749	29,056,094	25,828,782
Unknown	-	-	-	-	-
Vacant Land	93,470,678	96,674,219	58,383,925	57,090,009	61,320,039
Dry Farm	-	224,466	-	-	-
Total Secured	<u>2,820,539,327</u>	<u>2,786,114,776</u>	<u>2,787,205,706</u>	<u>2,920,983,109</u>	<u>3,024,717,426</u>
Unsecured	204,465,642	200,239,342	201,267,744	183,790,343	224,847,953
SBE Nonunitary	5,586,456	5,195,618	5,195,618	5,195,618	5,224,473
Total Taxable Assessed Value	<u><u>\$ 3,030,591,425</u></u>	<u><u>\$ 2,991,549,736</u></u>	<u><u>\$ 2,993,669,068</u></u>	<u><u>\$ 3,109,969,070</u></u>	<u><u>\$ 3,254,789,852</u></u>
Total Direct Tax Rate	0.55977	0.54335	0.54734	0.54683	0.24559

Note: Exempt values not included in totals.

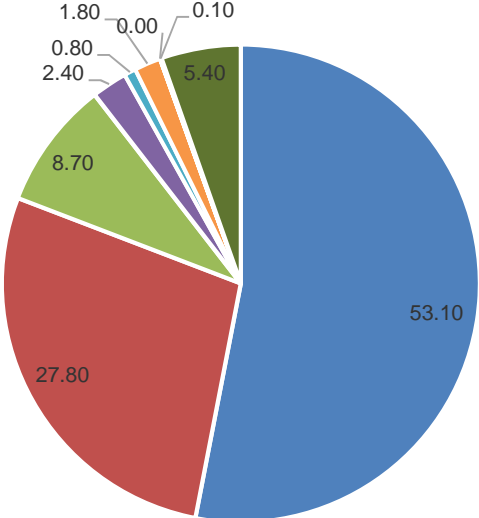
City of National City
Assessed Value and Actual Value of Taxable Property (Continued)
Last Ten Fiscal Years

Category	Fiscal Year				
	2015	2016	2017	2018	2019
Secured:					
Residential Property	\$ 1,665,406,317	\$ 1,717,835,128	\$ 1,805,981,573	\$ 2,005,909,205	\$ 2,124,432,627
Commercial Property	992,982,224	1,026,863,991	1,082,223,930	1,141,618,921	1,177,390,190
Industrial Property	360,527,549	345,186,211	351,325,363	366,288,263	370,233,052
Institutional Property	46,316,498	47,648,063	48,280,512	50,276,110	50,172,874
Irrigated Property					
Recreational Property	25,827,429	24,799,504	28,998,288	30,262,982	30,008,253
Unknown					
Vacant Land	60,685,749	66,017,188	66,452,827	69,545,186	72,360,079
Dry Farm	-	-	-	-	-
Total Secured	<u>3,151,745,766</u>	<u>3,228,350,085</u>	<u>3,383,262,493</u>	<u>3,663,900,667</u>	<u>3,824,597,075</u>
Unsecured	197,869,900	208,192,396	200,687,180	209,840,073	228,175,189
SBE Nonunitary	5,224,473	4,088,740	4,088,640	4,088,640	4,429,496
Total Taxable Assessed Value	<u>\$ 3,354,840,139</u>	<u>\$ 3,440,631,221</u>	<u>\$ 3,588,038,313</u>	<u>\$ 3,877,829,380</u>	<u>\$ 4,057,201,760</u>
Total Direct Tax Rate	0.20747	0.20813	0.19685	0.19587	0.19462

Note: Exempt values not included in totals.

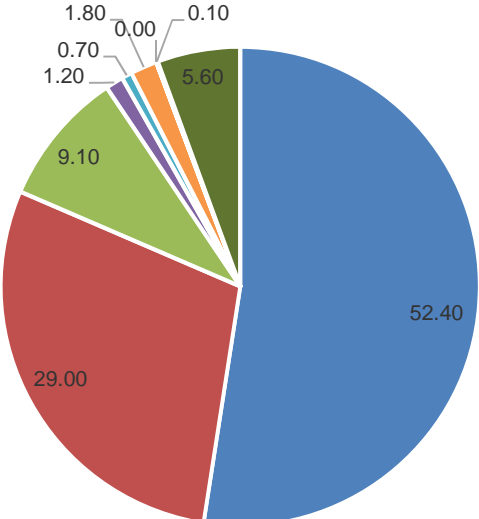
City of National City 2018/19 Use Category Summary (Percentages)

Assessed Value



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

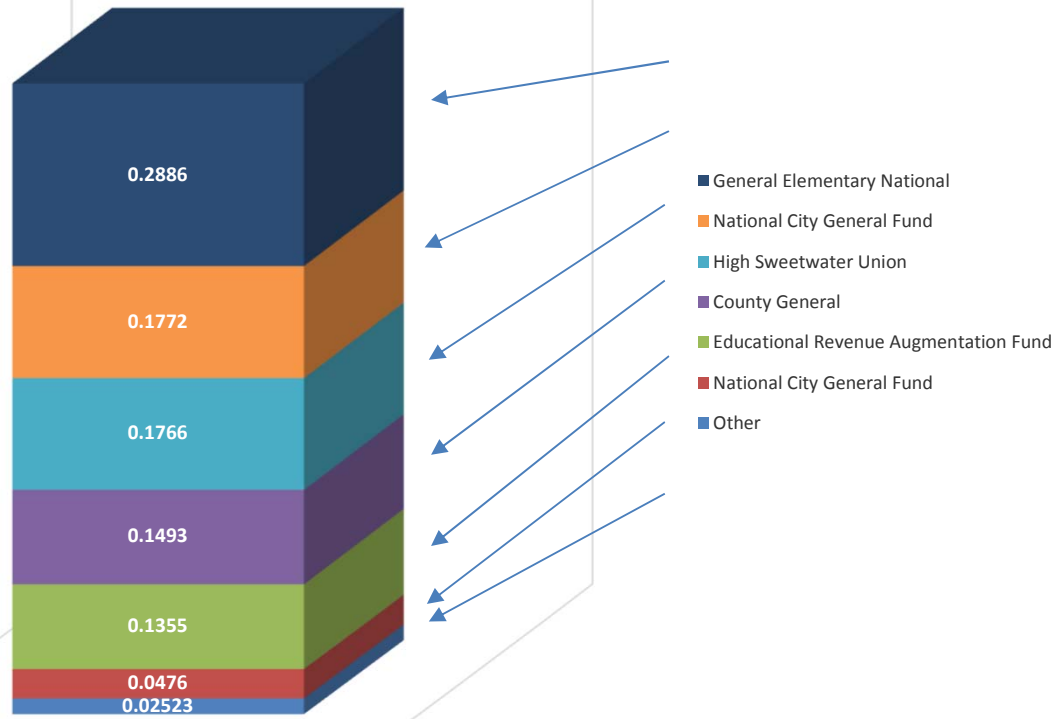
Net Taxable Value



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

City of National City Property Tax Dollar Breakdown (Percentages)

Proper tax breakdown



Source: HdL, San Diego County Assessor 2018/19 Annual Tax Increment Tables

**City of National City
2018/19 Roll Summary
Taxable Property Values**

	<u>Secured</u>	<u>Nonunitary Utilities</u>	<u>Unsecured</u>
Parcels	10,019	7	1,568
TRAs	42	3	19
Values			
Land	\$ 1,741,688,346	\$ 4,429,496	\$ -
Improvements	2,305,144,099	-	79,912,838
Personal Property	3,711,728	-	151,038,128
Fixtures	-	-	-
Aircraft	-	-	-
Total Value	\$ 4,050,544,173	\$ 4,429,496	\$ 230,950,966
Exemptions			
Real Estate	\$ 225,947,098	\$ -	\$ 537,065
Personal Property	-	-	2,238,712
Fixture	-	-	-
Aircraft	-	-	-
Homeowners	29,166,200	-	147,000
Total Exemptions	\$ 255,113,298	\$ -	\$ 2,922,777
Total Net Value	\$ 3,795,430,875	\$ 4,429,496	\$ 228,028,189

Combined Values	Total
Total Values	\$ 4,285,924,635
Total Exemptions	\$ 258,036,075
Net Total Values	\$ 4,027,888,560
Net Aircraft Values	\$ -

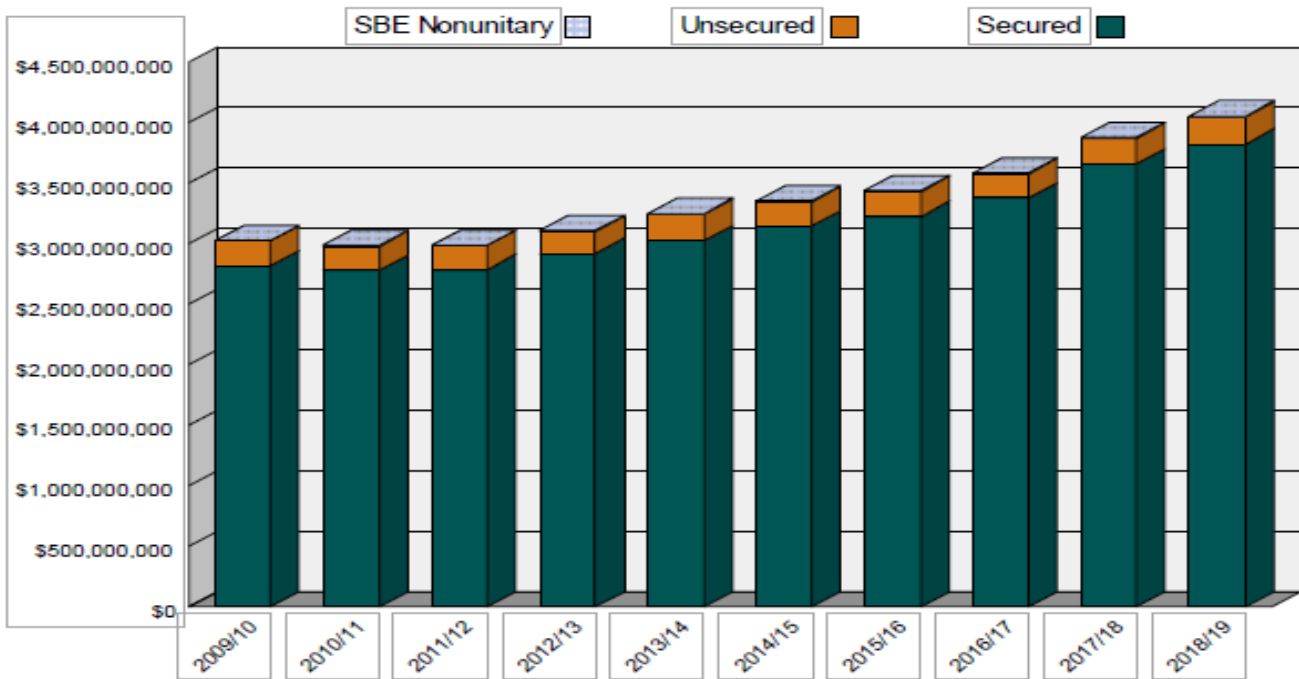
Notes: Homeowner Exemptions are not included in Total Exemptions.

Totals do not Include Aircraft Values or Exemptions.

Source: HdL, San Diego County Assessor 2018/19 Combined Tax Rolls

**City of National City
Net Taxable Assessed Value History
2009/10 - 2018/19**

Year	Secured	Unsecured	SBE Nonunitary	Net Total AV	% Change
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	0.07%
2012/13	\$ 2,920,983,109	\$ 183,790,343	\$ 5,195,618	\$ 3,109,969,070	3.88%
2013/14	\$ 3,024,717,426	\$ 224,847,953	\$ 5,224,473	\$ 3,254,789,852	4.66%
2014/15	\$ 3,151,745,766	\$ 197,869,900	\$ 5,224,473	\$ 3,354,840,139	3.07%
2015/16	\$ 3,228,350,085	\$ 208,192,396	\$ 4,088,740	\$ 3,440,631,221	2.56%
2016/17	\$ 3,383,262,493	\$ 200,687,180	\$ 4,088,640	\$ 3,588,038,313	4.28%
2017/18	\$ 3,663,900,667	\$ 209,840,073	\$ 4,088,640	\$ 3,877,829,380	8.08%
2018/19	\$ 3,824,597,075	\$ 228,175,189	\$ 4,429,496	\$ 4,057,201,760	4.63%



Source: HdL, San Diego County Assessor 2008/09-2017/18 Combined Tax Rolls

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

	Calendar Year				
	2010	2011	2012	2013	2014
Apparel Stores	\$ 119,812	\$ 128,874	\$ 133,160	\$ 133,242	\$ 134,000
General Merchandise	145,754	156,062	163,078	164,508	170,253
Food Stores	19,114	20,570	22,033	21,288	21,765
Eating and Drinking Places	122,446	128,360	133,597	139,756	149,098
Building Materials	28,280	28,041	29,483	31,812	37,814
Auto Dealers and Supplies	369,712	414,794	505,241	547,221	579,153
Service Stations	75,945	87,217	85,842	77,680	79,502
Other Retail Stores	127,850	134,698	142,972	152,666	165,052
All Other Outlets	245,503	240,884	255,744	289,955	299,613
Total	\$ 1,254,416	\$ 1,339,500	\$ 1,471,150	\$ 1,558,128	\$ 1,636,250

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

Data for 2019 not available as of the date of issuance of this report.

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

	Calendar Year				
	2015	2016	2017	2018	2019
Apparel Stores	\$ 134,821	\$ 143,054	\$ 146,205	\$ 150,030	NA
General Merchandise	176,099	176,345	\$ 173,652	\$ 178,412	NA
Food Stores	20,902	20,894	\$ 20,619	\$ 20,914	NA
Eating and Drinking Places	163,289	175,979	\$ 181,540	\$ 198,204	NA
Building Materials	55,846	67,098	\$ 90,491	\$ 98,577	NA
Auto Dealers and Supplies	626,680	635,242	\$ 608,019	\$ 602,370	NA
Service Stations	71,620	65,266	\$ 69,443	\$ 84,634	NA
Other Retail Stores	172,337	175,744	\$ 176,398	\$ 172,842	NA
All Other Outlets	321,120	349,438	\$ 360,770	\$ 368,099	NA
Total	\$ 1,742,714	\$ 1,809,060	\$ 1,827,137	\$ 1,874,082	NA

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

Data for 2019 not available as of the date of issuance of this report.

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Current Year Tax Levy	\$ 3,133,984	\$ 3,118,154	\$ 3,207,237	\$ 3,348,632	\$ 3,099,715
Current Tax Collections	3,104,248	3,079,633	3,160,964	3,330,941	3,087,464
Percent of Levy Collected	99.05%	98.76%	98.56%	99.47%	99.60%
Delinquent Tax Receivable	16,863	17,417	19,334	19,089	19,203
Delinquent Tax Collections	1,864	2,717	1,995	1,781	1,542
Total Tax Collections	\$ 3,106,112	\$ 3,082,350	\$ 3,162,959	\$ 3,332,721	\$ 3,089,006
Percent of Total Tax Collections To Tax Levy	99.11%	98.85%	98.62%	99.52%	99.65%
Outstanding Delinquent Taxes	\$ 44,735	\$ 53,222	\$ 63,612	\$ 34,999	\$ 29,912
Percent of Delinquent Taxes To Tax Levy	1.43%	1.71%	1.98%	1.05%	0.96%

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

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Current Year Tax Levy	\$ 3,240,544	\$ 3,205,191	\$ 3,335,753	\$ 3,619,238	\$ 3,687,359
Current Tax Collections	3,227,793	3,195,983	3,333,476	3,601,115	3,667,444
Percent of Levy Collected	99.61%	99.71%	99.93%	99.50%	99.46%
Delinquent Tax Receivable	19,758	17,764	16,226	10,737	16,840
Delinquent Tax Collections	1,312	1,564	1,465	2,008	1,948
Total Tax Collections	\$ 3,229,105	\$ 3,197,547	\$ 3,334,941	\$ 3,603,123	\$ 3,669,393
Percent of Total Tax Collections To Tax Levy	99.65%	99.76%	99.98%	99.55%	99.51%
Outstanding Delinquent Taxes	\$ 31,197	\$ 25,408	\$ 17,038	\$ 26,852	\$ 34,807
Percent of Delinquent Taxes To Tax Levy	0.96%	0.79%	0.51%	0.74%	0.94%

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

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

Agency	Fiscal Year				
	2010	2011	2012	2013	2014
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000
Chula Vista Elementary	0.02507	0.02611	0.02594	0.02526	0.04631
Gen Bond National City-Prop N 11/04/14 Ser 2014A	0.00000	0.00000	0.00000	0.00000	0.00000
Gen Bond National City-Prop N 11/04/14 Ser 2014B	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00430	0.00370	0.00370	0.00350	0.00350
National City Gen. Obligation Bonds 2002 Series A	0.01270	0.01420	0.01370	0.01320	0.01190
San Diego Community College Bond	0.02482	0.02494	0.03740	0.03636	0.04760
Southwestern Community College	0.03442	0.03635	0.03308	0.03753	0.03675
Sweetwater High Bond	0.05580	0.05517	0.06079	0.05862	0.05823
Total Direct & Overlapping² Tax Rates	1.15711	1.16047	1.17461	1.17447	1.20429
City's Share of 1% Levy Per Prop 13 ³	0.17720	0.17720	0.17720	0.17720	0.17720
General Obligation Debt Rate	0.01270	0.01420	0.01370	0.01320	0.01190
Redevelopment Authority Rate ⁴	1.00430	1.00370	1.00370	0.00000	0.00000
Total Direct Rate ⁵	0.55977	0.54335	0.54734	0.54683	0.24559

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

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

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

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

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

Source: HdL, San Diego County Assessor 2009/10-2018/19 Tax Rate Tables

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

Agency	Fiscal Year				
	2015	2016	2017	2018	2019
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000
Chula Vista Elementary	0.04753	0.04301	0.04323	0.03594	0.03917
Gen Bond National City-Prop N 11/04/14 Ser 2014A	0.00000	0.03055	0.02867	0.02629	0.01449
Metropolitan Water District	0.00000	0.00000	0.00000	0.00000	0.01022
	0.00350	0.00350	0.00350	0.00350	0.00350
National City Gen. Obligation Bonds 2002 Series A	0.00960	0.00920	0.00880	0.00790	0.00730
San Diego Community College Bond	0.04381	0.03939	0.03912	0.03447	0.03941
Southwestern Community College	0.03582	0.03961	0.03856	0.04981	0.04671
Sweetwater High Bond	0.05407	0.05169	0.05162	0.05156	0.05283
Total Direct & Overlapping² Tax Rates	1.19433	1.21695	1.21350	1.20947	1.21363
City's Share of 1% Levy Per Prop 13 ³	0.17720	0.17720	0.17720	0.17720	0.17720
General Obligation Debt Rate	0.00960	0.00920	0.00880	0.00880	0.00730
Redevelopment Authority Rate ⁴	0.00000	0.00000	0.00000	0.00000	0.00000
Total Direct Rate ⁵	0.20747	0.20813	0.19685	0.19685	0.19462

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

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

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Source: HdL, San Diego County Assessor 2009/10-2018/19 Tax Rate Tables

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

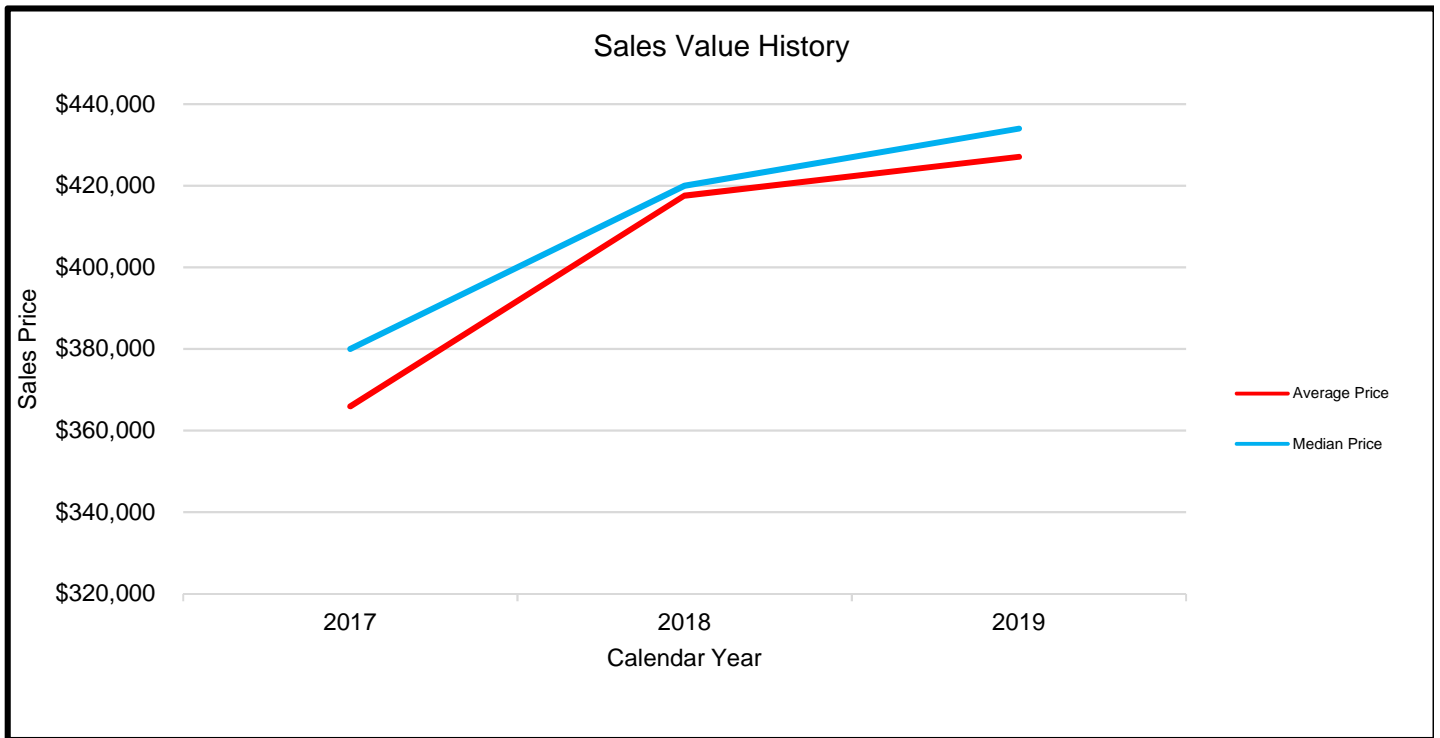
Taxpayer (Parcels)	2018/19			2009/10		
	Taxable Assessed Value (Secured and Unsecured)	Rank	Percentage of Net Assessed Value	Taxable Assessed Value (Secured and Unsecured)	Rank	Percentage of Net Assessed Value
Plaza Bonita LLC (11)	\$ 267,355,562	1	6.59%	-	-	-
Pasha Automotive Services (6)	79,403,864	2	1.96%	-	-	-
P V H R LLC (3)	61,306,628	3	1.51%	-	-	-
H G Fenton Property Company (37)	55,646,043	4	1.37%	-	-	-
Costco Wholesale Corporation (1)	46,426,817	5	1.14%	-	-	-
National City Investment LP (4)	43,605,000	6	1.07%	-	-	-
R O I C California LLC (7)	42,157,246	7	1.04%	-	-	-
M G P X I U S Properties LLC (22)	36,618,000	8	0.90%	-	-	-
M R T of National City California S N F (2)	35,115,800	9	0.87%	-	-	-
MPT of Paradise Valley L P (30)	33,282,756	10	0.82%	-	-	-
Plaza Bonita LLC (11)	-	-	-	\$ 237,591,621	1	7.84%
Pasha Group (12)	-	-	-	41,348,146	2	1.36%
MPT of Paradise Valley L P (27)	-	-	-	40,306,136	3	1.33%
Costco Wholesale (1)	-	-	-	31,579,508	4	1.04%
Pacific Castle Bay Plaza (3)	-	-	-	26,530,200	5	0.88%
Adventist Health System West (3)	-	-	-	24,496,400	6	0.81%
Prime Healthcare Services Foundation (3)	-	-	-	23,103,000	7	0.76%
Sweetwater Associates LP (22)	-	-	-	22,890,307	8	0.76%
G W Williams Company (2)	-	-	-	22,750,226	9	0.75%
Dexter Street LP - Joseph Grego Trust (1)	-	-	-	22,150,000	10	0.73%
Top Ten Total	<u>\$ 700,917,716</u>		<u>17.27%</u>	<u>\$ 492,745,544</u>		<u>16.26%</u>
City Total	\$ 4,057,201,760 *			\$ 3,030,591,425 *		

* Value includes outer TRA's

Source: HdL, San Diego County Assessor 2018/19- 2017/18 Combined Tax Rolls and the SBE Non Unitary Tax Rolls

City of National City
Sales Value History
Single Family Residential Full Value Sales (1/1/2017-7/31/2019)

<u>Year</u>	<u>Full Value Sales</u>	<u>Average Price</u>	<u>Median Price</u>	<u>Median % Change</u>
2017	278	\$ 365,966	\$ 380,000	
2018	227	\$ 417,573	\$ 420,000	10.53
2019	138	\$ 427,098	\$ 434,000	3.33





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City of National City
Top 25 Sales Tax Producers
For 2018-19 & 2009-10

2018-19		2009-10	
Business Name	Business Category	Business Name	Business Category
Arco	Service Stations	Arco	Service Stations
Arco AM PM	Service Stations	Arco AM PM	Service Stations
Ball Mitsubishi	New Motor Vehicle Dealers	Audi & Bentley Leasing	Auto Lease
Frank Hyundai	New Motor Vehicle Dealers	Ball Mitsubishi	New Motor Vehicle Dealers
Frank Subaru	New Motor Vehicle Dealers	Borders Books & Music	Stationery/Book Stores
Frank Toyota	New Motor Vehicle Dealers	Dixieline Lumber	Building Materials
In N Out Burger	Quick-Service Restaurants	Forever 21	Women's Apparel
JC Penny	Department Stores	Frank Auto Pros	New Motor Vehicle Dealers
Macys	Department Stores	JC Penny	Department Stores
Mossy Nissan	New Motor Vehicle Dealers	Macys	Department Stores
Nordstrom Rack	Department Stores	McCune Motors	New Motor Vehicle Dealers
Perry Chrysler Dodge Jeep Ram	New Motor Vehicle Dealers	Mossy Nissan	New Motor Vehicle Dealers
Perry Ford	New Motor Vehicle Dealers	Perry Ford	New Motor Vehicle Dealers
Probuild Company	Building Materials	Probuild Company	Building Materials
Ron Baker Chevrolet	New Motor Vehicle Dealers	Ron Baker Chevrolet	New Motor Vehicle Dealers
Ross	Family Apparel	Ross	Family Apparel
Royal Mandarin Restaurant	Casual Dining	South Bay Volkswagen	New Motor Vehicle Dealers
South Bay Volkswagen	New Motor Vehicle Dealers	Sweetwater Harley Davidson	Boats/Motorcycles
South County Buick GMC	New Motor Vehicle Dealers	Target	Discount Dept Stores
Target	Discount Dept Stores	Thrifty Gas	Service Stations
USA Gasoline	Service Stations	Toys R Us	Specialty Stores
Victoria's Secret	Women's Apparel	Univar	Drugs/Chemicals
Walmart Supercenter	Discount Dept Stores	Walmart Supercenter	Discount Dept Stores
Westcott Mazda	New Motor Vehicles Dealers	Westcott Mazda	New Motor Vehicles Dealers
Westair Gases & Equipment	Drugs/Chemicals	Westair Gases & Equipment	Drugs/Chemicals

Percent of 2018-19 total paid by top 25 accounts = 50.05

Percent of 2009-10 total paid by top 25 accounts = 51.52

* Firms listed alphabetically

* Firms listed alphabetically

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

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

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental Activities:					
NCJPFA Lease Revenue Refunding Bond	\$ 3,280,000	\$ 3,115,000	\$ 2,715,000	\$ 2,300,000	\$ 1,870,000
Tax Allocation Bonds	37,455,000	74,590,000	71,115,000	-	-
General Obligation Bonds	5,285,000	5,120,000	4,945,000	4,846,073	4,613,668
2017 Clean Energy Bonds					
2017 Lease Revenue Bonds					
HUD 108 Bond 2003 A	5,750,000	5,505,000	5,245,000	4,965,000	4,450,000
Total Bonded Debt	\$ 51,770,000	\$ 88,330,000	\$ 84,020,000	\$ 12,111,073	\$ 10,933,668
Per Capita	\$ 964	\$ 896	\$ 1,498	\$ 1,428	\$ 204
Percent of Taxable Assessed Values	1.71%	2.95%	2.81%	0.39%	0.34%
Other Governmental Activities Debt					
Capital Lease Payable	2,611,714	2,416,722	2,147,477	2,147,477	1,571,831
Business-Type Activities:					
Notes Payable-Deed of Trust	2,853,463	2,481,662	2,853,463	2,853,463	1,576,533
Total Primary Government	\$ 57,235,177	\$ 93,228,384	\$ 89,020,940	\$ 17,112,013	\$ 14,082,032
Percent of Personal Income	7.27%	10.95%	9.54%	1.78%	1.43%
Per Capita	\$ 1,009	\$ 1,613	\$ 1,510	\$ 291	\$ 237

In 2013, the Tax Allocation Bonds became a Fiduciary responsibility

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Governmental Activities:					
NCJPFA Lease Revenue Refunding Bond	\$ 1,425,000	\$ 965,000	\$ 490,000	\$ -	\$ -
Tax Allocation Bonds	-	-	-	-	-
General Obligation Bonds	4,371,263	4,123,858	3,917,653	3,635,000	3,360,000
2017 Clean Energy Bonds				1,800,000	1,800,000
2017 Lease Revenue Bonds				3,530,497	3,407,479
HUD 108 Bond 2003 A	4,140,000	3,805,000	3,440,000	3,050,000	2,630,000
Total Bonded Debt	\$ 9,936,263	\$ 8,893,858	\$ 7,847,653	\$ 12,015,497	\$ 11,197,479
Per Capita	\$ 185	\$ 164	\$ 145	\$ 126	\$ 193
Percent of Taxable Assessed Values	0.30%	0.26%	0.22%	0.31%	0.28%
Other Governmental Activities Debt					
Capital Lease Payable	1,948,686	1,723,764	1,494,160	1,264,425	1,001,185
Business-Type Activities:					
Notes Payable-Deed of Trust	1,311,137	1,027,967	725,833	403,464	-
Total Primary Government	\$ 13,196,086	\$ 11,645,589	\$ 10,067,646	\$ 13,683,386	\$ 12,198,664
Percent of Personal Income	1.35%	1.14%	0.96%	1.27%	1.06%
Per Capita	\$ 223	\$ 192	\$ 164	\$ 220	\$ 196

In 2013, the Tax Allocation Bonds became a Fiduciary responsibility



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City of National City
Direct and Overlapping Debt
As of June 30, 2019

2018-2019 Assessed Valuation: \$4,059,156,999

	Total Debt 6/30/2019	% Applicable ¹	City's Share of 6/30/2019
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 48,050,000	0.139%	\$ 66,790
San Diego Community College District	1,302,609,997	0.002%	26,052
Southwestern Community College District	437,873,676	7.179%	31,434,951
Chula Vista City School District	40,065,000	1.421%	569,324
Chula Vista City School District School Facilities Improvement District No. 1	80,275,000	2.566%	2,059,857
National School District	25,410,000	93.445%	23,744,375
Sweetwater Union High School District	404,956,121	8.571%	34,708,789
Sweetwater Union High School District Community Facilities Districts	6,774,740	4.035-24.174	1,279,344
City Overlapping Tax and Assessment Debt Subtotal	<u>2,346,014,534</u>		<u>93,889,482</u>
City of National City	3,360,000	100%	3,360,000
City Tax and Assessment Debt Subtotal	<u>3,360,000</u>		<u>3,360,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	<u>\$ 2,349,374,534</u>		<u>\$ 97,249,482</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
San Diego County General Fund Obligations	\$ 255,365,000	0.772%	\$ 1,971,418
San Diego County Pension Obligation Bonds	508,765,000	0.772%	3,927,666
San Diego County Superintendent of Schools Obligations	10,085,000	0.772%	77,856
Southwestern Community College District General Fund Obligations	695,000	7.179%	49,894
Sweetwater Union High School District Certificates of Participation	39,905,000	8.571%	3,420,258
Chula Vista City School District Certificates of Participation	136,420,000	1.421%	1,938,528
City of National City General Fund Obligations	<u>5,207,479</u>	100.000%	<u>5,207,479</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT	<u>\$ 956,442,479</u>		<u>\$ 16,593,099</u>
Overlapping Tax Increment Debt (Successor Agency)	\$ 45,380,000	100%	\$ 45,380,000
COMBINED TOTAL DEBT	<u><u>\$ 3,305,817,013</u></u>		<u><u>\$ 113,842,581</u></u>
Total Direct Debt			<u>\$ 8,567,479</u>
Total Overlapping Debt			<u>150,655,102</u>
Combined Total Debt ²			<u>\$ 159,222,581</u>

Ratios to 2018-19 Assessed Valuation:

Direct Debt (\$3,360,000)	0.08%
Total Direct and Overlapping Tax and Assessment Debt	2.40%
Total Direct Debt (\$8,567,479)	0.21%
Combined Total Debt	3.92%
<u>Ratios to Redevelopment Successor Agency Incremental Valuation</u>	
<u>(\$1,999,520,350):</u>	
Total Overlapping Tax Increment Debt	2.27%

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

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

Source: MuniServices, LLC

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Assessed Valuation	\$ 3,030,591,425	\$ 2,991,549,736	\$ 2,993,669,068	\$ 3,109,969,070	\$ 3,254,789,852
Conversion Percentage	25%	25%	25%	25%	25%
Adjusted Assessed Valuation	\$ 757,647,856	\$ 747,887,434	\$ 748,417,267	\$ 777,492,268	\$ 813,697,463
Debt Limit Percentage	15%	15%	15%	15%	15%
Debt Limit	\$ 113,647,178	\$ 112,183,115	\$ 112,262,590	\$ 116,623,840	\$ 122,054,619
Total Debt (due more than one year)	\$ 58,583,736	\$ 93,559,890	\$ 23,783,337	\$ 21,416,534	\$ 20,857,367
Less: Non Bonded Debt					
Claims Payable	(4,286,256)	(4,535,629)	(4,701,604)	(4,604,010)	(5,466,746)
Compensated Absences	(1,053,748)	(803,341)	(3,044,777)	(948,661)	(1,421,472)
Capitalized Lease Obligation	(2,423,051)	(2,037,295)	(2,059,274)	(1,571,831)	(1,362,172)
Notes Payable	(2,276,886)	(2,058,393)	(1,825,270)	(1,576,533)	(1,311,137)
Total Applicable to Limitation	\$ 48,543,795	\$ 84,125,232	\$ 12,152,412	\$ 12,715,499	\$ 11,295,840
Legal Debt Margin	\$ 65,103,383	\$ 28,057,883	\$ 100,110,178	\$ 103,908,341	\$ 110,758,779
Total debt applicable to the limit as a percentage of debt limit	43%	75%	11%	11%	9%

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Assessed Valuation	\$ 3,354,840,139	\$ 3,440,631,221	\$ 3,588,038,313	\$ 3,877,829,380	\$ 4,057,201,760
Conversion Percentage	25%	25%	25%	25%	25%
Adjusted Assessed Valuation	\$ 838,710,035	\$ 860,157,805	\$ 897,009,578	\$ 969,457,345	\$ 1,014,300,440
Debt Limit Percentage	15%	15%	15%	15%	15%
Debt Limit	\$ 125,806,505	\$ 129,023,671	\$ 134,551,437	\$ 145,418,602	\$ 152,145,066
Total Debt (due more than one year)	\$ 20,579,839	\$ 19,496,761	\$ 19,090,044	\$ 22,603,785	\$ 22,569,433
Less: Non Bonded Debt					
Claims Payable	(5,580,594)	(6,112,318)	(6,416,518)	(7,089,594)	(8,262,594)
Compensated Absences	(1,632,485)	(1,821,032)	(2,023,755)	(1,372,764)	(1,622,476)
Capitalized Lease Obligation	(1,723,765)	(1,494,160)	(1,249,932)	(1,001,185)	(768,962)
Notes Payable	(1,027,967)	(725,833)	(403,465)	-	-
Total Applicable to Limitation	\$ 10,615,028	\$ 9,343,418	\$ 8,996,374	\$ 13,140,242	\$ 11,915,401
Legal Debt Margin	\$ 115,191,477	\$ 119,680,253	\$ 125,555,063	\$ 132,278,360	\$ 140,229,665
Total debt applicable to the limit as a percentage of debt limit	8%	7%	7%	9%	8%

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Revenue					
Property Tax Gross Incremental Revenue	\$ 11,184,289	\$ 11,070,963	\$ 6,054,668	\$ 11,505,010	\$ 13,608,368
Debt Service Requirements					
Principal	\$ 2,225,000	\$ 2,525,000	\$ 3,955,000	\$ 4,120,000	\$ 4,290,000
Interest and Fiscal Charges	1,806,370	1,706,646	3,978,074	3,797,907	3,589,747
Pass-through Payments	7,395,921	2,613,680	-	-	-
	<u>\$ 11,427,291</u>	<u>\$ 6,845,326</u>	<u>\$ 7,933,074</u>	<u>\$ 7,917,907</u>	<u>\$ 7,879,747</u>
Debt Coverage	0.98	1.62	0.76	1.45	1.73

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Revenue					
Property Tax Gross Incremental Revenue	\$ 12,705,481	\$ 11,558,679	\$ 7,740,998	\$ 8,921,732	\$ 5,185,031
Debt Service Requirements					
Principal	\$ 5,230,000	\$ 2,070,000	\$ 2,220,000	\$ 3,163,000	\$ 3,113,000
Interest and Fiscal Charges	3,484,532	3,078,878	2,980,532	1,166,000	1,088,084
Pass-through Payments	-	-	-	-	-
	<u>\$ 8,714,532</u>	<u>\$ 5,148,878</u>	<u>\$ 5,200,532</u>	<u>\$ 4,329,000</u>	<u>\$ 4,201,084</u>
Debt Coverage	1.46	2.24	1.49	2.06	1.23



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

Year	Total Population	Pct of SD County Population	Pct Change from Previous Year	Median Age	Avg. Household Size	Educational Attainment		Unemployment Rate	Personal Income (000s) ¹	Per Capita Personal Income ¹
						% High School Graduate (25+)	% Bachelor's Degree or Higher (25%)			
2008	56,063	1.8%	0.6%	28.9	3.58	62.0%	9.0%	9.1%	\$ 790,759	\$ 14,105
2009	56,320	1.8%	0.5%	29.0	3.59	65.9%	13.1%	11.8%	\$ 800,319	\$ 14,210
2010	56,730	1.8%	0.7%	28.7	3.66	59.8%	10.6%	18.5%	\$ 787,399	\$ 13,880
2011	57,799	1.8%	1.9%	30.7	3.81	62.9%	11.8%	19.9%	\$ 851,321	\$ 14,729
2012	58,967	1.9%	2.0%	31.5	3.44	65.1%	12.6%	18.9%	\$ 933,389	\$ 15,829
2013	58,838	1.9%	-0.2%	31.7	3.40	66.8%	13.1%	13.6%	\$ 963,708	\$ 16,379
2014	59,381	1.9%	0.5%	32.0	3.41	67.9%	12.7%	11.9%	\$ 982,043	\$ 16,538
2015	59,235	1.8%	-0.2%	31.5	3.41	69.8%	12.5%	8.1%	\$ 977,614	\$ 16,504
2016	60,768	1.8%	2.6%	31.9	3.40	70.8%	12.7%	6.6%	\$ 1,020,729	\$ 16,797
2017	61,210	1.8%	0.7%	32.2	3.4	72.3%	12.9%	5.9%	\$ 1,048,669	\$ 17,132
2018	62,257	1.9%	1.7%	32.5	3.4	72.4%	14.2%	4.1%	\$ 1,078,906	\$ 17,329
2019	62,307	1.9%	0.1%	32.5	3.39	73.5%	14.6%	4.4%	\$ 1,155,824	\$ 18,550

NA: Not available.

¹ Dollar values are inflation-adjusted to 2009

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

<u>Function/Program</u>	Fiscal Year				
	2010	2011	2012	2013	2014
General Government					
City Clerk	3.16	3.16	3.00	3.00	3.00
City Manager	7.50	9.50	9.00	7.05	8.00
Risk Management	2.00	2.00	2.00	1.00	1.00
Management Information Systems	4.00	4.00	4.00	3.00	3.00
Finance	17.00	16.55	16.75	14.48	14.48
Purchasing	2.48	2.48	2.48	2.48	2.48
City Attorney	3.50	3.50	3.50	3.00	3.50
Human Resources	5.30	5.50	5.50	3.00	3.00
Community Development ¹	—	—	—	19.60	19.34
Planning	5.10	5.17	4.83	3.00	3.00
Building	4.40	4.33	4.33	3.00	4.00
Engineering	14.70	14.70	14.04	9.00	10.00
Redevelopment ¹	5.20	5.70	3.20	3.20	3.20
Advanced Planning / Economic Development ¹	2.75	2.75	—	—	—
Housing & Grants ^{1,4}	17.85	18.30	17.05	14.50	14.00
Neighborhood Services ¹	6.00	11.00	9.50	10.00	10.00
Public Works ²	36.30	36.30	36.96	41.00	42.00
Community Services ²	22.50	22.50	33.69	28.35	19.35
Nutrition Center	11.25	11.25	11.25	6.75	10.00
Library	28.51	60.07	59.31	56.47	56.30
Public Safety					
Police	139.36	134.36	135.38	124.38	125.38
Fire	48.25	48.25	48.25	42.00	43.00
Transit ³	—	—	—	—	—

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

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

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

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

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

<u>Function/Program</u>	Fiscal Year				
	2015	2016	2017	2018	2019
General Government					
City Clerk	3.00	3.00	3.00	3.00	3.00
City Manager	8.00	8.00	8.00	7.00	7.00
Risk Management	1.00	1.00	1.00	1.00	1.00
Management Information Systems	3.50	4.00	4.00	4.00	4.00
Finance	14.77	15.77	14.29	14.29	14.29
Purchasing	1.48	1.48	1.48	1.48	1.48
City Attorney	4.00	3.50	4.00	4.00	5.00
Human Resources	3.00	5.00	5.00	4.00	3.00
Community Development ¹	15.01	—	—	—	—
Planning	3.00	4.00	4.00	5.00	5.00
Building	4.00	5.00	5.00	5.00	4.00
Engineering	11.00	13.00	13.00	13.00	13.00
Redevelopment ¹	0.00	0.00	0.00	0.00	0.00
Advanced Planning / Economic Development ¹	—	—	—	—	—
Housing & Economic Development ⁴	15.00	15.00	16.00	15.00	15.00
Neighborhood Services ^{1,4}	10.00	11.00	11.00	11.00	11.00
Public Works ²	45.00	45.00	46.50	46.50	46.50
Community Services ²	15.01	17.98	18.98	18.98	18.98
Nutrition Center	10.00	10.00	10.00	9.00	9.00
Library	20.35	21.35	21.85	21.85	21.85
Public Safety					
Police	129.50	129.50	126.98	126.98	128.98
Fire	43.00	47.00	47.00	47.00	47.00
Transit ³	—	—	—	—	—

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

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

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

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

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

<u>Function/Program</u>	Fiscal Year				
	2010	2011	2012	2013	2014
Police					
Physical Arrests	3,456	3,008	3,082	3,861	3,167
Parking Violations	9,843	12,157	10,406	9,704	11,283
Traffic Violations	3,491	2,325	3,384	3,811	2,158
Fire					
Emergency Responses	5,165	6,008	7,240	6,974	6,264
Fires Extinguished	140	79	136	155	149
Inspections	NA	1,909	3,505	1,591	1,583
Other Public Works					
Street Resurfacing (miles)	25	5	0	0	0
Parks and Recreation					
Athletic Field Permits Issued	17	11	10	9	9
Community Center Admissions ¹	65,609	57,142	54,520	54,520	54,520
Library					
Volumes in Collection	207,100	212,175	213,177	241,921	246,299
Total Volumes Borrowed	285,527	243,055	252,356	247,608	215,955
Wastewater					
Average Daily Sewage Treatment (million gallons per day)	4.482	4.566	4.566	3.917	3.902

NA: Not available.

¹ Excludes Nutrition Center admissions.

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

<u>Function/Program</u>	Fiscal Year				
	2015	2016	2017	2018	2019
Police					
Physical Arrests	3,484	3,418	3,078	2,733	2,567
Parking Violations	7,434	8,659	7,958	8,693	7,348
Traffic Violations	1,801	1,561	1,563	1,772	1,987
Fire					
Emergency Responses	7,815	8,228	8,403	8,815	8,463
Fires Extinguished	121	141	125	138	120
Inspections	1,316	900	837	914	820
Other Public Works					
Street Resurfacing (miles)	2	0	0	2	34
Parks and Recreation					
Athletic Field Permits Issued	18	26	28	28	13
Community Center Admissions ¹	18,138	42,762	43,396	45,342	56,988
Library					
Volumes in Collection	238,114	233,109	231,683	233,086	206,210
Total Volumes Borrowed	189,145	129,762	111,271	110,023	103,594
Wastewater					
Average Daily Sewage Treatment (million gallons per day)	3.891	3.891	3.921	3.921	3.921

NA: Not available.

¹ Excludes Nutrition Center admissions.

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

<u>Function/Program</u>	Fiscal Year				
	2010	2011	2012	2013	2014
Police					
Stations	1	1	1	1	1
Zone Offices	1	1	1	1	1
Patrol Units	38	38	38	38	34
Fire Stations	2	2	2	2	2
Other Public Works					
Streets (miles)	101	101	101	101	101
Highways (miles)	6	6	6	6	6
Streetlights	1,730	1,730	1,730	1,730	1,730
Traffic Signals	88	88	88	88	74
Parks and Recreation					
Acreage	84	84	84	84	84
Playgrounds	4	4	4	4	4
Baseball/Softball Diamonds	7	5	5	5	5
Soccer/Football Fields	3	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	25.3	45
Treatment Capacity (million gallons per day)	7.10	7.10	7.10	7.10	7.20

NA: Not available.

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

<u>Function/Program</u>	Fiscal Year				
	2015	2016	2017	2018	2019
Police					
Stations	1	1	1	1	1
Zone Offices	1	1	0	0	1
Patrol Units	38	45	45	45	60
Fire Stations	2	2	2	2	2
Other Public Works					
Streets (miles)	101	101	108	108	108
Highways (miles)	6	6	9	9	9
Streetlights	1,730	1,730	1,995	1,995	2,731
Traffic Signals	74	75	74	80	80
Parks and Recreation					
Acreage	84	75	80	80	80
Playgrounds	4	5	5	5	5
Baseball/Softball Diamonds	5	5	5	5	5
Soccer/Football Fields	1	1	1	1	1
Community Centers	5	1	1	1	5
Wastewater					
Sanitary Sewers (miles)	97	97	104	104	104
Storm Sewers (miles)	45	45	96	96	96
Treatment Capacity (million gallons per day)	7.20	7.20	7.20	7.20	7.20

NA: Not available.



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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 28, 2020.

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.

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*.

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

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

The PwC Group, LLP

San Diego, California
February 28, 2020