

CALIFORNIA
NATIONAL CITY
1887
INCORPORATED

**CITY OF NATIONAL CITY
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2009**



National City, California

CITY OF NATIONAL CITY
National City, California

Comprehensive Annual Financial Report

For the Year Ended June 30, 2009

1243 National City Blvd.
National City, California 91950
Phone: (619) 336-4241
Fax: (619) 336-4239
www.nationalcityca.gov

Prepared by the Finance Department

Jeanette Ladrado, CPA
Finance Director

CITY OF NATIONAL CITY
Comprehensive Annual Financial Report
For the Year Ended June 30, 2009

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	i
Directory of City Officials	vii
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	18
Statement of Activities	19
Fund Financial Statements:	
<i>Governmental Fund Financial Statements:</i>	
Balance Sheet	21
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets	24
Statement of Revenues, Expenditures and Changes in Fund Balances	25
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities	27
<i>Proprietary Fund Financial Statements:</i>	
Statement of Net Assets	28
Statement of Revenues, Expenses and Changes in Net Assets	29
Statement of Cash Flows	30
<i>Fiduciary Fund Financial Statements:</i>	
Statement of Fiduciary Net Assets	31
Statement of Changes in Fiduciary Net Assets	32
Notes to the Basic Financial Statements	35

CITY OF NATIONAL CITY
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2009

TABLE OF CONTENTS, (CONTINUED)

	<u>Page</u>
<u>FINANCIAL SECTION, (CONTINUED)</u>	
Required Supplementary Information:	
Notes to Required Supplementary Information	74
Budgetary Information	
Budgetary Comparison Schedule - General Fund	75
Budgetary Comparison Schedule – Section 8 Housing Assistance Special Revenue Fund	76
Budgetary Comparison Schedule – Other Special Revenue Fund	77
Budgetary Comparison Schedule - Nutrition Program Special Revenue Fund	78
Budgetary Comparison Schedule - Sewer Service Special Revenue Fund	79
Budgetary Comparison Schedule – Low and Moderate Income Housing Program Fund	80
Supplementary Information:	
Non-Major Governmental Funds:	
Combining Balance Sheet	83
Combined Statement of Revenues, Expenditures and Changes in Fund Balances Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	87 90-107
Internal Service Funds:	
Combining Statement of Net Assets	109
Combining Statement of Revenues, Expenses and Changes in Net Assets	111
Combining Statement of Cash Flows	113
Fiduciary Funds:	
Combining Statement of Changes in Assets and Liabilities - Agency Funds	116

CITY OF NATIONAL CITY
Comprehensive Annual Financial Report
For the Year Ended June 30, 2009

TABLE OF CONTENTS, (CONTINUED)

	<u>Page</u>
<u>STATISTICAL SECTION</u>	
Net Assets by Component	119
Changes in Net Assets	121
Fund Balances of Governmental Funds	125
Changes in Fund Balances of Governmental Funds	127
Assessed Value of Taxable Property	129
Taxable Sales by Category	131
Direct & Overlapping Property Tax Rates	133
Principal Property Tax Payers	134
Property Tax Levies and Collections	135
Ratios of Outstanding Debt by Type	137
Direct and Overlapping Debt	140
Legal Debt Margin Information	141
Pledged Revenue Coverage	143
Demographic and Economic Statistics	145
Principal Employers	146
Full-time Equivalent City Government Employees by Function/Program	147
Operating Indicators by Function/Program	148
Capital Asset Statistics by Function	149

INTRODUCTORY SECTION



December 29, 2009

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

The Comprehensive Annual Financial Report of the City of National City for the fiscal year ended June 30, 2009 is hereby submitted in accordance with Title 2.16.100(N) of the National City Municipal Code and section 25253 of the Government Code of the State of California. State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

The City is responsible for the accuracy, completeness, and fair presentation of this report. Under the direction of the City's Director of Finance our financial reports are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various Funds, account groups and component units of the City. It is believed that all disclosures necessary have been included in order to enable the reader to gain maximum understanding of the City's financial affairs as of June 30, 2009.

As required by the City of National City Municipal Code, Title 2.16.100(N), the independent auditing firm Mayer Hoffman McCann, P.C. has reviewed the City's financial records and the internal control system. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of National City for the fiscal year ended June 30, 2009, are free of material misstatements. The audit firm of Mayer Hoffman McCann P.C., has issued an unqualified opinion on the City of National City's financial statements for the year ended June 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

The Report is organized into three major sections:

- Introductory Section:** This section includes a table of contents, this transmittal letter and a City organizational chart.
- Financial Section:** This section includes the independent auditors' report, the management discussion and analysis report, the basic financial statements and the notes to these financial statements, followed by supplemental information.
- Statistical Section:** This section contains both financial and non-financial trend data about the City and its operations.

In addition to meeting the requirements set forth in the City's Municipal Code, the City is required to have a Single Audit performed by our independent audit firm. The Single Audit was designed to meet the 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 the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and compliance with legal requirements involving the administration of federal awards. These reports are available in the City of National City's separately issued Single Audit Report.

Generally Accepted Accounting Principles requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The City of National City's MD& A is located in the Financial Section, following the independent auditor's report.

GOVERNMENT

The City of National City is located on the bay in San Diego County, bordered by the City of San Diego to the north, and the port of San Diego to the west. The nearly built-out city is home to a fairly constant population of about 61,115 residents over 9.2 square miles.

The City of National City was incorporated September 17, 1887. It is a general law city and operates under the council-manager form of government. The City Council has five members who are elected at large for a term of four years. The citizens of National City also elect the City Treasurer and the City Clerk.

The City Council is responsible for setting policies, passing ordinances, adopting the budget, appointing committees and appointing the City Manager. The City Manager is responsible for carrying out policies and ordinances of the City Council, appointing City Department heads and overseeing the day-to-day operations of the City. The City Manager also serves as executive director and secretary of the Community Development Commission of the City of National City and may delegate that authority.

REPORTING ENTITY

This report includes all funds of the City, as well as all of its component units. Component units are legally separate entities for which the City is financially accountable.

Blended component units, although legally separate entities, are, in substance, part of the City's operations and are included in this CAFR as part of the City. Accordingly, the City of National City Joint Powers Financing Authority, the National City Parking Authority and the Community Development Commission of the City of National City are reported as part of the City. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City and to differentiate their financial position, results of operations and cash flows from those of the City.

BOARDS AND COMMISSIONS

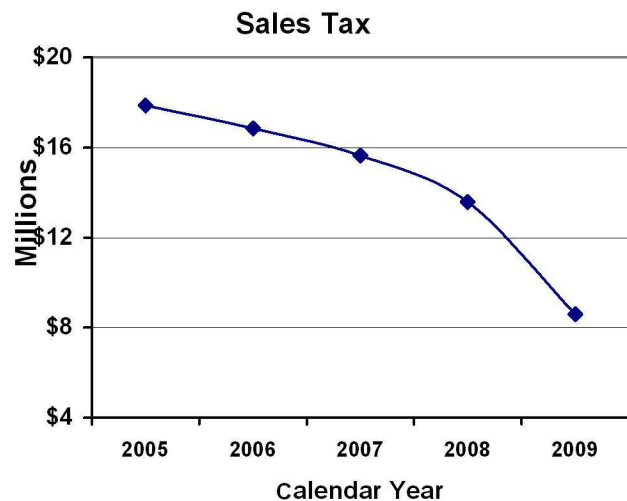
The City Manager is committed to the support of government programs that can expand the City's ability to reach-out to the community. The National City Neighborhood Councils were implemented in 2005 and has greatly enhanced the citizen interaction with the City Services. The following boards and commissions are available for the citizens of National City to participate on as advisors to the Mayor and City Council:

- **Building and Advisory and Appeals Board** - acts in matters related to the Building Code.
- **Civil Service Commission** - recommends hears appeals of any person in the classified service relative to any suspension, demotion or dismissal.
- **Community and Police Relations Commission** - a forum for citizens to voice their concerns about issues related to police-community relations.
- **Housing and Community Development Committee** - members stay in touch with community attitudes, and identify the physical, social, and economic needs of National City.
- **Library Board of Trustees** - acts in accordance with the Education Code; coordinates the activities of the City Library; advises the City Librarian on operational policies; approves warrants; and recommends to the City Council the adoption of rules and regulations.
- **Parks and Recreation Advisory Board** - acts in matters of policy and administration of the city owned parks and the recreation programs operated in said parks.
- **Planning Commission** - recommends the adoption, amendment, or repeal of a master plan or any part thereof for the physical development of the City.

- **Public Art Committee** – advises the City Council on public art projects meant to increase the aesthetic value of parks, public buildings, and new development. The committee also promotes the City’s substantial historical and cultural assets throughout the county.
- **Senior Citizens Advisory Board** - acts in an advisory capacity in matters pertaining to seniors.
- **Street Tree and Parkway Committee** - reviews and makes recommendations relative to the planting, removal, or transplanting of trees upon public property.
- **Traffic Safety Committee** - reviews and makes recommendations concerning the safety of traffic.

LOCAL ECONOMY

The City of National City has an economic base composed of autos and transportation, general consumer goods, restaurants and hotels, fuel and service stations, business and industry, building and construction and food and drug stores. Due to the economic recession, the City’s primary source of revenue, sales tax, has dropped from a high of over \$16 million in 2004 to under \$10 million in 2009.



Council and Administrative actions were taken to assist in balancing the budget, attain fiscal sustainability, and provide for efficient and transparent government. An employee-driven committee was established to brainstorm ideas to reduce internal costs. The Cost Reduction and Revenue Efficiency (C.A.R.E.) Committee publishes quarterly newsletters to encourage voluntary participation in such endeavors. The Purchasing Review and Personnel Review Committees were established to affirm fiscal responsibility in purchasing and hiring practices.

In June 2006, National City voters approved Proposition D (District Tax), a 1 cent increase in local sales tax that will be effective until 2016. It has been projected that the district tax would generate \$7-\$9 million annually. The revenues from the district tax temporarily fix the fundamental problem of more money going out than coming in. It also challenges National City to become proactive in building stable and diverse revenue sources within the next five to ten years to achieve financial sustainability. The last major revenue generating developments, Plaza Bonita Mall and the Mile of Cars, occurred over 20 years ago. Efficiency, vision and innovation are necessary to reverse the current stagnation.

LONG TERM FINANCIAL PLANNING

The City is currently working on a comprehensive update of its general plan. The general plan serves as a blueprint for growth and the associated impacts. National City is rich in infrastructure and has the foundation to grow through infill opportunities and increased mobility. The smart growth goals and principals established in the general plan will be implemented through a series of neighborhood action plans. These action plans will utilize city resources and leverage them with grants and other funding sources to build healthier and safer neighborhoods.

The City's capital resources are prioritized and distributed through a five year capital improvement program. (C.I.P) Developing the C.I.P. will be done concurrently with the development of the general plan. All capital projects must be found consistent with the general plan to ensure a commitment to the long range plans set forth by the community.

BUDGETARY CONTROLS

The City maintains budgetary controls at the individual fund level. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The budget includes estimated revenues and appropriations for the City's funds categorized into six fund types including one general fund, special revenue funds, debt service funds, capital projects funds, enterprise funds and all internal service funds are included in the annual appropriated budgets of the City.

Using the City's automated accounting system, each City department's expenditures are restricted to the amount of that department's budgeted appropriations for the year at the object level. No department is allowed to spend more than its available appropriations.

Changes in appropriations in excess of a department's total appropriation or fund balance or unrealized revenues must be approved by the City Council as a transfer from contingency reserve, transfer from another department, or as an appropriation of unanticipated or over-realized revenue identified to a specific source. There is no "floor" in the level amount requiring approval.

CASH MANAGEMENT POLICIES AND PRACTICES

The investment operations of the City are under the direction of the City Finance Director. The City Treasurer and the Finance Director share investment policy review, operations and approval. On an annual basis, the City's investment policy is reviewed and approved by the City Council. The Finance Director and Financial Services Officer monitor cash balances daily and invest temporarily idle funds in accordance with the California Government Code and the City's Investment Policy. The City employs a pooled cash system for various City funds to maximize interest income. Investment earnings are distributed based on average cash balance. During Fiscal Year 2008-2009, the City invested funds in the State of

California Local Agency Investment Fund, certificates of deposit, money market and federal agency bonds.

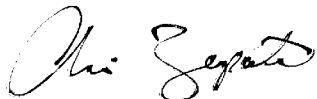
RISK MANAGEMENT

The City is self-insured for its general liability exposures up to \$250,000 per occurrence and for its Workers' Compensation up to \$500,000 per claim. As a member of the San Diego Pooled Insurance Program Authority (SANDPIPA), the City is insured for general liability between \$250,000 and \$2 million. For general liability claims in excess of the pooled layer, the City purchases excess liability insurance through SANDPIPA with limits up to \$37 million per occurrence. The City also obtains its first party, all-risk property insurance and crime bond/fidelity coverage through SANDPIPA. In addition, the City participates in the County Supervisors' Association of California Excess Insurance Authority (CSAC-EIA) which enables it to purchase excess Workers' Compensation coverage for its large and catastrophic claims.

ACKNOWLEDGMENTS

The preparation of this Comprehensive Financial Report could not have been accomplished without the professional and dedicated service of the staff of the Finance department and the assistance of the City's auditors, Mayer Hoffman McCann, P.C. We sincerely thank you for a job well done. In addition, we acknowledge and appreciate the continued support of the Mayor and members of the City Council in the commitment to fiscal integrity and financial leadership.

Sincerely,



Chris Zapata
City Manager



Jeanette Ladrado, CPA
Director of Finance



DIRECTORY OF CITY OFFICIALS

City Council

Ron Morrison Mayor
Alejandra Sotelo-Solis Vice Mayor
Frank Parra Council Member
Jess Van Deventer Council Member
Rosalie Zarate Council Member

City Treasurer

Mitch Beauchamp

City Clerk

Michael R. Dalla

City Manager

Chris Zapata

City Attorney

George H. Eiser

Assistant City Manager

Leslie Deese

Community Development Commission Executive Director

Brad Raulston

Department Heads

Minh Duong City Librarian
Vacant Director of Community Development
Brenda Hodges Director of Community Services
Maryam Babaki Director of Engineering
Jeanette Ladrido, CPA Director of Finance
Roderick Juniel Fire Chief
Stacey Stevenson Director of Human Resources
Joe Smith Director of Public Works
Dr. Adolfo Gonzales Police Chief

FINANCIAL SECTION



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of National City, California (City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described further in note 9 to the financial statements, the City changed its method of accounting for postemployment benefits for fiscal years ending on or after June 30, 2009.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 28, 2009 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mayer Hoffman McCann P.C.

Irvine, California
December 28, 2009



MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of the City of National City, we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City of National City for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The City’s assets exceeded its liabilities at the close of fiscal year 2009 by \$162,838,989 (*net assets*). Of this amount, \$8,481,142 (*unrestricted net assets*) is for unrestricted uses in accordance with finance-related legal requirements reflected in the City’s fund structure.
- The City’s total net assets increased by \$4,703,995 or 2.97%. Net assets of governmental activities increased by \$4,829,537 and net assets of business type activities decreased by \$125,542.
- As of the close of fiscal year 2009, the City’s governmental funds reported combined ending fund balances of \$84,318,773, a decrease of \$3,342,794 in comparison with the prior year. Total fund balance is broken-up as follows:

**BALANCE SHEET
Governmental Funds**

Total Fund Balance \$84,318,773		
Reserves \$22,746,950 (27%)	Unreserved \$63,856,415 (73%)	
	Designated \$26,002,880 (31%)	Undesignated \$35,268,943 (42%)

- At the end of the current fiscal year, the contingency reserve fund balance for the General Fund was 7,500,000 or 20 percent of general fund expenditures. The prior year balance was \$9,000,000. Council policy recommends the contingency reserve at 25 to 50 percent of general fund expenditures.
- The City’s total long-term debt had a net decrease of \$2,827,875 or 4.1 percent during fiscal year 2009.
- National City residents approved an additional 1% district tax in 2005 (Proposition D). It has been projected to generate additional revenue of \$7 to \$9 million. Despite the nation-wide recession the City of National City was able to maintain fiscal sustainability. In fiscal year 2009, the district tax brought in \$ 8.1 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of National City’s basic financial statements. The City of National City’s basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and

3) notes to the basic financial statements. In addition to the basic financial statements, also provided is other supplementary information. (Refer to figure A-1)

Government-Wide Financial Statements

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

The *Statement of Net assets* (the “Unrestricted Net Assets”) is similar to a bottom line for the City and its governmental and business-type activities. This statement reports all of the governmental fund’s current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of National City is improving or deteriorating.

The *Statement of Activities* presents information to show how the government’s net assets changed during the most recent fiscal year. All changes in net assets 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 and sick leave).

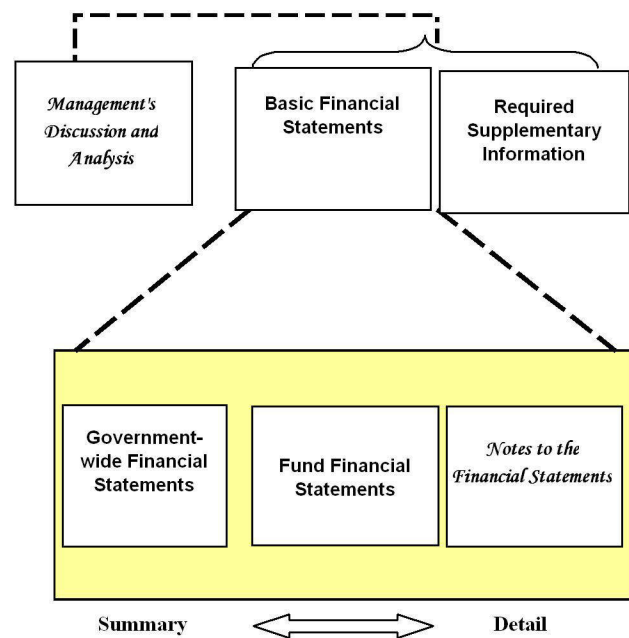
Both of the government-wide financial statements distinguish services of the City of National City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of National City include general government, public safety, transportation, health, culture and leisure, and community development. The business-type activities of the City of National City include the community development commission.

The basic government-wide financial statements can be found in the accompanying comprehensive financial 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 of National City uses fund accounting

Figure A-1
Required Components of
City of National City’s Annual Financial Report





MANAGEMENT'S DISCUSSION AND ANALYSIS

to ensure and demonstrate compliance with finance-related legal requirements. All of the funds used by the City of National City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on the balances left at year end that are available for spending. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the long-term focus of the government-wide statement, additional information is provided that reconciles the governmental fund financial statements to the government-wide statements explaining the relationship (or differences) between them.

The City maintains 149 individual governmental funds, which includes 11 funds maintained by the Community Development Commission. Information is presented separately in the government fund balance sheet and in the governmental fund statement of revenues' expenditures and changes in fund balance for the General Fund, Human Services Special Revenue Funds, Capital Project Funds, each of which are considered to be major funds. Data from the remaining not mentioned funds are combined into a single aggregate presentation. Individual fund data for these major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its Funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget. Except for the Community Development Commission funds, the City maintains an automated budgetary accounting system to restrict expenditures to established appropriations and to recognize yearend commitments (encumbrances) in the financial statements.

Proprietary Funds. The City of National City maintains two different types of proprietary funds: enterprise funds and internal service funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the Kimball Towers and Morgan Towers. *Internal Service Fund* is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its vehicle operations, workers compensation insurance, general liability insurance, separation benefits, accounting services and technology development. The internal service funds predominantly benefit governmental rather than business-type functions; therefore they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Kimball Towers and Morgan Towers, each of which are considered to be major funds of the City of National City. Data for the additional enterprise funds and all of the



MANAGEMENT'S DISCUSSION AND ANALYSIS

internal service funds are combined into their respective single aggregated presentations. Individual fund data for the non-major enterprise funds and all internal service funds is provided in the form of *combining statements* elsewhere in this report.

Fiduciary Funds. The City uses fiduciary funds to account for assets held on behalf of outside parties. The City of National City's fiduciary funds reflect activity related to retiree medical and dental insurance premiums and refundable customer deposits for performance. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found in the financial section of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of National City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found in the financial section of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of National City, assets exceeded liabilities by \$162,838,989 at the close of the most recent fiscal year.

A portion of the City's net assets \$8,481,142 (5%) is unrestricted and may be used to meet the City's ongoing financial obligations. These are net assets that are not restricted by external requirements nor invested in capital.

Of the City's \$162,838,989 in net assets, \$104,163,639 (64%) reflects investment in capital assets (e.g., land, buildings, machinery, and equipment). The City of National City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of National City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net assets of the City also include \$48,092,405 of restricted net assets. These are assets representing resources subject to external restriction as to how they may be used by the City.



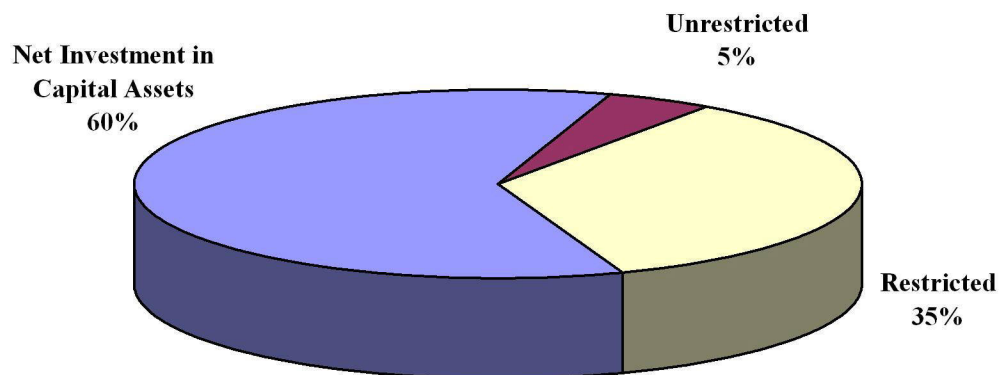
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following reflects the City of National City's net assets:

	Summary of Net Assets					
	Activities		Activities		Government	
	2009	2008	2009	2008	2009	2008
Current and other assets	104,686,916	108,905,772	2,397,137	2,198,738	107,084,053	111,104,510
Capital assets	121,154,824	115,177,024	8,027,839	8,438,260	129,182,663	123,615,284
Total assets	225,841,740	224,082,796	10,424,976	10,636,998	236,266,716	234,719,794
Long-term liabilities outstanding	63,854,003	66,502,001	2,673,586	2,853,463	66,527,589	69,355,464
Other liabilities	6,604,804	6,727,072	295,334	201,937	6,900,138	6,929,009
Total liabilities	70,458,807	73,229,073	2,968,920	3,055,400	73,427,727	76,284,473
Net assets:						
Invested in capital assets, net						
of related debt	98,809,386	90,395,315	5,354,253	5,584,797	104,163,639	95,980,112
Restricted	48,092,405	53,081,951	2,101,803	1,996,801	50,194,208	55,078,752
Unrestricted	8,481,142	7,376,407	-	-	8,481,142	7,376,407
Total net assets	155,382,933	150,853,673	7,456,056	7,581,598	162,838,989	158,435,271

As in the prior fiscal year, the City of National City reported positive balances in all three categories of net assets for the government as a whole and the separate governmental and business-type activities.

Summary of Net Assets





MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary of Changes in Net Assets

	Activities		Activities		Government	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 12,558,790	\$ 12,366,305	\$ 2,041,477	\$ 2,044,277	\$ 14,600,267	\$ 14,410,582
Operating grants and contributions	20,674,207	26,090,615	-	-	20,674,207	26,090,615
Capital grants and contributions	-	112,107	-	-	-	112,107
General Revenue:						
Property tax	15,827,505	16,421,961	-	-	15,827,505	16,421,961
Sales and Use tax	20,700,283	24,072,743	-	-	20,700,283	24,072,743
Franchise tax	1,737,134	1,416,236	-	-	1,737,134	1,416,236
Other taxes	6,000,666	5,942,144	-	-	6,000,666	5,942,144
Investment earnings	1,425,385	3,369,224	23,995	27,618	1,449,380	3,396,842
Other miscellaneous revenues	270,269	-	-	-	270,269	-
Rent	733,454	305,082	-	-	733,454	305,082
Transfers	-	2,378,910	-	(2,378,910)	-	-
Total Revenues	79,927,693	92,475,327	2,065,472	(307,015)	81,993,165	92,168,312
Expenses:						
General government	5,224,693	5,881,015	-	-	5,224,693	5,881,015
Public safety	29,670,520	27,218,309	-	-	29,670,520	27,218,309
Transportation	7,735,716	7,144,911	-	-	7,735,716	7,144,911
Community development	17,049,437	24,841,387	-	-	17,049,437	24,841,387
Health	5,963,766	7,426,569	-	-	5,963,766	7,426,569
Culture and leisure	6,928,456	6,304,412	-	-	6,928,456	6,304,412
Interest and fiscal charges	2,525,568	2,853,399	-	-	2,525,568	2,853,399
TDA	-	-	-	2,218,661	-	2,218,661
Community Development Commission	-	-	2,191,014	2,078,822	2,191,014	2,078,822
Total Expenses	75,098,156	81,670,002	2,191,014	4,297,483	77,289,170	85,967,485
Increase (decrease) in net assets before transfers	4,829,537	10,805,325	(125,542)	(4,604,498)	4,703,995	6,200,827
Transfers	-	-	-	-	-	-
Increase (decrease) in net assets	4,829,537	10,805,325	(125,542)	(4,604,498)	4,703,995	6,200,827
Net assets - Beg of Year (note 11)	150,553,396	140,048,348	7,581,598	12,186,096	158,134,994	152,234,444
Net assets - End of Year	\$ 155,382,933	\$ 150,853,673	\$ 7,456,056	\$ 7,581,598	\$ 162,838,989	\$ 158,435,271

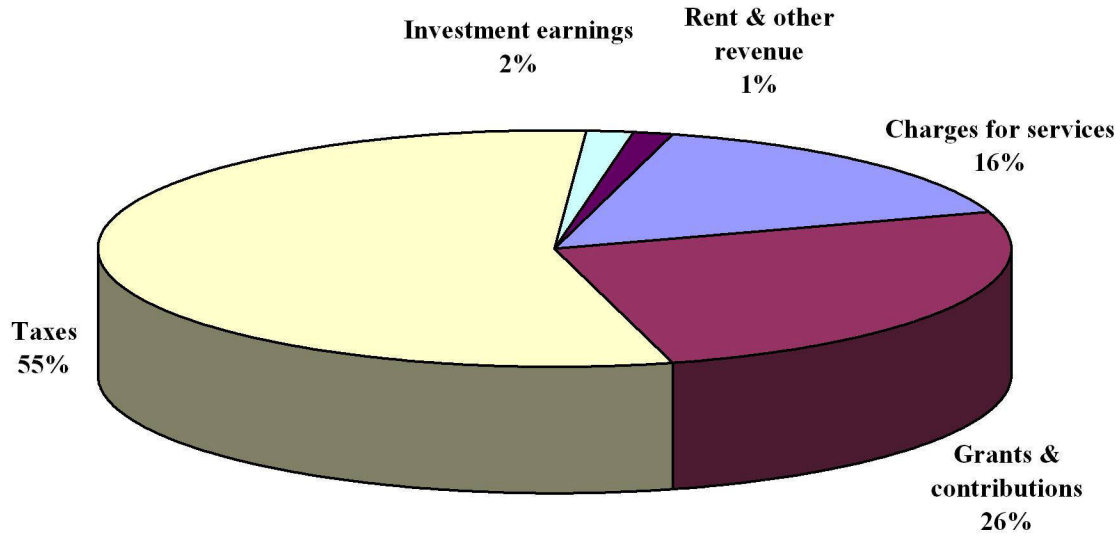
Governmental Activities

Governmental activities increased the City of National City's net assets by \$4,829,537 causing a 3 percent increase in the primary government's net assets. Key elements of this increase are as follows:

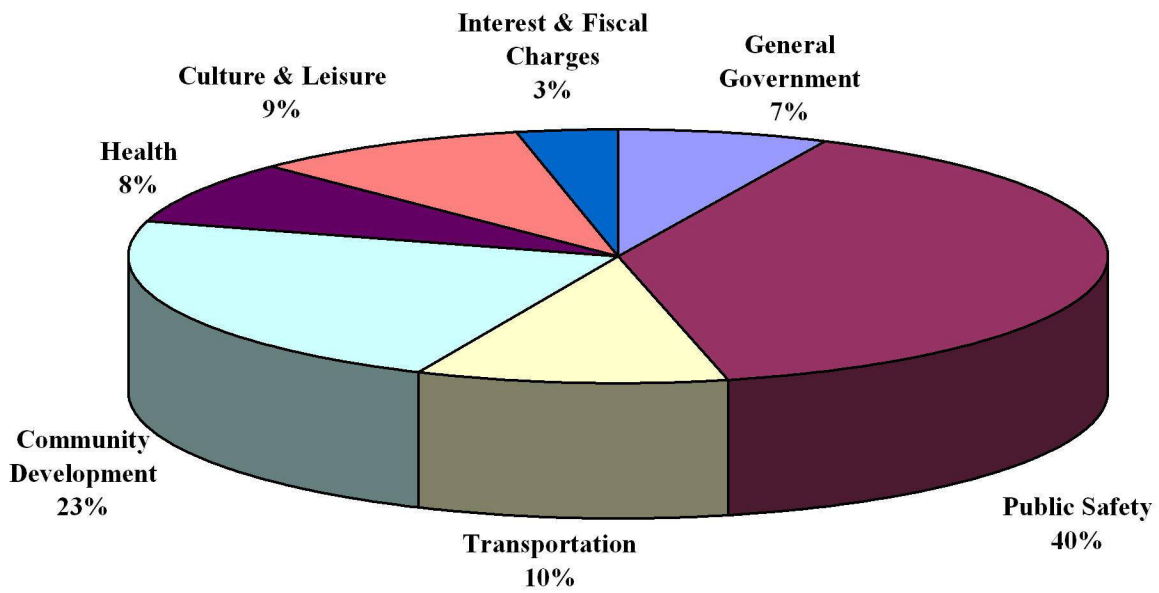
- Tax revenue decreased by \$3,587,496 or 7.5 percent decrease from fiscal year 2008. This change was a result from decreases in sales taxes (\$3,372,460), property taxes (\$ 594,456) and transient occupancy taxes (\$211,696).

Governmental Activities

Revenue by Source



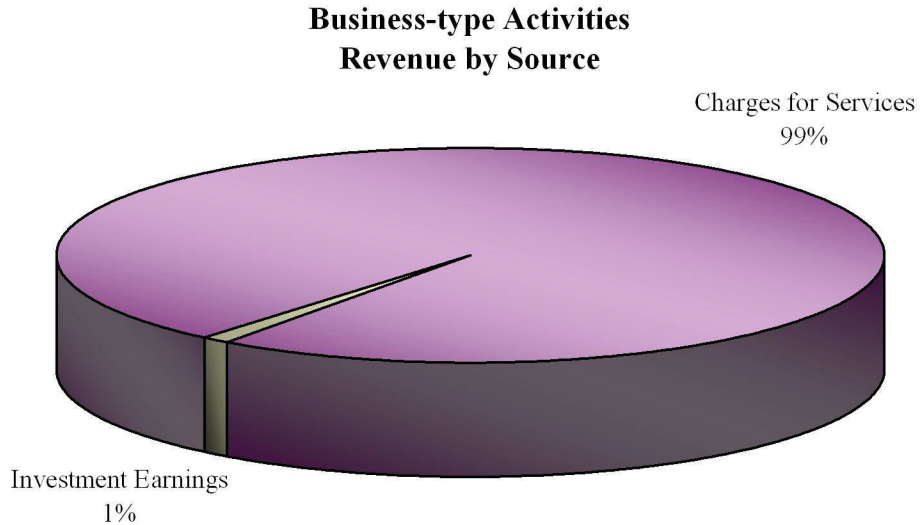
Expenses by Source



Intergovernmental revenues are grants and other revenues received from the state and federal government. Licenses and permits include amounts collected from the issuance of licenses and permits required by the City of National City for various purposes. Revenues from fees collected by the City for a variety of services provided to the public are recorded as charges for services. Investment income reflects revenue from investment activity. Other revenue includes rent proceeds from the leasing of various government buildings.

Business-type Activities

Business-type activities had an immaterial impact on net assets. The National City transit program is now outsourced to the San Diego Metropolitan Transit System (MTS). The City’s only current business type activity is the Community Development Commission.



FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

As noted earlier, the City of National City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements; however, governmental funds use a modified accrual basis of accounting while proprietary funds generally follow full accrual. Major funds are reported separately.

Governmental Funds

The focus of the City’s governmental funds is to provide information on current year revenue, expenditures, and balances of spendable resources. Such information is useful in assessing the City of National City’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds report the difference between their assets and liabilities as fund balance, which is divided into reserved and unreserved portions. The function of reserved fund balance is simply to isolate the portion of fund balance that is unavailable for the following period's budget. The unreserved fund balance can serve as a measure of current available financial resources. City Council may commit a portion of the unreserved fund balance by designation of fund balance to an intended future use.

As of the fiscal year ended June 30, 2009, the City of National City's governmental funds reported combined ending fund balances of \$84,318,773, a decrease of \$3,342,794 in comparison with the prior year. Approximately 71 percent of the total fund balance amount, or \$60,332,762, constitutes unreserved fund balance, \$28,100,088 of this has been designated for specific purposes by City Council. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$1,272,282), 2) to pay debt service (\$5,898,801), 3) for land held for resale (\$10,694,069), 4) for long term loans receivable (\$6,120,069).

The major governmental funds are the General Fund, Section 8, Nutrition Center, Sewer Service, Low and Moderate Income Housing, Community Development Commission Debt Service and Redevelopment.

The General Fund is the chief operating fund of the City. For the fiscal year ended June 30, 2009, unreserved fund balance of the General Fund was \$17,276,654 while total fund balance was \$18,440,688. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 43 percent of total General Fund compared to 53 percent in the prior year. Total fund balance represents 50 percent of the General Fund while the prior year was at 58 percent.

The total fund balance of the City's General Fund decreased by \$1,585,544 or 8.6 percent, during the fiscal year ended June 30, 2009. Key factors in this increase are as follows:

- The Change in fund balance of the General Fund, from an increase of \$2,478,732 for fiscal year 2008 to a decrease of \$1,585,544 for fiscal 2009, represents an overall change of \$893,188.
- Revenue from taxes decreased by \$2.4 million or 7.2 percent from the prior year. This decrease is mainly attributed to lower than anticipated sales tax. Automobile sales decreased 22% from the prior year and building material sales decreased by 57% compared to the prior year.
- Interest and Rent Revenue decreased \$1,515,467 or 41 percent from the prior year. This decrease is mainly attributed to the decrease in interest revenue. Over 65% of the City's cash flow is invested in the State of California's Local Agency Investment Fund (LAIF). Over the



MANAGEMENT'S DISCUSSION AND ANALYSIS

past year, LAIF's rate of return decrease from a high of 5.2 percent in July 2007 to approximately 1.4 percent in June 2009.

- General Fund expenditure savings were achieved through holding positions vacant, transfers from internal service funds and reductions in City programs.

The Section 8 Housing Assistance Fund has a fund balance of \$184,513, which is a decrease of \$970,930 from the prior year. Total revenues decreased \$1,141,084 or 12 percent, whereas total expenditures increased \$1,177,922 or 14.5 percent.

The Sewer Service Fund has an ending fund balance of \$15,125,094, of which \$294,386 is reserved for encumbrances. This year's net increase in fund balance was \$1,304,133 or 9.4 percent from the prior year. The change can be attributed to a decrease in total expenditures of \$1,489,105 or 20.4 percent.

The Community Development Commission Debt Service Fund has a total fund balance of \$4,154,814. For the year ended June 30, 2009 \$821,722 was transferred in from other governmental funds to provide funding to cover debt service payments made during the fiscal year that related to low and moderate development. A total of \$4,291,925 was transferred to the redevelopment fund in order to provide funding for future capital project expenditures. The net decrease in fund balance during the current year in the debt service fund is \$1,540,860 or 59 percent from the prior year fund balance of \$2,613,954.

Proprietary Funds

The City of National City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net assets for the Kimball Towers, and Morgan Towers Funds amounted to \$6,492,902 and \$1,088,696 respectively. The total net income (loss) for each fund before transfers was (\$37,471) and \$30,544 respectively.

Kimball Towers and Morgan Towers Funds account for activities relating to the operations of Kimball and Morgan Towers, which provide housing to low and moderate income seniors. For the year ended June 30, 2009 total operating revenue for Kimball Towers and Morgan Towers amounted to \$892,664 and \$1,148,813; respectively. Kimball Towers operating expenses increased by \$65,340 or 6.7 percent from the prior year, while Morgan Towers operating expenses increased by \$58,143 or 6 percent from the prior year.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City of National City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the General Fund original budget and the final amended budget include significant changes in the revenue and expenditure amounts.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Original revenue estimates for the fiscal year 2008-09 were based on a predicted economical recession. Actual total General Fund revenues were less than the final budgets estimated amount by \$1,170,675. The revenue shortfall was primarily driven by the slowing economy which impacted sales tax, property taxes and investment earnings. The district tax (Proposition D) continues to meet the projections of \$7 to \$9 million in revenue. Taxes produced revenue of \$1,620,611 or 5.1 percent less than anticipated. Interest and rent revenue was under estimated, with actual revenue of \$280,125 or 23 percent higher than anticipated.

The General Fund actual total expenditures did not exceed final budgeted appropriations. The variance between actual total expenditures and the final appropriation was \$3.6 million or 9.8 percent. Negative variances occurred in the community development expenditures which exceeded the final budget by \$26,934 and debt service in principal expenditures by 9,022.

Ending Fund Balance exceeded the final budget estimated ending fund balance by \$2,789,304 or 15.6 percent. General Fund actual end of year fund balance was \$ 18,440,688.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business type activities as of June 30, 2009, amounted to \$129,182,663 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment and infrastructure (including streets, alleys, traffic signals and signs and bridges) of governmental activities. Infrastructure type assets of business-type activities are reported as buildings and improvements.

The City's capital assets by activity at June 30, 2009 were as follows:

Capital Assets Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Land	\$ 20,025,598	\$ 20,025,598	\$ 528,382	\$ 528,382	\$ 20,553,980	\$ 20,553,980
Right of way	4,245,088	4,245,088	-	-	4,245,088	4,245,088
Construction in progress	3,106,170	-	-	-	3,106,170	-
Buildings and improvements	44,343,967	44,343,967	15,654,166	15,636,107	59,998,133	59,980,074
Machinery and equipment	12,838,883	11,910,726	462,153	462,153	13,301,036	12,372,879
Infrastructure	110,333,302	105,526,920	-	-	110,333,302	105,526,920
Less accumulated depreciation	73,738,184	70,875,275	8,616,862	8,188,382	82,355,046	79,063,657
Total	\$ 121,154,824	\$ 115,177,024	\$ 8,027,839	\$ 8,438,260	\$ 129,182,663	\$ 123,615,284



MANAGEMENT'S DISCUSSION AND ANALYSIS

Major capital asset activity during the year ended June 30, 2009 includes the following:

- Renovation of the Parks & Recreation \$ 856,882
- Safe Routes To School 329,656
- Marina Gateway construction 1,919,632

Additional information on the City's capital assets can be found in the financial section of this report (Note 5).

Long-Term Debt

As of June 30, 2009, total long-term debt outstanding was \$66,527,589, a decrease of \$2,827,875 from the prior year. These include \$3,605,000 of Lease revenue refunding bonds issued by National City Joint Powers Financing Authority (NCJPFA) and \$39,680,000 of tax allocation bonds applicable to Community Development Commission. The City of National City's general obligation bond is rated A- by Fitch and Standard & Poor's rating agencies.

Outstanding Debt

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
NCJPFA:						
Lease Revenue Refunding Bonds	\$ 3,605,000	\$ 3,920,000	\$ -	\$ -	\$ 3,605,000	\$ 3,920,000
Community Development Commission:						
1999 Tax Allocation Bonds	4,210,000	4,325,000	-	-	4,210,000	4,325,000
2004 Tax Allocation Bonds	4,885,000	5,145,000	-	-	4,885,000	5,145,000
2005 Series A and B Tax Allocation Bonds	30,585,000	32,350,000	-	-	30,585,000	32,350,000
General Obligation Bonds	5,440,000	5,585,000	-	-	5,440,000	5,585,000
HUD 108 Bond 2003 A	5,975,000	6,185,000	-	-	5,975,000	6,185,000
Total Bonds			-	-	-	-
Claims Payable	4,825,000	4,508,000	-	-	4,825,000	4,508,000
Compensated Absences	3,176,651	3,111,061	-	-	3,176,651	3,111,061
Other postemployment Benefits	34,624					
Capitalized Lease Obligations	1,117,728	1,372,940	-	-	1,117,728	1,372,940
Notes Payable	-	-	2,673,586	2,853,463	2,673,586	2,853,463
Total	\$ 63,854,003	\$ 66,502,001	\$ 2,673,586	\$ 2,853,463	\$ 66,492,965	\$ 69,355,464

Additional information on the City of National City's long-term debt can be in the financial section of this report (Note 7).



MANAGEMENT'S DISCUSSION AND ANALYSIS

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of National City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 1243 National City Boulevard, National City, California, 91950-4397.

(This page intentionally left blank)

Basic Financial Statements

CITY OF NATIONAL CITY

Statement of Net Assets

June 30, 2009

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current assets:			
Cash and investments (note 2)	\$ 74,802,092	229,035	75,031,127
Accounts receivable	4,095,660	8,953	4,104,613
Property tax receivable	286,868	-	286,868
Interest receivable	289,090	-	289,090
Due from other governmental entities	5,489,942	-	5,489,942
Total current assets	<u>84,963,652</u>	<u>237,988</u>	<u>85,201,640</u>
Noncurrent assets:			
Restricted assets:			
Restricted cash and investments with fiscal agents (note 2)	2,887,288	2,032,557	4,919,845
Inventories	21,048	-	21,048
Prepaid items and deposits	-	126,592	126,592
Land held for resale	10,694,859	-	10,694,859
Contracts, notes and loans receivable (note 4)	6,120,069	-	6,120,069
Subtotal	<u>19,723,264</u>	<u>2,159,149</u>	<u>21,882,413</u>
Capital assets (note 5):			
Non-depreciable	27,376,856	528,382	27,905,238
Depreciable, net	93,777,968	7,499,457	101,277,425
Total capital assets	<u>121,154,824</u>	<u>8,027,839</u>	<u>129,182,663</u>
Total noncurrent assets	<u>140,878,088</u>	<u>10,186,988</u>	<u>151,065,076</u>
Total assets	<u>225,841,740</u>	<u>10,424,976</u>	<u>236,266,716</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and accrued liabilities	5,323,778	190,785	5,514,563
Interest payable	309,719	-	309,719
Salaries payable	700,949	17,320	718,269
Deposits payable	260,153	87,229	347,382
Due to other governmental entities	10,205	-	10,205
Total current liabilities	<u>6,604,804</u>	<u>295,334</u>	<u>6,900,138</u>
Long-term liabilities (note 7):			
Due within one year	7,058,485	191,924	7,250,409
Due beyond one year	56,795,518	2,481,662	59,277,180
Total noncurrent liabilities	<u>63,854,003</u>	<u>2,673,586</u>	<u>66,527,589</u>
Total liabilities	<u>70,458,807</u>	<u>2,968,920</u>	<u>73,427,727</u>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	98,809,386	5,354,253	104,163,639
Restricted for:			
Community development	36,760,186	-	36,760,186
Public Safety	3,422,897	-	3,422,897
Transportation	2,730,410	-	2,730,410
Culture and leisure	5,178,912	-	5,178,912
Housing	-	2,101,803	2,101,803
Total restricted	<u>48,092,405</u>	<u>2,101,803</u>	<u>50,194,208</u>
Unrestricted	<u>8,481,142</u>	-	<u>8,481,142</u>
Total net assets	<u>\$ 155,382,933</u>	<u>7,456,056</u>	<u>162,838,989</u>

See accompanying notes to the basic financial statements.

CITY OF NATIONAL CITY

Statement of Activities

For the Year Ended June 30, 2009

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Total Program Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
Governmental activities:					
General government	\$ 5,224,693	2,331,329	-	-	2,331,329
Public safety	29,670,520	1,820,369	1,468,276	-	3,288,645
Transportation	7,735,716	-	4,385,860	-	4,385,860
Community development	17,049,437	631,769	12,889,454	-	13,521,223
Health	5,963,766	7,355,009	572,435	-	7,927,444
Culture and leisure	6,928,456	420,314	1,358,182	-	1,778,496
Interest and fiscal charges	<u>2,525,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>75,098,156</u>	<u>12,558,790</u>	<u>20,674,207</u>	<u>-</u>	<u>33,232,997</u>
Business-type activities:					
Community development commission	<u>2,191,014</u>	<u>2,041,477</u>	<u>-</u>	<u>-</u>	<u>2,041,477</u>
Total business-type activities	<u>2,191,014</u>	<u>2,041,477</u>	<u>-</u>	<u>-</u>	<u>2,041,477</u>
Total primary government	<u>\$77,289,170</u>	<u>14,600,267</u>	<u>20,674,207</u>	<u>-</u>	<u>35,274,474</u>

General revenue and transfers:

Taxes:

Property taxes

Sales taxes

Franchise taxes

Motor vehicle in-lieu, unrestricted

Transient occupancy taxes

Total taxes

Investment earnings

Other miscellaneous revenues

Rent

Total general revenues

Change in net assets

Net assets at beginning of year, as restated (note 12)

Net assets - end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(2,893,364)	-	(2,893,364)
(26,381,875)	-	(26,381,875)
(3,349,856)	-	(3,349,856)
(3,528,214)	-	(3,528,214)
1,963,678	-	1,963,678
(5,149,960)	-	(5,149,960)
<u>(2,525,568)</u>	<u>-</u>	<u>(2,525,568)</u>
<u>(41,865,159)</u>	<u>-</u>	<u>(41,865,159)</u>
<u>-</u>	<u>(149,537)</u>	<u>(149,537)</u>
<u>-</u>	<u>(149,537)</u>	<u>(149,537)</u>
<u>(41,865,159)</u>	<u>(149,537)</u>	<u>(42,014,696)</u>
15,827,505	-	15,827,505
20,700,283	-	20,700,283
1,737,134	-	1,737,134
5,370,617	-	5,370,617
<u>630,049</u>	<u>-</u>	<u>630,049</u>
44,265,588	-	44,265,588
1,425,385	23,995	1,449,380
270,269	-	270,269
<u>733,454</u>	<u>-</u>	<u>733,454</u>
<u>46,694,696</u>	<u>23,995</u>	<u>46,718,691</u>
4,829,537	(125,542)	4,703,995
<u>150,553,396</u>	<u>7,581,598</u>	<u>158,134,994</u>
<u>\$ 155,382,933</u>	<u>7,456,056</u>	<u>162,838,989</u>

CITY OF NATIONAL CITY
Balance Sheet
Governmental Funds
June 30, 2009

	Special Revenue Funds			
	General Fund	Section 8 Housing Assistance	Other Special Revenue	Nutrition Program
ASSETS				
Cash and investments (note 2)	\$ 12,255,859	255,787	8,107,911	94,952
Restricted cash and investments with fiscal agents (note 2)	-	-	-	-
Accounts receivable	680,983	15,289	276,962	78,251
Property tax receivable	-	-	-	-
Interest receivable	178,554	-	3,463	-
Due from other funds (note 3)	4,266,136	300,000	262,893	39,000
Due from other governmental entities	2,973,625	-	555,078	-
Land held for resale	-	-	-	-
Contracts, notes and loans receivable (note 4)	-	-	-	-
Total assets	<u>\$ 20,355,157</u>	<u>571,076</u>	<u>9,206,307</u>	<u>212,203</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,147,113	85,517	225,540	21,421
Salaries payable	361,503	20,953	86,123	52,915
Due to other funds (note 3)	218,070	269,888	2,017,897	1,523,430
Due to other governmental entities	-	10,205	-	-
Deposits payable	128,537	-	106,616	-
Deferred revenue	59,246	-	199,272	-
Total liabilities	<u>1,914,469</u>	<u>386,563</u>	<u>2,635,448</u>	<u>1,597,766</u>
Fund balances (deficit):				
Reserved:				
Encumbrances	134,058	-	459,424	-
Land held for resale	-	-	-	-
Long-term loans receivable	-	-	-	-
Debt service	1,029,976	-	-	-
Total reserved	<u>1,164,034</u>	<u>-</u>	<u>459,424</u>	<u>-</u>
Unreserved, designated:				
Continuing appropriations	723,851	-	4,546,580	-
Employee accrued benefits	862,511	-	-	-
Other	59,899	-	-	-
Rate stabilization	-	-	-	-
Continuing CIPs	179,309	-	-	-
Contingencies	7,500,000	-	-	-
Total unreserved, designated	<u>9,325,570</u>	<u>-</u>	<u>4,546,580</u>	<u>-</u>
Unreserved, undesignated				
General fund	7,951,084	-	-	-
Special revenue funds	-	184,513	1,564,855	(1,385,563)
Capital projects funds	-	-	-	-
Total unreserved, undesignated	<u>7,951,084</u>	<u>184,513</u>	<u>1,564,855</u>	<u>(1,385,563)</u>
Total fund balances (deficit)	<u>18,440,688</u>	<u>184,513</u>	<u>6,570,859</u>	<u>(1,385,563)</u>
Total liabilities and fund balances	<u>\$ 20,355,157</u>	<u>571,076</u>	<u>9,206,307</u>	<u>212,203</u>

See accompanying notes to the basic financial statements.

Special Revenue Funds		Debt Service	Capital Project	Other	Total
Sewer Service	Low and Moderate Income Housing Program	Community Development Commission	Funds Redevelopment Fund	Governmental Funds	Governmental Funds
15,178,664	5,710,660	3,254,462	4,254,193	12,162,691	61,275,179
-	-	2,715,797	171,490	1	2,887,288
8,347	-	-	2,618,237	345,325	4,023,394
-	55,740	222,961	8,167	-	286,868
-	-	-	96,832	10,830	289,679
-	-	-	1,538,338	567,000	6,973,367
-	-	-	36,301	1,924,348	5,489,352
-	360,000	-	9,032,509	1,302,350	10,694,859
-	4,868,689	-	310,427	940,953	6,120,069
<u>15,187,011</u>	<u>10,995,089</u>	<u>6,193,220</u>	<u>18,066,494</u>	<u>17,253,498</u>	<u>98,040,055</u>
45,087	2,525	2,038,406	553,573	547,673	4,666,855
16,830	1,430	-	51,652	57,225	648,631
-	-	-	300,000	2,492,578	6,821,863
-	-	-	-	-	10,205
-	-	-	25,000	-	260,153
-	-	-	922,500	132,557	1,313,575
<u>61,917</u>	<u>3,955</u>	<u>2,038,406</u>	<u>1,852,725</u>	<u>3,230,033</u>	<u>13,721,282</u>
294,386	-	-	204,970	179,444	1,272,282
-	360,000	-	9,032,509	1,302,350	10,694,859
-	4,868,689	-	310,427	940,953	6,120,069
-	-	4,154,814	-	714,011	5,898,801
<u>294,386</u>	<u>5,228,689</u>	<u>4,154,814</u>	<u>9,547,906</u>	<u>3,136,758</u>	<u>23,986,011</u>
5,846,398	-	-	2,487,709	2,370,084	15,974,622
-	-	-	-	-	862,511
-	-	-	-	-	59,899
3,184,801	-	-	-	-	3,184,801
-	-	-	-	-	179,309
338,946	-	-	-	-	7,838,946
<u>9,370,145</u>	<u>-</u>	<u>-</u>	<u>2,487,709</u>	<u>2,370,084</u>	<u>28,100,088</u>
-	-	-	-	-	7,951,084
5,460,563	5,762,445	-	-	8,266,491	19,853,304
-	-	-	4,178,154	250,132	4,428,286
<u>5,460,563</u>	<u>5,762,445</u>	<u>-</u>	<u>4,178,154</u>	<u>8,516,623</u>	<u>32,232,674</u>
<u>15,125,094</u>	<u>10,991,134</u>	<u>4,154,814</u>	<u>16,213,769</u>	<u>14,023,465</u>	<u>84,318,773</u>
<u>15,187,011</u>	<u>10,995,089</u>	<u>6,193,220</u>	<u>18,066,494</u>	<u>17,253,498</u>	<u>98,040,055</u>

(This page intentionally left blank)

CITY OF NATIONAL CITY

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

June 30, 2009

Fund balances of governmental funds	\$ 84,318,773
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the governmental funds balance sheet. Excluding the internal service funds capital assets which are reported below, capital assets were adjusted as follows:	
- Capital assets	188,323,701
- Accumulated depreciation	(68,657,162)
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds balance sheet.	(309,719)
Certain revenues were not available to pay for current-period expenditures and, therefore, were deferred in funds.	1,313,575
Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds were included in governmental activities in the government-wide statement of net assets.	9,239,246
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the governmental funds balance sheet. This amount excludes long-term liabilities reported in Internal Service funds.	<u>(58,845,481)</u>
Net assets of governmental activities	<u>\$ 155,382,933</u>

See accompanying notes to the basic financial statements.

CITY OF NATIONAL CITY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue Funds			
	General Fund	Section 8 Housing Assistance	Other Special Revenue	Nutrition Program
Revenues:				
Taxes	\$ 31,230,431	-	-	-
Licenses and permits	723,913	-	18,703	-
Fines and forfeitures	1,137,181	-	114,201	-
Interest and rents	1,488,925	-	12,107	-
Intergovernmental	663,436	8,297,196	3,717,057	301,049
Charges for services	564,347	-	600,325	-
Other revenues	<u>380,627</u>	<u>30,469</u>	<u>585,599</u>	<u>222,338</u>
Total revenues	<u>36,188,860</u>	<u>8,327,665</u>	<u>5,047,992</u>	<u>523,387</u>
Expenditures:				
Current:				
General government	3,931,370	-	610,712	-
Public safety	26,673,528	-	1,257,219	-
Transportation	2,726,801	-	-	-
Community development	26,934	9,298,595	475,580	851,125
Health	-	-	157,628	-
Culture and leisure	2,086,779	-	2,151,860	-
Capital outlay	1,013,344	-	1,279,415	-
Debt service:				
Principal	214,837	-	-	-
Interest and fiscal charges	<u>57,481</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>36,731,074</u>	<u>9,298,595</u>	<u>5,932,414</u>	<u>851,125</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(542,214)</u>	<u>(970,930)</u>	<u>(884,422)</u>	<u>(327,738)</u>
Other financing sources (uses):				
Transfers in (note 3)	902,137	-	280,000	325,907
Transfers out (note 3)	<u>(1,945,467)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,043,330)</u>	<u>-</u>	<u>280,000</u>	<u>325,907</u>
Net change in fund balances	(1,585,544)	(970,930)	(604,422)	(1,831)
Fund balances (deficit), beginning of year, as restated (note 12)	<u>20,026,232</u>	<u>1,155,443</u>	<u>7,175,281</u>	<u>(1,383,732)</u>
Fund balances (deficit), end of year	<u>\$ 18,440,688</u>	<u>184,513</u>	<u>6,570,859</u>	<u>(1,385,563)</u>

See accompanying notes to the basic financial statements.

Special Revenue Funds		Debt Service	Capital Project Funds	Other Governmental Funds	Total Governmental Funds
Sewer Service	Low and Moderate Income Housing Program	Community Development Commission	Redevelopment Fund		
-	2,947,556	11,790,224	-	1,480,600	47,448,811
-	-	-	-	-	742,616
-	-	-	-	51,624	1,303,006
-	4,693	21,970	530,840	328,996	2,387,531
-	-	-	242,316	8,354,874	21,575,928
7,184,797	-	-	-	22,265	8,371,734
474	-	-	254,533	452,454	1,926,494
<u>7,185,271</u>	<u>2,952,249</u>	<u>11,812,194</u>	<u>1,027,689</u>	<u>10,690,813</u>	<u>83,756,120</u>
-	-	-	-	17,519	4,559,601
-	-	-	-	27,638	27,958,385
-	-	-	-	352,846	3,079,647
-	305,674	2,777,982	3,414,702	878,455	18,029,047
5,806,138	-	-	-	-	5,963,766
-	-	-	-	2,689,817	6,928,456
-	-	-	5,349,052	6,808,756	14,450,567
-	-	2,140,000	-	670,000	3,024,837
-	-	1,883,149	-	748,978	2,689,608
<u>5,806,138</u>	<u>305,674</u>	<u>6,801,131</u>	<u>8,763,754</u>	<u>12,194,009</u>	<u>86,683,914</u>
<u>1,379,133</u>	<u>2,646,575</u>	<u>5,011,063</u>	<u>(7,736,065)</u>	<u>(1,503,196)</u>	<u>(2,927,794)</u>
-	49,900	821,722	4,337,789	1,509,645	8,227,100
(75,000)	(821,722)	(4,291,925)	(107,556)	(1,400,430)	(8,642,100)
(75,000)	(771,822)	(3,470,203)	4,230,233	109,215	(415,000)
1,304,133	1,874,753	1,540,860	(3,505,832)	(1,393,981)	(3,342,794)
<u>13,820,961</u>	<u>9,116,381</u>	<u>2,613,954</u>	<u>19,719,601</u>	<u>15,417,446</u>	<u>87,661,567</u>
<u>15,125,094</u>	<u>10,991,134</u>	<u>4,154,814</u>	<u>16,213,769</u>	<u>14,023,465</u>	<u>84,318,773</u>

CITY OF NATIONAL CITY

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

For the Year Ended June 30, 2009

Changes in fund balances of governmental funds	\$ (3,342,794)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current year, net of disposals.	6,101,695
Repayment of bond principal and capitalized lease obligations are expenditures in governmental funds, but the repayments reduces long-term liabilities in the government-wide statement of net assets. (\$85,678 of payments in capitalized lease obligations were recorded as functional expenses in the governmental funds.)	3,065,214
Interest expense on long-term debt was reported in the government-wide statement of activities but they did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represents the change in accrued interest.	123,663
To record as an expense the net change in compensated absences in the statement of activities.	(64,767)
To record as an expense the net change in other post employment benefits liability in the statement of activities.	(34,624)
Revenues in the government-wide statement of activities that did not provide current financial resources were not reported as revenues in the governmental funds.	(658,985)
Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue (expense) of the internal service funds are reported with governmental activities.	<u>(359,865)</u>
Change in net assets of governmental activities	<u>\$ 4,829,537</u>

See accompanying notes to the basic financial statements.

CITY OF NATIONAL CITY
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Kimball Towers	Morgan Towers	Total	
<u>ASSETS</u>				
Current assets:				
Cash and investments (note 2)	\$ 151,269	77,766	229,035	13,526,913
Restricted cash and investments with fiscal agents (note 2)	1,292,836	739,721	2,032,557	-
Accounts receivable	3,067	5,886	8,953	72,266
Inventories	-	-	-	21,048
Prepaid items and deposits	46,219	80,373	126,592	-
Total current assets	1,493,391	903,746	2,397,137	13,620,227
Noncurrent assets:				
Capital assets (note 5):				
Nondepreciable assets	315,814	212,568	528,382	-
Depreciable assets, net of accumulated depreciation	4,722,849	2,776,608	7,499,457	1,488,285
Total capital assets, net	5,038,663	2,989,176	8,027,839	1,488,285
Total noncurrent assets	5,038,663	2,989,176	8,027,839	1,488,285
Total assets	6,532,054	3,892,922	10,424,976	15,108,512
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable and accrued liabilities	122,682	68,103	190,785	656,921
Salaries payable	-	17,320	17,320	52,319
Due to other funds	-	-	-	151,504
Compensated absences - due within one year	-	-	-	183,522
Note payable - due within one year	-	191,924	191,924	-
Self-insurance claims payable - due within one year	-	-	-	1,800,000
Total current liabilities	122,682	277,347	400,029	2,844,266
Noncurrent liabilities (note 7):				
Tenant security deposit liability	43,084	44,145	87,229	-
Note payable - due in more than one year	-	2,481,662	2,481,662	-
Self-insurance claims payable - due in more than one year	-	-	-	3,025,000
Total noncurrent liabilities	43,084	2,525,807	2,568,891	3,025,000
Total liabilities	165,766	2,803,154	2,968,920	5,869,266
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	5,038,663	315,590	5,354,253	1,488,285
Restricted for:				
Housing	1,327,625	774,178	2,101,803	-
Unrestricted	-	-	-	7,750,961
Total net assets	\$ 6,366,288	1,089,768	7,456,056	9,239,246

See accompanying notes to the basic financial statements.

CITY OF NATIONAL CITY
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Kimball Towers	Morgan Towers	Total	
Operating revenues:				
Rental income	\$ 885,386	1,141,066	2,026,452	-
Service charges	-	-	-	9,373,448
Other revenues	<u>7,278</u>	<u>7,747</u>	<u>15,025</u>	<u>836,356</u>
Total operating revenues	<u>892,664</u>	<u>1,148,813</u>	<u>2,041,477</u>	<u>10,209,804</u>
Operating expenses:				
Personnel services	-	-	-	2,321,735
Maintenance and operations	845,958	736,397	1,582,355	8,326,912
Depreciation	<u>187,350</u>	<u>241,130</u>	<u>428,480</u>	<u>336,022</u>
Total operating expenses	<u>1,033,308</u>	<u>977,527</u>	<u>2,010,835</u>	<u>10,984,669</u>
Operating income (loss)	<u>(140,644)</u>	<u>171,286</u>	<u>30,642</u>	<u>(774,865)</u>
Nonoperating revenues (expenses):				
Interest income	14,030	9,965	23,995	-
Interest expense	<u>-</u>	<u>(180,179)</u>	<u>(180,179)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>14,030</u>	<u>(170,214)</u>	<u>(156,184)</u>	<u>-</u>
Income (loss) before transfers	(126,614)	1,072	(125,542)	(774,865)
Transfers in (note 3)	<u>-</u>	<u>-</u>	<u>-</u>	<u>415,000</u>
Change in net assets	(126,614)	1,072	(125,542)	(359,865)
Net assets at beginning of year	<u>6,492,902</u>	<u>1,088,696</u>	<u>7,581,598</u>	<u>9,599,111</u>
Net assets, end of year	<u>\$ 6,366,288</u>	<u>1,089,768</u>	<u>7,456,056</u>	<u>9,239,246</u>

See accompanying notes to the basic financial statements.

CITY OF NATIONAL CITY
Statement of Cash Flows
Proprietary Funds
For the year Ended June 30, 2009

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Kimball Towers	Morgan Towers	Total	
Cash flows from operating activities:				
Cash received from customers/other funds	\$ 891,255	1,143,334	2,034,589	9,375,413
Cash payments to suppliers	(768,047)	(543,202)	(1,311,249)	(7,888,144)
Cash payments for general and administrative	-	(145,566)	(145,566)	(2,331,966)
Net cash provided (used by) operating activities	<u>123,208</u>	<u>454,566</u>	<u>577,774</u>	<u>(8,341)</u>
Cash flows from noncapital financing activities:				
Cash received from other funds	-	-	-	561,504
Net cash provided (used by) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>561,504</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	(18,060)	(18,060)	(212,127)
Principal payments of note payable	-	(179,877)	(179,877)	-
Interest paid	-	(180,179)	(180,179)	-
Net cash provided (used by) capital and related financing activities	<u>-</u>	<u>(378,116)</u>	<u>(378,116)</u>	<u>(212,127)</u>
Cash flows from investing activities:				
Interest income	14,030	9,965	23,995	-
Net cash provided (used by) investing activities	<u>14,030</u>	<u>9,965</u>	<u>23,995</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	137,238	86,415	223,653	341,036
Cash and equivalents, beginning of year	<u>1,306,867</u>	<u>731,072</u>	<u>2,037,939</u>	<u>13,185,877</u>
Cash and equivalents, end of year	<u>\$1,444,105</u>	<u>817,487</u>	<u>2,261,592</u>	<u>13,526,913</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (140,644)	171,286	30,642	(774,865)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	187,351	241,130	428,481	336,022
Changes in current assets and liabilities:				
Accounts receivable	(2,195)	(5,366)	(7,561)	1,965
Prepaid items and deposits	32,075	1,639	33,714	53,855
Accounts payable and accrued liabilities	46,621	43,218	89,839	67,913
Salaries payable	-	2,659	2,659	(11,056)
Compensated absences	-	-	-	825
Self-insurance claims payable	-	-	-	317,000
Total adjustments	<u>263,852</u>	<u>283,280</u>	<u>547,132</u>	<u>766,524</u>
Net cash provided (used) by operating activities	<u>\$ 123,208</u>	<u>454,566</u>	<u>577,774</u>	<u>(8,341)</u>
<u>Noncash investing, capital and financing activities</u>				
Capital contribution to governmental activities	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying notes to the basic financial statements.

CITY OF NATIONAL CITY
Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2009

	<u>Library Private- Purpose Trust</u>	<u>Agency Funds</u>	<u>Total Fiduciary Funds</u>
<u>ASSETS</u>			
Cash and investments (note 2)	\$ 48,724	598,539	647,263
Interest receivable	<u>163</u>	<u>-</u>	<u>163</u>
Total assets	<u>48,887</u>	<u>598,539</u>	<u>647,426</u>
<u>LIABILITIES</u>			
Accounts payable	<u>-</u>	<u>598,539</u>	<u>598,539</u>
Total liabilities	<u>-</u>	<u>598,539</u>	<u>598,539</u>
<u>NET ASSETS</u>			
Held in trust for private purposes	<u>\$ 48,887</u>	<u>-</u>	<u>48,887</u>

See accompanying notes to the basic financial statements.

CITY OF NATIONAL CITY

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

Year Ended June 30, 2009

	<u>Library Private- Purpose Trust</u>
Additions:	
Investment income	<u>\$ 1,378</u>
Total additions	<u>1,378</u>
Net increase (decrease)	1,378
Net assets, beginning of year	<u>47,509</u>
Net assets, end of year	<u>\$ 48,887</u>

See accompanying notes to the basic financial statements.

(This page intentionally left blank)

Notes to the Basic Financial Statements

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

For the Year Ended June 30, 2009

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

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

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

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

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

Parking Authority of the City of National City - In July 1977, the Parking Authority of the City of National City (the "Authority") was activated pursuant to the Parking Law of 1949 for the financing and construction of the Plaza Bonita Parking Facility. The City Council is the governing board of the Authority. The Authority exclusively benefits the City. The capital assets of the Authority have been included in the Government-Wide Financial Statements. There are no separate financial statements available.

B. Basis of Accounting and Measurement Focus

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

Government-Wide Financial Statements

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

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

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

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

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities and Changes in Net Assets, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Loans receivable/related deferred revenue
- Advances to/from other funds
- Transfers in/out

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

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

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

Fund Financial Statements

Governmental Funds Financial Statements

Governmental 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 assets as presented in these statements to the net assets presented in the Government-Wide Financial Statements. The City has presented all major funds that met the applicable criteria.

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

Revenues are recorded when received in cash, except for that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

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

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

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

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

The City reported the following types of major governmental funds:

General Fund

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

Section 8 Housing Assistance Special Revenue Fund

This fund is used to account for the activities of Section 8 Housing Assistance Program. The program provides rental assistance to low income families by subsidizing a portion of the rent directly to landlords on behalf of low income households.

Other Special Revenue Fund

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

Nutrition Program Special Revenue Fund

This fund is used for operations of the Nutrition grant.

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.

Low and Moderate Income Housing Fund

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

Community Development Commission Debt Service Fund

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

Redevelopment Capital Project Fund

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

Proprietary Fund Financial Statements

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

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

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

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

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities that Use Proprietary Fund Accounting*, the City applies all GASB pronouncements currently in effect as well as Financial Accounting Standard Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989.

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

The City reported the following types of major proprietary funds:

Kimball Towers

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

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

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

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

The City also reports the following fund types:

Internal Service Funds

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

Fiduciary Fund Financial Statements

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

C. Use of Restricted/Unrestricted Net Assets

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

D. Cash, Cash Equivalents and Investments

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

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

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

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

E. Restricted Cash and Investments

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

F. Interfund Transactions

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

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

G. Inventories and Prepaid Items

Inventories are stated at cost using the average cost method. Payments made to vendors for services that will benefit periods beyond June 30, 2008 are recorded as prepaid items. The City uses the consumption method when reporting prepaid items. Prepaid items are recorded as an asset and are offset by a reserve in the fund financial statements.

H. Land Held for Resale

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

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

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

I. Capital Assets

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

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

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

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

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

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

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

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

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

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

J. Interest Payable

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

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

K. Compensated Absences

In the governmental fund financial statements, compensated absences are recorded as expenditures in the year paid, as it is the City's policy to liquidate any unpaid vacation or sick leave at year-end from future resources rather than currently available and expendable resources. Accordingly, the entire unpaid liability for employee compensated absences related to governmental fund types is recorded in the government-wide financial statements and is typically liquidated by the General Fund.

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

L. Long-Term Debt

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

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

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

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

M. Fund Balances - Reservations and Designations

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

N. Net Assets

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

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

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

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

O. Property Taxes

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

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

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

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

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

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

P. Community Development Commission Rental Revenue

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

Q. Use of Estimates

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

(2) Cash and Investments

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	\$ 75,031,127
Restricted cash and investments with fiscal agents	4,919,845
Statement of Fiduciary Net Assets:	
Cash and investments	<u>647,263</u>
Total cash and investments	<u>\$ 80,598,235</u>

Cash and investments as of June 30, 2008 consist of the following:

Cash on hand	\$ 4,307
Deposits with financial institutions	6,223,830
Investments	<u>74,370,098</u>
Total cash and investments	<u>\$ 80,598,235</u>

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

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

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

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

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

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Investments Authorized by Debt Agreements

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None
Certificates of Deposit	None	None	None
Repurchase Agreements	None	None	None
Mortgage Pass-Through Securities	None	None	None
State Bonds or Notes	None	None	None
Municipal Bonds or Notes	None	None	None

Disclosures Relating to Interest Rate Risk

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

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

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

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>		
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>
U.S. Agency Securities	\$10,715,484	-	-	10,715,484
Negotiable Certificates of Deposit	4,445,981	3,260,981	1,185,000	-
Certificates of Deposit-CDARS	3,000,000	1,000,000	2,000,000	-
Local Agency Investment Fund	50,506,284	50,506,284	-	-
Mutual Funds	2,315,061	2,315,061	-	-
Commercial Paper	500,000	-	-	500,000
Held by Fiscal Agent:				
Commercial Paper	2,344,000	2,344,000	-	-
Money Market Funds	<u>543,288</u>	<u>543,288</u>	<u>-</u>	<u>-</u>
Total	<u>\$74,370,098</u>	<u>59,969,614</u>	<u>3,185,000</u>	<u>11,215,484</u>

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>		
			<u>AA+</u>	<u>AAA</u>	<u>Not Rated</u>
U.S. Agency Securities	\$10,715,484	AAA	-	10,715,484	-
Negotiable Certificates of Deposit	4,445,981	N/A	-	-	4,445,981
Certificates of Deposit-CDARS	3,000,000	N/A	-	-	3,000,000
Local Agency Investment Fund	50,506,284	N/A	-	-	50,506,284
Mutual Funds	2,315,061	A	2,315,061	-	-
Commercial Paper	500,000	A	500,000	-	-
Held by Fiscal Agent					
Commercial Paper	2,344,000	A	-	-	2,344,000
Money Market Funds	<u>543,288</u>	N/A	<u>-</u>	<u>-</u>	<u>543,288</u>
Total	<u>\$74,370,098</u>		<u>2,815,061</u>	<u>10,715,484</u>	<u>60,839,553</u>

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Concentration of Credit Risk

Investments in any one issuer that represents 5% or more of total investments by reporting unit (primary government, governmental activities, major fund, nonmajor funds in the aggregate, etc.) are as follows.

\$2,344,000 of the cash and investments (including amounts held by fiscal agent) reported in the Community Development Commission Debt Service Fund (a major fund of the City) are held in the form of unrated commercial paper issued by General Electric that matures on July 31, 2009.

Custodial Credit Risk

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

As of June 30, 2009, City investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
U.S. Agency Securities	\$10,715,484
Negotiable Certificates of Deposit	4,445,981

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

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not rated.

Restricted Cash and Investments of Community Development Commission Enterprise Fund

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

Morgan Towers:	
Replacement reserve	\$ 498,034
Residual receipts reserve	225,727
MIP and insurance impounds reserve	<u>15,960</u>
Total Morgan Towers	<u>\$ 739,721</u>
Kimball Towers:	
Residual receipts reserve	\$ 295,860
Other	<u>996,976</u>
Total Kimball Towers	<u>\$1,292,836</u>
Total restricted cash and investments	<u>\$2,032,557</u>

Morgan Towers

- Reserve for replacements of \$498,034 represents a monthly deposit of \$3,127 plus income earned thereon. This reserve will be used for the future replacement of property with HUD's approval.
- Residual receipts reserve of \$225,727 is an accumulation of surplus cash as calculated by HUD's Computation of Surplus Cash, Distributions and Residual Receipts, which can be expended only with HUD's approval.
- Reserve for MIP and insurance impounds of \$11,288 and \$4,672, respectively, totaling \$15,777 represent amounts held for the future payment of property and mortgage insurance.

Kimball Towers

- Residual receipts reserve of \$295,860 is an accumulation of surplus cash as calculated by HUD's Computation of Surplus Cash, Distributions and Residual Receipts, which can be expended only with HUD's approval.
- Other restricted cash and investments totaling \$996,976 is included in the accompanying basic financial statements.

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(3) Interfund Transactions

Due To/From Other Funds

Current interfund receivable and payable balances at June 30, 2009 are as follows:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
General Fund	Other Special Revenue Fund	\$1,949,858
	Section 8 Housing Fund	269,005
	Internal Service Funds	151,504
	Nonmajor Special Revenue Funds	<u>1,895,769</u>
Subtotal – General Fund		<u>4,266,136</u>
Section 8 Housing Fund	Redevelopment Capital Projects Fund	<u>300,000</u>
Other Special Revenue Fund	General Fund	218,070
	Other Special Revenue Funds	14,823
	Nonmajor Special Revenue Funds	<u>30,000</u>
Subtotal – Other Special Revenue Fund		<u>262,893</u>
Nutrition Program Fund	Nonmajor Special Revenue Funds	<u>39,000</u>
Redevelopment Capital Projects Fund	Section 8 Housing Fund	883
	Nonmajor Special Revenue Funds	14,025
	Nutrition Program Fund	<u>1,523,430</u>
Subtotal – Redevelopment Capital Projects Fund		<u>1,538,338</u>
Nonmajor Special Revenue Funds	Nonmajor Special Revenue Funds	513,784
	Other Special Revenue Funds	<u>53,216</u>
Subtotal – Nonmajor Special Revenue Funds		<u>567,000</u>
		<u>\$6,973,367</u>

Interfund balances are primarily related to short-term borrowings to cover deficit cash balances at June 30, 2009.

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(3) Interfund Transactions, (Continued)

Interfund Transfers

For the year ended June 30, 2009, interfund transfers were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$1,029,560 (b)
Other Special Revenue Fund	General Fund	280,000
Nutrition Center Fund	General Fund	325,907
Internal Service Funds	General Fund	310,000
Total General Fund		<u>1,945,467</u>
General Fund	Other Special Revenue Funds	902,137 (a)
Internal Service Funds	Sewer Service Fund	75,000
Internal Service Funds	Other Special Revenue Funds	30,000
Community Development Commission Debt Service Fund	Low and Moderate Housing Fund	821,722 (c)
Redevelopment Capital Projects Fund	Community Development Commission Debt Service Fund	4,291,925 (d)
Other Governmental Funds	Redevelopment Capital Projects Fund	107,556
Redevelopment Capital Projects Fund	Other Governmental Funds	45,864
Other Governmental Funds	Other Governmental Funds	372,529
Low and Moderate Housing Fund	Home Program Special Revenue Fund	<u>49,900</u>
		<u>\$8,534,544</u>

Significant interfund transfers were primarily to: (a) reimburse the General Fund for related highways and streets expenditures; (b) provide funding for library operating expenditures; (c) provide funding to cover debt service payments made during the fiscal year that related to low and moderate development; (d) provide funding for future capital project expenditures.

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(4) Contracts, Notes and Loans Receivable

As of June 30, 2009, the Contracts, Notes and Loans Receivable consisted of the following:

Community Development Commission Governmental Fund:	
Residential property improvement loans	\$5,051,493
First-time homebuyers loans	<u>1,068,576</u>
Total	<u>\$6,120,069</u>

(5) Capital Assets

The following is a summary of changes in the capital assets for governmental activities at June 30, 2009:

	<u>Balance at July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
Governmental-type activities:				
Depreciable:				
Buildings and improvements	\$ 44,343,967	-	-	44,343,967
Machinery and equipment	11,910,726	928,157	-	12,838,883
Infrastructure	<u>105,526,920</u>	<u>7,140,656</u>	<u>(2,334,274)</u>	<u>110,333,302</u>
Total cost of depreciable capital assets	<u>161,781,613</u>	<u>8,068,813</u>	<u>(2,334,274)</u>	<u>167,516,152</u>
Less accumulated depreciation:				
Buildings and improvements	(14,343,662)	(1,403,225)	-	(15,746,887)
Machinery and equipment	(7,674,104)	(814,480)	-	(8,488,584)
Infrastructure	<u>(48,857,509)</u>	<u>(2,674,652)</u>	<u>2,029,448</u>	<u>(49,502,713)</u>
Total accumulated depreciation	<u>(70,875,275)</u>	<u>(4,892,357)</u>	<u>2,029,448</u>	<u>(73,738,184)</u>
Net depreciable capital assets	90,906,338	3,176,456	(304,826)	93,777,968
Non-depreciable:				
Land	20,025,598	-	-	20,025,598
Rights of way	4,245,088	-	-	4,245,088
Construction in progress	<u>-</u>	<u>3,106,170</u>	<u>-</u>	<u>3,106,170</u>
Total non-depreciable capital assets	<u>24,270,686</u>	<u>3,106,170</u>	<u>-</u>	<u>27,376,856</u>
Capital assets, net	<u>\$115,177,024</u>	<u>6,282,626</u>	<u>(304,826)</u>	<u>121,154,824</u>

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(5) Capital Assets, (Continued)

Depreciation expense for governmental activities for the year ended June 30, 2009 of \$4,892,357 was allocated as follows:

General Government	\$ 346,279
Community Development	1,492,713
Public Safety	863,533
Transportation	<u>2,189,832</u>
	<u>\$4,892,357</u>

The following is a summary of changes in the capital assets for business-type activities at June 30, 2009:

	<u>Balance at July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
Business-type activities:				
Depreciable:				
Buildings and improvements	\$ 15,636,107	18,059	-	15,654,166
Machinery and equipment	<u>462,153</u>	<u>-</u>	<u>-</u>	<u>462,153</u>
Total depreciable capital assets	16,098,260	18,059	-	16,116,319
Less accumulated depreciation	<u>(8,188,382)</u>	<u>(428,480)</u>	<u>-</u>	<u>(8,616,862)</u>
Total depreciable assets, net	<u>7,909,878</u>	<u>(380,003)</u>	<u>-</u>	<u>7,499,457</u>
Non-depreciable assets:				
Land	<u>528,382</u>	<u>-</u>	<u>-</u>	<u>528,382</u>
Total non-depreciable capital assets	<u>528,382</u>	<u>-</u>	<u>-</u>	<u>528,382</u>
Capital assets, net	<u>\$8,438,260</u>	<u>(380,003)</u>	<u>-</u>	<u>8,027,839</u>

Depreciation expense for business-type activities for the year ended June 30, 2009 was allocated as follows:

Kimball Towers	\$ 187,350
Morgan Towers	<u>241,130</u>
Total depreciation expense	<u>\$428,480</u>

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(6) Risk Management

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

The City 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.

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(6) Risk Management, (Continued)

At June 30, 2009, the City accrued \$4,825,000 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, 2009 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:

	<u>Fiscal Year 2008-09</u>	<u>Fiscal Year 2007-08</u>
Unpaid claims, July 1	\$ 4,508,000	4,145,000
Incurred claims and adjustments	2,051,528	2,139,017
Claims paid	<u>(1,734,528)</u>	<u>(1,776,017)</u>
Total	<u>\$ 4,825,000</u>	<u>4,508,000</u>

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

(7) Long-Term Debt

Following is a summary of long-term debt transactions for the fiscal year ended June 30, 2009:

	Balance at <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2009</u>	<u>Classification</u>	
					<u>Amount Due Within One Year</u>	<u>Amount Due Beyond One Year</u>
Governmental Activities:						
National City Joint Powers Financing Authority:						
Lease Revenue						
Refunding Bonds	\$ 3,920,000	-	(315,000)	3,605,000	325,000	3,280,000
Community Development Commission:						
1999 Tax Allocation Bonds	4,325,000	-	(115,000)	4,210,000	120,000	4,090,000
2004 Tax Allocation Bonds	5,145,000	-	(260,000)	4,885,000	265,000	4,620,000
2005 Series A and B Tax Allocation Bonds	32,350,000	-	(1,765,000)	30,585,000	1,840,000	28,745,000
General Obligation Bonds	5,585,000	-	(145,000)	5,440,000	155,000	5,285,000
HUD 108 Bond 2003 A	<u>6,185,000</u>	<u>-</u>	<u>(210,000)</u>	<u>5,975,000</u>	<u>225,000</u>	<u>5,750,000</u>
Total Bonds	57,510,000	-	(2,810,000)	54,700,000	2,930,000	51,770,000
Claims Payable	4,508,000	2,051,528	(1,734,528)	4,825,000	2,065,100	2,759,900
Compensated Absences	3,111,061	2,188,057	(2,122,467)	3,176,651	1,820,222	1,356,429
Other postemployment Benefits	-	110,954	76,330	34,624	-	34,624
Capitalized Lease Obligations	<u>1,372,940</u>	<u>-</u>	<u>(255,212)</u>	<u>1,117,728</u>	<u>243,163</u>	<u>874,565</u>
Total Governmental Activities	66,502,001	4,350,539	(6,998,537)	63,854,003	7,058,485	56,795,518
Business-type Activities:						
Note Payable	<u>2,853,463</u>	<u>-</u>	<u>(179,877)</u>	<u>2,673,586</u>	<u>191,924</u>	<u>2,481,662</u>
Total Primary Government	<u>\$69,355,464</u>	<u>4,350,539</u>	<u>(7,178,414)</u>	<u>66,527,589</u>	<u>7,250,409</u>	<u>59,277,180</u>

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(7) Long-Term Debt, (Continued)

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

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

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

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 325,000	161,798	486,798
2011	345,000	146,053	491,053
2012	360,000	129,486	489,486
2013	375,000	112,213	487,213
2014	400,000	94,000	494,000
2015	420,000	74,730	494,730
2016	435,000	54,638	489,638
2017	460,000	33,606	493,606
2018	<u>485,000</u>	<u>11,398</u>	<u>496,398</u>
Total	<u>\$3,605,000</u>	<u>817,922</u>	<u>4,422,922</u>

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(7) Long-Term Debt, (Continued)

Community Development Commission 1999 Tax Allocation Bonds

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

The annual debt service requirements for the 1999 Tax Allocation Bonds outstanding are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 120,000	209,690	329,690
2011	125,000	204,237	329,237
2012	130,000	198,175	328,175
2013	135,000	191,550	326,550
2014	145,000	184,550	329,550
2015	150,000	177,176	327,176
2016	155,000	169,550	324,550
2017	165,000	161,549	326,549
2018	175,000	153,050	328,050
2019	180,000	144,175	324,175
2020	190,000	134,925	324,925
2021	200,000	125,050	325,050
2022	210,000	114,543	324,543
2023	220,000	103,525	323,525
2024	235,000	91,866	326,866
2025	245,000	79,566	324,566
2026	260,000	66,625	326,625
2027	270,000	53,044	323,044
2028	285,000	38,822	323,822
2029	300,000	23,831	323,831
2030	<u>315,000</u>	<u>8,072</u>	<u>323,072</u>
Total	<u>\$4,210,000</u>	<u>2,633,571</u>	<u>6,843,571</u>

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(7) Long-Term Debt, (Continued)

Community Development Commission 2004 Tax Allocation Bonds

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

The annual debt service requirements for the 2004 Tax Allocation Bonds outstanding are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 265,000	223,534	488,534
2011	275,000	214,685	489,685
2012	285,000	204,880	489,880
2013	295,000	194,145	489,145
2014	305,000	182,440	487,440
2015	2,045,000	122,307	2,167,307
2016	330,000	61,263	391,263
2017	-	54,250	54,250
2018	-	54,250	54,250
2019	-	54,250	54,250
2020	-	54,250	54,250
2021	-	54,250	54,250
2022	-	54,250	54,250
2023	-	54,250	54,250
2024	-	54,250	54,250
2025	-	54,250	54,250
2026	-	54,250	54,250
2027	345,000	45,625	390,625
2028	360,000	28,000	388,000
2029	<u>380,000</u>	<u>9,500</u>	<u>389,500</u>
Total	<u>\$4,885,000</u>	<u>1,828,879</u>	<u>6,713,879</u>

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(7) Long-Term Debt, (Continued)

Community Development Commission 2005 Tax Allocation Bonds

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,840,000	1,401,698	3,241,698
2011	2,125,000	1,324,418	3,449,418
2012	3,060,000	1,233,043	4,293,043
2013	3,200,000	1,095,343	4,295,343
2014	3,345,000	948,143	4,293,143
2015	3,505,000	790,928	4,295,928
2016	3,670,000	622,688	4,292,688
2017	760,000	444,693	1,204,693
2018	790,000	415,813	1,205,813
2019	825,000	385,003	1,210,003
2020	855,000	352,003	1,207,003
2021	890,000	317,803	1,207,803
2022	570,000	277,753	847,753
2023	595,000	253,528	848,528
2024	780,000	227,943	1,007,943
2025	815,000	194,013	1,009,013
2026	855,000	153,263	1,008,263
2027	555,000	110,513	665,513
2028	435,000	81,375	516,375
2029	250,000	58,538	308,538
2030	200,000	45,413	245,413
2031	210,000	34,913	244,913
2032	220,000	23,888	243,888
2033	<u>235,000</u>	<u>12,338</u>	<u>247,338</u>
Total	<u>\$30,585,000</u>	<u>10,805,054</u>	<u>41,390,054</u>

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(7) Long-Term Debt, (Continued)

2003 General Obligation Bonds

The City issued \$6,000,000 of general obligation bonds, Election of 2002, Series A on April 24, 2003 to provide funds for a new public library. The bonds mature annually through August 1, 2028 in the amounts ranging from \$120,000 to \$425,000 beginning August 1, 2003. The interest of the bonds is payable semi-annually on each February 1 and August 1, commencing February 1, 2004. The interest rate of the bonds ranges from 3.70% to 6.10%. The bonds are payable solely from and secured by ad valorem taxes of all property subject to taxation by the City. The bonds are subject to optional and mandatory early redemption provisions.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 155,000	244,497	399,497
2011	165,000	234,740	399,740
2012	175,000	224,658	399,658
2013	185,000	214,089	399,089
2014	200,000	204,870	404,870
2015	210,000	196,775	406,775
2016	220,000	188,280	408,280
2017	230,000	179,580	409,580
2018	240,000	169,830	409,830
2019	255,000	159,525	414,525
2020	265,000	148,673	413,673
2021	280,000	136,851	416,851
2022	295,000	124,235	419,235
2023	310,000	109,970	419,970
2024	330,000	95,571	425,571
2025	345,000	81,011	426,011
2026	365,000	64,635	429,635
2027	385,000	47,290	432,290
2028	405,000	28,475	433,475
2029	<u>425,000</u>	<u>9,282</u>	<u>434,282</u>
Total	<u>\$5,440,000</u>	<u>2,862,837</u>	<u>8,302,837</u>

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(7) Long-Term Debt, (Continued)

2003 A HUD 108 Bond

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 225,000	306,650	531,650
2011	245,000	297,269	542,269
2012	260,000	286,413	546,413
2013	280,000	274,117	554,117
2014	305,000	260,227	565,227
2015	325,000	244,850	569,850
2016	350,000	227,967	577,967
2017	380,000	209,233	589,233
2018	410,000	188,528	598,528
2019	440,000	165,847	605,847
2020	475,000	141,044	616,044
2021	510,000	113,975	623,975
2022	545,000	84,640	629,640
2023	590,000	52,770	642,770
2024	<u>635,000</u>	<u>18,066</u>	<u>653,066</u>
Total	<u>\$5,975,000</u>	<u>2,871,596</u>	<u>8,846,596</u>

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(7) Long-Term Debt, (Continued)

Morgan Towers Note 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 unpaid principal portion of the note at June 30, 2008 was \$2,853,463. The note is insured by HUD and is secured by substantially all property and equipment of the Morgan Towers Enterprise Fund.

The annual principal payments of the note payable outstanding are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 191,927	168,133	360,060
2011	204,776	155,284	360,060
2012	218,492	141,568	360,060
2013	233,124	126,936	360,060
2014	248,736	111,324	360,060
2015	265,395	94,665	360,060
2016	283,170	76,890	360,060
2017	302,136	57,924	360,060
2018	322,368	37,692	360,060
2019	343,957	16,103	360,060
2020	<u>59,505</u>	<u>485</u>	<u>59,990</u>
Total	<u>\$2,673,586</u>	<u>987,004</u>	<u>3,660,590</u>

Defeasance of Debt

As of June 30, 2009, the outstanding balances of defeased issues are as follows:

Community Development Commission 2001 Tax Allocation Bonds	\$35,485,000
Community Development Commission 1998 Tax Allocation Bonds	13,605,000

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(8) City Defined Benefit Pension Plan (PERS)

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

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

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2008 to June 30, 2009 has been determined by an actuarial valuation of the plan as of June 30, 2006. The contribution rate indicated for the period is 28.806% of payroll for the safety plan and 16.444% of payroll for the miscellaneous plan. In order to calculate the dollar value of the ARC for inclusion in the financial statements prepared as of June 30, 2009, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2008 to June 30, 2009.

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

	<u>City Miscellaneous Employees Group</u>	<u>Safety Employees Group</u>
Valuation Date	June 30, 2008	June 30, 2008
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Period	25 Years as of the Valuation Date	32 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market	15 Year Smoothed Market
Actuarial Assumptions		
Investment Rate of Return	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and type of employment	3.25% to 13.15% depending on Age, Service, and type of employment
Inflation	3.00%	3.00%
Payroll Growth	3.25%	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

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

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling 30 year period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded accrued liability to payroll. The schedule of funding progress, presented below presents multiyear information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Required Supplementary Information – City Miscellaneous Employees Group

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL As a % of Payroll
6/30/06	\$58,703,692	50,585,526	8,118,166	86.2%	8,975,788	90.4%
6/30/07	70,797,946	62,442,682	8,355,264	88.2%	11,132,479	75.1%
6/30/08	75,995,058	67,252,370	8,742,688	88.5%	11,798,468	74.5%

Required Supplementary Information – Safety Employees Group

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL As a % of Payroll
6/30/06	\$ 94,936,155	79,004,920	15,931,235	83.2%	8,795,057	181.1%
6/30/07	102,027,654	85,092,163	16,935,491	83.4%	9,431,560	179.6%
6/30/08	112,532,571	91,454,242	21,078,329	81.3%	10,600,069	198.9%

Three-Year Trend Information

Annual Pension Cost (Employer Contribution)

Fiscal Year	Safety	Miscellaneous	Percentage of APC Contributed	Net Pension Obligation
6/30/07	3,279,137	2,249,428	100%	-0-
6/30/08	3,866,043	2,565,047	100%	-0-
6/30/09	3,199,780	1,901,577	100%	-0-

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(9) Other Postemployment Benefit Plan

Plan Description: The City administers a single-employer defined benefit plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. The City has not established a trust that is administered by the City for the purpose of holding assets accumulated for plan benefits. After age 65, Medicare automatically becomes the primary provider of health coverage. The City's defined benefit plan becomes the secondary provider. Eligible retirees will have no noticeable change in health benefits or plan administration; however, there is a reduction in the City's cost of health coverage as the secondary provider. The City's defined benefit plan administrator establishes the cost of secondary provider rates annually. The City will pay 100% for eligible retirees' health coverage.

Eligibility: Employees are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 5 years of service, and are eligible for a PERS pension. Membership of the plan consisted of the following at June 30, 2009, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	24
Active plan members	<u>357</u>
Total	<u>381</u>

City's Funding Policy: The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2008-09, the City contributed \$76,330 to the plan for current premiums.

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

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(9) Other Postemployment Benefit Plan, (Continued)

Annual required contribution	\$110,954
Interest on net OPEB obligation	-
Adjustments to annual required contributions	-
Annual OPEB cost (expense)	<u>110,954</u>
Contributions made (including premiums paid)	<u>(76,330)</u>
Increase in net OPEB obligation	34,624
Net OPEB obligation-beginning of year	<u>-</u>
Net OPEB obligation-end of year	<u>\$ 34,624</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/07	N/A	N/A	N/A
6/30/08	N/A	N/A	N/A
6/30/09	\$110,954	68%	\$34,624

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2009, was as follows:

Actuarial accrued liability (AAL)	\$1,058,356
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$1,058,356</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	22,466,000
UAAL as a percentage of covered payroll	0.3%

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(9) Other Postemployment Benefit Plan, (Continued)

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

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

The actuarial cost method used for determining the benefit obligations is the Frozen Entry Age Actuarial Cost Method. The actuarial assumptions included a 5% percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date. The UAAL is being amortized as a level percentage of projected payroll over 20 years. It is assumed the City's payroll will increase 3.25% per year.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (a-b)/c)
7/01/08	-	\$1,058,356	\$1,058,356	-%	\$22,466,000	0.3%

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(10) Commitments and Contingencies

A. Lawsuits in the Normal Course of Business

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

B. Federal and State Grant Programs

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

(11) Pledged Revenues

The City and its component units have a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in the accompanying notes. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue (or net of certain expenses where so required by the debt agreement) are indicated in the table below. These percentages also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment:

<u>Description of Pledged Revenue</u>	<u>Annual Amount of Pledged Revenue (net of expenses, where required)</u>	<u>Annual Debt Service Payments (of all debt secured by this revenue)</u>	<u>Debt Service as a Percentage of Pledged Revenue</u>
Tax increment revenues	\$14,737,780	4,058,448	27.5%

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(12) Prior Period Adjustments

The accompanying financial statements include adjustments that resulted in the restatements of beginning fund balances/net assets. The following summarizes the effect of the prior period adjustments to beginning fund balance net assets as of July 1, 2008:

	Other Special Revenue Special Revenue <u>Fund</u>	Redevelopment Fund Capital Project <u>Fund</u>	Gas Tax Special Revenue <u>Fund</u>	Community Development Block Grant Special Revenue <u>Fund</u>	HOME Program Special Revenue <u>Fund</u>	Traffic Congestion Relief Special Revenue <u>Fund</u>
Fund balance – beginning of year, as previously reported	\$6,853,113	19,616,426	521,357	465,211	4,515,736	135,619
To reclassify fund balances to properly reflect in appropriate fund of the City	332,168	-	135,619	(322,168)	-	(135,619)
To adjust land held for resale for transactions improperly recorded or unrecorded in prior years	<u>-</u>	<u>103,175</u>	<u>-</u>	<u>-</u>	<u>(403,452)</u>	<u>-</u>
Fund balance – beginning of year, as restated	<u>\$7,175,281</u>	<u>19,719,601</u>	<u>656,976</u>	<u>143,043</u>	<u>4,112,284</u>	<u>-</u>

The following summarizes the effect of the prior period adjustments to beginning fund balance net assets as of July 1, 2008:

	Government- Wide Statement of Net Assets
Net assets – beginning of year, as previously reported	\$150,853,673
To adjust land held for resale for transactions unrecorded in prior years	<u>(300,277)</u>
Net assets – beginning of year, as restated	<u>\$150,553,396</u>

CITY OF NATIONAL CITY

Notes to the Basic Financial Statements

(Continued)

(13) Accumulated Fund Deficits

The following funds had fund deficits at June 30, 2009:

Nutrition Program Special Revenue Fund	\$(1,385,563)
Community Development Block Grant Special Revenue Fund	(144,620)
STP/Local Transnet Highway Special Revenue Fund	(236,156)
Traffic Congestion Relief Special Revenue Fund	(69,270)

The City is in the process of identifying a repayment method of the Nutrition Center Special Revenue Fund. The deficit fund balance will remain on the books until an agreed upon method is approved by the City Council of the City of National City.

(14) Expenditures in Excess of Appropriations

The following funds reported excess of expenditures over appropriations for the year ended June 30, 2009:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Nutrition Program Special Revenue Fund	\$805,492	851,125	(45,633)
Section 8 Housing Assistance Special Revenue Fund	8,466,017	9,298,595	(832,578)
Fire Construction Capital Projects Fund	-	225	(225)
Library Bond Debt Service Fund	398,650	401,728	(3,078)

CITY OF NATIONAL CITY
General Fund

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

For the Year Ended June 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 32,851,042	32,851,042	31,230,431	(1,620,611)
Licenses and permits	867,400	867,400	723,913	(143,487)
Fines and forfeitures	1,341,043	1,341,043	1,137,181	(203,862)
Interest and rents	1,208,800	1,208,800	1,488,925	280,125
Intergovernmental	773,900	773,900	663,436	(110,464)
Charges for services	32,600	32,600	564,347	531,747
Other revenues	284,750	284,750	380,627	95,877
Total revenues	<u>37,359,535</u>	<u>37,359,535</u>	<u>36,188,860</u>	<u>(1,170,675)</u>
Expenditures:				
Current:				
General government	4,993,218	4,993,218	3,931,370	1,061,848
Public safety	27,995,407	27,995,407	26,673,528	1,321,879
Transportation	2,974,481	2,974,481	2,726,801	247,680
Community development	-	-	26,934	(26,934)
Culture and leisure	2,334,648	2,334,648	2,086,779	247,869
Capital outlay	1,784,991	1,784,991	1,013,344	771,647
Debt service:				
Principal	205,815	205,815	214,837	(9,022)
Interest and fiscal charges	57,493	57,493	57,481	12
Total expenditures	<u>40,346,053</u>	<u>40,346,053</u>	<u>36,731,074</u>	<u>3,614,979</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,986,518)</u>	<u>(2,986,518)</u>	<u>(542,214)</u>	<u>2,444,304</u>
Other financing sources (uses):				
Transfers in	902,137	902,137	902,137	-
Transfers out	(2,290,467)	(2,290,467)	(1,945,467)	345,000
Total other financing sources (uses)	<u>(1,388,330)</u>	<u>(1,388,330)</u>	<u>(1,043,330)</u>	<u>345,000</u>
Net change in fund balances	(4,374,848)	(4,374,848)	(1,585,544)	2,789,304
Fund balance, beginning of year	<u>20,026,232</u>	<u>20,026,232</u>	<u>20,026,232</u>	<u>-</u>
Fund balance, end of year	<u>\$ 15,651,384</u>	<u>15,651,384</u>	<u>18,440,688</u>	<u>2,789,304</u>

CITY OF NATIONAL CITY
Section 8 Housing Assistance Special Revenue Fund

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

For the Year Ended June 30, 2009

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Intergovernmental	\$ 8,374,928	8,374,928	8,297,196	(77,732)
Other revenues	<u>19,749</u>	<u>19,749</u>	<u>30,469</u>	<u>10,720</u>
Total revenues	<u>8,394,677</u>	<u>8,394,677</u>	<u>8,327,665</u>	<u>(67,012)</u>
Expenditures:				
Current:				
Community development	<u>8,466,017</u>	<u>8,466,017</u>	<u>9,298,595</u>	(832,578)
Total expenditures	<u>8,466,017</u>	<u>8,466,017</u>	<u>9,298,595</u>	<u>(832,578)</u>
Net change in fund balances	(71,340)	(71,340)	(970,930)	(899,590)
Fund balance (deficit), beginning of year	<u>1,155,443</u>	<u>1,155,443</u>	<u>1,155,443</u>	-
Fund balance (deficit), end of year	<u><u>\$ 1,084,103</u></u>	<u><u>1,084,103</u></u>	<u><u>184,513</u></u>	<u><u>(899,590)</u></u>

CITY OF NATIONAL CITY
Other Special Revenue Fund

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

For the Year Ended June 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 12,594	12,594	18,703	6,109
Fines and forfeitures	95,327	95,327	114,201	18,874
Interest and rents	8,500	8,500	12,107	3,607
Intergovernmental	4,025,050	4,025,050	3,717,057	(307,993)
Charges for services	1,139,600	1,139,600	600,325	(539,275)
Other revenues	476,713	476,713	585,599	108,886
Total revenues	5,757,784	5,757,784	5,047,992	(709,792)
Expenditures:				
Current:				
General government	356,900	356,900	610,712	(253,812)
Public safety	2,761,890	2,761,890	1,257,219	1,504,671
Community development	783,892	783,892	475,580	308,312
Health	290,717	290,717	157,628	133,089
Culture and leisure	2,723,050	2,723,050	2,151,860	571,190
Capital outlay	2,042,449	2,042,449	1,279,415	763,034
Total expenditures	8,958,898	8,958,898	5,932,414	3,026,484
Excess (deficiency) of revenues over (under) expenditures	(3,201,114)	(3,201,114)	(884,422)	2,316,692
Other financing sources:				
Transfers in	250,000	250,000	280,000	30,000
Total other financing sources	250,000	250,000	280,000	30,000
Net change in fund balances	(2,951,114)	(2,951,114)	(604,422)	2,346,692
Fund balance, beginning of year, as restated	7,175,281	7,175,281	7,175,281	-
Fund balance, end of year	\$ 4,224,167	4,224,167	6,570,859	2,346,692

CITY OF NATIONAL CITY
Nutrition Program Special Revenue Fund

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

For the Year Ended June 30, 2009

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Intergovernmental	\$ 299,527	299,527	301,049	1,522
Other revenues	<u>218,000</u>	<u>218,000</u>	<u>222,338</u>	<u>4,338</u>
Total revenues	<u>517,527</u>	<u>517,527</u>	<u>523,387</u>	<u>5,860</u>
Expenditures:				
Current:				
Community development	<u>805,492</u>	<u>805,492</u>	<u>851,125</u>	<u>(45,633)</u>
Total expenditures	<u>805,492</u>	<u>805,492</u>	<u>851,125</u>	<u>(45,633)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(287,965)</u>	<u>(287,965)</u>	<u>(327,738)</u>	<u>(39,773)</u>
Other financing sources:				
Transfers in	<u>286,907</u>	<u>286,907</u>	<u>325,907</u>	<u>39,000</u>
Total other financing sources	<u>286,907</u>	<u>286,907</u>	<u>325,907</u>	<u>39,000</u>
Net change in fund balances	(1,058)	(1,058)	(1,831)	(773)
Fund balance (deficit), beginning of year	<u>(1,383,732)</u>	<u>(1,383,732)</u>	<u>(1,383,732)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (1,384,790)</u>	<u>(1,384,790)</u>	<u>(1,385,563)</u>	<u>(773)</u>

CITY OF NATIONAL CITY
Sewer Service Special Revenue Fund

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

For the Year Ended June 30, 2009

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Charges for services	\$ 7,141,800	7,141,800	7,184,797	42,997
Other revenues	-	-	474	474
Total revenues	7,141,800	7,141,800	7,185,271	43,471
Expenditures:				
Current:				
Health	13,664,405	13,664,405	5,806,138	7,858,267
Total expenditures	13,664,405	13,664,405	5,806,138	7,858,267
Excess (deficiency) of revenues over (under) expenditures	(6,522,605)	(6,522,605)	1,379,133	7,901,738
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(75,000)	(75,000)	(75,000)	-
Total other financing sources (uses)	(75,000)	(75,000)	(75,000)	-
Net change in fund balances	(6,597,605)	(6,597,605)	1,304,133	7,901,738
Fund balance, beginning of year	13,820,961	13,820,961	13,820,961	-
Fund balance, end of year	\$ 7,223,356	7,223,356	15,125,094	7,901,738

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

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

For the Year Ended June 30, 2009

	<u>Budget Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Taxes	\$ 3,045,578	3,045,578	2,947,556	(98,022)
Interest and rents	-	-	4,693	4,693
Other revenues	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Total revenues	<u>3,245,578</u>	<u>3,245,578</u>	<u>2,952,249</u>	<u>(293,329)</u>
Expenditures:				
Current:				
Community development	<u>986,480</u>	<u>986,480</u>	<u>305,674</u>	<u>680,806</u>
Total expenditures	<u>986,480</u>	<u>986,480</u>	<u>305,674</u>	<u>680,806</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,259,098</u>	<u>2,259,098</u>	<u>2,646,575</u>	<u>387,477</u>
Other financing sources (uses):				
Transfers in	49,900	49,900	49,900	-
Transfers out	<u>(826,118)</u>	<u>(826,118)</u>	<u>(821,722)</u>	<u>4,396</u>
Total other financing sources (uses)	<u>(776,218)</u>	<u>(776,218)</u>	<u>(771,822)</u>	<u>4,396</u>
Net change in fund balances	1,482,880	1,482,880	1,874,753	391,873
Fund balance, beginning of year	<u>9,116,381</u>	<u>9,116,381</u>	<u>9,116,381</u>	<u>-</u>
Fund balance, end of year	<u>\$ 10,599,261</u>	<u>10,599,261</u>	<u>10,991,134</u>	<u>391,873</u>

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

General Capital Outlay Fund

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

Library Fund

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

Parks Maintenance Fund

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

Library Capital Outlay Fund

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

Gas Tax Fund

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

Parks and Recreation Capital Outlay Fund

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

Community Development Block Grant Fund

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

Home Loan Program Fund

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

Home Program Fund

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

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.

NON-MAJOR GOVERNMENTAL FUNDS, (CONTINUED)

DEBT SERVICE FUND:

National City Joint Powers Financing Authority Fund

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

Library Bond Debt Service Fund

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

CAPITAL PROTECTS FUNDS:

Library Construction Project Capital Projects Fund

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

Proposition “A” Capital Projects Fund

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

STP Local/TransNet Highway Fund

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

State-Local Partnership Fund

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

Traffic Congestion Relief Fund

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

Fire Construction Project Capital Projects Fund

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

CITY OF NATIONAL CITY
Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2009

	Special Revenue Funds					
	General Capital Outlay	Library	Parks Maintenance	Library Capital Outlay	Gas Tax	Park and Recreation Capital Outlay
<u>ASSETS</u>						
Cash and investments	\$ 1,032,627	400,084	159,519	700,237	601,552	1,019,758
Restricted cash and investments with fiscal agent	-	-	-	-	-	-
Accounts receivable	-	-	-	462	-	53,583
Property tax receivable	-	-	-	-	-	-
Interest receivable	-	-	-	-	2,017	-
Due from other funds	-	-	-	-	-	-
Due from other governmental entities	-	-	-	-	85,153	-
Land held for resale	-	-	-	-	-	-
Contracts, notes and loans receivable	-	-	-	-	-	-
Total assets	<u>\$ 1,032,627</u>	<u>400,084</u>	<u>159,519</u>	<u>700,699</u>	<u>688,722</u>	<u>1,073,341</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 5,000	17,134	6,161	22,514	31,568	1,610
Salaries payable	-	26,695	20,318	-	3,368	-
Due to other funds	-	300,000	100,000	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>5,000</u>	<u>343,829</u>	<u>126,479</u>	<u>22,514</u>	<u>34,936</u>	<u>1,610</u>
Fund balances:						
Reserved:						
Encumbrances	-	-	-	-	215	872
Land held for resale	-	-	-	-	-	-
Contracts, loans, notes receivable	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total reserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>215</u>	<u>872</u>
Unreserved, designated:						
Continuing appropriations	-	-	-	-	345,829	549,885
Total reserved, designated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>345,829</u>	<u>549,885</u>
Unreserved, undesignated:						
Special revenue funds	1,027,627	56,255	33,040	678,185	307,742	520,974
Capital projects funds	-	-	-	-	-	-
Total fund balances	<u>1,027,627</u>	<u>56,255</u>	<u>33,040</u>	<u>678,185</u>	<u>653,786</u>	<u>1,071,731</u>
Total liabilities and fund balances	<u>\$ 1,032,627</u>	<u>400,084</u>	<u>159,519</u>	<u>700,699</u>	<u>688,722</u>	<u>1,073,341</u>

Special Revenue Funds				Debt Service	
Community Development Block Grant	Home Loan Program	HOME Program	Asset Forfeiture	Joint Powers Financing Authority	Library Bonds
107,556	2,702,188	2,096,562	439,657	-	715,960
-	-	-	-	1	-
290,563	-	-	717	-	-
-	-	-	-	-	-
-	-	-	1,474	-	-
6,500	372,529	-	-	-	-
478,521	-	137,711	-	-	-
-	-	1,302,350	-	-	-
-	259,066	681,887	-	-	-
<u>883,140</u>	<u>3,333,783</u>	<u>4,218,510</u>	<u>441,848</u>	<u>1</u>	<u>715,960</u>
351,344	68,401	269	783	-	1,950
2,130	-	538	-	-	-
529,666	-	-	-	-	-
37,064	-	-	-	-	-
<u>920,204</u>	<u>68,401</u>	<u>807</u>	<u>783</u>	<u>-</u>	<u>1,950</u>
-	-	-	25	-	-
-	-	1,302,350	-	-	-
-	259,066	681,887	-	-	-
-	-	-	-	1	714,010
<u>-</u>	<u>259,066</u>	<u>1,984,237</u>	<u>25</u>	<u>1</u>	<u>714,010</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,090</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,090</u>	<u>-</u>	<u>-</u>
(37,064)	3,006,316	2,233,466	439,950	-	-
-	-	-	-	-	-
<u>(37,064)</u>	<u>3,265,382</u>	<u>4,217,703</u>	<u>441,065</u>	<u>1</u>	<u>714,010</u>
<u>883,140</u>	<u>3,333,783</u>	<u>4,218,510</u>	<u>441,848</u>	<u>1</u>	<u>715,960</u>

(Continued)

CITY OF NATIONAL CITY
Nonmajor Governmental Funds

Combining Balance Sheet, Continued

June 30, 2009

	Capital Projects Funds						Total Other Governmental Funds
	Library Constuction Bonds	Proposition A	STP Local/ TransNet Highway	State- Local Partnership	Traffic Congestion Relief	Fire Construction Project	
<u>ASSETS</u>							
Cash and investments	\$ 116,785	1,540,301	-	120,722	-	409,183	12,162,691
Restricted cash and investments with fiscal agent	-	-	-	-	-	-	1
Accounts receivable	-	-	-	-	-	-	345,325
Property tax receivable	-	-	-	-	-	-	-
Interest receivable	984	5,950	-	405	-	-	10,830
Due from other funds	-	134,752	53,219	-	-	-	567,000
Due from other governmental entities	1,109,060	-	-	-	113,903	-	1,924,348
Land held for resale	-	-	-	-	-	-	1,302,350
Contracts, notes and loans receivable	-	-	-	-	-	-	940,953
Total assets	\$ 1,226,829	1,681,003	53,219	121,127	113,903	409,183	17,253,498
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ -	18,715	21,260	-	964	-	547,673
Salaries payable	-	4,176	-	-	-	-	57,225
Due to other funds	1,106,088	6,500	268,115	-	182,209	-	2,492,578
Deferred revenue	-	-	-	95,493	-	-	132,557
Total liabilities	1,106,088	29,391	289,375	95,493	183,173	-	3,230,033
Fund balances:							
Reserved:							
Encumbrances	-	178,332	-	-	-	-	179,444
Land held for resale	-	-	-	-	-	-	1,302,350
Contracts, loans, notes receivable	-	-	-	-	-	-	940,953
Debt service	-	-	-	-	-	-	714,011
Total reserved	-	178,332	-	-	-	-	3,136,758
Unreserved, designated:							
Continuing appropriations	-	1,473,280	-	-	-	-	2,370,084
Total reserved, designated	-	1,473,280	-	-	-	-	2,370,084
Unreserved, undesignated:							
Special revenue funds	-	-	-	-	-	-	8,266,491
Capital projects funds	120,741	-	(236,156)	25,634	(69,270)	409,183	250,132
Total fund balances	120,741	1,651,612	(236,156)	25,634	(69,270)	409,183	14,023,465
Total liabilities and fund balances	\$ 1,226,829	1,681,003	53,219	121,127	113,903	409,183	17,253,498

(This page intentionally left blank)

CITY OF NATIONAL CITY
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2009

	Special Revenue Funds					
	General Capital Outlay	Library	Parks Maintenance	Library Capital Outlay	Gas Tax	Park and Recreation Capital Outlay
Revenues:						
Taxes	\$ -	647,886	754,953	77,761	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rents	-	-	-	-	14,574	277,822
Intergovernmental	-	6,251	7,284	-	1,033,716	100,000
Charges for services	-	-	-	22,265	-	-
Other revenues	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>654,137</u>	<u>762,237</u>	<u>100,026</u>	<u>1,048,290</u>	<u>377,822</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Transportation	-	-	-	-	351,480	-
Community development	-	-	-	-	-	-
Culture and leisure	-	1,489,369	1,086,896	-	-	-
Capital outlay	5,000	-	-	46,920	-	180,479
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>5,000</u>	<u>1,489,369</u>	<u>1,086,896</u>	<u>46,920</u>	<u>351,480</u>	<u>180,479</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,000)</u>	<u>(835,232)</u>	<u>(324,659)</u>	<u>53,106</u>	<u>696,810</u>	<u>197,343</u>
Other financing sources (uses):						
Transfers in	-	762,429	267,131	-	-	-
Transfers out	-	-	-	-	(700,000)	(30,000)
Total other financing sources (uses)	<u>-</u>	<u>762,429</u>	<u>267,131</u>	<u>-</u>	<u>(700,000)</u>	<u>(30,000)</u>
Net change in fund balances	<u>(5,000)</u>	<u>(72,803)</u>	<u>(57,528)</u>	<u>53,106</u>	<u>(3,190)</u>	<u>167,343</u>
Fund balances, beginning, of year, as restated	<u>1,032,627</u>	<u>129,058</u>	<u>90,568</u>	<u>625,079</u>	<u>656,976</u>	<u>904,388</u>
Fund balances, end of year	<u>\$ 1,027,627</u>	<u>56,255</u>	<u>33,040</u>	<u>678,185</u>	<u>653,786</u>	<u>1,071,731</u>

Community Development Block Grant	Special Revenue Funds			Debt Service	
	Home Loan Program	HOME Program	Asset Forfeiture	Joint Powers Financing Authority	Library Bonds
-	-	-	-	-	-
-	-	-	51,624	-	-
-	6,730	-	13,885	311	-
1,310,065	-	332,831	-	490,334	-
-	-	-	-	-	-
-	168	-	-	-	452,286
<u>1,310,065</u>	<u>6,898</u>	<u>332,831</u>	<u>65,509</u>	<u>490,645</u>	<u>452,286</u>
14,441	-	-	-	-	3,078
-	-	-	27,413	-	-
-	-	-	-	-	-
198,996	501,947	177,512	-	-	-
113,552	-	-	-	-	-
120,598	-	-	175,600	-	-
210,000	-	-	-	315,000	145,000
319,611	-	-	-	175,717	253,650
<u>977,198</u>	<u>501,947</u>	<u>177,512</u>	<u>203,013</u>	<u>490,717</u>	<u>401,728</u>
<u>332,867</u>	<u>(495,049)</u>	<u>155,319</u>	<u>(137,504)</u>	<u>(72)</u>	<u>50,558</u>
107,556	372,529	-	-	-	-
(620,530)	-	(49,900)	-	-	-
<u>(512,974)</u>	<u>372,529</u>	<u>(49,900)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(180,107)	(122,520)	105,419	(137,504)	(72)	50,558
<u>143,043</u>	<u>3,387,902</u>	<u>4,112,284</u>	<u>578,569</u>	<u>73</u>	<u>663,452</u>
<u>(37,064)</u>	<u>3,265,382</u>	<u>4,217,703</u>	<u>441,065</u>	<u>1</u>	<u>714,010</u>

(Continued)

CITY OF NATIONAL CITY
Nonmajor Governmental Funds

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

For the Year ended June 30, 2009

	Capital Projects Funds						Total Other Governmental Funds
	Library Construction Bonds	Proposition A	STP Local/ TransNet Highway	State- Local Partnership	Traffic Congestion Relief	Fire Construction Project	
Revenues:							
Taxes	\$ -	-	-	-	-	-	1,480,600
Fines and forfeitures	-	-	-	-	-	-	51,624
Interest and rents	1,676	9,345	-	3,418	-	1,235	328,996
Intergovernmental	1,111,282	3,204,513	250,237	-	508,361	-	8,354,874
Charges for services	-	-	-	-	-	-	22,265
Other revenues	-	-	-	-	-	-	452,454
Total revenues	<u>1,112,958</u>	<u>3,213,858</u>	<u>250,237</u>	<u>3,418</u>	<u>508,361</u>	<u>1,235</u>	<u>10,690,813</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	17,519
Public safety	-	-	-	-	-	225	27,638
Transportation	-	-	-	-	1,366	-	352,846
Community development	-	-	-	-	-	-	878,455
Culture and leisure	-	-	-	-	-	-	2,689,817
Capital outlay	-	5,185,632	518,262	-	576,265	-	6,808,756
Debt service:							
Principal	-	-	-	-	-	-	670,000
Interest and fiscal charges	-	-	-	-	-	-	748,978
Total expenditures	<u>-</u>	<u>5,185,632</u>	<u>518,262</u>	<u>-</u>	<u>577,631</u>	<u>225</u>	<u>12,194,009</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,112,958</u>	<u>(1,971,774)</u>	<u>(268,025)</u>	<u>3,418</u>	<u>(69,270)</u>	<u>1,010</u>	<u>(1,503,196)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	1,509,645
Transfers out	-	-	-	-	-	-	(1,400,430)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,215</u>
Net change in fund balances	<u>1,112,958</u>	<u>(1,971,774)</u>	<u>(268,025)</u>	<u>3,418</u>	<u>(69,270)</u>	<u>1,010</u>	<u>(1,393,981)</u>
Fund balances, beginning, of year, as restated	<u>(992,217)</u>	<u>3,623,386</u>	<u>31,869</u>	<u>22,216</u>	<u>-</u>	<u>408,173</u>	<u>15,417,446</u>
Fund balances, end of year	<u>\$ 120,741</u>	<u>1,651,612</u>	<u>(236,156)</u>	<u>25,634</u>	<u>(69,270)</u>	<u>409,183</u>	<u>14,023,465</u>

CITY OF NATIONAL CITY
General Capital Outlay Special Revenue Fund

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

For the Year Ended June 30, 2009

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Expenditures:				
Capital outlay	\$ 1,014,945.0	1,014,945	5,000	1,009,945
Total expenditures	<u>1,014,945</u>	<u>1,014,945</u>	<u>5,000</u>	<u>1,009,945</u>
Net change in fund balances	(1,014,945)	(1,014,945)	(5,000)	1,009,945
Fund balance, beginning of year	<u>1,032,627</u>	<u>1,032,627</u>	<u>1,032,627</u>	-
Fund balance, end of year	<u>\$ 17,682</u>	<u>17,682</u>	<u>1,027,627</u>	<u>1,009,945</u>

CITY OF NATIONAL CITY
Library Special Revenue Fund

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

For the Year Ended June 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final		(Negative)
Revenues:				
Taxes	\$ 686,286	686,286	647,886	(38,400)
Intergovernmental	6,600	6,600	6,251	(349)
Total revenues	692,886	692,886	654,137	(38,749)
Expenditures:				
Current:				
Culture and leisure	1,755,315	1,755,315	1,489,369	265,946
Total expenditures	1,755,315	1,755,315	1,489,369	265,946
Excess (deficiency) of revenues over (under) expenditures	(1,062,429)	(1,062,429)	(835,232)	227,197
Other financing sources (uses):				
Transfers in	1,062,429	1,062,429	762,429	(300,000)
Transfers out	-	-	-	-
Total other financing sources (uses)	1,062,429	1,062,429	762,429	(300,000)
Net change in fund balances	-	-	(72,803)	(72,803)
Fund balance, beginning of year	129,058	129,058	129,058	-
Fund balance, end of year	\$ 129,058	129,058	56,255	(72,803)

CITY OF NATIONAL CITY
Parks Maintenance Special Revenue Fund

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

For the Year Ended June 30, 2009

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Taxes	\$ 799,643	799,643	754,953	(44,690)
Intergovernmental	<u>7,700</u>	<u>7,700</u>	<u>7,284</u>	<u>(416)</u>
Total revenues	<u>807,343</u>	<u>807,343</u>	<u>762,237</u>	<u>(45,106)</u>
Expenditures:				
Current:				
Culture and leisure	<u>1,174,474</u>	<u>1,174,474</u>	<u>1,086,896</u>	<u>87,578</u>
Total expenditures	<u>1,174,474</u>	<u>1,174,474</u>	<u>1,086,896</u>	<u>87,578</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(367,131)</u>	<u>(367,131)</u>	<u>(324,659)</u>	<u>42,472</u>
Other financing sources:				
Transfers in	<u>367,131</u>	<u>367,131</u>	<u>267,131</u>	<u>(100,000)</u>
Total other financing sources	<u>367,131</u>	<u>367,131</u>	<u>267,131</u>	<u>(100,000)</u>
Net change in fund balances	-	-	(57,528)	(57,528)
Fund balance, beginning of year	<u>90,568</u>	<u>90,568</u>	<u>90,568</u>	<u>-</u>
Fund balance, end of year	<u>\$ 90,568</u>	<u>90,568</u>	<u>33,040</u>	<u>(57,528)</u>

CITY OF NATIONAL CITY
Library Capital Outlay Special Revenue Fund

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

For the Year Ended June 30, 2009

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 100,000	100,000	77,761	(22,239)
Charges for services	<u>18,200</u>	<u>18,200</u>	<u>22,265</u>	<u>4,065</u>
Total revenues	<u>118,200</u>	<u>118,200</u>	<u>100,026</u>	<u>(18,174)</u>
Expenditures:				
Capital outlay	<u>299,400</u>	<u>299,400</u>	<u>46,920</u>	<u>252,480</u>
Total expenditures	<u>299,400</u>	<u>299,400</u>	<u>46,920</u>	<u>252,480</u>
Net change in fund balances	(181,200)	(181,200)	53,106	234,306
Fund balance, beginning of year	<u>625,079</u>	<u>625,079</u>	<u>625,079</u>	<u>-</u>
Fund balance, end of year	<u>\$ 443,879</u>	<u>443,879</u>	<u>678,185</u>	<u>234,306</u>

CITY OF NATIONAL CITY
Gas Tax Special Revenue Fund

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

For the Year Ended June 30, 2009

	<u>Budget Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Interest and rents	\$ 26,200	26,200	14,574	(11,626)
Intergovernmental	<u>1,175,200</u>	<u>1,175,200</u>	<u>1,033,716</u>	<u>(141,484)</u>
Total revenues	<u>1,201,400</u>	<u>1,201,400</u>	<u>1,048,290</u>	<u>(153,110)</u>
Expenditures:				
Current:				
Transportation	<u>1,077,836</u>	<u>1,077,836</u>	<u>351,480</u>	<u>726,356</u>
Total expenditures	<u>1,077,836</u>	<u>1,077,836</u>	<u>351,480</u>	<u>726,356</u>
Excess (deficiency) of revenues over (under) expenditures	<u>123,564</u>	<u>123,564</u>	<u>696,810</u>	<u>573,246</u>
Other financing sources (uses):				
Transfers out	<u>(700,000)</u>	<u>(700,000)</u>	<u>(700,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(700,000)</u>	<u>(700,000)</u>	<u>(700,000)</u>	<u>-</u>
Net change in fund balances	(576,436)	(576,436)	(3,190)	573,246
Fund balance, beginning of year, as restated	<u>656,976</u>	<u>656,976</u>	<u>656,976</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 80,540</u>	<u>80,540</u>	<u>653,786</u>	<u>573,246</u>

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

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

For the Year Ended June 30, 2009

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Interest and rents	\$ 248,000	248,000	277,822	29,822
Intergovernmental	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total revenues	<u>348,000</u>	<u>348,000</u>	<u>377,822</u>	<u>29,822</u>
Expenditures:				
Current:				
Capital outlay	<u>719,462</u>	<u>719,462</u>	<u>180,479</u>	<u>538,983</u>
Total expenditures	<u>719,462</u>	<u>719,462</u>	<u>180,479</u>	<u>538,983</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(371,462)</u>	<u>(371,462)</u>	<u>197,343</u>	<u>568,805</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Net change in fund balances	(401,462)	(401,462)	167,343	568,805
Fund balance, beginning of year	<u>904,388</u>	<u>904,388</u>	<u>904,388</u>	<u>-</u>
Fund balance, end of year	<u>\$ 502,926</u>	<u>502,926</u>	<u>1,071,731</u>	<u>568,805</u>

CITY OF NATIONAL CITY
Community Development Block Grant Special Revenue Fund

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

For the Year Ended June 30, 2009

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Intergovernmental	<u>\$1,052,595</u>	<u>1,092,595</u>	<u>1,310,065</u>	<u>217,470</u>
Total revenues	<u>1,052,595</u>	<u>1,092,595</u>	<u>1,310,065</u>	<u>217,470</u>
Expenditures:				
Current:				
General government	33,822	33,822	14,441	19,381
Community development	167,752	167,752	198,996	(31,244)
Culture and leisure	113,552	113,552	113,552	-
Capital outlay	1,023,069	1,023,069	120,598	902,471
Debt service:				
Principal	-	210,000	210,000	-
Interest and fiscal charges	<u>-</u>	<u>319,641</u>	<u>319,611</u>	<u>30</u>
Total expenditures	<u>1,338,195</u>	<u>1,867,836</u>	<u>977,198</u>	<u>890,638</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(285,600)</u>	<u>(775,241)</u>	<u>332,867</u>	<u>1,108,108</u>
Other financing sources (uses):				
Transfers in	-	-	107,556	107,556
Transfers out	<u>(227,451)</u>	<u>(227,451)</u>	<u>(620,530)</u>	<u>(393,079)</u>
Total other financing sources (uses)	<u>(227,451)</u>	<u>(227,451)</u>	<u>(512,974)</u>	<u>(285,523)</u>
Net change in fund balances	(513,051)	(1,002,692)	(180,107)	822,585
Fund balance, beginning of year, as restated	<u>143,043</u>	<u>143,043</u>	<u>143,043</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (370,008)</u>	<u>(859,649)</u>	<u>(37,064)</u>	<u>822,585</u>

CITY OF NATIONAL CITY
Home Loan Program Special Revenue Fund

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

For the Year Ended June 30, 2009

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Interest and rents	\$ -	-	6,730	6,730
Other revenues	-	-	168	168
Total revenues	<u>-</u>	<u>-</u>	<u>6,898</u>	<u>6,898</u>
Expenditures:				
Current:				
Community development	<u>1,510,500</u>	<u>1,510,500</u>	<u>501,947</u>	<u>1,008,553</u>
Total expenditures	<u>1,510,500</u>	<u>1,510,500</u>	<u>501,947</u>	<u>1,008,553</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,510,500)</u>	<u>(1,510,500)</u>	<u>(495,049)</u>	<u>1,015,451</u>
Other financing sources (uses):				
Transfers in	-	-	372,529	372,529
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>372,529</u>	<u>372,529</u>
Net change in fund balances	(1,510,500)	(1,510,500)	(122,520)	1,387,980
Fund balance, beginning of year	<u>3,387,902</u>	<u>3,387,902</u>	<u>3,387,902</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,877,402</u>	<u>1,877,402</u>	<u>3,265,382</u>	<u>1,387,980</u>

CITY OF NATIONAL CITY
HOME Program Special Revenue Fund

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

For the Year Ended June 30, 2009

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	\$ 574,446	574,446	332,831	(241,615)
Total revenues	574,446	574,446	332,831	(241,615)
Expenditures:				
Current:				
Community development	524,546	524,546	177,512	347,034
Total expenditures	524,546	524,546	177,512	347,034
Excess (deficiency) of revenues over (under) expenditures	49,900	49,900	155,319	105,419
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(49,900)	(49,900)	(49,900)	-
Total other financing sources (uses)	(49,900)	(49,900)	(49,900)	-
Net change in fund balances	-	-	105,419	105,419
Fund balance, beginning of year, as restated	4,112,284	4,112,284	4,112,284	-
Fund balance, end of year	\$ 4,112,284	4,112,284	4,217,703	105,419

CITY OF NATIONAL CITY
Asset Forfeiture Special Revenue Fund

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

For the Year Ended June 30, 2009

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Fines and forfeitures	\$ 119,704	119,704	51,624	(68,080)
Interest and rents	<u>15,400</u>	<u>15,400</u>	<u>13,885</u>	<u>(1,515)</u>
Total revenues	<u>135,104</u>	<u>135,104</u>	<u>65,509</u>	<u>(69,595)</u>
Expenditures:				
Current:				
Public safety	20,104	20,104	27,413	(7,309)
Capital outlay	<u>186,664</u>	<u>186,664</u>	<u>175,600</u>	<u>11,064</u>
Total expenditures	<u>206,768</u>	<u>206,768</u>	<u>203,013</u>	<u>3,755</u>
Net change in fund balances	(71,664)	(71,664)	(137,504)	(65,840)
Fund balance, beginning of year	<u>578,569</u>	<u>578,569</u>	<u>578,569</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 506,905</u></u>	<u><u>506,905</u></u>	<u><u>441,065</u></u>	<u><u>(65,840)</u></u>

CITY OF NATIONAL CITY
Joint Powers Financing Authority Debt Service Fund

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

For the Year Ended June 30, 2009

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Interest and rents	\$ -	-	311	311
Intergovernmental	<u>490,656</u>	<u>490,656</u>	<u>490,334</u>	<u>(322)</u>
Total revenues	<u>490,656</u>	<u>490,656</u>	<u>490,645</u>	<u>(11)</u>
Expenditures:				
Debt service				
Principal	315,000	315,000	315,000	-
Interest and fiscal charges	<u>175,657</u>	<u>175,657</u>	<u>175,717</u>	<u>(60)</u>
Total expenditures	<u>490,657</u>	<u>490,657</u>	<u>490,717</u>	<u>(60)</u>
Net change in fund balances	(1)	(1)	(72)	(71)
Fund balance, beginning of year	<u>73</u>	<u>73</u>	<u>73</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 72</u></u>	<u><u>72</u></u>	<u><u>1</u></u>	<u><u>(71)</u></u>

CITY OF NATIONAL CITY
Library Bond Debt Service Fund

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

For the Year Ended June 30, 2009

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other revenues	\$ 488,900	488,900	452,286	(36,614)
Total revenues	<u>488,900</u>	<u>488,900</u>	<u>452,286</u>	<u>(36,614)</u>
Expenditures:				
Current:				
General government	-	-	3,078	(3,078)
Debt service				
Principal	145,000	145,000	145,000	-
Interest and fiscal charges	253,650	253,650	253,650	-
Total expenditures	<u>398,650</u>	<u>398,650</u>	<u>401,728</u>	<u>(3,078)</u>
Net change in fund balances	90,250	90,250	50,558	(39,692)
Fund balance, beginning of year	<u>663,452</u>	<u>663,452</u>	<u>663,452</u>	<u>-</u>
Fund balance, end of year	<u>\$ 753,702</u>	<u>753,702</u>	<u>714,010</u>	<u>(39,692)</u>

CITY OF NATIONAL CITY
Library Construction Capital Projects Fund

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

For the Year Ended June 30, 2009

	<u>Budget Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Interest and rents	\$ -	-	1,676	1,676
Intergovernmental	-	-	<u>1,111,282</u>	<u>1,111,282</u>
Total revenues	<u>-</u>	<u>-</u>	<u>1,112,958</u>	<u>1,112,958</u>
Expenditures:				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	1,112,958	1,112,958
Fund balance (deficit), beginning of year	<u>(992,217)</u>	<u>(992,217)</u>	<u>(992,217)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (992,217)</u>	<u>(992,217)</u>	<u>120,741</u>	<u>1,112,958</u>

CITY OF NATIONAL CITY
Proposition A Capital Projects Fund

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

For the Year Ended June 30, 2009

	<u>Budget Amounts</u>		Actual Amounts	Variance with Final Budget Positive
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Interest and rents	\$ 91,200	91,200	9,345	(81,855)
Intergovernmental	<u>4,674,000</u>	<u>4,674,000</u>	<u>3,204,513</u>	<u>(1,469,487)</u>
Total revenues	<u>4,765,200</u>	<u>4,765,200</u>	<u>3,213,858</u>	<u>(1,551,342)</u>
Expenditures:				
Capital outlay	<u>8,590,666</u>	<u>8,590,666</u>	<u>5,185,632</u>	<u>3,405,034</u>
Total expenditures	<u>8,590,666</u>	<u>8,590,666</u>	<u>5,185,632</u>	<u>3,405,034</u>
Net change in fund balances	(3,825,466)	(3,825,466)	(1,971,774)	1,853,692
Fund balance, beginning of year	<u>3,623,386</u>	<u>3,623,386</u>	<u>3,623,386</u>	-
Fund balance (deficit), end of year	<u>\$ (202,080)</u>	<u>(202,080)</u>	<u>1,651,612</u>	<u>1,853,692</u>

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

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

For the Year Ended June 30, 2009

	<u>Budget Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Interest and rents	\$ 33,100	33,100	-	(33,100)
Intergovernmental	<u>-</u>	<u>-</u>	<u>250,237</u>	<u>250,237</u>
Total revenues	<u>33,100</u>	<u>33,100</u>	<u>250,237</u>	<u>217,137</u>
Expenditures:				
Capital outlay	<u>1,118,004</u>	<u>1,118,004</u>	<u>518,262</u>	<u>599,742</u>
Total expenditures	<u>1,118,004</u>	<u>1,118,004</u>	<u>518,262</u>	<u>599,742</u>
Net change in fund balances	(1,084,904)	(1,084,904)	(268,025)	816,879
Fund balance, beginning of year	<u>31,869</u>	<u>31,869</u>	<u>31,869</u>	<u>-</u>
Fund balance (deficit), end of year	<u><u>\$ (1,053,035)</u></u>	<u><u>(1,053,035)</u></u>	<u><u>(236,156)</u></u>	<u><u>816,879</u></u>

CITY OF NATIONAL CITY
State - Local Partnership Capital Projects Fund

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

For the Year Ended June 30, 2009

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest and rents	\$ 3,300	3,300	3,418	118
Total revenues	<u>3,300</u>	<u>3,300</u>	<u>3,418</u>	<u>118</u>
Net change in fund balances	3,300	3,300	3,418	118
Fund balance, beginning of year	<u>22,216</u>	<u>22,216</u>	<u>22,216</u>	<u>-</u>
Fund balance, end of year	<u>\$ 25,516</u>	<u>25,516</u>	<u>25,634</u>	<u>118</u>

CITY OF NATIONAL CITY
Traffic Congestion Relief Capital Projects Fund

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

For the Year Ended June 30, 2009

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Intergovernmental	\$ 586,265	586,265	508,361	(77,904)
Total revenues	<u>586,265</u>	<u>586,265</u>	<u>508,361</u>	<u>(77,904)</u>
Expenditures:				
Current:				
Transportation	10,000	10,000	1,366	8,634
Capital outlay	<u>576,265</u>	<u>576,265</u>	<u>576,265</u>	<u>-</u>
Total expenditures	<u>586,265</u>	<u>586,265</u>	<u>577,631</u>	<u>8,634</u>
Net change in fund balances	-	-	(69,270)	(69,270)
Fund balance, beginning of year, as restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), end of year	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>(69,270)</u></u>	<u><u>(69,270)</u></u>

CITY OF NATIONAL CITY
Fire Construction Capital Projects Fund

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

For the Year Ended June 30, 2009

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest and rents	\$ -	-	1,235	1,235
Total revenues	-	-	1,235	1,235
Expenditures:				
Current:				
Public safety	-	-	225	(225)
Total expenditures	-	-	225	(225)
Net change in fund balances	-	-	1,010	1,010
Fund balance, beginning of year	408,173	408,173	408,173	-
Fund balance, end of year	<u>\$ 408,173</u>	<u>408,173</u>	<u>409,183</u>	<u>1,010</u>

INTERNAL SERVICE FUNDS

Facilities Maintenance Fund

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

Liability Insurance Fund

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

General Services Fund

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

Information Systems Maintenance Fund

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

Office Equipment Depreciation Fund

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

Telecommunications Revolving Fund

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

General Accounting Services Fund

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

Motor Vehicle Services Fund

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

Equipment Replacement Reserve Fund

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

Unemployment Insurance Reserve Fund

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

CITY OF NATIONAL CITY
Combining Statement of Net Assets
Internal Service Funds
June 30, 2009

	<u>Facilities Maintenance</u>	<u>Liability Insurance</u>	<u>General Services</u>	<u>Information Systems Maintenance</u>	<u>Office Equipment Depreciation</u>
<u>ASSETS</u>					
Current assets:					
Cash and investments	\$ -	6,666,717	347,034	1,104,060	2,117,420
Accounts receivable	-	35	-	72,231	-
Inventories	-	-	21,048	-	-
Prepaid items and deposits	-	-	-	-	-
Total current assets	<u>-</u>	<u>6,666,752</u>	<u>368,082</u>	<u>1,176,291</u>	<u>2,117,420</u>
Noncurrent assets:					
Capital assets:					
Depreciable assets, net of accumulated depreciation	-	-	-	20,615	153,278
Total capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,615</u>	<u>153,278</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,615</u>	<u>153,278</u>
Total assets	<u>-</u>	<u>6,666,752</u>	<u>368,082</u>	<u>1,196,906</u>	<u>2,270,698</u>
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable and accrued liabilities	154,426	55,504	4,108	47,908	79,061
Salaries payable	16,656	3,149	3,671	2,430	-
Due to other funds	151,504	-	-	-	-
Compensated absences	59,343	11,677	3,813	-	-
Self-insurance claims payable - due within one year	-	1,800,000	-	-	-
Total current liabilities	<u>381,929</u>	<u>1,870,330</u>	<u>11,592</u>	<u>50,338</u>	<u>79,061</u>
Noncurrent liabilities:					
Self-insurance claims payable - due in more than one year	-	3,025,000	-	-	-
Total liabilities	<u>381,929</u>	<u>4,895,330</u>	<u>11,592</u>	<u>50,338</u>	<u>79,061</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	-	-	-	20,615	153,278
Unrestricted	<u>(381,929)</u>	<u>1,771,422</u>	<u>356,490</u>	<u>1,125,953</u>	<u>2,038,359</u>
Total net assets	<u>\$ (381,929)</u>	<u>1,771,422</u>	<u>356,490</u>	<u>1,146,568</u>	<u>2,191,637</u>

<u>Telecommunications Revolving</u>	<u>General Accounting Services</u>	<u>Motor Vehicle Services</u>	<u>Equipment Replacement Reserve</u>	<u>Unemployment Insurance Reserve</u>	<u>Total</u>
859,296	688,739	1,256,366	282,981	204,300	13,526,913
-	-	-	-	-	72,266
-	-	-	-	-	21,048
-	-	-	-	-	-
<u>859,296</u>	<u>688,739</u>	<u>1,256,366</u>	<u>282,981</u>	<u>204,300</u>	<u>13,620,227</u>
<u>3,737</u>	<u>-</u>	<u>988,727</u>	<u>321,928</u>	<u>-</u>	<u>1,488,285</u>
<u>3,737</u>	<u>-</u>	<u>988,727</u>	<u>321,928</u>	<u>-</u>	<u>1,488,285</u>
<u>3,737</u>	<u>-</u>	<u>988,727</u>	<u>321,928</u>	<u>-</u>	<u>1,488,285</u>
<u>863,033</u>	<u>688,739</u>	<u>2,245,093</u>	<u>604,909</u>	<u>204,300</u>	<u>15,108,512</u>
30,607	9,677	274,218	1,412	-	656,921
1,374	14,974	10,065	-	-	52,319
-	-	-	-	-	151,504
-	78,809	29,880	-	-	183,522
-	-	-	-	-	1,800,000
<u>31,981</u>	<u>103,460</u>	<u>314,163</u>	<u>1,412</u>	<u>-</u>	<u>2,844,266</u>
-	-	-	-	-	3,025,000
<u>31,981</u>	<u>103,460</u>	<u>314,163</u>	<u>1,412</u>	<u>-</u>	<u>5,869,266</u>
3,737	-	988,727	321,928	-	1,488,285
<u>827,315</u>	<u>585,279</u>	<u>942,203</u>	<u>281,569</u>	<u>204,300</u>	<u>7,750,961</u>
<u>831,052</u>	<u>585,279</u>	<u>1,930,930</u>	<u>603,497</u>	<u>204,300</u>	<u>9,239,246</u>

CITY OF NATIONAL CITY

Combining Statement of Revenues, Expenses and Changes in Net Assets

Internal Service Funds

For the Year Ended June 30, 2009

	<u>Facilities Maintenance</u>	<u>Liability Insurance</u>	<u>General Services</u>	<u>Information Systems Maintenance</u>	<u>Office Equipment Depreciation</u>
Operating revenues:					
Services charges	\$ 2,099,016	2,827,759	432,960	714,624	419,197
Other revenues	<u>177</u>	<u>596,902</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>2,099,193</u>	<u>3,424,661</u>	<u>432,960</u>	<u>714,624</u>	<u>419,197</u>
Operating expenses:					
Personnel services	813,144	131,330	148,453	121,814	-
Maintenance and operations	1,788,659	3,339,876	189,168	562,581	428,366
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,689</u>	<u>41,695</u>
Total operating expenses	<u>2,601,803</u>	<u>3,471,206</u>	<u>337,621</u>	<u>726,084</u>	<u>470,061</u>
Operating income (loss)	(502,610)	(46,545)	95,339	(11,460)	(50,864)
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(502,610)	(46,545)	95,339	(11,460)	(50,864)
Net assets, beginning of year	<u>120,681</u>	<u>1,817,967</u>	<u>261,151</u>	<u>1,158,028</u>	<u>2,242,501</u>
Net assets, end of year	<u>\$ (381,929)</u>	<u>1,771,422</u>	<u>356,490</u>	<u>1,146,568</u>	<u>2,191,637</u>

<u>Telecommunications Revolving</u>	<u>General Accounting Services</u>	<u>Motor Vehicle Services</u>	<u>Equipment Replacement Reserve</u>	<u>Unemployment Insurance Reserve</u>	<u>Total</u>
397,812	865,908	1,577,352	-	38,820	9,373,448
<u>-</u>	<u>-</u>	<u>38,877</u>	<u>200,400</u>	<u>-</u>	<u>836,356</u>
<u>397,812</u>	<u>865,908</u>	<u>1,616,229</u>	<u>200,400</u>	<u>38,820</u>	<u>10,209,804</u>
70,571	606,734	429,689	-	-	2,321,735
268,316	209,638	1,301,950	202,446	35,912	8,326,912
<u>5,628</u>	<u>-</u>	<u>240,408</u>	<u>6,602</u>	<u>-</u>	<u>336,022</u>
<u>344,515</u>	<u>816,372</u>	<u>1,972,047</u>	<u>209,048</u>	<u>35,912</u>	<u>10,984,669</u>
53,297	49,536	(355,818)	(8,648)	2,908	(774,865)
-	-	415,000	-	-	415,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
53,297	49,536	59,182	(8,648)	2,908	(359,865)
<u>777,755</u>	<u>535,743</u>	<u>1,871,748</u>	<u>612,145</u>	<u>201,392</u>	<u>9,599,111</u>
<u>831,052</u>	<u>585,279</u>	<u>1,930,930</u>	<u>603,497</u>	<u>204,300</u>	<u>9,239,246</u>

CITY OF NATIONAL CITY
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2009

	<u>Facilities Maintenance</u>	<u>Liability Insurance</u>	<u>General Services</u>	<u>Information Systems Maintenance</u>	<u>Office Equipment Depreciation</u>
Cash flows from operating activities:					
Cash received from customers/other funds	2,099,016	2,829,724	432,960	714,624	419,197
Cash payments to suppliers	(1,765,950)	(3,105,675)	(189,995)	(486,566)	(443,230)
Cash payments for general and administrative	(799,833)	(129,119)	(172,724)	(123,678)	-
Cash received from (payments to) other	<u>177</u>	<u>596,902</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>(466,590)</u>	<u>191,832</u>	<u>70,241</u>	<u>104,380</u>	<u>(24,033)</u>
Cash flows from capital and related financing activities:					
Acquisition or disposal of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,975)</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,975)</u>
Cash flows from non-capital financing activities:					
Cash received from other funds	146,504	-	-	-	-
Cash paid to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by non-capital financing activities	<u>146,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(320,086)	191,832	70,241	104,380	(36,008)
Cash and investments:					
Beginning of year	<u>320,086</u>	<u>6,474,885</u>	<u>276,793</u>	<u>999,680</u>	<u>2,153,428</u>
End of year	<u>\$ -</u>	<u>6,666,717</u>	<u>347,034</u>	<u>1,104,060</u>	<u>2,117,420</u>
Cash flows from operating activities:					
Operating income (loss)	<u>\$ (502,610)</u>	<u>(46,545)</u>	<u>95,339</u>	<u>(11,460)</u>	<u>(50,864)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	-	-	-	41,689	41,695
Changes in current assets and liabilities:					
Accounts receivable	-	1,965	-	-	-
Inventories	-	-	-	-	-
Prepaid items and deposits	-	-	6,855	47,000	-
Accounts payable and accrued liabilities	22,709	(82,799)	(7,682)	29,015	(14,864)
Salaries payable	(3,428)	(493)	(2,671)	(1,864)	-
Compensated absences	16,739	2,704	(21,600)	-	-
Self-insurance claims payable	<u>-</u>	<u>317,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total adjustments	<u>36,020</u>	<u>238,377</u>	<u>(25,098)</u>	<u>115,840</u>	<u>26,831</u>
Net cash provided (used) by operating activities	<u>\$ (466,590)</u>	<u>191,832</u>	<u>70,241</u>	<u>104,380</u>	<u>(24,033)</u>

<u>Telecommunications Revolving</u>	<u>General Accounting Services</u>	<u>Motor Vehicle Services</u>	<u>Equipment Replacement Reserve</u>	<u>Unemployment Insurance Reserve</u>	<u>Total</u>
397,812	865,908	1,577,352	-	38,820	9,375,413
(256,560)	(210,550)	(1,095,414)	(298,152)	(36,052)	(7,888,144)
(71,903)	(605,618)	(429,091)	-	-	(2,331,966)
<u>-</u>	<u>-</u>	<u>38,877</u>	<u>200,400</u>	<u>-</u>	<u>836,356</u>
<u>69,349</u>	<u>49,740</u>	<u>91,724</u>	<u>(97,752)</u>	<u>2,768</u>	<u>(8,341)</u>
<u>-</u>	<u>-</u>	<u>128,378</u>	<u>(328,530)</u>	<u>-</u>	<u>(212,127)</u>
<u>-</u>	<u>-</u>	<u>128,378</u>	<u>(328,530)</u>	<u>-</u>	<u>(212,127)</u>
<u>-</u>	<u>-</u>	<u>415,000</u>	<u>-</u>	<u>-</u>	<u>561,504</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>415,000</u>	<u>-</u>	<u>-</u>	<u>561,504</u>
69,349	49,740	635,102	(426,282)	2,768	341,036
<u>789,947</u>	<u>638,999</u>	<u>621,264</u>	<u>709,263</u>	<u>201,532</u>	<u>13,185,877</u>
<u>859,296</u>	<u>688,739</u>	<u>1,256,366</u>	<u>282,981</u>	<u>204,300</u>	<u>13,526,913</u>
<u>53,297</u>	<u>49,536</u>	<u>(355,818)</u>	<u>(8,648)</u>	<u>2,908</u>	<u>(774,865)</u>
5,628	-	240,408	6,602	-	336,022
-	-	-	-	-	1,965
-	-	-	-	-	-
-	-	-	-	-	53,855
11,756	(912)	206,536	(95,706)	(140)	67,913
(1,332)	(471)	(797)	-	-	(11,056)
-	1,587	1,395	-	-	825
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>317,000</u>
<u>16,052</u>	<u>204</u>	<u>447,542</u>	<u>(89,104)</u>	<u>(140)</u>	<u>766,524</u>
<u>69,349</u>	<u>49,740</u>	<u>91,724</u>	<u>(97,752)</u>	<u>2,768</u>	<u>(8,341)</u>

FIDUCIARY FUNDS

AGENCY FUNDS:

Cobra Insurance Fund

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

Miscellaneous Deposits Fund

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

CITY OF NATIONAL CITY
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<u>COBRA INSURANCE FUND</u>				
Assets:				
Cash and investments	\$ 3,790	100,214	(98,841)	5,163
Total assets	\$ 3,790	100,214	(98,841)	5,163
Liabilities:				
Accounts payable	\$ 3,790	100,214	(98,841)	5,163
Total liabilities	\$ 3,790	100,214	(98,841)	5,163
	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<u>MISCELLANEOUS DEPOSITS FUND</u>				
Assets:				
Cash and investments	\$ 647,191	127,078	(180,893)	593,376
Total assets	\$ 647,191	127,078	(180,893)	593,376
Liabilities:				
Accounts payable	\$ 647,191	261,052	(314,867)	593,376
Total liabilities	\$ 647,191	261,052	(314,867)	593,376
	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<u>TOTAL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 650,981	227,292	(279,734)	598,539
Total assets	\$ 650,981	227,292	(279,734)	598,539
Liabilities:				
Accounts payable	\$ 650,981	361,266	(413,708)	598,539
Total liabilities	\$ 650,981	361,266	(413,708)	598,539

(This page intentionally left blank)

DESCRIPTION OF STATISTICAL SECTION

June 30, 2009

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

Contents:	<u>Pages</u>
<u>Financial Trends</u> - these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	119 - 128
<u>Revenue Capacity</u> - these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	129 - 136
<u>Debt Capacity</u> - these schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future	137 - 144
<u>Demographic and Economic Information</u> - these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	145 - 146
<u>Operating Information</u> - these schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	147 - 149

CITY OF NATIONAL CITY
Net Assets by Component¹
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental Activities:				
Invested in Capital assets, net of related debt	\$ 50,268,232	92,988,998	101,117,839	93,916,816
Restricted	26,694,109	49,185,546	44,125,574	37,597,633
Unrestricted	44,331,476	(19,947,768)	(18,088,821)	(2,314,564)
Total governmental activities net assets	\$ 121,293,817	122,226,776	127,154,592	129,199,885
Business-type Activities:				
Invested in Capital assets, net of related debt	\$ 12,481,289	11,844,051	11,204,491	10,854,822
Restricted	1,913,163	1,157,359	2,439,808	2,134,043
Unrestricted	(241,387)	1,142,236	-	-
Total business-type activities net assets	\$ 14,153,065	14,143,646	13,644,299	12,988,865
Primary Government:				
Invested in Capital assets, net of related debt	\$ 62,749,521	104,833,049	112,322,330	104,771,638
Restricted	28,607,272	50,342,905	46,565,382	39,731,676
Unrestricted	44,090,089	(18,805,532)	(18,088,821)	(2,314,564)
Total primary government net assets	\$ 135,446,882	136,370,422	140,798,891	142,188,750

Notes: ¹ The City of National City implemented GASB 34 for the period ended June 30, 2003.
Information prior to the implementation is not available.

Source: City of National City Comprehensive Annual Financial Reports.

Fiscal Year		
2007	2008	2009
95,083,039	90,395,315	98,809,386
41,250,048	53,081,951	48,092,405
5,449,969	7,376,407	8,481,142
<u>141,783,056</u>	<u>150,853,673</u>	<u>155,382,933</u>
10,407,472	5,584,797	5,354,253
1,778,624	1,996,801	2,101,803
-	-	-
<u>12,186,096</u>	<u>7,581,598</u>	<u>7,456,056</u>
105,490,511	95,980,112	104,163,639
43,028,672	55,078,752	50,194,208
5,449,969	7,376,407	8,481,142
<u>153,969,152</u>	<u>158,435,271</u>	<u>162,838,989</u>

CITY OF NATIONAL CITY
Change in Net Assets^{1 2}
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
Expenses:			
Governmental Activities:			
General government	\$ 15,228,774	4,840,699	5,821,973
Public safety	21,707,108	20,691,526	29,517,769
Transportation	1,499,506	3,118,995	5,185,480
Community development	7,845,282	18,772,524	23,565,808
Health	5,683,202	6,776,503	6,776,548
Culture and leisure	4,054,931	5,321,896	6,261,480
Interest on long-term debt (unallocated)	948,690	2,401,283	4,809,381
Depreciation expense (unallocated)	3,418,754	-	-
Total governmental activities expenses	60,386,247	61,923,426	81,938,439
Business-type Activities:			
TDA	3,003,738	3,037,348	3,100,807
Community development commission	1,618,597	1,694,815	1,816,212
Total business-type activities expenses	4,622,335	4,732,163	4,917,019
Total primary government expenses	65,008,582	66,655,589	86,855,458
Program Revenue:			
Government Activities:			
Charges for services:			
General government	821,488	8,638,252	11,726,343
Public safety	2,159,250	1,294,738	552,384
Transportation	44,074	1,650	-
Community development	1,111,801	902,399	467,810
Health	4,733,821	1,225	-
Culture and leisure	278,139	637,165	559,500
Operating grants and contributions	12,666,340	21,815,537	30,438,839
Capital grants and contributions	3,474,092	136,227	186,889
Total governmental activities program revenue	25,289,005	33,427,193	43,931,765
Business-type Activities:			
Charges for services:			
TDA	1,210,576	1,321,281	1,170,795
Community development commission	1,806,538	1,819,435	1,843,918
Operating grants and contributions	1,352,066	1,365,549	1,307,972
Capital grants and contributions	-	-	52,137
Total business-type activities program revenue	4,369,180	4,506,265	4,374,822
Total primary government program revenue	29,658,185	37,933,458	48,306,587
Net Revenues (Expenses):			
Governmental activities	(35,097,242)	(28,496,233)	(38,006,674)
Business-type activities	(253,155)	(225,898)	(542,197)
Total Net Revenues (Expenses)	\$ (35,350,397)	(28,722,131)	(38,548,871)

Notes: ¹ The City of National City implemented GASB 34 for the period ended June 30, 2003. Information prior to the implementation is not available.

² The National City transit operation (TDA) was discontinued during fiscal year 2007.

Source: City of National City Comprehensive Annual Financial Reports.

Fiscal Year			
2006	2007	2008	2009
3,141,167	5,219,116	5,881,015	5,224,693
24,841,408	25,943,803	27,218,309	29,670,520
9,979,551	2,680,880	7,144,911	7,735,716
23,709,596	22,209,522	24,841,387	17,049,437
6,049,689	6,273,178	7,426,569	5,963,766
6,243,390	6,387,197	6,304,412	6,928,456
2,631,082	2,768,004	2,853,399	2,525,568
-	-	-	-
<u>76,595,883</u>	<u>71,481,700</u>	<u>81,670,002</u>	<u>75,098,156</u>
3,684,772	2,689,687	2,218,661	-
2,535,540	2,059,738	2,078,822	2,191,014
<u>6,220,312</u>	<u>4,749,425</u>	<u>4,297,483</u>	<u>2,191,014</u>
<u>82,816,195</u>	<u>76,231,125</u>	<u>85,967,485</u>	<u>77,289,170</u>
11,731,690	11,210,231	3,035,893	2,331,329
182,214	74,987	192,291	1,820,369
-	-	-	-
557,715	767,558	776,094	631,769
-	-	7,426,730	7,355,009
650,428	843,273	935,297	420,314
27,308,279	23,016,167	26,090,615	20,674,207
243,662	166,994	112,107	-
<u>40,673,988</u>	<u>36,079,210</u>	<u>38,569,027</u>	<u>33,232,997</u>
1,287,218	891,013	-	-
1,920,403	1,955,520	2,044,277	2,041,477
2,002,041	990,340	-	-
-	-	-	-
<u>5,209,662</u>	<u>3,836,873</u>	<u>2,044,277</u>	<u>2,041,477</u>
<u>45,883,650</u>	<u>39,916,083</u>	<u>40,613,304</u>	<u>35,274,474</u>
(35,921,895)	(35,402,490)	(43,100,975)	(41,865,159)
<u>(1,010,650)</u>	<u>(912,552)</u>	<u>(2,253,206)</u>	<u>(149,537)</u>
<u>(36,932,545)</u>	<u>(36,315,042)</u>	<u>(45,354,181)</u>	<u>(42,014,696)</u>

CITY OF NATIONAL CITY
Changes in Net Assets (Continued)^{1 2 3}
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
General Revenue and Other Changes in Net Assets:			
Governmental Activities:			
Taxes:			
Property taxes	\$ 10,020,098	8,091,564	10,634,257
Sales taxes	14,746,115	16,458,677	18,723,950
Franchise taxes	1,267,983	1,369,136	1,421,404
Motor vehicle license	3,443,936	2,950,346	4,488,802
Transient occupancy taxes	959,078	927,873	1,002,664
Other taxes	922,906	44,092	-
Investment earnings	1,381,560	1,294,564	1,239,038
Other misc	-	1,932,799	1,795,642
Rent	60,993	86,467	82,011
Transfers	-	-	-
Total governmental activities	<u>32,802,669</u>	<u>33,155,518</u>	<u>39,387,768</u>
Business-type Activities:			
Investment earnings	27,958	37,340	42,850
Other misc	-	9,684	-
Rent	-	-	-
Transfers	-	-	-
Total business-type activities	<u>27,958</u>	<u>47,024</u>	<u>42,850</u>
Total primary government	<u>32,830,627</u>	<u>33,202,542</u>	<u>39,430,618</u>
Changes in Net Assets:			
Governmental activities	(2,294,573)	4,659,285	1,381,094
Business-type activities	<u>(225,197)</u>	<u>(178,874)</u>	<u>(499,347)</u>
Total Primary Government	<u>\$ (2,519,770)</u>	<u>4,480,411</u>	<u>881,747</u>

Notes: ¹ The City of National City implemented GASB 34 for the period ended June 30, 2003. Information prior to the implementation is not available.

² The National City transit operation (TDA) was discontinued during fiscal year 2007.

³ The City of National City implemented a one cent district tax during fiscal year 2007 causing an increase in sales tax revenue and investment earnings.

Source: City of National City Comprehensive Annual Financial Reports.

Fiscal Year			
2006	2007	2008	2009
13,304,816	15,232,910	16,421,961	15,827,505
17,571,328	22,102,515	24,072,743	20,700,283
1,357,256	1,440,770	1,416,236	1,737,134
4,558,078	4,837,677	5,100,399	5,370,617
618,378	908,187	841,745	630,049
-	-	-	-
1,460,288	3,405,789	3,369,224	1,425,385
314,606	(27,714)	-	270,269
80,711	85,527	305,082	733,454
-	-	2,378,910	-
<u>39,265,461</u>	<u>47,985,661</u>	<u>53,906,300</u>	<u>46,694,696</u>
59,721	82,069	27,618	23,995
34,653	-	-	-
-	27,714	-	-
-	-	(2,378,910)	-
<u>94,374</u>	<u>109,783</u>	<u>(2,351,292)</u>	<u>23,995</u>
<u>39,359,835</u>	<u>48,095,444</u>	<u>51,555,008</u>	<u>46,718,691</u>
3,343,566	12,583,171	10,805,325	4,829,537
(916,276)	(802,769)	(4,604,498)	(125,542)
<u>2,427,290</u>	<u>11,780,402</u>	<u>6,200,827</u>	<u>4,703,995</u>

CITY OF NATIONAL CITY
Fund Balances of Government Funds¹
Last Seven Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
General Fund:			
Reserved	\$ 83,397	1,101,354	1,126,090
Unreserved	7,439,565	8,056,981	11,457,153
Total general fund	<u>\$ 7,522,962</u>	<u>9,158,335</u>	<u>12,583,243</u>
All Other Governmental Funds:			
Reserved	\$ 13,241,484	46,548,352	19,446,936
Unreserved			
Designated	27,833,769	14,949,382	15,596,121
Undesignated:			
Special revenue funds	8,553,693	3,714,794	13,350,731
Capital projects funds	12,071,391	2,233,057	9,978,986
Total all other governmental funds	<u>\$ 61,700,337</u>	<u>67,445,585</u>	<u>58,372,774</u>

Notes: ¹ The City of National City has elected to show only six years of data for this schedule.

Source: City of National City Comprehensive Annual Financial Reports.

Fiscal Year			
2006	2007	2008	2009
1,171,748	1,501,213	1,727,692	149,065
<u>11,620,584</u>	<u>15,585,066</u>	<u>18,298,540</u>	<u>18,291,623</u>
<u><u>12,792,332</u></u>	<u><u>17,086,279</u></u>	<u><u>20,026,232</u></u>	<u><u>18,440,688</u></u>
21,676,313	25,758,503	23,958,237	22,597,885
7,416,455	15,554,052	10,832,286	15,155,454
17,346,630	15,595,453	23,394,266	20,896,225
<u>7,107,297</u>	<u>4,201,534</u>	<u>9,750,823</u>	<u>7,228,521</u>
<u><u>53,546,695</u></u>	<u><u>61,109,542</u></u>	<u><u>67,935,612</u></u>	<u><u>65,878,085</u></u>

CITY OF NATIONAL CITY
Changes in Fund Balances of Government Funds^{1 2}
Last Seven Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
Revenues:			
Taxes	\$ 27,753,702	30,511,964	36,831,882
Licenses and permits	246,354	297,937	895,617
Fines and forfeitures	992,882	1,125,965	1,234,563
Interest and rents	1,813,396	1,411,209	2,176,345
Intergovernmental	20,190,583	20,493,616	26,776,553
Charges for services	6,607,356	7,767,770	9,386,573
Other revenues	1,784,270	1,719,177	6,726,776
Total revenues	<u>59,388,543</u>	<u>63,327,638</u>	<u>84,028,309</u>
Expenditures:			
Current:			
General government	16,217,080	4,895,801	5,087,967
Public safety	18,391,488	21,008,075	29,230,210
Transportation	1,499,506	1,587,585	2,904,547
Community development	8,179,356	18,922,721	25,061,379
Health	5,683,202	6,776,503	6,776,548
Culture and leisure	4,070,165	5,321,896	6,261,480
Capital outlay	5,390,611	5,874,829	15,058,251
Debt service:			
Principal	715,000	745,000	985,000
Interest and fiscal charges	952,313	2,079,792	4,206,020
Total expenditures	<u>61,098,721</u>	<u>67,212,202</u>	<u>95,571,402</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,710,178)</u>	<u>(3,884,564)</u>	<u>(11,543,093)</u>
Other Financing Sources (uses)			
Proceeds from issuance of debt	6,000,000	12,760,000	37,780,000
Payment to bond escrow agent	-	-	(37,111,533)
Proceeds from lease	-	261,937	-
Proceeds from sale of land	-	1,997,101	-
Transfers in	2,180,736	9,774,100	18,113,443
Transfers out	(2,249,687)	(9,749,297)	(16,433,443)
Total other financing sources (uses)	<u>5,931,049</u>	<u>15,043,841</u>	<u>2,348,467</u>
Net change in fund balances	<u>\$ 4,220,871</u>	<u>11,159,277</u>	<u>(9,194,626)</u>
Debt services as a percentage of noncapital expenditures	2.99%	4.61%	6.45%

Notes: ¹ The City of National City has elected to show only six years of data for this schedule.

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

Source: City of National City Comprehensive Annual Financial Reports.

Fiscal Year			
2006	2007	2008	2009
39,138,480	46,477,691	49,871,559	47,448,811
887,009	872,998	801,232	742,616
1,237,069	939,083	1,322,347	1,303,006
1,957,322	3,405,789	3,369,224	2,387,531
24,345,988	23,863,565	24,377,473	21,575,928
9,330,082	9,328,340	8,471,286	8,371,734
2,662,154	2,358,768	2,680,389	1,926,494
<u>79,558,104</u>	<u>87,246,234</u>	<u>90,893,510</u>	<u>83,756,120</u>
5,395,508	4,723,185	5,354,513	4,559,601
25,784,443	25,130,868	26,528,937	27,958,385
3,369,380	3,236,793	3,756,298	3,079,647
23,315,799	20,992,576	23,721,153	18,029,047
6,049,689	6,273,178	7,426,569	5,963,766
6,243,390	6,387,197	6,276,859	6,928,456
10,957,597	2,074,818	1,636,398	14,450,567
3,224,395	2,871,863	2,891,709	3,024,837
3,014,431	2,898,962	2,864,933	2,689,608
<u>87,354,632</u>	<u>74,589,440</u>	<u>80,457,369</u>	<u>86,683,914</u>
<u>(7,796,528)</u>	<u>12,656,794</u>	<u>10,436,141</u>	<u>(2,927,794)</u>
-	-	-	-
-	-	-	-
458,994	-	-	-
-	-	-	-
10,431,154	8,182,525	13,096,724	8,119,544
<u>(7,931,154)</u>	<u>(8,982,525)</u>	<u>(13,151,446)</u>	<u>(8,534,544)</u>
2,958,994	(800,000)	(54,722)	(415,000)
<u>(4,837,534)</u>	<u>11,856,794</u>	<u>10,381,419</u>	<u>(3,342,794)</u>
8.17%	7.96%	7.30%	7.91%

CITY OF NATIONAL CITY
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years

Category	Fiscal Year			
	2000	2001	2002	2003
Secured:				
Residential Property	\$ 753,615,172	788,688,010	858,637,562	910,661,353
Commercial Property	521,761,694	536,869,078	556,740,563	583,704,244
Industrial Property	164,325,077	161,263,160	174,165,831	184,467,093
Institutional Property	4,130,702	2,457,011	5,322,431	4,045,907
Irrigated Property	-	-	-	-
Recreational Property	2,849,759	2,906,723	2,416,278	4,778,254
Unknown	11,700	11,700	356,276	504,895
Vacant Land	27,263,452	28,414,815	31,387,754	29,305,007
Total Secured	<u>1,473,957,556</u>	<u>1,520,610,497</u>	<u>1,629,026,695</u>	<u>1,717,466,753</u>
Unsecured	99,805,455	100,902,500	103,166,141	107,821,517
SBE Nonunitary	11,028,471	11,076,114	11,138,470	10,884,643
Total Taxable Assessed Value	<u>\$ 1,584,791,482</u>	<u>1,632,589,111</u>	<u>1,743,331,306</u>	<u>1,836,172,913</u>
Total Direct Tax Rate	0.48370%	0.49349%	0.49814%	0.51297%

Source: HDL, San Diego County Assessor 1999/00- 2008/09 Combined Tax Rolls.

Note: Exempt values are not included in Total.

Fiscal Year					
2004	2005	2006	2007	2008	2009
977,435,596	1,082,306,711	1,247,573,721	1,516,836,958	1,665,513,273	1,727,050,075
578,140,896	611,146,522	681,262,429	716,003,238	753,049,378	797,911,588
193,821,784	184,112,160	231,159,365	256,216,839	261,388,141	276,149,692
25,829,220	9,137,490	6,023,868	5,203,713	4,382,185	44,982,886
-	-	-	-	-	35,858
3,082,188	3,119,237	3,239,814	3,416,845	5,054,970	14,655,682
943,052	-	-	-	-	-
37,815,694	45,967,328	46,943,983	57,547,912	74,652,985	92,409,693
1,817,068,430	1,935,789,448	2,216,203,180	2,555,225,505	2,764,040,932	2,953,195,474
119,327,613	121,108,202	132,107,219	136,024,998	153,808,274	167,510,719
11,768,070	6,177,516	6,064,199	5,931,260	4,039,249	5,858,889
1,948,164,113	2,063,075,166	2,354,374,598	2,697,181,763	2,921,888,455	3,126,565,082
0.52942%	0.54468%	0.56253%	0.57282%	0.58192%	0.57590%

CITY OF NATIONAL CITY
Taxable Sales by Category
Last Ten Fiscal Years
(in thousands of dollars)

	Fiscal Year			
	2000	2001	2002	2003
Apparel Stores	\$ 69,435	80,880	82,357	88,822
General Merchandise	112,554	103,400	92,641	117,456
Food Stores	22,414	23,546	24,852	23,164
Eating and Drinking Places	76,964	85,359	89,741	94,905
Building Materials	107,491	109,534	116,682	129,890
Auto Dealers and Supplies	505,252	559,094	599,535	625,142
Service Stations	50,383	55,835	54,877	61,579
Other Retail Stores	151,909	153,628	160,661	164,506
All Other Outlets	224,125	230,018	237,141	229,741
Total	\$ 1,322,527	1,403,295	1,460,489	1,537,208

Source: HDL, San Diego County Assessor 1999/00- 2008/09 Combined Tax Rolls.

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

Fiscal Year

2004	2005	2006	2007	2008	2009
94,304	101,422	101,422	102,414	106,147	N/A
153,632	157,798	157,798	145,622	150,872	N/A
23,095	23,922	23,922	25,142	27,795	N/A
100,493	101,601	101,601	107,135	111,272	N/A
174,444	176,174	176,174	99,827	74,868	N/A
676,045	688,366	688,366	587,663	427,806	N/A
72,078	74,105	74,105	81,823	86,910	N/A
166,144	173,079	173,079	148,465	137,520	N/A
244,999	290,609	290,609	266,159	236,992	N/A
1,707,238	1,789,081	1,789,082	1,566,257	1,362,190	N/A

CITY OF NATIONAL CITY
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(Rate Per \$100 of Taxable Value)

Agency	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Cwa City Of National City - Debt Service	0.00100	0.00091	0.00083	0.00075	0.00067	0.00000	0.00000	0.00000	0.00000	0.00000
Gen. Bond Chula Vista Elem. School 2005 Ref.	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00885	0.00700	0.00460
Gen. Bond Chula Vista Elemen. School 1999A	0.02479	0.01506	0.01244	0.01191	0.01004	0.00846	0.00682	0.00316	0.00002	0.00000
Gen. Bond Chula Vista Elemen. School 2000B	0.00000	0.01009	0.00568	0.00522	0.00440	0.00371	0.00295	0.00000	0.00000	0.00000
Gen. Bond Chula Vista Elementary School 1998C	0.00000	0.00000	0.00584	0.00344	0.00292	0.00253	0.00203	0.00177	0.00163	0.00158
Gen. Bond Chula Vista Elementary School 1998D	0.00000	0.00000	0.00000	0.00588	0.00456	0.00369	0.00303	0.00264	0.00241	0.00231
Gen. Bond Chula Vista Elementary School 1998F	0.00000	0.00000	0.00000	0.00000	0.00000	0.00574	0.00421	0.00343	0.00320	0.00315
Gen. Bond Chula Vista Elementary School 1998G	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00530	0.00408	0.00353	0.00350
General Bond Chula Vista Elem. School 1998E	0.00000	0.00000	0.00000	0.00000	0.00531	0.00398	0.00304	0.00269	0.00250	0.00248
High School Bond Sweetwater 2000A	0.00000	0.00000	0.02527	0.02196	0.00947	0.01014	0.00826	0.00696	0.00494	0.00469
High School Bond Sweetwater 2000B	0.00000	0.00000	0.00000	0.00000	0.01009	0.00804	0.00626	0.00537	0.00645	0.00659
High School Bond Sweetwater 2000C	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00800	0.00783	0.00871	0.00991
High School Bond Sweetwater, Prop O-Series 2007	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02701	0.02502
Lower Sweetwater Fire Prot D Tax Rate Reduction	-0.18563	0.00000	-0.16701	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Mwd D/S Remainder Of Sdcwa 1501999	0.00890	0.00880	0.00770	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430
National City Gen. Obligation Bonds 2002 Series A	0.00000	0.00000	0.00000	0.00000	0.02275	0.02000	0.01770	0.01570	0.01430	0.01300
San Diego Community Coll Bond-Prop N Series 200	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01866	0.00304
San Diego Community College Bond, 2003A	0.00000	0.00000	0.00000	0.00000	0.01786	0.01901	0.01630	0.01272	0.00000	0.00068
San Diego Community College Bond, 2003B	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00865	0.00510	0.00874	0.00840
San Diego Unified Lease/Purchase	0.09575	0.09575	0.09575	0.09575	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Southwestern Community College Bond 2000	0.00000	0.00000	0.01544	0.01304	0.00727	0.00710	0.00597	0.00511	0.00498	0.00538
Southwestern Community College Bond 2000/2004	0.00000	0.00000	0.00000	0.00000	0.00000	0.00591	0.00000	0.00000	0.00000	0.00000
Southwestern Community College Bond Refund 200	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00908	0.00894	0.00755	0.00782
Unified Bond San Diego 1998G	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01406	0.00260	0.00440
Unified Bond San Diego 1999A	0.00000	0.00000	0.00000	0.00000	0.01501	0.00854	0.00974	0.00799	0.00748	0.00788
Unified Bond San Diego 2000B	0.00000	0.00000	0.00000	0.00000	0.02244	0.01302	0.00785	0.00667	0.00567	0.00639
Unified Bond San Diego 2001C	0.00000	0.00000	0.00000	0.00000	0.02773	0.01529	0.00899	0.00763	0.00648	0.00734
Unified Bond San Diego 2002D	0.00000	0.00000	0.00000	0.00000	0.03057	0.02268	0.01272	0.00990	0.00868	0.00965
Unified Bond San Diego 2003E	0.00000	0.00000	0.00000	0.00000	0.00000	0.02723	0.02138	0.01733	0.01429	0.01411
Unified Bond San Diego 2006 Series F-1 Refunding	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00670	0.00458
Unified Bond San Diego 2006 Series G-1 Refunding	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00556	0.00425
Unified Bond San Diego 1998F	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01522	0.00791	0.00261	0.00324
Total Direct & Overlapping Tax Rates	0.94481	1.13061	1.00194	1.16465	1.19719	1.19087	1.18870	1.17054	1.18620	1.16829
City's Share of 1% Levy Per Prop 13	0.17720	0.17720	0.17720	0.17720	0.17720	0.17720	0.17720	0.17720	0.17720	0.17720
General Obligation Debt Rate	0.00000	0.00000	0.00000	0.00000	0.02275	0.02000	0.01770	0.01570	0.01430	0.01300
Redevelopment Rate	1.00990	1.00971	1.00853	1.00745	1.00677	1.00580	1.00520	1.00470	1.00450	1.00430
Total Direct Rate	0.48370	0.49349	0.49814	0.51297	0.52942	0.54468	0.56253	0.57282	0.58192	0.57590

Analysis of the Basic Tax Levy¹

General Elementary National	0.28860
National City General Fund	0.17720
High Sweetwater Union	0.17660
County General	0.14930
Educational Revenue Augmentation Fund	0.13550
Southwestern Community College	0.04760
County School Service	0.00710
Regional Occupation Centers	0.00453
CWA City of National City	0.00401
Physically Handicapped Minors Elem. Comp.	0.00314
Trainable Mentally Retarded Minors Elem. Comp.	0.00203
County School Service - Capital Outlay	0.00179
Children's Institutions Tuition	0.00152
Development Centers For Handicapped EC56811 Elem.	0.00045
Chula Vista Project (19/84602)	0.00037
Chula Vista Project (19/84601)	0.00019
Autistic Pupils Minors Elementary Comp.	0.00010
Total	0.00000

Notes:

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

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

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

*RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute.

RDA direct and overlapping rates are applied only to the incremental property values.

**Total Direct Rate is the weighted average of all individual direct rates applied by the government prep

Source: HDL, San Diego County Assessor 1999/00- 2008/09 Combined Tax Rolls.

**CITY OF NATIONAL CITY
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Costco Wholesale Corporation	\$ 19,452,076	1	0.62%	—		—
Paradise Valley Hospital Inc.	8,537,544	2	0.27%	—		—
Hawthorn Rent-It Services	5,580,898	3	0.18%	—		—
Mervyns LLC	4,371,468	4	0.14%	—		—
Macy's Department Stores Inc.	4,275,736	5	0.14%	—		—
BNSF Railway Company	4,206,190	6	0.13%	—		—
MC Millin Management Services LP	3,757,129	7	0.12%	—		—
Hanson Aggregates Pacific	3,351,559	8	0.11%	—		—
Herts Equipment Rental Corporation	2,993,903	9	0.10%	—		—
Ball Automotive Group	2,889,766	10	0.90%	—		—
Centermark Properties Inc.	—		—	\$ 105,637,449	1	6.67%
Wells Fargo Bank	—		—	34,136,566	2	2.15%
Dixiline Lumber Company	—		—	24,409,325	3	1.54%
G F Pinnacle Peak Limited Partnership	—		—	20,989,118	4	1.32%
Plaza Bonita LLC	—		—	15,982,082	5	1.01%
C I P Venture	—		—	13,553,459	6	0.86%
Walden Drever Operating Partnership LP	—		—	11,774,204	7	0.74%
May Department Stores Company	—		—	10,679,726	8	0.67%
National City Capital	—		—	10,488,761	9	0.66%
KGS Highland National City LLC	—		—	9,849,436	10	0.62%
Total	\$ 59,416,269		1.90%	\$ 257,500,126		16.25%

Source: HDL, San Diego County Assessor 1999/00- 2008/09 Combined Tax Rolls.

CITY OF NATIONAL CITY
Property Tax Levies and Collections
Last Seven Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
Current Year Tax Levy	2,083,370	2,163,021	2,211,148	2,415,266
Current Tax Collections	2,073,381	2,153,774	2,203,473	2,407,114
Percent of Levy Collected	99.52%	99.57%	99.65%	99.66%
Delinquent Tax Receivable	10,512	12,084	12,542	12,204
Delinquent Tax Collections	1,221	2,129	1,320	2,061
Total Tax Collections	2,074,602	2,155,904	2,204,794	2,409,175
Percent of Total Tax Collections To Tax Levy	99.58%	99.67%	99.71%	99.75%
Outstanding Delinquent Taxes	19,279	19,201	18,896	18,295
Percent of Delinquent Taxes To Tax Levy	0.93%	0.89%	0.85%	0.76%

Source: HDL, San Diego County Assessor 1999/00- 2008/09 Combined Tax Rolls.

Fiscal Year		
2007	2008	2009
2,678,832	2,855,587	3,119,018
2,670,618	2,843,810	3,102,793
99.69%	99.59%	99.48%
13,618	15,637	16,472
1,502	1,104	2,886
2,672,120	2,844,914	3,105,679
99.75%	99.63%	99.57%
20,330	26,310	29,810
0.76%	0.92%	0.96%

CITY OF NATIONAL CITY
Ratios of Outstanding Debt by Type
Last Seven Fiscal Years

	Fiscal Year		
	2003	2004	2005
Governmental Activities:			
NCJPFA Lease Revenue Refunding Bond	\$ 5,315,000	5,060,000	4,790,000
Tax Allocation Bonds	42,580,000	47,950,000	48,280,000
General Obligation Bonds	6,000,000	6,000,000	5,970,000
HUD 108 Bond 2003 A	-	6,900,000	6,730,000
Total Bonded Debt	<u>53,895,000</u>	<u>65,910,000</u>	<u>65,770,000</u>
Percent of Taxable Assessed Values	2.94%	3.38%	3.19%
Per Capita	\$ 969	1,208	1,182
Capital Lease Payable	-	261,937	1,727,591
Business-Type Activities:			
Notes Payable	<u>3,597,013</u>	<u>3,466,933</u>	<u>3,328,141</u>
Total Primary Government	<u>\$ 57,492,013</u>	<u>69,638,870</u>	<u>70,825,732</u>
Percent of Personal Income	5.09%	6.10%	6.07%
Per Capita	\$ 1,034	1,277	1,273

Fiscal Year			
2006	2007	2008	2009
4,510,000	4,220,000	3,920,000	3,605,000
45,885,000	43,885,000	41,820,000	39,680,000
5,850,000	5,720,000	5,585,000	5,440,000
6,560,000	6,380,000	6,185,000	5,975,000
62,805,000	60,205,000	57,510,000	54,700,000
2.67%	2.23%	1.97%	1.75%
1,127	1,077	1,024	968
1,927,190	1,655,327	1,372,940	1,372,940
3,180,054	3,022,049	2,853,463	2,853,463
67,912,244	64,882,376	61,736,403	58,926,403
5.57%	5.22%	4.96%	n/a
1,218	1,160	1,100	1,043

(This page intentionally left blank)

CITY OF NATIONAL CITY
Legal Debt Margin Information,
Last Seven Fiscal Years

	Fiscal Year		
	2003	2004	2005
Assessed Valuation	\$ 1,836,172,913	1,948,164,113	2,063,075,166
Conversion Percentage	25%	25%	25%
Adjusted Assessed Valuation	459,043,228	487,041,028	515,768,792
Debt Limit Percentage	15%	15%	15%
Debt Limit	68,856,484	73,056,154	77,365,319
Total Debt (due more than one year)	59,221,743	73,917,274	72,916,217
Less: Non Bonded Debt			
Claims Payable	-	(2,747,983)	(4,670,000)
Compensated Absences	(2,604,810)	(2,707,375)	(2,107,129)
Capitalized Lease Obligation	-	(208,775)	(154,034)
Notes Payable	(3,466,933)	(3,328,141)	(3,180,054)
Total Applicable to Limitation	53,150,000	64,925,000	62,805,000
Legal Debt Margin	<u>\$ 15,706,484</u>	<u>8,131,154</u>	<u>14,560,319</u>
Total debt applicable to the limit as a percentage of debt limit	77%	89%	81%

Fiscal Year			
2006	2007	2008	2009
2,354,374,598	2,697,181,763	2,921,888,455	3,126,565,082
25%	25%	25%	25%
588,593,650	674,295,441	730,472,114	781,641,271
15%	15%	15%	15%
88,289,047	101,144,316	109,570,817	117,246,191
68,984,074	65,688,525	62,378,019	59,224,556
(1,705,127)	(2,890,000)	(2,578,000)	(2,759,900)
(2,396,563)	(1,062,113)	(1,326,678)	(1,356,431)
(1,655,335)	(1,372,949)	(1,099,735)	(856,565)
(3,022,049)	(2,853,463)	(2,673,606)	(2,481,662)
60,205,000	57,510,000	54,700,000	51,769,998
28,084,047	43,634,316	54,870,817	65,476,193
68%	57%	50%	44%

CITY OF NATIONAL CITY
Pledged Revenue Coverage
Last Seven Fiscal Years

	Fiscal Year		
	2003	2004	2005
Revenue			
Property Tax Gross Incremental Revenue \$	7,739,209	6,833,182	7,682,979
Debt Service Requirements			
Principal	470,000	745,000	815,000
Interest and fiscal charges	712,829	1,916,639	3,758,688
Pass - through payments	1,118,535	1,174,999	1,244,621
	<u>\$ 2,301,364</u>	<u>3,836,638</u>	<u>5,818,309</u>
Debt Coverage	3.36	1.78	1.32

Source : City of National City Comprehensive Financial Annual Reports

Fiscal Year			
2006	2007	2008	2009
9,847,226	10,834,596	11,766,428	11,790,224
2,795,000	2,000,000	2,065,000	2,140,000
2,614,817	2,033,220	2,017,843	1,883,148
1,367,750	1,452,351	1,525,468	1,553,258
<u>6,777,567</u>	<u>5,485,571</u>	<u>5,608,311</u>	<u>5,576,406</u>
1.45	1.98	2.10	2.11

CITY OF NATIONAL CITY
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Total Population	Pct. of S.D. County Population	Pct. Change from Previous Year	Median Age	Avg. Household Size	Educational Attainment		Pct. Below Poverty*	Unemployment Rate	Personal Income (000s)**	Per Capita Personal Income**
						% High School Graduate*	% Bachelor's Degree or Higher*				
2000	54,200	1.9%	0.9%	28.7	3.39	57%	9%	22.0%	7.9%	\$1,157,300	\$21,350
2001	54,465	1.9%	0.5%	28.6	3.50	n/a	n/a	n/a	8.4%	\$1,143,500	\$21,000
2002	54,748	1.9%	0.5%	28.4	3.51	n/a	n/a	n/a	10.3%	\$1,130,100	\$20,640
2003	55,598	1.9%	1.6%	28.6	3.53	n/a	n/a	n/a	10.4%	\$1,130,600	\$20,330
2004	54,544	1.8%	-1.9%	28.6	3.53	n/a	n/a	n/a	9.5%	\$1,142,300	\$20,940
2005	55,622	1.8%	2.0%	28.4	3.52	n/a	n/a	n/a	8.7%	\$1,166,800	\$20,980
2006	55,742	1.8%	0.2%	28.7	3.48	n/a	n/a	n/a	8.0%	\$1,219,200	\$21,870
2007	55,921	1.8%	0.3%	28.9	3.53	62%	9%	23.9%	9.1%	\$1,242,100	\$22,210
2008	56,144	1.8%	0.4%	29.0	3.52	66%	13%	23.0%	11.9%	\$1,245,600	\$22,190
2009	56,522	1.8%	0.7%	29.1	3.53	n/a	n/a	n/a	n/a	n/a	n/a

Sources: SANDAG, Current Estimates (Oct. 2009); California Department of Finance; California Employment Development Department; U.S. Census Bureau, Census 2000 and American Community Survey; U.S. Bureau of Economic Analysis

Notes:

*Education and poverty data for 2007 is rolling average 2005-07, 2008 is rolling average 2006-08 as reported by the U.S. Census Bureau, American Community Survey.

**Dollar values are inflation-adjusted to 2008

**CITY OF NATIONAL CITY
Principal Employers,
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2009</u>			<u>2000</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Paradise Valley Hospital	925	1	4.63%	N/A	1	N/A
National School District	614	2	3.07%	N/A	2	N/A
City of National City	526	3	2.63%	N/A	6	N/A
Conservation Corps, California	210	4	1.05%	—		—
Macy's Department Stores Inc.	200	5	1.00%	—		—
Ball Automotive Group	200	6	1.00%	N/A	7	N/A
Hyperbaric Management Systems	200	7	1.00%	—		—
Mossy Nissan	200	8	1.00%	N/A	5	N/A
JC Penney Corp Inc	180	9	0.90%	—		—
Knight & Carver Yacht Center	160	10	0.80%	—		—
General Motors Acceptance Corp	—		—	N/A	3	N/A
National City Ford	—		—	N/A	8	N/A
McCune Chrysler Plymouth	—		—	N/A	9	N/A
Ron Baker Chevrolet Isuzu	—		—	N/A	10	N/A

Sources: National City Finance Department, Dun & Bradstreet, Selectory.com

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

<u>Function/Program</u>	Fiscal Year						
	2003 ¹	2004 ¹	2005 ²	2006	2007	2008	2009
General Government							
City Clerk	2.03	2.03	3.03	3.03	3.16	3.16	3.16
City Manager	5.00	5.00	7.50	7.00	7.50	7.50	7.50
Risk Management	1.00	1.00	1.00	1.00	1.00	2.00	2.00
Management Information Systems	3.00	3.00	3.00	6.00	4.00	4.00	4.00
Finance	15.25	15.25	16.75	13.75	17.00	17.00	17.00
Purchasing	2.48	2.48	2.48	2.48	2.48	3.48	3.48
City Attorney	3.00	3.00	3.00	3.00	3.50	3.50	3.50
Human Resources	3.00	4.25	4.50	5.50	6.25	4.80	4.80
Community Development*	17.25	17.75	18.00	25.75	—	—	—
Planning	8.07	8.07	9.00	6.50	6.50	7.50	7.70
Building	8.50	8.15	13.63	15.00	4.00	4.00	4.00
Engineering	—	—	11.95	12.50	14.95	14.95	14.70
Redevelopment*	—	—	—	—	4.00	4.00	7.00
Advanced Planning/ Economic Development*	—	—	—	—	1.00	5.50	2.40
Housing & Grants*	—	—	—	—	11.00	11.00	11.58
Neighborhood Services*	—	—	—	—	11.00	12.00	11.00
Public Works	48.43	47.45	51.27	51.27	51.25	51.00	50.00
Community Services	32.94	32.84	19.84	23.08	23.00	23.00	23.00
Nutrition Center					15.00	15.00	12.25
Library	20.81	19.56	19.56	21.41	25.91	25.91	31.18
Public Safety							
Police	126.86	128.34	128.84	134.84	134.36	139.36	139.36
Fire	47.25	48.25	48.25	48.25	48.25	48.25	48.25
Transit ³	45.00	43.00	43.00	43.00	—	—	—

¹ Public Works & Engineering were considered one Department during FY 2003 and 2004.

² Parks Division is no longer included in the Community Services Department. It became a division of Public Works during FY 2005.

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

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

Sources: Based on annual City Budgeted personnel.

N/A: Not available.

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

<u>Function/Program</u>	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Police							
Physical arrests	N/A	N/A	N/A	N/A	3,000	3,100	3,834
Parking violations	N/A	N/A	N/A	N/A	5,341	5,003	4,956
Traffic violations	N/A	N/A	N/A	N/A	1,941	2,450	3,154
Fire							
Emergency responses	4,868	5,667	5,532	5,342	5,402	5,497	N/A
Fires extinguished	173	227	178	184	170	158	N/A
Inspections	N/A	N/A	1,779	1,638	2,099	N/A	N/A
Other public works							
Street resurfacing (miles)	N/A	N/A	N/A	N/A	N/A	N/A	17
Parks and recreation							
Athletic field permits issued b	N/A	N/A	N/A	N/A	24	24	24
Community center admissions	N/A	N/A	N/A	N/A	49,767	49,803	49,825
Library							
Volumes in collection	172,258	180,925	144,952	170,915	185,722	194,383	200,516
Total volumes borrowed	216,166	292,766	272,840	214,837	273,646	312,591	316,075
Wastewater							
Average daily sewage treatment (thousands of gallons)	N/A	N/A	N/A	N/A	5.211	5.211	5.211

Sources: Various City Departments.

N/A: Not available.

City of National City
Capital Asset Statistics by Function/Program,
Last Seven Calendar Years

<u>Function/Program</u>	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Police							
Stations	1	1	1	1	1	1	1
Zone offices	0	0	0	0	0	1	1
Patrol units	N/A	N/A	N/A	N/A	N/A	38	38
Fire stations	2	2	2	2	2	2	2
Other public works							
Streets (miles)	N/A	101	101	101	101	101	101
Highways (miles) a	6	6	6	6	6	6	6
Streetlights	N/A	N/A	N/A	N/A	1,673	1,723	1,725
Traffic signals	89	89	89	89	89	89	89
Parks and recreation							
Acreage	84	84	84	84	84	84	84
Playgrounds	4	4	4	4	4	4	4
Baseball/softball diamonds b	7	7	7	7	7	7	7
Soccer/football fields b	3	33	3	3	3	3	3
Community centers	5	5	5	5	5	5	5
Wastewater							
Sanitary sewers (miles)	N/A	100	100	100	100	100	100
Storm sewers (miles)	N/A	25.3	25.3	25.3	25.3	25.3	25.3
Treatment capacity (thousands of gallons)	5,039	5,012	5,020	5,024	4,830	4,521	4,482

Sources: Various City Departments.

N/A: Not available.