

City of National City

National City, California

Annual Comprehensive Financial Report

For the Year Ended June 30, 2023

Prepared by:
Finance Department, City of National City

City of National City
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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Office of the City Manager

October 2, 2024

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

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of National City (the “City”) for the fiscal year ended June 30, 2023. The ACFR has been prepared in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants.

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

The Pun Group, LLP, an independent auditing firm of certified public accountants, has issued an unmodified opinion (clean opinion) on the City’s financial statements for the fiscal year ended June 30, 2023. The independent auditor’s report is presented as the first component of the financial section of this ACFR.

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

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

PROFILE OF THE CITY OF NATIONAL CITY

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

The City is a general law city and operates under the council/manager form of government. The City Council has five members, with the Mayor elected at large and the four Councilmembers elected by district. The Mayor is the presiding officer of the Council. In 2022, National City voters approved transitioning the previously elected positions of City Treasurer and City Clerk to become appointive at the end of the current terms.

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

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

BUDGETARY CONTROL

The annual budget serves as the foundation for the City's financial planning and control. The proposed budget is presented to the City Council for review and adoption prior to the beginning of each fiscal year, July 1st. The state mandates a balanced budget. The budget is prepared by fund, department and account. After budget adoption, in accordance with the National City Municipal Code, City Council must approve any revisions that increase total appropriations of a fund. The City Manager is authorized to make budgetary revisions between budget line items within a fund, and department directors may transfer appropriations within their respective departments. The budget is regularly monitored and the Council receives quarterly updates. Budget-to-actual comparisons are provided in this report for each major governmental fund for which an annual budget has been adopted. For the General Fund, this comparison is presented on page 98 as part of the required supplementary information for the governmental funds. The budget-to-actual comparison for governmental funds other than the General Fund, with appropriated annual budgets follow.

FACTORS AFFECTING FINANCIAL CONDITION

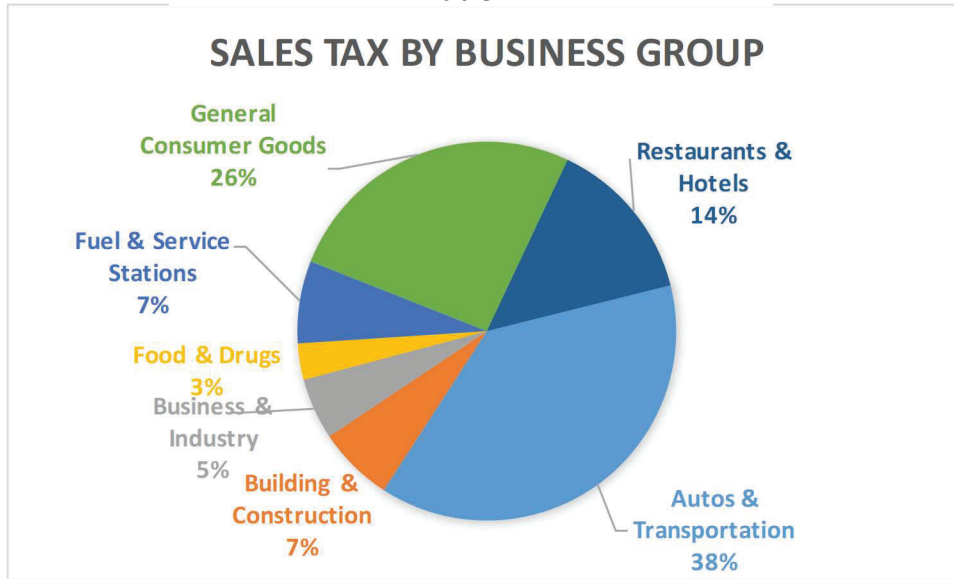
Economic Profile

During fiscal year 2022-2023 National City continued its economic recovery from the impacts of the COVID-19 pandemic, building on the progress that began in fiscal year 2021. The National City unemployment rate peaked in April 2020 at 18.8%, falling steadily throughout fiscal year 2021 and 2022, measuring at 4.8% as of June 2023.

The year began with uncertainty whether the economic recovery from the pandemic would continue at the speed and intensity experienced in fiscal year 2022 or if the economy would slow down or hit a plateau. During budget development in the Spring of 2022, given continued uncertainty about how the City's revenue would be impacted by the unpredictable pandemic recovery and global supply chain issues, the City budgeted sales tax revenue for fiscal year 2023 based on FY 2022 actuals. FY 2023 sales tax revenues did not exceed FY 2022 actuals of \$23.8 million but fell short at \$23.0 million.

Sales tax is the City’s main revenue source, accounting for approximately 54% of General Fund resources. In fiscal year 2023, 60% of sales tax revenue came from the Bradley-Burns uniform local tax and 40% came from the National City voter-approved 1% district transactions and use tax (“Proposition D”). Though the City is heavily dependent upon retail sales-related tax revenues, it has, as Table 1 illustrates, a diversified commercial, retail, and industrial presence, which reduces the impacts of economic downturns and helps it recuperate steadily.

Table 1



Bradley-Burns sales tax revenue decreased in FY 2023 from FY 2022 by \$(869,312) or (3.65%). The City’s District sales tax increased in FY 2023 by \$223,769 or 1.47% over FY 2022.

The second largest revenue source for the City is property tax revenue. During fiscal year 2023 assessed values of property within National City increased for the twelfth consecutive year. Net taxable values rose by 5.31% for the fiscal year 2023 property tax rolls, with details in table 2. Between March 2022 and March 2023, the median price in the City for a detached single-family residential home grew 4.23%, reaching an average price of \$638,823 and a median price of \$628,000. The increase in home prices is driven by demand outpacing supply, a common situation that occurs throughout San Diego County.

Fiscal Year Ended June 30	Total Assessed Valuation	Increase over Prior Year	Percent Increase over Prior Year	Cumulative Increase Since 2014
2014	3,254,789,852	144,820,782	4.7%	0
2015	3,354,840,139	100,050,287	3.1%	100,050,287
2016	3,440,631,221	85,791,082	2.6%	185,841,369
2017	3,588,038,313	147,407,092	4.3%	333,248,461
2018	3,877,829,380	289,791,067	8.1%	623,039,528
2019	4,057,201,760	179,372,380	4.6%	802,411,908
2020	4,279,008,825	221,807,065	5.5%	1,024,218,973
2021	4,607,750,481	328,741,656	7.7%	1,352,960,629
2022	4,703,355,402	95,604,921	2.1%	1,448,565,550
2023	4,980,959,594	277,604,192	5.9%	1,726,169,742

The City built a budget for fiscal year 2023 which anticipated growing unassigned fund balance by \$364,000. Unassigned fund balance actually increased by \$3.5 million due to a combination of revenues increasing by \$4.0 million over budget and expenditure savings of approximately \$7.9 million. The Other Revenues category accounts for all of the \$4.0 million over the revenue budget which include a State grant of \$1.0 million for the Las Palmas Pool, transient occupancy tax (\$900,000), various franchise fees (\$500,000),

rental payments for City owned land (\$300,000), school district contract reimbursements (\$200,000) and residual balance payments from the Successor Agency (\$200,000).

Expenditure savings totaling \$7.9 million are explained by personnel costs savings of \$200,000. Personnel costs make up approximately 61% of the General Fund's budget. While vacant authorized positions contributed to salary and benefit savings of \$2.7 million, costs related to overtime requirements, primarily in the Police and Fire departments, exceeded budgeted amounts by \$2.0 million. In addition, the costs for worker's compensation insurance was \$400,000 greater than the budget.

Maintenance & Operations ("M&O") savings of \$2.2 million were realized across various accounts, but particularly in Contract Services (\$1.2 million), Professional Services (\$500,000), and Emergency Animal Treatment (\$100,000).

The capital projects category had a variance of \$5.3 million between the budget and actuals. This \$5.3 million does not represent savings. Rather, it is unspent monies on specifically authorized capital improvement projects that are still ongoing. The unspent appropriations were carried over to the fiscal year 2024 budget and are reflected in the assigned fund balance component of the fund balance.

Regarding the City's fund balance categories, the majority of the increase (\$3.5 million) was to the General Fund unassigned fund balance, which had a balance of \$23.0 million as of June 30, 2023.

National City has a progressive history of commercial development, including the "Mile of Cars," San Diego County's first major auto park, and Westfield Plaza Bonita, the County's first indoor mall and largest enclosed mall in the South San Diego Bay area. Both attract shoppers from throughout the County and outlying areas and continue to be major revenue sources for the City. The Walmart Supercenter is the retail hub of the City's central section, generating significant tax revenue and bringing shoppers to nearby stores and restaurants. Despite these successes, however, National City has experienced economic ebbs and flows which have directly impacted community service levels. In 2005 and 2006, the City faced revenue shortfalls and a structural deficit that led to reductions in services.

In response, National City voters in 2006 approved the "Proposition 'D' transactions & use tax, which produced a high of \$15.4 million of revenue in fiscal year 2023. During the November 2014 General Election, National City voters approved a measure extending the tax for an additional twenty years. Proposition "D" has allowed the City to continue to provide important programs and services to its citizens. During fiscal year 2022, the five year Proposition D independent review committee convened and after a thorough review of the City's General Fund finances, recommended maintaining the current district transactions and use tax rate of 1% for the following five years. City Council agreed with the recommendation and therefore the tax rate will remain at 1% through fiscal year 2027.

Long-Term Financial Planning

During fiscal year 2020, City management reviewed and updated the City's five-year strategic plan. Its purpose is to:

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

City of National City Strategic Plan Goals 2020-2025

Balanced Budget & Economic Development

Communication & Outreach

Health, Environment, & Sustainability

Housing & Community Development

Parks, Recreation, & Library

Public Safety

Transportation Choices & Infrastructure

The City updates its five-year Capital Improvement Program (“CIP”) annually. The CIP encompasses and highlights some of the City’s needed infrastructure improvements. The City has identified approximately \$89 million in capital needs over the next five years. Funding comes from multiple sources, including available fund balance, general purpose revenues, user fees, special tax revenues, and regional, state, and federal funds. In addition to routine sewer, drainage, and transportation-related projects, the CIP includes improvements to parks, recreation, and community services facilities and municipal buildings and facilities, such as the library, community center, police department, and fire stations. Recently completed and ongoing projects are described below under “Major Accomplishments and Initiatives.”

Funding Long-Term Liabilities

In November 2021, the City took action to refinance the City’s pension unfunded accrued liability owed to CalPERS by issuing approximately \$84M in Pension Obligation Bonds (POB). The issuance will provide the City with about \$20 million in savings over the term of the bonds by reducing the interest rate on the liability from a then 7% (now 6.8%) charged by CalPERS, to an average bond interest rate of 3%. In addition, the financing restructured the liability to smooth out future payments related to pension liabilities over the following fourteen years. The payment smoothing will have the greatest impact on the next few years, which would have had large spikes in payments owed to CalPERS had the POBs not been issued.

As part of the bond issuance process, the City had a credit rating review. The City’s general obligation bond rating was upgraded from ‘A+’ to ‘AA-’ stable. In the ratings report, S & P Global stated “the raised rating reflects our view of the city’s significantly improved financial policies and practices coupled with strong performance and very strong and consistent reserves.”

Reserves

A portion of the fund balance of the General Fund, the “Economic Contingency Reserve,” is committed to strengthening the City’s ability to withstand unexpected financial emergencies and economic downturns. During fiscal year 2021, City Council approved amendments to City Council Policy #201, Maintenance of Reserve Funds. The City’s reserve policy establishes that the City will strive to accumulate and maintain an Economic Contingency Reserve balance equal to a minimum of twenty percent (20%) of a single year’s General Fund operating expenditures for these purposes. The amended policy also formalized using a portion of General Fund unassigned fund balance as a reserve to be maintained at a minimum of ten percent (10%) General Fund operating expenditures. As of June 30, 2023, based on the FY 2023 General Fund Budget of \$70,657,666, the Economic Contingency Reserve is at 18.1% and the General Fund unassigned fund balance is at 34.8% as defined by the polic.

The 2021 revision to the reserve policy also updated the funding target for the Facilities Maintenance Reserve to be three times the annual base needed for performing major maintenance on the City's facilities, which is defined as being 1.5% of the City's General Fund operating expenditures. The policy also specifies that the City's annual budget includes funding for major maintenance in the amount of 1.5% of the General Fund operating expenditures. Based on the FY 2023 General Fund Budget, the Facility Maintenance Reserve is at 4.3% which is below the policy level of 4.5%. In accordance with the reserve policy, the assets maintained in the Facilities Maintenance Reserve, as well as those in the Contingency Reserve, described above, are designated as committed fund balance.

In addition to the Contingency Reserve and Facilities Maintenance Reserve, the City maintains a number of other reserves, most of which have accumulated their minimum target balances, as of June 30, 2023.

Cash Management Policies and Practices

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

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

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

MAJOR ACCOMPLISHMENTS AND INITIATIVES

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

Infrastructure

Completed Projects FY 22-23

National City Boulevard Bikeway Project, CIP No. 19-18

- Project Cost: \$714,242.39
- Completed October 2022
- The National City Boulevard Bikeway improved the safety for people walking and biking in the southern part of the city where it was recently constructed. The project provides nearly 0.2 miles of enhanced (buffered) bike lanes along 33rd Street, from Hoover Avenue to National City Blvd. The project implemented nearly 0.4 miles of Class II facilities along National City Blvd., from 33rd

Street to C Street, at the southern city limit with City of Chula Vista. The project also included traffic calming features, decreased lane widths, bike/pedestrian improvements at freeway on/off ramps, bike boxes, lighting, and pedestrian safety enhancements.

El Toyon-Las Palmas Bicycle Corridor project, CIP No. 19-02

- Project Cost: \$1,441,668.46
- Completed October 2022
- The project constructed a new bicycle corridor parallel to the east side of I-805 connecting El Toyon Park and Las Palmas Park, improvements along the bicycle corridor included Class II and III bike route pavement markings (sharrows) and signage; pedestrian curb ramps for ADA compliance; traffic calming measures such as pedestrian refuge islands, corner bulb-outs and pedestrian actuated flashing crosswalk signs; and storm water treatment infiltration areas.

Citywide Safe Routes to School project, CIP No. 19-04

- Project Cost: \$1,300,646.44
- Completed March 2023
- The project addressed ADA barriers by providing the following enhancements: 27 high visibility continental crosswalks, 51 ADA accessible ramps with truncated domes, pedestrian crosswalk signs, and approximately 20,000 square feet of sidewalk replacement at locations near elementary schools and Granger Junior High School. The project included the construction of a neighborhood traffic circle at the intersection of Newell Street and E. 20th Street, with traffic calming curb extensions and speed cushions near Las Palmas Elementary School between E. 20th Street and 22nd Street.

Roosevelt Avenue Corridor Smart Growth Revitalization, CIP No. 19-19

- Project Cost: \$2,244,704.21
- Estimated completion March 2023
- The project enhanced pedestrian and bicycle connections between Naval Base San Diego, the 8th Street Trolley Station, and Downtown National City. The project provided streetscape, lighting, signage, mobility options, urban greening, and parking on the east side of Roosevelt Avenue, between 8th Street and National City Blvd.

Ongoing Projects

P-1 Sewer Upsize Project Phase 2, CIP 20-01

- Project Cost: \$1,631,274.64
- Estimated completion October 2023
- The P1 Sewer Upsize Project- Phase II will replace approximately 600 linear feet of existing 8-inch sewer main with new 12-inch sewer main near E. 30th Street, east of National City Blvd. The area adjacent to the old landfill site (Duck Pond) will require trenchless installation using jack and bore construction to install approximately 400 linear feet of fused 14-inch pipe. The existing 8-inch clay line is undersized and has reached the end of its useful life.

Sweetwater Road Bikeway CIP 19-20

- Project Cost: \$2,886,799,64
- Estimated completion June 2024
- The Sweetwater Road Bikeway project will provide nearly 1.2 miles of protected bike facilities along Sweetwater Road and extend the Class 1 bike path on Plaza Bonita Road to Sweetwater Road (0.4 miles). The project will include a road diet, bicycle-friendly intersection improvements, and

pedestrian enhancements. The proposed bicycle facilities will directly link the City's bike network to the regional network.

National City Street Resurfacing Project FY 21-22

- Project Cost: \$2,398,563.39
- Estimated completion June 2024
- The project will resurface the following streets: National City Boulevard from 16th Street to 33rd Street; E. Plaza Boulevard from D Avenue to N Avenue; E. 16th Street between D Avenue and Highland Avenue; Mann Avenue from Beta Street to Alpha Street; Driveway for Fire Squad Station 33 (northeast side of 4th and U Avenue); Roosevelt Avenue from 8th Street to 15th Street

Las Palmas Swimming Pool Renovation Project, CIP No. 22-01

- Project Cost: \$3,500,000
- Estimated completion February 2024
- New plaster and ceramic tile at swimming pool and activity pool. New swimming pool concrete and anchorage to match existing slopes to perimeter drains. Provide new deck drainage piping to existing point of connection. Remove and replace existing perimeter fence with new, per plans. Replace mechanical room equipment per plan. All other items as required to provide a completely operational aquatic facility.

Parks & Facilities

Completed Projects FY 22-23

Civic Center ADA Accessibility, CIP No. 19-45

- Project Cost: \$215,419.00
- Estimated completion March 2022
- The project, upgraded the first floor exterior access into the Civic Center. The project constructed an ADA accessible path of travel to the main entrance of the building located on the first floor, as well as the side entrances located on the north and south sides of the building. Additionally, the project installed two ADA parking stalls in the building parking lot.

Civic Center Basement Power Upgrade, CIP No. 20-03

- Project Cost: \$372,712.49
- Completed June 2023
- This project upgraded the electrical standby power supply system in the Civic Center Basement to allow continued operation of the computer servers throughout a citywide outage. The work included removing and replacing various lighting elements, lighting control devices, switchboards, panelboards, transfer switches, surge protection, and interior lighting.

Paradise Creek Mitigation at Kimball Way, CIP No. 19-35

- Project Cost: \$1,005,761.71
- Completion October 2022
- The Paradise Creek Mitigation Project at Kimball Way repaired sections of Paradise Creek at Kimball Way, including removing existing concrete lining on the south creek bank, earthwork and regrading, and installing articulated concrete blocks (ACB) and cutoff wall on the south creek bank. In addition, the project enhanced the drainage, including adding new bar screen gates at the outlet and inlet of existing reinforced concrete box storm drains, and rip rap. Other site improvements

include installing a new retaining wall, concrete driveways, perimeter wrought iron fencing, and access gates to secure the area.

Police Department Parking Structure Waterproofing, CIP No. 22-42

- Project Cost: \$194,255.17
- Completed June 2023
- The project removed the existing waterproofing system and replaced it with Coelan Parking Heavy-Duty System at the Police Department parking structure located at 1200 National City Blvd.

Ongoing Projects

Kimball Park Dog Park and Tot Lot + Las Palmas Park Dog Park project, CIP No. 23-06

- Project Cost: \$1,036,359.28
- Estimated completion April 2024
- The Kimball Park Dog Park and Tot Lot + Las Palmas Park Dog Park project, CIP 23-06, will construct new amenities and improvements at both Kimball and Las Palmas parks. At Kimball Park construction include a dog park with dog agility equipment, chain link fence and gate, trash receptacles, pet waste station, wood bench, concrete pathway, removal and replacement of drinking fountain, removal and replacement of children play equipment and drainage system for Tot Lot, batting cage, installation of baseball field infield mix, and baseball field storage container. At Las Palmas Park improvements include a dog park with dog agility equipment, chain link fence and gate, trash receptacles, pet waste station, wood bench, full square and circle metal benches, solar lighting, removal and replacement of drinking fountain, handrail, and removal and replacement of small section of sidewalk.

MLK Community Center, CIP No. 22-06

- Project Cost: \$665,867.02
- Estimated completion April 2024
- This project will replace the entry hallway and meeting/dining room floor and upgraded the kitchen equipment at the Martin Luther King, Jr. Community Center, located at 140 E 12th Street.

Paradise Creek Educational Park Extension CIP No. 19-33

- Project Cost: \$638,936
- Completed August 2023
- This project will involve the expansion of Paradise Creek Educational Park, located behind Kimball Elementary School, with access from Hoover Avenue and W. 19th Street. Improvements includes the removal of existing asphalt pavement and concrete sidewalk at the northern entrance to the park on Hoover Avenue and replacement with decomposed granite and permeable pavers for stormwater infiltration; installation of new trees, native vegetation, and additional stormwater treatment/infiltration features; construction of a community gathering area; traffic calming and pedestrian enhancements such as pedestrian curb ramps for Americans with Disabilities Act (ADA) compliance, curb extensions, a high-visibility crosswalk, and pedestrian actuated flashing crosswalk signs at the intersection of W. 18th Street and Hoover Avenue; and new bicycle facilities.

Police Fire Arms Training Facility CIP 20-05

- Project Cost: \$700,000
- Completed August 2024

- The firing range (Range), which is located within the National City Police Department headquarters, is being updated to address insufficient air filtration of metal contaminated dust from the Range and to address/enhance laminar air flow during multiple user training exercises.

Information on the City's CIP projects can be found at:

<https://www.nationalcityca.gov/government/engineering-public-works/engineering-division/capital-improvement-projects-cip>

ACKNOWLEDGEMENTS

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

Respectfully submitted,



Benjamin A. Martinez
City Manager



Phillip Davis, CPA
Interim Finance Director



Directory of City Officials

City Council

Ron Morrison
Mayor

Luz Molina
Vice Mayor

Jose Rodriguez
Councilmember

Marcus Bush
Councilmember

Ditas Yamane
Councilmember

City Treasurer

R. Mitchel Beauchamp

City Clerk

Shelley Chapel

Interim City Manager

Armando Vergara

City Attorney

Barry J. Schultz

Department Heads

Jose Tellez

Chief of Police

Sergio Mora

Fire Chief

Molly Brennan

Director of Administrative Services

Roberto Yano

Director of Engineering & Public Works

Carlos Aguirre

Director of Housing Authority

Joyce Ryan

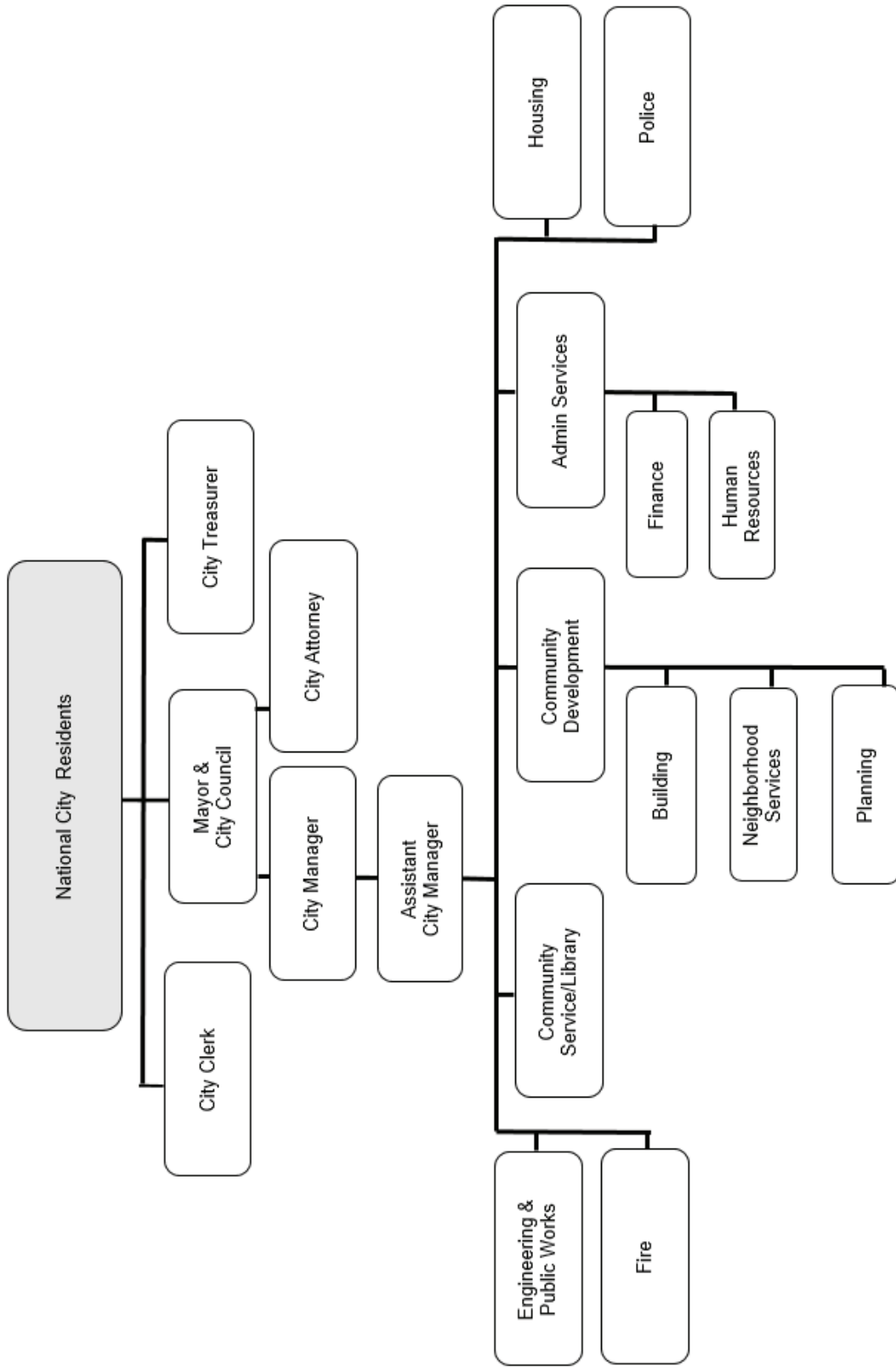
Director of Library & Community Services

Ben Martinez

Acting Director of Community Development



CITY ORGANIZATIONAL CHART





INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of National City, California (the "City"), as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and the *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

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

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Non-Major Fund Financial Statements and the Budgetary Comparison Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. In our opinion, the Combining and Individual Non-Major Fund Financial Statements and the Budgetary Comparison Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



San Diego, California
October 2, 2024



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Management's Discussion and Analysis

Management of the City of National City (the "City") offers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023.

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

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

The *governmental fund financial statements* can be found on pages 24-30. Individual fund information for each of the non-major governmental funds is provided in the form of combining statements and can be found on pages 112-117.

The City adopts annual budgets for its General, Housing, Housing Choice Voucher Program, and Sewer Service Funds. Budgetary comparison statements, found on pages 94-101, have been provided, to reflect compliance with these budgets.

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

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

The *proprietary fund financial statements* can be found on pages 33-35. Individual fund data for the internal service funds is provided in the form of supplementary combining statements and can be found on pages 128-135.

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

The *fiduciary fund financial statements* can be found on pages 39 and 40.

Notes to the Basic Financial Statements. The Notes to the Basic Financial Statements section provides additional information essential for a full understanding of the data provided in the *government-wide financial statements*. The Notes to the Basic Financial Statements section begins on page 45.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City’s progress in funding its obligation to provide pension and other postemployment benefits (“OPEB”) to its employees. Required supplementary information can be found on pages 93-106.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented on pages 112-117 and 128-135, respectively.

Government-wide Financial Analysis

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

TABLE 1
NET POSITION
June 30, 2023 and 2022

	Governmental Activities		\$ Change	% Change
	2023	2022		
Current and Other Assets	\$ 208,857,933	\$ 193,870,324	\$ 14,987,609	7.73%
Capital Assets, Net	178,444,289	170,862,039	7,582,250	4.44%
TOTAL ASSETS	<u>387,302,222</u>	<u>364,732,363</u>	<u>22,569,859</u>	<u>6.19%</u>
Deferred Outflows of Resources	36,158,165	68,478,194	(32,320,029)	-47.20%
Current Liabilities	31,863,215	24,615,250	7,247,965	29.45%
Long-term Liabilities	146,563,204	184,768,577	(38,205,373)	-20.68%
TOTAL LIABILITIES	<u>178,426,419</u>	<u>209,383,827</u>	<u>(30,957,408)</u>	<u>-14.79%</u>
Deferred Inflows of Resources	8,483,849	32,947,598	(24,463,749)	-74.25%
Net Position:				
Net Investment in				
Capital Assets	170,389,264	161,453,603	8,935,661	5.53%
Restricted	106,369,320	100,825,314	5,544,006	5.50%
Unrestricted	(40,208,465)	(41,399,785)	1,191,320	-2.88%
TOTAL NET POSITION	<u>\$ 236,550,119</u>	<u>\$ 220,879,132</u>	<u>\$ 15,670,987</u>	<u>7.09%</u>

The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$236,550,119 at June 30, 2023, an increase of \$15,670,988 from June 30, 2022. By far, the largest portion of the City's net position, \$170,389,264 is its investment in capital assets (i.e., land, buildings, machinery, equipment, and infrastructure). These capital assets are used to provide services to citizens and, consequently, are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate the liabilities.

Another portion of the City's net position, \$106,369,321 represents resources that are subject to external restrictions on how they may be used. The remainder of net position, unrestricted net position, increased \$1,191,320 year over year. The \$8,935,661 increase in capital assets was the main driver of the overall gain in net position between 2022 and 2023.

TABLE 2
CHANGES IN NET POSITION
For the years ended June 30, 2023 and 2022

	Governmental Activities		\$ Change	% Change
	2023	2022		
REVENUES:				
Program revenues:				
Charges for services	\$ 38,087,351	\$ 28,356,650	\$ 9,730,701	34.32%
Operating grants and contributions	18,456,518	18,533,739	(77,221)	-0.42%
Capital grants and contributions	7,090,261	3,514,394	3,575,867	101.75%
Total program revenues	<u>63,634,130</u>	<u>50,404,783</u>	<u>13,229,347</u>	<u>26.25%</u>
General revenues:				
Taxes:				
Property taxes	17,559,333	16,753,096	806,237	4.81%
Sales taxes	38,678,895	40,777,746	(2,098,851)	-5.15%
Franchise taxes	2,490,691	2,131,159	359,532	16.87%
Business license taxes	935,316	793,653	141,663	17.85%
Transient occupancy taxes	2,488,614	1,862,718	625,896	33.60%
Total taxes	<u>62,152,849</u>	<u>62,318,372</u>	<u>(165,523)</u>	<u>-0.27%</u>
Investment earnings (loss)	1,358,614	(3,007,949)	4,366,563	-145.17%
Miscellaneous	194,882	97,010	97,872	100.89%
Total general revenues	<u>63,706,345</u>	<u>59,407,433</u>	<u>4,298,912</u>	<u>7.24%</u>
TOTAL REVENUES	<u>127,340,475</u>	<u>109,812,216</u>	<u>17,528,259</u>	<u>15.96%</u>
EXPENSES:				
General government	12,467,497	20,793,460	(8,325,963)	-40.04%
Public safety	50,093,848	38,710,643	11,383,205	29.41%
Transportation	9,619,556	8,358,045	1,261,511	15.09%
Community development	17,168,341	16,113,804	1,054,537	6.54%
Health	9,301,026	7,726,217	1,574,809	20.38%
Culture and leisure	9,651,503	8,428,049	1,223,454	14.52%
Interest on long-term debt	3,367,717	2,298,786	1,068,931	46.50%
TOTAL EXPENSES	<u>111,669,487</u>	<u>102,429,005</u>	<u>9,240,483</u>	<u>9.02%</u>
CHANGE IN NET POSITION	<u>15,670,987</u>	<u>7,383,211</u>	<u>8,287,776</u>	<u>112.25%</u>
NET POSITION, BEGINNING OF YEAR	220,879,132	213,495,920	7,383,212	3.46%
NET POSITION, END OF YEAR	<u>\$ 236,550,119</u>	<u>\$ 220,879,130</u>	<u>\$ 15,670,989</u>	<u>7.09%</u>

Table 2 provides a condensed summary of activities of the City's government for the period ended June 30, 2023, with the prior fiscal year presented for comparative purposes. The \$15,670,987 (7.09%) increase in the City's total net position is all due to the increase in program revenues and investment earnings, which lead to a 15.96% total revenue growth over June 30, 2022. Governmental and business-type operating results for the current fiscal year are provided in greater detail on page 24.

Governmental Activities. The City’s total revenues from governmental activities were \$127,340,475 for the fiscal year ended June 30, 2023, growing \$17,528,259 or 15.96%, compared to the prior year. The largest source of revenue for the City, at 30.37%, is sales-related taxes (comprising sales & use tax and district transaction & use tax). Revenues from sales-related taxes decreased by \$(2,098,851) or (5.15%). Revenues from other taxes, the most significant of which is property-related taxes (real property taxes, personal property taxes, and property tax in lieu of vehicle license fee [“VLF”]), represented 18.43% of total revenues at the end of the current fiscal year (fiscal year 2023) and increased by \$1,933,328 or 8.98%.

Capital grants and contributions for governmental activities ended the fiscal year at \$7,090,261, for a 101.75% increase from the prior year. Charges for services increased by \$9,730,701, or 34.32%, compared to the prior year. Lastly, operating grants and contributions decreased by \$(77,221), or (0.42%).

The City’s expenses for governmental activities cover a wide array of services, with \$50,093,848, or 44.86%, for fiscal year 2023 related to public safety and \$12,467,497, or 11.16%, to general government. Overall, expenses for governmental activities rose \$9,240,483, or 9.01%, with the primary driver of the increase due to growth in public safety. General government includes construction in progress, which as of June 30, 2023 was \$38,237,313, an increase of \$9,431,248 from June 30, 2022. Details regarding projects contributing to this total may be found in the “Major Accomplishments and Initiatives” section of the letter of transmittal.

Financial Analysis of the City’s Funds

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

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

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

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

TABLE 3
GOVERNMENTAL FUNDS SUMMARY
For the years ended June 30, 2023 and 2022

	General Fund		Other Governmental Funds		Total Governmental Funds	
	2023	2022	2023	2022	2023	2022
Total Assets	\$ 72,283,735	\$ 67,687,041	\$ 118,481,803	\$ 107,409,978	\$ 190,765,538	\$ 175,097,019
Total Liabilities	6,879,016	7,131,452	21,523,835	14,578,893	28,402,851	21,710,345
Total Deferred Inflows of Resources	3,029,498	3,491,986	487,703	491,824	3,517,201	3,983,810
Fund Balances						
Non-spendable	4,094,518	3,966,629	25,805	1,270,805	4,120,323	5,237,434
Restricted	9,956,427	9,546,733	97,320,165	91,278,581	107,276,592	100,825,314
Committed	15,680,000	15,680,000	-	-	15,680,000	15,680,000
Assigned	9,604,056	8,400,718	-	-	9,604,056	8,400,718
Unassigned	23,040,220	19,469,523	(875,705)	(210,125)	22,164,515	19,259,398
Total fund balance	62,375,221	57,063,603	96,470,265	92,339,261	158,845,486	149,402,864
Total liabilities, deferred inflows of resources, and fund balances	\$ 72,283,735	\$ 67,687,041	\$ 118,481,803	\$ 107,409,978	\$ 190,765,538	\$ 175,097,019

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

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$158,845,486, an increase of \$9,422,622 over the prior year. The restricted component represents the largest portion, \$107,276,592, of ending fund balance which includes the two bank notes the City holds pertaining to the sale of Kimball & Morgan Towers.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, the total fund balance of the General Fund increased to \$62,375,221 in comparison to \$57,063,603 in the prior fiscal year, an increase of \$5,311,618. General Fund revenues grew \$4,245,629 or 6.48%, with increases of \$1,281,034 in taxes, \$22,271 in licenses & permits, \$2,274,588 in use of money and property, \$159,473 in charges for services, and \$1,102,738 in other revenues. Fines and forfeitures, and intergovernmental revenues decreased by \$(345,283), and \$(699,192) respectively. General Fund expenditures increased \$7,403,359, with a majority of the increase in the general government and public safety categories.

The fund balance classification for the General Fund and other major funds can be found on page 89, in Note 14 of the Notes to Financial Statements section.

The Sewer Service Fund total fund balance increased by \$3,895,237 in FY23. Housing Asset Special Revenue Fund and Housing Choice Voucher Fund expenditures exceeded fund revenues resulting in a small decrease in each fund of \$(67,107) and \$(641,756) respectively.

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

General Fund Budgetary Highlights

TABLE 4

For the year ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Total Revenues	\$ 64,839,577	\$ 65,713,603	\$ 69,802,150	\$ 4,088,547
Expenditures:				
General government	8,852,727	9,647,309	8,616,076	1,031,233
Public safety	42,410,936	42,669,570	43,438,266	(768,696)
Transportation	4,032,032	5,373,283	4,660,171	713,112
Community development	537,172	537,172	229,335	307,837
Culture and leisure	4,111,068	4,366,408	3,863,018	503,390
Capital outlay	1,985,000	7,348,930	2,405,227	4,943,703
Principal	322,738	322,738	324,474	(1,736)
Interest on long-term debt	392,256	392,256	392,255	1
Total expenditures	<u>62,643,929</u>	<u>70,657,666</u>	<u>63,928,822</u>	<u>6,728,844</u>
Revenues over (under) expenditures	2,195,648	(4,944,063)	5,873,328	10,817,391
Other Financing Sources	<u>-</u>	<u>-</u>	<u>(561,710)</u>	<u>(561,710)</u>
Net change in fund balance	<u>\$ 2,195,648</u>	<u>\$ (4,944,063)</u>	5,311,618	<u>\$ 10,255,681</u>
Beginning fund balance			<u>57,063,603</u>	
Ending fund balance			<u>\$ 62,375,221</u>	

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

- Actual revenues were \$4,088,547 more than the final budget. While sales and use tax revenues were short of their budgeted estimate, overall receipts for all other major revenue categories exceeded their budgeted amounts.
- Actual expenditures were less than their overall budgeted amount by \$6,728,844. The most significant variance of \$4,943,703 is attributable to unspent appropriations for capital projects not completed during the year. Capital budget appropriations are carried over to the following fiscal year and reflected in the committed portion of fund balance.

Capital Asset and Debt Administration

Capital Assets. The City’s investment in capital assets (net of accumulated depreciation and amortization) for governmental and business-type activities, as of June 30, 2023, amounted to \$178,444,289. This investment includes land, rights of ways, construction in progress, buildings and improvements, machinery, and infrastructure. Infrastructure assets represented 45.70% of total combined assets.

TABLE 5
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION AND AMOTIZATION)
For the year ended June 30, 2023

	Governmental Activities		\$ Change	% Change
	2023	2022		
Land	\$ 25,597,009	\$ 25,597,009	\$ -	0.00%
Right-of-way	4,245,088	4,245,088	-	0.00%
Construction in progress	38,237,313	28,806,065	9,431,248	32.74%
Buildings and improvements	21,827,709	24,018,582	(2,190,873)	-9.12%
Machinery and equipment	6,062,497	6,766,405	(703,908)	-10.40%
Infrastructure	81,547,231	80,539,355	1,007,876	1.25%
Right-to-use lease assets	101,445	-	101,445	100.00%
Radio rights	825,997	889,535	(63,538)	-7.14%
TOTALS	\$ 178,444,289	\$ 170,862,039	\$ 7,582,250	4.44%

Construction in progress totaled \$38,237,313, which included new spending of \$9,431,248. Depreciation and amortization expense during the fiscal year was \$7,314,980 for governmental activities.

Additional information on the City’s capital assets can be found in Note 6 on page 67 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total debt outstanding of \$89,270,329.

TABLE 6
OUTSTANDING LONG-TERM DEBT
 For the year ended June 30, 2023

	Governmental Activities		\$ Change	% Change
	2023	2022		
2012 General Obligation Refunding Bonds	\$ 2,175,000	\$ 2,490,000	\$ (315,000)	-12.65%
Bond Premium	8,023	9,628	(1,605)	-16.67%
HUD 108 Bonds, Series A	605,000	1,170,000	(565,000)	-48.29%
2017 Clean Energy Bonds	1,800,000	1,800,000	-	0.00%
2017 Lease Revenue Bonds	2,743,061	2,933,781	(190,720)	-6.50%
2021 Pension Obligation Bonds	81,330,000	83,895,000	83,895,000	-
Bond Premium	(135,696)	(142,838)	(142,838)	-
Notes payable	418,569	550,588	(132,019)	-23.98%
Lease liabilities	326,372	479,639	(153,267)	-31.95%
TOTALS	\$ 89,270,329	\$ 93,185,798	\$ (3,915,469)	-4.20%

The City’s total debt decreased by \$(3,915,469) during the fiscal year 2023. The net decrease is due from debt that was retired due to the payment of principal on the City’s debt.

As of November 2021, the City’s general obligation bond rating is “AA-.”

Additional information on the City’s long-term debt can be found in Note 7 on pages 68-73 of this report.

Economic Factors and Next Year’s Budget

Many economic factors were considered in the development of the City’s fiscal year 2024 and 2025 budget. The most significant factors are described below.

Property values continue to rise significantly throughout California and the San Diego County area resulting in increases to total assessed property valuation in the City. However, since assessed value increases are capped at 2% per year per Prop 13, the City is only seeing consistent increases of 2% to 3% per year in property tax revenue. As a result, the projected increase in property tax revenues in the fiscal year 2024 and 2025 budget is approximately 3.0% above the actual revenues received in the prior year.

Fiscal year 2023 actuals for sales & use tax and district transactions and use tax revenue combined exceed budget estimates and expectations as inflation grew but consumer spending remained high. Sales & use tax and district transactions & use tax revenues are budgeted at a combined \$39.4 million for fiscal year 2024, a slight increase over fiscal year 2023 actuals. Staff forecasts year over year growth of –(1.2)% for fiscal year 2024 as interest rates increases, inflation, and a possible recession slow down the economy. Beyond fiscal year 2024, the City is forecasting sales tax revenue growth of 0.25% per year.

Fiscal year 2022 was the fifteenth full year of collection of the City’s 1% district transactions & use tax. The tax measure (“Proposition ‘D’”) was approved by National City voters in June 2006 and became effective in October 2006. The initial measure was effective for a period of ten years; however, in November 2014, voters approved a measure to extend the tax for an additional twenty years.

The tax now generates approximately \$15 million in revenue annually, allowing the City to continue to provide important programs and services to its citizens. In accordance with the measure, every five years an independent committee is appointed to evaluate the status of the district transactions and use tax. The committee's purpose is to report a recommendation to City Council on whether the tax should remain in effect at the rate of one percent, or whether the rate should be reduced, or the tax terminated. In fiscal year 2022, an independent evaluation committee convened and recommended to City Council to maintain the current tax rate of 1% for an additional five-year period. City Council approved the recommendation.

Requests for Information

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

BASIC FINANCIAL STATEMENTS





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**GOVERNMENT -WIDE
FINANCIAL STATEMENTS**



City of National City
Statement of Net Position
June 30, 2023

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 132,156,586
Receivables:	
Accounts	2,554,391
Taxes	7,020,916
Leases	420,457
Interest	168,151
Due from other governments	3,151,831
Land held for resale	5,266,182
Inventories and prepaid items	179,762
Total current assets	150,918,276
Noncurrent assets:	
Restricted cash and investments:	
Section 115 pension trust	6,668,501
Section 115 OPEB trust	3,267,926
Held by fiscal agent	10,333
Leases receivable	2,734,766
Loans receivable	45,258,131
Non-depreciable capital assets	68,079,410
Depreciable capital assets, net	110,364,879
Total noncurrent assets	236,383,946
Total assets	387,302,222
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding	21,000
Pension-related deferred outflows	35,788,081
OPEB-related deferred outflows	349,084
Total deferred outflows of resources	36,158,165

City of National City
Statement of Net Position (Continued)
June 30, 2023

	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 5,718,661
Due to other governments	61,220
Accrued liabilities	3,385,356
Interest payable	1,455,872
Unearned revenue	11,332,294
Total OPEB liability - due within one year	396,045
Compensated absences - due within one year	2,422,575
Claims payable - due within one year	2,000,747
Long-term debt - due within one year	5,090,445
Total current liabilities	31,863,215
Noncurrent liabilities:	
Developer deposits	1,054,664
Total OPEB liability	4,436,125
Aggregate net pension liability	45,551,663
Compensated absences - due in more than one year	2,049,615
Claims payable - due in more than one year	9,291,253
Long-term debt - due in more than one year	84,179,884
Total noncurrent liabilities	146,563,204
Total liabilities	178,426,419
DEFERRED INFLOWS OF RESOURCES	
Pension-related deferred inflows	4,193,753
OPEB-related deferred inflows	1,260,598
Lease-related	3,029,498
Total deferred inflows of resources	8,483,849
NET POSITION	
Net investment in capital assets	170,389,264
Restricted:	
General services	25,656,844
Community development	20,000
Public safety	208,446
Transportation	13
Housing	66,552,724
Debt service	958,924
Capital projects	3,035,942
Investment in Section 115 OPEB trust	3,267,926
Investment in Section 115 pension trust	6,668,501
Total restricted	106,369,320
Unrestricted (deficit)	(40,208,465)
Total net position	\$ 236,550,119

City of National City
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 12,467,497	\$ 14,084,900	\$ 978,497	\$ -	\$ 2,595,900
Public safety	50,093,848	3,577,172	1,465,566	-	(45,051,110)
Transportation	9,619,556	2,983,306	-	7,090,261	454,011
Community development	17,168,341	3,216,282	15,966,700	-	2,014,641
Health	9,301,026	13,905,625	-	-	4,604,599
Culture and leisure	9,651,503	320,066	45,755	-	(9,285,682)
Interest on long-term debt	3,367,717	-	-	-	(3,367,717)
Total governmental activities	111,669,488	38,087,351	18,456,518	7,090,261	(48,035,358)
General revenues:					
Taxes:					
Property taxes					17,559,333
Sales taxes					38,678,895
Franchise taxes					2,490,691
Business license taxes					935,316
Transient occupancy taxes					2,488,614
Total taxes					62,152,849
Investment earnings					1,358,614
Miscellaneous					194,882
Total general revenues					63,706,345
Change in net position					15,670,987
Net position - beginning of year					220,879,132
Net position - end of year					\$ 236,550,119

FUND FINANCIAL STATEMENTS





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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

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

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

ARPA Special Revenue Fund - This fund is used to account for the proceeds and expenditures of the American Recovery Plan Act funding received by the City.

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

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

POB Debt Service Fund - This fund is used to account for the sources and uses of and debt service on the 2021 Pension Obligation Bonds.

City of National City
Balance Sheet
Governmental Funds
June 30, 2023

	Major Funds				
	General Fund	Housing Asset Special Revenue Fund	Housing Choice Voucher Program Special Revenue Fund	Sewer Service Special Revenue Fund	ARPA Special Revenue Fund
ASSETS					
Cash and investments	\$ 38,005,150	\$ 811,048	\$ 617,506	\$ 26,399,518	\$ 10,371,124
Receivables:					
Accounts	2,208,291	-	74,370	54,169	-
Taxes	6,594,646	-	-	19,414	-
Interest	104,408	1,203	-	33,481	-
Leases	3,155,223	-	-	-	-
Loans	-	10,329,296	-	-	-
Due from other funds	8,007,666	-	-	-	-
Due from other governments	177,406	-	-	4,078	-
Inventories and prepaid items	73,336	-	-	-	-
Land held for resale	4,021,182	1,245,000	-	-	-
Restricted cash and investments:					
Investment in Section 115 pension trust	6,668,501	-	-	-	-
Investment in Section 115 OPEB trust	3,267,926	-	-	-	-
Total assets	\$ 72,283,735	\$ 12,386,547	\$ 691,876	\$ 26,510,660	\$ 10,371,124
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,504,214	\$ -	\$ 17,331	\$ 190,827	\$ 208,385
Due to other governments	61,220	-	-	-	-
Accrued liabilities	3,027,063	8,465	43,432	37,836	-
Due to other funds	-	-	-	-	-
Deposits	118,052	-	-	-	-
Unearned revenue	1,168,467	-	-	-	10,162,739
Total liabilities	6,879,016	8,465	60,763	228,663	10,371,124
Deferred inflows of resources:					
Lease-related	3,029,498	-	-	-	-
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	3,029,498	-	-	-	-
Fund Balances:					
Nonspendable	4,094,518	-	-	-	-
Restricted	9,956,427	12,378,082	631,113	26,281,997	-
Committed	15,680,000	-	-	-	-
Assigned	9,604,056	-	-	-	-
Unassigned (deficit)	23,040,220	-	-	-	-
Total fund balances	62,375,221	12,378,082	631,113	26,281,997	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 72,283,735	\$ 12,386,547	\$ 691,876	\$ 26,510,660	\$ 10,371,124

(Continued)

**City of National City
Balance Sheet (Continued)
Governmental Funds
June 30, 2023**

	Major Funds			Total Non-major Governmental Funds	Total Governmental Funds
	Other Special Revenue Fund	Housing Authority Special Revenue Fund	POB Debt Service Fund		
ASSETS					
Cash and investments	\$ 7,981,563	\$ 16,079,966	\$ 13,951	\$ 5,929,219	\$ 106,209,045
Receivables:					
Accounts	50,785	45	-	105,166	2,492,826
Taxes	-	-	-	406,856	7,020,916
Interest	4,619	19,808	-	4,632	168,151
Leases	-	-	-	-	3,155,223
Loans	-	34,498,827	-	430,008	45,258,131
Due from other funds	-	-	-	-	8,007,666
Due from other governments	2,328,050	-	-	642,297	3,151,831
Inventories and prepaid items	-	25,805	-	-	99,141
Land held for resale	-	-	-	-	5,266,182
Restricted cash and investments:					
Investment in Section 115 pension trust	-	-	-	-	6,668,501
Investment in Section 115 OPEB trust	-	-	-	-	3,267,926
Total assets	\$ 10,365,017	\$ 50,624,451	\$ 13,951	\$ 7,518,177	\$ 190,765,538
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 325,152	\$ 230,898	\$ 2,750	\$ 1,104,120	\$ 4,583,677
Due to other governments	-	-	-	-	61,220
Accrued liabilities	27,399	3,338	-	215,797	3,363,330
Due to other funds	6,845,085	-	-	1,162,581	8,007,666
Deposits	848,339	88,273	-	-	1,054,664
Unearned revenue	-	-	-	1,088	11,332,294
Total liabilities	8,045,975	322,509	2,750	2,483,586	28,402,851
Deferred inflows of resources:					
Lease-related	-	-	-	-	3,029,498
Unavailable revenues	-	487,703	-	-	487,703
Total deferred inflows of resources	-	487,703	-	-	3,517,201
Fund Balances:					
Nonspendable	-	25,805	-	-	4,120,323
Restricted	2,319,042	49,788,434	11,201	5,910,296	107,276,592
Committed	-	-	-	-	15,680,000
Assigned	-	-	-	-	9,604,056
Unassigned (deficit)	-	-	-	(875,705)	22,164,515
Total fund balances	2,319,042	49,814,239	11,201	5,034,591	158,845,486
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,365,017	\$ 50,624,451	\$ 13,951	\$ 7,518,177	\$ 190,765,538

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City of National City
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023

Total Fund Balances - Total Governmental Funds	<u>\$ 158,845,486</u>
Amounts reported for governmental activities in the Statement of Net Position were different because:	
Capital assets used in governmental activities were not financial resources and therefore were not reported in governmental funds.	
Government-wide Statement of Net Position	178,444,289
Less: internal service funds' capital assets	<u>(4,393,241)</u>
Total capital assets	<u>174,051,048</u>
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet (net of \$5,914 in internal service funds).	
	<u>(1,449,958)</u>
Long-term liabilities were not due and payable in the current period and therefore were not reported in the governmental funds.	
Amount reported in Government-wide Statement of Net Position:	
Compensated absences - due within one year	(2,422,575)
Compensated absences - due in more than one year	(2,049,615)
Claims payable - due within one year	(2,000,747)
Claims payable - due in more than one year	(9,291,253)
Long-term debt - due within one year	(5,090,445)
Long-term debt - due in more than one year	(84,179,884)
Aggregate net pension liability	(45,551,663)
Total OPEB liability - due within one year	(396,045)
Total OPEB liability - due in more than one year	<u>(4,436,125)</u>
	<u>(155,418,352)</u>
Less: amount reported in internal service funds	
Leases payable - due within one year	159,172
Leases payable - due in more than one year	167,200
Compensated absences - due within one year	141,452
Claims payable - due within one year	2,000,747
Claims payable - due in more than one year	<u>9,291,253</u>
	<u>11,759,824</u>
Net long-term liabilities	<u>(143,658,528)</u>
Deferred outflows of resources related to pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
	35,788,081
Deferred outflows of resources related to OPEB are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
	349,084
Deferred inflows of resources related to pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
	(4,193,753)
Deferred inflows of resources related to OPEB are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
	(1,260,598)
Deferred amounts on refunding are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
	21,000
Unavailable revenues are deferred in the governmental funds, but are recognized as revenues in the Government-wide statement of Net Position.	
	487,703
Internal service funds were used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds were included in governmental activities in the Government-wide Statement of Net Position.	
	<u>17,570,554</u>
Net Position of Governmental Activities	<u>\$ 236,550,119</u>

See accompanying Notes to the Basic Financial Statements.

City of National City
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2023

	Major Funds				
	General Fund	Housing Asset Special Revenue Fund	Housing Choice Voucher Program Special Revenue Fund	Sewer Service Special Revenue Fund	ARPA Special Revenue Fund
REVENUES:					
Taxes	\$ 59,337,020	\$ -	\$ -	\$ -	\$ -
Licenses and permits	1,049,372	-	-	-	-
Fines and forfeitures	773,260	-	17,880	-	-
Use of money and property	2,101,683	161,449	2,605	134,480	-
Intergovernmental	951,725	-	14,137,120	-	4,328,333
Charges for services	3,658,791	-	-	13,242,543	-
Other revenues	1,930,299	-	-	-	-
Total revenues	69,802,150	161,449	14,157,605	13,377,023	4,328,333
EXPENDITURES:					
Current:					
General government	8,616,076	-	-	-	1,361,982
Public safety	43,438,266	-	-	-	56,561
Transportation	4,660,171	-	-	2,459	-
Community development	229,335	228,556	14,790,361	-	-
Health	-	-	-	8,959,853	-
Culture and leisure	3,863,018	-	-	-	-
Capital outlay	2,405,227	-	-	498,174	479,497
Debt service:					
Principal	324,474	-	-	-	-
Interest and fiscal charges	392,255	-	9,000	21,300	-
Total expenditures	63,928,822	228,556	14,799,361	9,481,786	1,898,040
REVENUES OVER (UNDER) EXPENDITURES	5,873,328	(67,107)	(641,756)	3,895,237	2,430,293
OTHER FINANCING SOURCES (USES):					
Transfers in	2,005,500	-	-	-	-
Transfers out	(2,567,210)	-	-	-	(2,430,293)
Total other financing sources (uses)	(561,710)	-	-	-	(2,430,293)
CHANGES IN FUND BALANCES	5,311,618	(67,107)	(641,756)	3,895,237	-
FUND BALANCES:					
Beginning of year	57,063,603	12,445,189	1,272,869	22,386,760	-
End of year	\$ 62,375,221	\$ 12,378,082	\$ 631,113	\$ 26,281,997	\$ -

(continued)

City of National City
Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)
Governmental Funds
For the Year Ended June 30, 2023

	Major Funds			Total Non-major Governmental Funds	Total Governmental Funds
	Other Special Revenue Fund	Housing Authority Special Revenue Fund	POB Debt Service Fund		
REVENUES:					
Taxes	\$ 474,719	\$ -	\$ -	\$ 5,599,663	\$ 65,411,402
Licenses and permits	494,729	-	-	-	1,544,101
Fines and forfeitures	67,314	-	-	16,566	875,020
Use of money and property	23,452	1,333,745	13,951	75,240	3,846,605
Intergovernmental	8,689,658	171,396	-	2,221,845	30,500,077
Charges for services	131,446	-	5,729,428	9,957	22,772,165
Other revenues	750	305,402	-	137,755	2,374,206
Total revenues	9,882,068	1,810,543	5,743,379	8,061,026	127,323,576
EXPENDITURES:					
Current:					
General government	1,633,163	-	2,750	-	11,613,971
Public safety	1,353,245	-	-	16,021	44,864,093
Transportation	-	-	-	1,430,116	6,092,746
Community development	83,946	814,788	-	1,011,374	17,158,360
Health	226,672	-	-	116,203	9,302,728
Culture and leisure	193,522	-	-	4,940,660	8,997,200
Capital outlay	4,457,540	194,161	-	3,833,737	11,868,336
Debt service:					
Principal	-	-	2,565,000	880,000	3,769,474
Interest and fiscal charges	-	-	3,164,428	148,770	3,735,753
Total expenditures	7,948,088	1,008,949	5,732,178	12,376,881	117,402,661
REVENUES OVER (UNDER) EXPENDITURES	1,933,980	801,594	11,201	(4,315,855)	9,920,915
OTHER FINANCING SOURCES (USES):					
Transfers in	386,814	-	-	2,725,530	5,117,844
Transfers out	(5,500)	(545,073)	-	(48,061)	(5,596,137)
Total other financing sources (uses)	381,314	(545,073)	-	2,677,469	(478,293)
CHANGES IN FUND BALANCES	2,315,294	256,521	11,201	(1,638,386)	9,442,622
FUND BALANCES:					
Beginning of year	3,748	49,557,718	-	6,672,977	149,402,864
End of year	\$ 2,319,042	\$ 49,814,239	\$ 11,201	\$ 5,034,591	\$ 158,845,486

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City of National City
Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 9,442,622
Amounts reported for governmental activities in the Statement of Activities were different because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period (net of \$437,043 added in internal service funds).	14,460,187
Depreciation and amortization expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, depreciation and amortization expense was not reported as an expenditure in the Governmental Funds. This amount did not include the depreciation and amortization expense for Internal Service Funds in the amount of \$970,453.	(6,344,527)
Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position. Principal payment of long-term debt (net of \$151,532 reported in internal service funds)	3,769,474
Amortization expenses were reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, amortization expenses were not reported as expenditures in the Governmental Funds. Bond premium/discount Deferred amount on refunding	(5,537) (4,200)
Certain long-term liabilities were reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, long-term liabilities were not reported as expenditures in governmental funds. These amounts represented the changes in long-term liabilities from prior year. Changes in compensated absences Changes in total OPEB liabilities Changes in the net pension liability	(456,618) (45,672) 32,096,494
The net effect of various miscellaneous transactions involving pension plans (i.e. deferred inflow/outflow amortization, contributions after measurement date) decreased net position.	(38,396,700)
The net effect of various miscellaneous transactions involving the OPEB plan (i.e. deferred inflow/outflow amortization) decreased net position.	82,132
Unavailable revenues in the governmental funds were reported as revenue in the Government-Wide Statement of Net Position as follows: Investment earnings Total adjustments	(4,121) <hr/> (4,121)
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Position, but it did not require the use of current financial resources. This amount represented the change in accrued interest from prior year.	377,773
Internal service funds were used by management to charge the costs of certain activities to individual funds. The net revenue of internal service funds was reported with governmental activities.	<hr/> 699,680
Change in Net Position of Governmental Activities	<hr/><hr/>\$ 15,670,987

PROPRIETARY FUND FINANCIAL STATEMENTS

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



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City of National City
Statement of Net Position
Proprietary Funds
June 30, 2023

	Governmental Activities Internal Service Funds
ASSETS	
Current assets:	
Cash and investments	\$ 25,947,541
Accounts receivable	61,565
Prepaid items and deposits	80,621
Total current assets	26,089,727
Noncurrent assets:	
Restricted cash and investments	10,334
Capital assets:	
Depreciable/amortizable assets, net of accumulated depreciation and amortization	4,393,241
Total capital assets, net	4,393,241
Total noncurrent assets	4,403,575
Total assets	30,493,302
LIABILITIES AND NET POSITION	
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	1,134,984
Salaries payable	22,026
Interest payable	5,914
Leases payable - due within one year	159,172
Compensated absences - due within one year	141,452
Claims payable - due within one year	2,000,747
Total current liabilities	3,464,295
Noncurrent liabilities:	
Leases payable - due in more than one year	167,200
Claims payable - due in more than one year	9,291,253
Total noncurrent liabilities	9,458,453
Total liabilities	12,922,748
Net Position:	
Net investment in capital assets	4,066,869
Restricted:	
Debt service	10,334
Total restricted	10,334
Unrestricted	13,493,351
Total net position	\$ 17,570,554

City of National City
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Governmental Activities Internal Service Funds
OPERATING REVENUES:	
Charges for services	\$ 12,796,393
Other	31,592
Total operating revenues	<u>12,827,985</u>
OPERATING EXPENSES:	
Operations and administration	7,079,633
Maintenance	4,556,188
Depreciation and amortization	970,453
Total operating expenses	<u>12,606,274</u>
OPERATING INCOME	<u>221,711</u>
NONOPERATING REVENUES (EXPENSES):	
Intergovernmental	21,020
Interest expense	(21,344)
Total nonoperating revenues (expenses)	<u>(324)</u>
INCOME (LOSS) BEFORE TRANSFERS	221,387
TRANSFERS	
Transfers in	478,293
Total transfers	<u>478,293</u>
CHANGES IN NET POSITION	699,680
NET POSITION:	
Beginning of year	16,870,874
End of year	<u>\$ 17,570,554</u>

City of National City
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from other funds	\$ 12,796,393
Cash payments for goods and services	(11,301,209)
Other operating revenues	31,592
Net cash provided by operating activities	<u>1,526,776</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal paid on leases	(151,532)
Acquisition of capital assets	(437,045)
Interest paid	(21,343)
Net cash (used in) capital and related financing activities	<u>(609,920)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Amounts received from other agencies	21,020
Transfers in	478,294
Net cash provided by noncapital financing activities	<u>499,314</u>
Net change in cash and cash equivalents	1,416,170
CASH AND CASH EQUIVALENTS:	
Beginning of year	<u>24,541,705</u>
End of year	<u>\$ 25,957,875</u>
RECONCILIATION TO STATEMENT OF NET POSITION:	
Cash and investments	\$ 25,947,541
Restricted cash and investments	10,334
Total cash and cash equivalents	<u>\$ 25,957,875</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 221,711
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	970,453
Changes in operating assets and liabilities:	
Prepaid items and deposits	(43,101)
Accounts payable and accrued liabilities	36,637
Salaries payable	(16,783)
Compensated absences	31,859
Claims payable	326,000
Total adjustments	<u>1,305,065</u>
Net cash provided by operating activities	<u>\$ 1,526,776</u>



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FIDUCIARY FUND FINANCIAL STATEMENTS

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

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



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City of National City
Statement of Fiduciary Net Position
Fiduciary Activities
June 30, 2023

	Custodial Fund	Successor Agency Private-Purpose Trust Fund
ASSETS		
Cash and investments	\$ 2,842,879	\$ 4,405,808
Receivables:		
Accounts	-	10,963
Loans	-	282,147
Restricted cash and investments with fiscal agent	-	26,464
Total assets	2,842,879	4,725,382
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	-	4,522,598
Total deferred outflows of resources	-	4,522,598
LIABILITIES		
Accounts payable and accrued liabilities	133,985	4,509
Interest payable	-	371,859
Long-term debt - due within one year	-	3,286,000
Long-term debt - due in more than one year	-	29,442,000
Developer deposits	2,708,894	25,000
Total liabilities	2,842,879	33,129,368
NET POSITION (DEFICIT)		
Restricted for:		
Other governments, individuals, and organizations	-	-
Held in trust for dissolution of redevelopment agency	-	(23,881,388)
Total net position (deficit)	\$ -	\$ (23,881,388)

City of National City
Statement of Changes in Fiduciary Net Position
Fiduciary Activities
For the Year Ended June 30, 2023

	Custodial Fund	Successor Agency Private-Purpose Trust Fund
ADDITIONS:		
Property taxes	\$ -	\$ 4,199,028
Investment income	-	4,675
Miscellaneous	-	200,000
Total additions	-	4,403,703
DEDUCTIONS:		
Enforceable obligations	-	4,373
Community development	2,325,938	1,264,979
Administrative expenses	-	336,873
Total deductions	2,325,938	1,606,225
Changes in net position	(2,325,938)	2,797,478
NET POSITION (DEFICIT):		
Beginning of year	2,325,938	(26,678,866)
End of year	\$ -	\$ (23,881,388)

**NOTES TO THE
BASIC FINANCIAL STATEMENTS**





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City of National City
Index to the Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

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City of National City
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

Blended Component Units

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

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

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

A. Reporting Entity (Continued)

Blended Component Units (Continued)

National City Joint Powers Financing Authority

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

Parking Authority of the City of National City

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

Community Development Commission of the City of National City

The National City Redevelopment Agency (the “RDA”), pursuant to provisions of the California Health and Safety Code, was established in April 1967 to undertake and carry out the redevelopment of certain areas within the City that were determined to be blighted. In 1975, the City formed the Housing Authority and concurrently established the Community Development Commission (the “CDC”) to oversee both the RDA and the Housing Authority. In 2012, redevelopment agencies throughout the state of California were dissolved, including the National City RDA. The CDC remains as an active entity with respect to its Housing Authority functions. The City Council is the Governing Board of the CDC. There are no separate financial statements available.

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

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

B. Basis of Accounting and Measurement Focus

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

B. Basis of Accounting and Measurement Focus (Continued)

The Statement of Net Position and Balance Sheet – Governmental Funds report separate sections for deferred outflows of resources, and deferred inflows of resources, when applicable.

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

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

Government - Wide Financial Statements

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

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

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

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

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

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

Governmental Fund Financial Statements

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

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

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

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

The City reports the following major governmental funds:

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

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

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

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

ARPA Special Revenue Fund – This fund is used to account for the proceeds and expenditures of the American Recovery Plan Act funding received by the City.

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

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

POB Debt Service Fund - This fund is used to account for the sources and uses of and debt service on the 2021 Pension Obligation Bonds.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

B. Basis of Accounting and Measurement Focus (Continued)

Fiduciary Fund Financial Statements

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

Fiduciary fund types are accounted for according to the nature of the fund. The City’s Custodial funds (Cobra Insurance and Miscellaneous Developer’s Deposits) are purely custodial in nature. These funds are used to account for money and property held by the City as trustee or custodian.

The City has one active private purpose trust fund, the Redevelopment Obligations Retirement Fund, which is used to report the assets, liabilities, and activities of the Successor Agency to the former redevelopment agency. The ***Successor Agency to the Community Development Commission as the National City Redevelopment Agency (the “Successor Agency”)*** was created by the City Council of National City (City Council) in January 2012. It was established pursuant to Assembly Bill X1 26. Its purpose is to expeditiously wind down the affairs of the dissolved Redevelopment Agency. The governing body of the Successor Agency is comprised of the members of the City Council. Certain actions of the Successor Agency Board are subject to review by the Countywide Oversight Board and the California State Department of Finance. The Successor Agency has been included in the accompanying basic financial statements as a private purpose trust fund. Its results of operations are presented on the Statement of Changes in Fiduciary Net Position.

C. Cash, Cash Equivalents and Investments

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

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

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

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

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

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

D. Fair Value Measurement

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

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

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

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

Investments that don’t fit into one of the three levels of inputs are described as “uncategorized.”

E. Leases

The City is a lessor for leases of land and recognizes leases receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance or usage of the underlying asset are not included in the measurement of the lease receivable.

At the commencement of a lease, the lease receivable is measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the average of the Local Agency Investment Fund (“LAIF”) rate and the incremental borrowing rate (“IBR”) provided by the City’s financial institutions at July 1, 2021 for existing leases or the current rate at the time a new lease is executed.
- The lease term includes the noncancelable period of the lease plus any option periods that are likely to be exercised.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

F. Inventories and Prepaid items

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

G. Restricted Assets

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

H. Interfund Transactions

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

I. Capital Assets

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

Buildings and improvements	10 -50 years
Machinery and equipment	2 -20 years
Infrastructure	25 -75 years
Radio rights	20 years

For all infrastructure systems, the City elected to use the basic approach for infrastructure reporting. The City defines infrastructure as the basic physical assets that allow the City to function. The assets include the streets, water purification and distribution system, sewer collection and treatment system, parks and recreation, lands and improvements, 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.

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

J. Land Held for Resale

Land held for resale is valued at the lower of cost or net realizable value. The reported amount is classified as nonspendable net position in the General Fund and in the Housing Special Revenue Fund.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

K. Compensated Absences

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

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

L. Long-Term Debt

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

M. Property Taxes

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

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

N. Unearned Revenue

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

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

O. Pensions

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

CalPERS:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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

P. Other Postemployment Benefits

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan (Note 12).

The following timeframes are used for OPEB reporting:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

Q. Net Position

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

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

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

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

R. Fund Balances

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

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

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

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

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

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

S. Spending Policy

Government-Wide Financial Statements and the Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in accordance with the City’s budget and the purposes for which the committed, assigned, and unassigned balances have been reported.

T. Use of Estimates

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

U. Accounting Changes

New Governmental Accounting Standards Implemented for the Year Ended June 30, 2023

GASB Statement No. 91

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

GASB Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Application of this statement did not have a significant effect on the City’s financial reporting for the fiscal year ended June 30, 2023.

GASB Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Application of this statement did not have a significant effect on the City’s financial reporting for the fiscal year ended June 30, 2023.

GASB Statement No. 99

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Application of this statement did not have a significant effect on the City’s financial reporting for the fiscal year ended June 30, 2023.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

U. Accounting Changes (Continued)

Upcoming Governmental Accounting Standards Implementation

GASB Statement No. 100

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Application of this statement is effective for the City’s fiscal year ending June 30, 2024.

GASB Statement No. 101

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Application of this statement is effective for the City’s fiscal year ending June 30, 2025.

GASB Statement No. 102

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. Application of this statement is effective for the City’s fiscal year ending June 30, 2025.

Note 2 – Cash and Investments

The following is a summary of pooled cash and investments, including cash and investments with fiscal agents at June 30, 2023.

	Governmental Activities	Fiduciary Funds Statement of Net Position	Total
Cash and investments	\$ 132,156,586	\$ 7,248,687	\$ 139,405,273
Restricted cash and investments:			
Section 115 pension trust	6,668,501	-	6,668,501
Section 115 OPEB trust	3,267,926	-	3,267,926
Held by fiscal agent	10,333	26,464	36,797
Total restricted cash and investments	9,946,760	26,464	9,973,224
Total cash and investments	\$ 142,103,346	\$ 7,275,151	\$ 149,378,497

Cash, cash equivalents and investments consisted of the following at June 30, 2023:

Petty cash	\$ 325
Deposits with financial institutions	19,830,756
Investments	119,574,192
Section 115 pension trust	6,668,501
Section 115 OPEB trust	3,267,926
Investments held by bond trustee	36,797
Total cash and investments	\$ 149,378,497

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

A. Deposits

The carrying amount of the City’s cash deposits were \$19,830,759 at June 30, 2023. Bank balances before reconciling items were \$24,250,814 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City’s name as discussed below.

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

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

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

B. Investments

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

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

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

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

** Maximum is \$50 million per account.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

B. Investments (Continued)

Investments Authorized by Debt Agreements

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

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

C. Fair Value Measurement

As of June 30, 2023, the City’s investments had the following recurring fair value measurements:

Investment Type	Level 2	Uncategorized	Total	Percent of Total
LAIF	\$ -	\$ 46,493,222	\$ 46,493,222	35.89%
Money market funds	-	43,730	43,730	0.03%
San Diego County Investment Pool	-	37,209,041	37,209,041	28.72%
Supranational	1,520,252	-	1,520,252	1.17%
Asset-backed Securities	1,265,673	-	1,265,673	0.98%
US Corporate	9,267,721	-	9,267,721	7.15%
US Treasury obligations	17,135,456	-	17,135,456	13.23%
US Agency Securities	5,941,440	-	5,941,440	4.59%
Collateralized mortgage obligations	697,657	-	697,657	0.54%
Subtotal	35,828,199	83,745,993	119,574,192	92.30%
Held by fiscal agent:				
Section 115 pension trust	-	6,668,501	6,668,501	5.15%
Section 115 OPEB trust	-	3,267,926	3,267,926	2.52%
Money market funds	-	36,797	36,797	0.03%
Subtotal	-	9,973,224	9,973,224	7.70%
Total Investments	\$ 35,828,199	\$ 93,719,217	\$ 129,547,416	100.00%

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

C. Fair Value Measurement (Continued)

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

- U.S. Treasury obligations, U.S. corporate securities, U.S. agency securities, supranationals, commercial paper, and collateralized mortgage obligations: quoted prices for identical securities in markets that are not active;
- Medium term notes: quoted prices for similar securities in active markets.

D. Risk Disclosures

Interest Rate Risk

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

As of June 30, 2023, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities		
		1 year or less	1 to 2 years	2-3 years
LAIF	\$ 46,493,222	\$ 46,493,222	\$ -	\$ -
Money market funds	43,730	43,730	-	-
San Diego County Investment Pool	37,209,041	37,209,041	-	-
Supranational	1,520,252	-	1,520,252	-
Asset-backed securities	1,265,673	-	493,385	772,288
US Corporate	9,267,721	2,158,128	1,573,473	5,536,120
US Treasury obligations	17,135,456	624,889	1,985,935	14,524,632
US Agency Securities	5,941,440	3,123,587	1,474,085	1,343,768
Collateralized mortgage obligations	697,657	697,657	-	-
Subtotal	119,574,192	90,350,254	7,047,130	22,176,808
Held by fiscal agent:				
Section 115 pension trust	6,668,501	6,668,501	-	-
Section 115 OPEB trust	3,267,926	3,267,926	-	-
Money market funds	36,797	36,797	-	-
Subtotal	9,973,224	9,973,224	-	-
Total Investments	\$ 129,547,416	\$ 100,323,478	\$ 7,047,130	\$ 22,176,808

The weighted average maturity of the portfolio was 0.77 years.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

Credit Risk

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Moody's</u>	<u>Standard & Poor's</u>
LAIF	\$ 46,493,222	not rated	not rated
Money Market Funds	43,730	Aaa	AAA
San Diego County Investment Pool	37,209,041	not rated	not rated
Supranational	1,520,252	Aaa	AAA
Asset-backed Securities	1,265,673	Various	Various
US Corporate	9,267,721	Various	Various
US Treasury obligations	17,135,456	n/a	n/a
US Agency securities	5,941,440	Aaa	AA+
Collateralized mortgage obligations	697,657	not rated	not rated
Investment in Section 115 pension trust	6,668,501	not rated	not rated
Investment in Section 115 OPEB trust	3,267,926	not rated	not rated
Investments held by bond trustee	36,797	not rated	not rated
	<u>\$ 129,547,416</u>		

Custodial Credit Risk

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

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Fair Value</u>	<u>Percentage</u>
Local Agency Investment Fund (LAIF)	California Pooled Investment Fund	\$ 46,493,222	35.89%
San Diego County Investment Pool	San Diego County Pooled Investment Fund	37,209,041	28.72%
US Treasury obligations	US Treasury Obligations	17,135,456	13.23%
PARS pension trust	Investment in Section 115 pension trust	6,668,501	5.15%
US Corporate	Corporate Medium Term Notes	9,267,721	7.15%

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

E. Investments in Local Agency Investment Fund

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City’s investments in LAIF at June 30, 2023 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

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

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

As of June 30, 2023, the City had \$46,493,222 invested in LAIF, which had invested 2.78% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where fair value is not readily available. The City valued its investments in LAIF as of June 30, 2023, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants’ total aggregate amortized cost by total aggregate fair value. The fair value of the City’s position in the pool is the same as the value of the pool shares. The credit quality rating of LAIF is unrated as of June 30, 2023.

F. Investments in San Diego County Investment Pool

The City also participates in the San Diego County Treasurer’s Pooled Money Fund which is administered by the Treasurer-Tax Collector’s Office. At June 30, 2023, the City had \$37,209,041 invested in the pool. The fair value of Commission’s investment in the pool is reported at amounts based upon the City’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). Earnings realized on investments based on amortized cost are distributed to Investment Pool participants. Section 27013 of the California Government Code authorizes the Treasurer’s Office to deduct administrative fees related to investments. The net realized earnings on investments are apportioned to the Investment Pool participants quarterly, based on the participants’ average daily balances. The County’s annual financial report for the Pool can be obtained from the Treasurer-Tax Collector at 1600 Pacific Highway, Room 162, San Diego, California, 92101 and can also be accessed at <http://www.sdtreastax.com>.

Note 3 – Leases Receivable and Related Deferred Inflows of Resources

The City leases land to third parties. Leases receivable consist of agreements with third parties for the “right-to-use” the underlying asset at various locations owned by the City. The remaining terms of the agreements range from one to 21 years. The calculated interest rates used match the City’s incremental borrowing rate at July 1, 2021.

For the fiscal year ended June 30, 2023, the City recognized \$462,488 in lease revenue and \$84,323 in interest revenue, and the outstanding receivable amount is \$3,155,223.

A summary of changes in leases receivable for the fiscal year ended June 30, 2023 is as follows:

Balance July 1, 2022	Additions	Reductions	June 30, 2023	Amounts due within one year	Amounts due in more than one year
\$ 3,559,741	\$ -	\$ (404,518)	\$ 3,155,223	\$ 420,457	\$ 2,734,766

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 3 – Leases Receivable and Related Deferred Inflows of Resources (Continued)

As of June 30, 2023, the required payments for these leases, including interest, are:

Year Ending June 30	Leases Receivable	Interest	Total
2024	\$ 420,457	\$ 74,108	\$ 494,565
2025	395,183	63,629	458,812
2026	381,226	54,154	435,380
2027	387,537	44,406	431,943
2028	336,454	35,440	371,894
2029-2033	1,099,441	70,203	1,169,644
2034-2038	98,190	7,550	105,740
2039-2043	36,735	2,342	39,077
	<u>\$ 3,155,223</u>	<u>\$ 351,832</u>	<u>\$ 3,507,055</u>

As of June 30, 2023, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

Year Ending June 30	Total
2024	\$ 453,004
2025	410,530
2026	380,192
2027	369,073
2028	313,480
2029-2033	986,196
2034-2038	87,002
2039-2043	30,021
	<u>\$ 3,029,498</u>

Note 4 – Loans Receivable

A. Government-Wide Financial Statements

At June 30, 2023, the City had the following loans receivable, including principal and accrued interest:

Morgan Tower Housing Associates, LP	\$ 14,881,415
Kimball Tower Housing Associates, LP	19,617,422
Copper Hills Apartments, LP	7,132,674
Plaza City Apartments, LP	3,422,000
Home Improvement Loan Program	23,199
First Time Home Buyers Program	2,723,653
Owner Occupied Loan Program	368,601
Rental Rehabilitation Loan Program	3,332,500
Paradise Creek, LP	5,774,496
Subtotal	<u>57,275,960</u>
Less: allowance for doubtful accounts	(12,017,829)
Total	<u>\$ 45,258,131</u>

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 4 – Loans Receivable (Continued)

A. Government-Wide Financial Statements (Continued)

Morgan Tower Housing Associates, LP

On March 28, 2019, the Community Development Commission- Housing Authority of the City of National City sold 152 units (151 affordable units and 1 manager’s unit) of housing for low-income senior households located at 1415 D Avenue in National City to Morgan Tower Housing Associates, L.P., for \$33,800,000. The CDC-HA sold only the improvements and retained fee-simple ownership of the land through a 99 year-ground lease. The CDC-HA provided a seller carryback note totaling \$15,106,284. The note carries a 55-year term with interest compounding annually at 2.91% and has a mandatory annual payment of \$222,000 that increases by 3.50% per year following the base year. An additional annual payment will be made from 50% of residual receipts. At June 30, 2023, the outstanding balance was \$14,881,415.

Kimball Tower Housing Associates, LP

On March 28, 2019, the CDC-HA sold 151 units (149 affordable units and 2 manager’s units) of housing for low-income senior households located at 1317 D Avenue, National City to Kimball Tower Housing Associates, L.P., for \$28,800,000. The CDC-HA sold only the improvements and retained fee-simple ownership of the land through a 99 year-ground lease. The CDC-HA provided a seller carryback note totaling \$19,374,337. The note carries a 55-year term with interest compounding annually at 2.91% and has a mandatory annual payment of \$253,000 that increases by 3.50% per year following the base year. An additional annual payment will be made from 50% of residual receipts. At June 30, 2023, the outstanding balance was \$19,617,422.

Copper Hills Apartment, LP

In 1999, the Community Development Commission of the City of National City (CDC) entered into several loan agreements with Copper Hills Apartments, LP. CDC Residual Receipts Note dated February 19, 1999 disclosed a loan of \$2,400,000 with 3% interest per annum for 55 years, funded by the HOME Program and Low-and-Moderate-Income Housing Funds. A second and junior to the CDC Residual Receipts Note was made on June 3, 1999 for \$4,400,000, referred to as CDC Rehabilitation Note with 3% interest per annum for 55 years and funded by the Low-and-Moderate-Income Housing Fund (currently Housing Fund). These loans were made to acquire, develop, rehabilitate and operate the multi-family apartments located at “Q” Avenue in National City, CA. This project will contain 134 apartment dwelling units following rehabilitation and renovation. At June 30, 2023, the outstanding balance was \$7,132,674 with an associated contractual allowance of \$2,367,995.

Plaza City Apartments, LP

The CDC of the City of National City entered into a Loan Agreement with Plaza City Apartments, LP on November 1, 2005 in the amount of \$2,700,000 with 3% interest per annum for 55 years. It was amended per Resolution No. 2006-202 dated September 19, 2006 which increased the loan amount by \$722,000 for a total of \$3,422,000. This loan will be used by the borrower to pay the balance of the purchase price and additional costs relating to the acquisition, demolition and development of certain real property located at 1535 Plaza Blvd., National City, CA. At June 30, 2023, the outstanding balance of loans made was \$3,422,000 with an associated contractual allowance of \$3,422,000.

Home Improvement Loan Program

The City of National City Home Improvement Loan Program was administered by the Housing Authority and funded with Community Development Block Grant funds. The loan program provided loans to owners of single-family residences that wished to rehabilitate their property, providing for safe, decent, and sanitary housing throughout National City. The loan program provided favorable terms of repayment and stopped issuing loans in 2002. At June 30, 2023, the outstanding balance of the loans made was \$23,199.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 4 – Loans Receivable (Continued)

A. Government-Wide Financial Statements (Continued)

First Time Home Buyers Program

The City of National City First-Time Homebuyer Assistance Program is currently funded through HUD HOME Investment Partnerships Program and previously was also funded with the State of California Low- and Moderate-Income Housing Set-Aside funds. The Program is currently administered by Community Housing Works, a 501(c)3 affordable housing agency that offers equity share deferred home gap financing loans to qualified borrowers. At June 30, 2023, the outstanding balance of the loans made was \$2,723,653 with an allowance for doubtful accounts of \$2,723,653.

Owner Occupied Loan Program

The City of National City Owner Occupied Loan Program is administered by the Housing Authority. The program provides loans to owners of single-family residences that wish to rehabilitate their property, providing for safe, decent, and sanitary housing throughout National City. Principal payment on the loans provided is deferred for 30 years. At June 30, 2023, the outstanding balance of the loans made was \$368,601 with an allowance for doubtful accounts of \$330,043.

Rental Rehabilitation Program

The City of National City Rental Rehabilitation Loan Program is administered by the Housing Authority and funded through HUD HOME Investment Partnerships Program and the Low- and Moderate-Income Housing Asset Fund. The program offers gap financing to developers for the rehabilitation of multi-family complexes and also provides for long-term rental assistance to deed-restricted units. At June 30, 2023, the outstanding balance of loans made was \$3,332,500 with an allowance for doubtful accounts of \$3,174,138.

Paradise Creek, LP

On June 21, 2011, the Community Development Commission of the City of National City (“Commission”), and Paradise Creek Housing Partners, L.P. (the “Developer”) entered into an agreement (Disposition and Development Agreement) for the development of 201-unit affordable housing as Phase I and II of the Transit-Oriented Infill Affordable Housing and Paradise Creek Enhancement Project (the “Project”). The Commission, in order to make the Project financially feasible, agreed to make a loan to Developer for the amount of \$6,000,000 for Phase I of the Project. During 2016, the loan receivable was transferred from the Successor Agency to the City and was recorded as a special item. As of June 30, 2023, the note receivable amount is \$5,774,496. The Developer will repay the loan with ground lease income and residual receipts to the Community Development Commission-Housing Authority of the City of National City (“CDC-HA”).

B. Fiduciary Fund Financial Statements

At June 30, 2023, the Agency had the following loans receivable, including principal and accrued interest:

National City Mile of Cars	\$	282,147
First Time Home Buyers Program		2,500,000
Subtotal		2,782,147
Less: allowance for doubtful accounts		(2,500,000)
Total	\$	282,147

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 4 – Loans Receivable (Continued)

B. Fiduciary Fund Financial Statements (Continued)

National City Mile of Cars

In July 20, 2010, the Community Development Commission of the City of National City (“Commission”), and Mile of Cars Association (“Participant”) entered into an agreement (Freeway Sign Rehabilitation Loan Agreement) for the rehabilitation of existing equipment and improvements constituting the signage. The Commission agreed to loan to the Participant the amount of \$675,000 for said improvements. As of June 30, 2023, the note receivable amount was \$282,147. The Participant agreed to execute a promissory note to repay the Commission the full amount of the rehabilitation loan plus interest.

First Time Home Buyers program

The Commission’s First-Time Homebuyer Assistance Program was funded through the HUD HOME Investment Partnerships Program and State of California Low- and Moderate-Income Housing Set-Aside funds. The Program is currently administered by Community Housing Works, a 501(c)3 affordable housing agency that offers equity share deferred home gap financing loans to qualified borrowers. At June 30, 2023, the outstanding balance of the loans made was \$2,500,000 with an allowance for doubtful accounts applied for the full balance.

Note 5 – Interfund Balances and Transactions

A. Due to/Due from other funds

At June 30, 2023, interfund receivables and payables were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Other Special Revenue Fund	\$ 6,845,085	Overdrawn Cash
General Fund	Non-Major Governmental Funds	1,162,581	Overdrawn Cash
	Total	\$ 8,007,666	

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

B. Transfers In/Out

For the year ended June 30, 2023, interfund transfers were as follows:

Transfers In	Transfers Out	Amount	Purpose
Other Special Revenue Fund	General Fund	\$ 386,814	Operating subsidy
Library Fund	General Fund	1,184,150	Operating subsidy
Parks Maintenance Fund	General Fund	838,345	Operating subsidy
Nutrition Fund	General Fund	157,901	Operating subsidy
	Subtotal	2,567,210	
General Fund	ARPA	2,000,000	Operating subsidy
Vehicle Replacement Reserve	ARPA	430,293	Vehicle purchases
	Subtotal	2,430,293	
General Fund	Other Special Revenue Fund	5,500	Overhead allocation
Nutrition Fund	Library Fund	61	Miscellaneous
Facilities Maintenance	Nutrition	48,000	Maintenance
Nutrition Fund	Housing Authority Special Revenue Fund	545,073	Operating subsidy
	Total	\$ 5,596,137	

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Capital Assets

A. Governmental Activities

A summary of changes in capital assets for governmental activities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2023
Capital assets, not being depreciated/amortized:					
Land	\$ 25,597,009	\$ -	\$ -	\$ -	\$ 25,597,009
Right of way	4,245,088	-	-	-	4,245,088
Construction in progress	28,806,065	9,431,248	-	-	38,237,313
Total capital assets, not being depreciated/amortized	58,648,162	9,431,248	-	-	68,079,410
Capital assets, being depreciated/amortized:					
Buildings and improvements	63,269,402	-	-	-	63,269,402
Machinery and equipment	23,818,498	905,678	-	-	24,724,176
Infrastructure	162,363,681	4,560,304	(86,410)	-	166,837,575
Right-to-use lease assets	598,752	-	-	-	598,752
Radio rights	1,270,763	-	-	-	1,270,763
Subtotal	251,321,096	5,465,982	(86,410)	-	256,700,668
Less accumulated depreciation/amortization					
Buildings and improvements	(39,250,820)	(2,190,873)	-	-	(41,441,693)
Machinery and equipment	(17,213,413)	(1,448,266)	-	-	(18,661,679)
Infrastructure	(81,824,326)	(3,552,428)	86,410	-	(85,290,344)
Right-to-use lease assets	(437,432)	(59,875)	-	-	(497,307)
Radio rights	(381,228)	(63,538)	-	-	(444,766)
Subtotal	(139,107,219)	(7,314,980)	86,410	-	(146,335,789)
Total capital assets, being depreciated/amortized	112,213,877	(1,848,998)	-	-	110,364,879
Total capital assets, net	\$ 170,862,039	\$ 7,582,250	\$ -	\$ -	\$ 178,444,289

Depreciation and amortization expense was charged to functions/programs as follows:

General government	\$ 991,261
Public safety	1,179,119
Transportation	3,554,894
Community development	19,875
Culture and leisure	599,378
Internal service funds	970,453
Total depreciation/amortization expense	\$ 7,314,980

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Debt

A. Governmental Activities

A summary of changes in governmental activities long-term debt for the year ended June 30, 2023 is as follows:

	Balance June 30, 2022	Debt Issued	Debt Retired	Balance June 30, 2023	Classification	
					Due within One Year	Due in More Than One Year
Long-term debt:						
Public offerings:						
2012 General Obligation Bonds	\$ 2,490,000	\$ -	\$ (315,000)	\$ 2,175,000	\$ 330,000	\$ 1,845,000
Bond premium	9,628	-	(1,605)	8,023	-	8,023
Section 108 Bonds	1,170,000	-	(565,000)	605,000	605,000	-
2017 Clean Energy Bonds	1,800,000	-	-	1,800,000	84,635	1,715,365
2017 Lease Revenue Bonds	2,933,781	-	(190,720)	2,743,061	120,936	2,622,125
2021 Pension Obligation Bonds	83,895,000	-	(2,565,000)	81,330,000	3,655,000	77,675,000
Bond discount	(142,838)	-	7,142	(135,696)	-	(135,696)
Private placements:						
Notes payable	550,588	-	(132,019)	418,569	135,702	282,867
Lease liabilities	479,639	-	(153,267)	326,372	159,172	167,200
Total long-term debt	\$ 93,185,798	\$ -	\$ (3,915,469)	\$ 89,270,329	\$ 5,090,445	\$ 84,179,884

2012 General Obligation Refunding Bonds

The City issued \$4,885,000 of general obligation bonds, 2012 General Obligation Refunding Bonds, on August 1, 2012 to refund the 2002 General Obligation Bonds. No 2002 General Obligation Bonds remain outstanding. The bonds mature annually through August 1, 2028 in the amounts ranging from \$235,000 to \$395,000 beginning August 1, 2003. The interest of the bonds is payable semi-annually on each February 1 and August 1, commencing February 1, 2004. The interest rate of the bonds ranges from 2.00% to 3.500%. The bonds are payable solely from and secured by ad valorem taxes of all property subject to taxation by the City. The bonds are subject to optional and mandatory early redemption provisions. As of June 30, 2023, the outstanding balance is \$2,175,000.

The annual debt service requirements for the 2012 General Obligation Refunding Bonds outstanding at June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 330,000	\$ 66,475	\$ 396,475
2025	340,000	56,425	396,425
2026	355,000	45,556	400,556
2027	370,000	33,544	403,544
2028	385,000	20,563	405,563
2029	395,000	6,913	401,913
Total	\$ 2,175,000	\$ 229,476	\$ 2,404,476

Section 108 Bonds

The City issued \$6,900,000 of HUD 108 Bonds, Series A on August 7, 2003 to provide funds for the construction of a fire station. The bonds mature annually through 2024 in the amount ranging from \$170,000 to \$635,000 beginning in 2005. The interest on the bonds is payable semi-annually on each February 1 and August 1, commencing February 1, 2004. As of June 30, 2023, the outstanding balance is \$605,000.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Section 108 Bonds (Continued)

The annual debt service requirements for the Section 108 Bonds outstanding at June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 605,000	\$ 8,470	\$ 613,470
Total	\$ 605,000	\$ 8,470	\$ 613,470

2017 Clean Energy Bonds and 2017 Lease Revenue Bonds

In July 2017, the National City Joint Powers Financing Authority (“NCJPFA”), pursuant to a facilities lease and facilities sublease with the City of National City, issued \$1,800,000 of taxable clean renewable energy bonds under Section 54C(a) of the Internal Revenue Code and \$3,723,602 of tax-exempt bonds to finance the cost of an energy efficiency and renewable energy program under an Energy Services Agreement with Ameresco, Inc. The bonds were purchased by Banc of America Leasing & Capital, LLC. Principal and interest payments on the bonds are the responsibility of the City and are payable semi-annually on each December 1 and June 1, commencing December 1, 2017. At June 30, 2023, the outstanding balances were \$1,800,000 and \$2,743,061 for the 2017 Clean Energy Bonds and the 2017 Lease Revenue Bonds, respectively.

The annual debt service requirements for the 2017 Clean Energy Bonds outstanding at June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 84,635	\$ 85,923	\$ 170,558
2025	90,313	81,767	172,080
2026	95,961	77,334	173,295
2027	102,409	72,611	175,020
2028	108,846	67,588	176,434
2029-2033	650,641	251,118	901,759
2034-2037	667,195	74,677	741,872
Total	\$ 1,800,000	\$ 711,018	\$ 2,511,018

The annual debt service requirements for the 2017 Lease Revenue Bonds outstanding at June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 120,936	\$ 75,151	\$ 196,087
2025	130,427	71,735	202,162
2026	140,375	68,055	208,430
2027	150,797	64,095	214,892
2028	161,712	59,842	221,554
2029-2033	991,058	224,208	1,215,266
2034-2037	1,047,756	67,523	1,115,279
Total	\$ 2,743,061	\$ 630,609	\$ 3,373,670

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

2021 Pension Obligation Bonds

On November 16, 2021, the City issued the 2021 Taxable Pension Obligation Bonds in the amount of \$83,895,000 with an original issue discount of \$142,838. The purpose of the bonds was to refinance a portion of the City’s unfunded actuarial accrued liability with respect to its payment obligations to CalPERS. The bonds accrue interest rates between 0.384% and 3.423%. Interest on the bonds is payable semiannually on each May 1 and November 1, commencing November 1, 2022. Principal is payable in annual installments ranging from \$2,565,000 to \$6,220,000, commencing November 1, 2022 through November 1, 2042. The balance at June 30, 2023, was \$81,330,000.

The annual debt service requirements for the 2021 Pension Obligation Bonds outstanding at June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 3,655,000	\$ 2,151,469	\$ 5,806,469
2025	3,680,000	2,120,767	5,800,767
2026	3,675,000	2,075,778	5,750,778
2027	3,680,000	2,018,296	5,698,296
2028	3,695,000	1,951,580	5,646,580
2029-2033	18,925,000	8,480,865	27,405,865
2034-2038	20,160,000	5,718,662	25,878,662
2039-2043	23,860,000	2,222,211	26,082,211
Total	\$ 81,330,000	\$ 26,739,628	\$ 108,069,628

Notes Payable

San Diego County Regional Communication System

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Notes Payable (Continued)

San Diego County Regional Communication System (Continued)

The annual debt service requirements for the San Diego County RCS Notes Payable outstanding at June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 135,702	\$ 11,678	\$ 147,380
2025	139,488	7,892	147,380
2026	143,379	4,001	147,380
Total	\$ 418,569	\$ 23,571	\$ 442,140

Lease Liabilities

	Balance July 1, 2022	Debt Issued	Debt Retired	Balance June 30, 2023	Classification	
					Due within One Year	Due in More Than One Year
Honeywell Lease	\$ 477,904	\$ -	\$ (151,532)	\$ 326,372	\$ 159,172	\$ 167,200
Fleet Vehicle Lease - general	1,735	-	(1,735)	-	-	-
Total	\$ 479,639	\$ -	\$ (153,267)	\$ 326,372	\$ 159,172	\$ 167,200

Honeywell Lease

A fifteen-year contract was entered into on March 16, 2010 for various energy efficiency improvements, such as the installation of a new cooling tower with variable speed fans (Civic Center), boiler replacement (Civic Center and Police Station), VFD (Police Station), and rooftop package unit replacement (Public Works, Police Station and MLK Community Center). Quarterly payments in arrears of principal and interest are \$43,101 and imply a 3.45% interest rate. The final payment will be made in 2025. The balance at June 30, 2023 on this contract was \$326,372.

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 159,172	\$ 13,232	\$ 172,404
2025	167,200	5,205	172,405
Total	\$ 326,372	\$ 18,437	\$ 344,809

Enterprise Car Lease

A ten-year contract was entered into during 2015 with Enterprise Fleet Management, Inc. to lease approximately 74 vehicles for City-use with each vehicle having a five-year payment plan. The balance at June 30, 2023 was \$0.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Debt (Continued)

B. Fiduciary Funds

A summary of changes in fiduciary funds long-term debt for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Debt Issued	Debt Retired	Balance June 30, 2023	Classification	
					Due within One Year	Due in More Than One Year
2017A Tax Allocation Refunding Bonds	\$ 34,075,000	\$ -	\$ (2,996,000)	\$ 31,079,000	\$ 3,065,000	\$ 28,014,000
2017B Tax Allocation Refunding Bonds	1,861,000	-	(212,000)	1,649,000	221,000	1,428,000
Total	\$ 35,936,000	\$ -	\$ (3,208,000)	\$ 32,728,000	\$ 3,286,000	\$ 29,442,000

2017 Series A and B Tax Allocation Refunding Bonds

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

The annual debt service requirements for the 2017 Series A Tax Allocation Bonds outstanding at June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 3,065,000	\$ 735,783	\$ 3,800,783
2025	3,139,000	658,543	3,797,543
2026	3,216,000	579,423	3,795,423
2027	2,949,000	502,669	3,451,669
2028	15,469,000	1,387,092	16,856,092
2029-2033	3,241,000	40,389	3,281,389
Total	\$ 31,079,000	\$ 3,903,899	\$ 34,982,899

The annual debt service requirements for the 2017 Series B Tax Allocation Bonds outstanding at June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 221,000	\$ 36,308	\$ 257,308
2025	224,000	31,057	255,057
2026	232,000	25,677	257,677
2027	234,000	20,178	254,178
2028	240,000	14,584	254,584
2029-2030	498,000	11,826	509,826
Total	\$ 1,649,000	\$ 139,630	\$ 1,788,630

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Debt (Continued)

B. Fiduciary Funds (Continued)

Pledged Revenues

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

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

In fiscal year 2023, property tax revenue in the amount of \$28,110,407 was deposited to the RPTTF for the Successor Agency. After deductions for County administrative fees and pass-through payments, the RPTTF revenue available for distribution to the Successor Agency was \$21,563,146. The actual amount of RPTTF revenue authorized by the State Department of Finance to be distributed to the Successor Agency was \$4,199,028. This distribution took into account previously allocated, but unspent RPTTF in previous ROPS periods and did not affect the ability of the Successor Agency to meet its debt service obligation. Total debt service for all Tax Allocation Refunding Bonds (TARBs) in fiscal year 2023 was \$4,060,660, 20% of the RPTTF revenue available for distribution to the Successor Agency. Beyond fiscal year 2023 and through final maturity in fiscal year 2033, these annual payments will gradually decline from \$4.1 million in fiscal year 2023 to \$3.3 million in fiscal year 2033. The percentage of available RPTTF required for debt service will also gradually drop as total payments decrease and the amount of available RPTTF increases because of expected growth in assessed values attributable to the former redevelopment area.

Note 8 – Compensated Absences

A summary of changes in compensated absences for the year ended June 30, 2023 is as follows:

	Balance			Classification		
	July 1, 2022	Additions	Deletions	June 30, 2023	Due within One Year	Due in More Than One Year
Compensated Absences	\$ 3,983,713	\$ 2,911,052	\$ (2,422,575)	\$ 4,472,190	\$ 2,422,575	\$ 2,049,615
Total	\$ 3,983,713	\$ 2,911,052	\$ (2,422,575)	\$ 4,472,190	\$ 2,422,575	\$ 2,049,615

The City’s liability for vested and unpaid compensated absences (accrued vacation, sick leave, and compensatory time) was \$4,472,190 at June 30, 2023. For the governmental activities, compensated absences are generally liquidated by the General Fund.

Compensated absences at June 30, 2023 are obligations of the following funds:

General Fund	\$ 4,330,738
Facilities Maintenance	43,101
Liability Insurance	6,134
Information Systems Maintenance	42,640
Motor Vehicle Services	49,577
Total	\$ 4,472,190

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Other Required Fund Disclosures

At June 30, 2023, the following funds had deficit fund balances/net position:

Fund Type	Funds	Deficit
Capital Projects Fund	Proposition A	\$ (875,705)
Fiduciary Fund	Successor Agency To the Community Development Commission of National City Private-Purpose Trust Fund	\$ (23,881,388)

Proposition A Capital Projects Fund – The Proposition A Capital Projects Fund had a deficit of \$(875,705) resulting from capital expenses for the year ended June 30, 2023 exceeding revenues. The deficit will be eliminated via future transfers in from other funds and receipt of additional Proposition A funding.

The Successor Agency to the Community Development Commission as the National City Redevelopment Agency (the “Successor Agency”) Private-Purpose Trust Fund - The Successor Agency to the Community Development Commission as the National City Redevelopment Agency Private-Purpose Trust Fund had an accumulated deficit of \$(23,881,388). The deficit will be eliminated over the next ten years through revenues received from the RPTTF to pay for debt service on the 2017 Series A and B Tax Allocation Refunding Bonds.

Governmental Activities - At June 30, 2023, the City had an unrestricted net position deficit of \$(40,208,465) on the Statement of Activities. This deficit incorporates the calculations resulting from the implementation of GASB Statement 68 (Net Pension Liability) in fiscal year 2015 and the implementation of GASB Statement 75 (Total OPEB Liability) in 2017. The City is addressing the portion of the deficit attributable to the GASB 68 reporting requirements through meeting its annual required pension contributions to CalPERS and has established an IRS Section 115 pension trust. In addition, in November 2021, the City issued pension obligation bonds and delivered the proceeds to CalPERS to pay off approximately \$83,260,000 of the City’s anticipated unfunded liability. The City is addressing the OPEB liability by establishing an IRS Section 115 OPEB trust for approximately half of the liability while continuing to budget and pay for annual OPEB costs out of current resources.

Excess Expenditures Above Appropriations

For the year ended June 30, 2023, the following funds had expenditures that exceeded appropriations:

Funds	Excess Expenditures Above Appropriations
Housing Asset Special Revenue Fund	\$ 2,672
Housing Choice Voucher Program Special Revenue Fund	215,480
Library Special Revenue Fund	68,399
Asset Forfeiture Special Revenue Fund	1,732
Library Bonds Debt Service Fund	1,559

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 10 – Self-Insurance Accrued Liabilities

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

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

The City is completely self-insured for unemployment claims.

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

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

At June 30, 2023, the City had an accrued amount of \$10,966,000 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, 2023 is dependent on future developments, based upon information from the City Attorney, outside counsel and others involved with the administration of the programs, City management believes that the aggregate accrual is adequate to cover such losses. For the past three years, no settlements or claims payments have exceeded the amount of the applicable coverage. For the past two fiscal years, the changes in the City’s liability for claims payable are summarized as follows:

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Claims liabilities - beginning balance	\$ 10,966,000	\$ 11,948,000	\$ 11,356,000
Incurred claims, representing the total of a provision for events of the current fiscal year and any change in the provision for events of prior fiscal years	2,326,747	57,029	2,207,426
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(2,000,747)</u>	<u>(1,039,029)</u>	<u>(1,615,426)</u>
Claims liabilities - ending balance	<u>\$ 11,292,000</u>	<u>\$ 10,966,000</u>	<u>\$ 11,948,000</u>

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans

A. Summary

Net Pension Liability

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

	Net Pension Liability
Miscellaneous Plan	\$ 17,146,025
Safety Plan	28,405,638
Total	\$ 45,551,663

Deferred Outflows of Resources

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

	Deferred employer pension contributions made after measurement date	Changes in assumptions	Differences between expected and actual experience	Net difference between projected and actual earnings on pension plan investments	Total pension-related deferred outflows
Miscellaneous Plan	\$ 2,443,327	\$ 2,699,412	\$ 181,863	\$ 7,231,824	\$ 12,556,426
Safety Plan	4,872,529	6,089,132	506,652	11,763,342	23,231,655
Total	\$ 7,315,856	\$ 8,788,544	\$ 688,515	\$ 18,995,166	\$ 35,788,081

Deferred Inflows of Resources

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

	Differences between expected and actual experience	Total pension-related deferred inflows
Miscellaneous Plan	\$ 1,181,559	\$ 1,181,559
Safety Plan	3,012,194	3,012,194
Total	\$ 4,193,753	\$ 4,193,753

Pension Expense

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

	Pension Expense
Miscellaneous Plan	\$ 4,796,775
Safety Plan	8,820,314
Total	\$ 13,617,089

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

B. CalPERS Pension Plans

Plan Description

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

Benefits Provided

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

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

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

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

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

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Benefits Provided (Continued)

Employees Covered – At June 30, 2021, the valuation date, the following employees were covered by the benefit terms for each plan:

	Miscellaneous	Safety
Active employees	178	122
Transferred and terminated employees	246	81
Retired employees and beneficiaries	319	241

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law (“PERL”) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year (the “normal cost” rate), with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined normal cost rate and the contribution rate of employees. For the measurement period ended June 30, 2022, the average active miscellaneous and safety employee contribution rates were 8% and 9% of annual pay, respectively, and the employer’s normal cost contribution rates were 11.52% and 21.37% of miscellaneous and safety employee annual payroll, respectively. The employer pays the annual amount required to address the plan’s unfunded accrued liability.

For the year ended June 30, 2023, the employer contributions, including for the unfunded accrued liability, were:

	Miscellaneous	Safety	Aggregate Total
Contributions - employer	\$ 2,443,327	\$ 4,872,529	\$ 7,315,856

Net Pension Liability

The City’s net pension liability is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Net Pension Liability (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.50%
Payroll growth	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.00% net of pension plan investment and administrative expenses; includes Inflation
Mortality Rate	Based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021 valuations were based on the results of a January 2015 actuarial experience study for the period 1997 to 2014. Further details of the Experience Study can be found on the CalPERS website.

Change of Assumption

In accordance with GASB 68, the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.5% (net of administrative expense in 2014) to 7.65% as of the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expenses. The discount rate was also changed from 7.65% as of the June 30, 2015 measurement date to 7.15% as of the June 30, 2016 measurement date. The CalPERS Board has approved reducing the discount rate to 6.90% for the 2021 actuarial valuation date.

Discount Rate – The discount rate used to measure the total pension liability was 6.90 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 6.90 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 6.90 percent is applied to all plans in the Public Employees’ Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS website under the GASB 68 section.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Net Pension Liability (Continued)

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

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

The long-term expected rate of return by asset class for the measurement period ended June 30, 2022 was as follows:

Asset Class	New Strategic Allocation	Real Return
Global equity - cap-weighted	30.00%	4.45%
Global equity - non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment-grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
	<u>100%</u>	

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Changes in the Net Pension Liability

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

	Miscellaneous Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2021 (Valuation Date)	\$ 147,018,442	\$ 122,973,221	\$ 24,045,221
Changes in the year:			
Service cost	2,219,469	-	2,219,469
Interest on the total pension liability	10,119,206	-	10,119,206
Changes of assumptions	4,386,544	-	4,386,544
Differences between expected and actual experience	(1,920,034)	-	(1,920,034)
Benefit payments, including refunds of members contributions	(7,879,058)	(7,879,058)	-
Plan to plan resource movement	-	-	-
Contributions - employer	-	31,300,395	(31,300,395)
Contributions - employees	-	914,564	(914,564)
Net investment income	-	(10,433,973)	10,433,973
Administrative expenses	-	(76,605)	76,605
Net changes	6,926,127	13,825,323	(6,899,196)
Balance at June 30, 2022 (Measurement Date)	<u>\$ 153,944,569</u>	<u>\$ 136,798,544</u>	<u>\$ 17,146,025</u>

	Safety Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2021 (Valuation Date)	\$ 230,957,845	\$ 177,354,909	\$ 53,602,936
Changes in the year:			
Service cost	4,670,573	-	4,670,573
Interest on the total pension liability	16,009,462	-	16,009,462
Changes of assumptions	8,736,580	-	8,736,580
Differences between expected and actual experience	(4,319,836)	-	(4,319,836)
Benefit payments, including refunds of members contributions	(11,377,372)	(11,377,372)	-
Plan to plan resource movement	-	-	-
Contributions - employer	-	64,869,673	(64,869,673)
Contributions - employees	-	1,591,842	(1,591,842)
Net investment income	-	(16,056,956)	16,056,956
Administrative expenses	-	(110,482)	110,482
Net changes	13,719,407	38,916,705	(25,197,298)
Balance at June 30, 2022 (Measurement Date)	<u>\$ 244,677,252</u>	<u>\$ 216,271,614</u>	<u>\$ 28,405,638</u>

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

Changes in the Net Pension Liability (Continued)

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

	Plan's Aggregate Net Pension Liability/(Asset)		
	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90)
Miscellaneous Plan	\$ 37,364,341	\$ 17,146,025	\$ 458,990
Safety Plan	\$ 62,444,974	\$ 28,405,638	\$ 630,264
Aggregate Total	\$ 99,809,315	\$ 45,551,663	\$ 1,089,254

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

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

For the year ended June 30, 2023, the City recognized pension expense in the amounts of \$4,796,775 and \$8,820,314, for the Miscellaneous and Safety plans, respectively.

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

The Expected Average Remaining Service Lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSLs for the Miscellaneous and Safety plans, respectively, for the 2021-22 measurement period are 2.6 and 3.3 years, respectively, which was obtained by dividing the total service years of 1,945 and 1,453, respectively, (the sum of remaining service lifetimes of the active employees) by 734 and 444, respectively, (the total number of participants: active, inactive, and retired).

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

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

At June 30, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Contributions after measurement date	\$ 2,443,327	\$ -
Changes of assumptions	2,699,412	-
Difference between expected and actual experience	181,863	(1,181,559)
Difference between projected and actual earning on pension plan investments	7,231,824	-
Total	\$ 12,556,426	\$ (1,181,559)

Safety Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Contributions after measurement date	\$ 4,872,529	\$ -
Changes of assumptions	6,089,132	-
Difference between expected and actual experience	506,652	(3,012,194)
Difference between projected and actual earning on pension plan investments	11,763,342	-
Total	\$ 23,231,655	\$ (3,012,194)

Aggregate Totals		
	Deferred outflows of Resources	Deferred inflows of Resources
Contributions after measurement date	\$ 7,315,856	\$ -
Changes of assumptions	8,788,544	-
Difference between expected and actual experience	688,515	(4,193,753)
Difference between projected and actual earning on pension plan investments	18,995,166	-
Total	\$ 35,788,081	\$ (4,193,753)

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

B. CalPERS Pension Plans (Continued)

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

For the Miscellaneous Plan and Safety Plan, \$2,443,327 and \$4,872,529, respectively, were reported as deferred outflows of resources related to pensions resulting from City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/ (Inflows) of Resources		
	Miscellaneous	Safety	Total
2024	\$ 2,423,401	\$ 3,988,051	\$ 6,411,452
2025	1,774,601	3,440,962	5,215,563
2026	784,848	1,882,759	2,667,607
2027	3,948,690	6,035,160	9,983,850
2028	-	-	-
Thereafter	-	-	-
	\$ 8,931,540	\$ 15,346,932	\$ 24,278,472

Note 12 – Other Postemployment Benefits

Plan Description

The City provides postemployment health benefits through a single-employer defined benefit plan administered by the City. The City provides a fixed dollar contribution towards retiree health benefits for approximately 101 retirees. In addition, 350 employees are currently working and earning service credit for eligibility for a City contribution for retiree health benefits. To be eligible for a City contribution, an employee must retire from the City and commence pension benefits under CalPERS on or after age 50 with at least 20 years of service (five years for management and executive employees) with the City. The City provides a fixed dollar monthly contribution equal to \$10 (\$20 for management, executive, and safety employees) times years of service. Employees may receive the contribution to use towards non-City health insurance, if evidence of coverage is provided. The City’s contribution is payable until Medicare eligibility, except management and executive employees are eligible for the City’s contribution during their lifetime. There are no plan assets accumulated in a GASB-compliant trust.

Eligibility

Membership of the plan consisted of the following at June 30, 2023, the date of the latest actuarial valuation:

Active plan members	350
Retirees	101
Total	451

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – Other Postemployment Benefits (Continued)

Total OPEB Liability

The City’s total OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The total OPEB liability at June 30, 2023 was:

Total OPEB liability	\$	4,832,170
Total OPEB liability	\$	4,832,170

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.13%
Inflation	2.50%
Aggregate payroll increases	2.80%
Expected long-term investment rate of return	n/a
Mortality, Termination, and Disability	CalPERS 1997-2014
Mortality Improvement Scale	Modified MP-2014, which converge to ultimate mortality improvement rates in 2022.
Pre-retirement turnover	Ranging from 0.01% to 17.42% based on termination rates under the CalPERS pension plan.
Healthcare Trend Rate	An annual healthcare cost trend rate of 7.0% initially reduced by decrements to an ultimate of 4.5% thereafter.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2007 through June 30, 2014.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13 percent at the measurement date of June 30, 2023. It was changed from 4.09 percent at the measurement dated of June 30, 2021. This discount rate is the mid-point, rounded to five basis points, of the range of 3-20 year municipal bond rate indices; S&P Municipal bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO AA 20 Year Bond Index.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – Other Postemployment Benefits (Continued)

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	\$ 4,786,498
Changes Recognized for the Measurement Period:	
Service Cost	163,178
Interest on the total OPEB liability	196,473
Changes of benefit terms	-
Difference between expected and actual experience	(2,960)
Changes of assumptions	(16,218)
Contributions from the employer	-
Net investment income	-
Administrative expenses	-
Benefit payments	(294,801)
Net Changes during July 1, 2022 to June 30, 2023	45,672
Balance at June 30, 2023 (Measurement Date)	\$ 4,832,170

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

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current discount rate:

Plan's Total OPEB Liability		
Discount Rate - 1% (3.13%)	Current Discount Rate (4.13%)	Discount Rate + 1% (5.13%)
\$ 5,264,325	\$ 4,832,170	\$ 4,452,394

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

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.75 percent decreasing to 3.5 percent) or 1-percentage-point higher (7.75 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

Plan's Total OPEB Liability		
Discount Rate - 1% (5.75% decreasing to 3.5%)	Healthcare Cost Trend Rates (6.75% decreasing to 4.5%)	Discount Rate + 1% (7.75% decreasing to 5.5%)
\$ 4,830,687	\$ 4,832,170	\$ 4,833,210

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – Other Postemployment Benefits (Continued)

Contributions

The contribution requirements of plan members and the City are established by and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2023, the City contributed \$294,801 to the plan for current premiums. In fiscal year 2021, the City established an IRS Section 115 OPEB trust. The balance at June 30, 2023 is \$3,267,926. This balance is not included in the calculation of the total OPEB liability.

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

For the fiscal year ended June 30, 2023, the City recognized OPEB expense of \$258,341.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 347,442
Changes of assumptions	349,084	913,156
Total	\$ 349,084	\$ 1,260,598

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

Measurement Period Ended June 30,	Deferred Outflows/ (Inflows) of Resources
2024	\$ (101,310)
2025	(101,310)
2026	(94,650)
2027	(69,510)
2028	(69,514)
Thereafter	(475,220)
	\$ (911,514)

Note 13 – Commitments and Contingencies

Litigation

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

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 13 – Commitments and Contingencies (Continued)

Grants

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

Contractual Commitments

The City has contractual and regulatory commitments that will result in expenses in future fiscal years. These include operating and capital contractual commitments. As of June 30, 2023, the City had a total of 392 contractual commitments with a remaining balance of \$74,652,141. The following table represents the City’s contractual commitments by contract type.

Construction	\$ 16,285,771
Consulting services	51,230,116
Legal services	1,069,258
Professional services	<u>6,066,996</u>
Total contractual commitments	<u><u>\$ 74,652,141</u></u>

Encumbrances

At June 30, 2023, the amount of encumbrances within the governmental funds that are expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$ 3,449,464
Housing Asset Fund	105,834
Housing Choice Voucher Program Fund	17,842
Sewer Service Fund	2,153,308
ARPA Fund	2,261,859
Other Special Revenue Fund	6,488,944
Housing Authority Fund	462,287
Aggregate non-major funds	<u>4,730,534</u>
Total encumbrances	<u><u>\$ 19,670,072</u></u>

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 14 – Classification of Fund Balances

The City classifies fund balances, as shown on the *Balance Sheet – Governmental Funds* as of June 30, 2023 as follows:

	Major Funds								Other Governmental Funds	Total
	General	Housing	Housing Choice Voucher Program	Sewer Service	ARPA Special Revenue	Other Special Revenue	Housing Authority Special Revenue	POB Debt Service		
Nonspendable										
Land held for resale	\$ 4,021,182	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,021,182
Inventories and prepaid items	73,336	-	-	-	-	-	25,805	-	-	99,141
Total nonspendable	4,094,518	-	-	-	-	-	25,805	-	-	4,120,323
Restricted										
Housing	-	12,378,082	631,113	-	-	2,319,042	49,788,434	-	-	65,116,671
Debt service	-	-	-	-	-	-	-	11,201	947,723	958,924
Community development	20,000	-	-	-	-	-	-	-	1,467,620	1,487,620
Public safety	-	-	-	-	-	-	-	-	208,446	208,446
Transportation	-	-	-	-	-	-	-	-	1,305,265	1,305,265
General services	-	-	-	26,281,997	-	-	-	-	1,981,242	28,263,239
Section 115 OPEB trust	3,267,926	-	-	-	-	-	-	-	-	3,267,926
Section 115 pension trust	6,668,501	-	-	-	-	-	-	-	-	6,668,501
Total restricted	9,956,427	12,378,082	631,113	26,281,997	-	2,319,042	49,788,434	11,201	5,910,296	107,276,592
Committed										
Facilities maintenance	2,880,000	-	-	-	-	-	-	-	-	2,880,000
Economic contingency	12,800,000	-	-	-	-	-	-	-	-	12,800,000
Total committed	15,680,000	-	-	-	-	-	-	-	-	15,680,000
Assigned										
Accrued employee benefits	4,330,737	-	-	-	-	-	-	-	-	4,330,737
Community development	650,900	-	-	-	-	-	-	-	-	650,900
Public safety	43,435	-	-	-	-	-	-	-	-	43,435
Transportation	1,646,522	-	-	-	-	-	-	-	-	1,646,522
General Services	2,932,462	-	-	-	-	-	-	-	-	2,932,462
Total assigned	9,604,056	-	-	-	-	-	-	-	-	9,604,056
Unassigned (deficit)	23,040,220	-	-	-	-	-	-	-	(875,705)	22,164,515
Total fund balances	\$ 62,375,221	\$ 12,378,082	\$ 631,113	\$ 26,281,997	\$ -	\$ 2,319,042	\$ 49,814,239	\$ 11,201	\$ 5,034,591	\$ 158,845,486

Categorization of Reserves under Adopted City Policies

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

- 1) ***Section 115 Pension Trust*** – represents funds that may be used only for pension-related costs and only upon the direction of City Council. The target level for this reserve is an amount equal to two years of unfunded liability payments as determined by the most recent CalPERS valuation reports. The amount in the Section 115 Pension Trust reserve as of June 30, 2023 was \$6,668,501.
- 2) ***Section 115 OPEB Trust*** – represents funds that may be used only for other post-employment benefit (OPEB)-related costs and only upon the direction of City Council. The target level for this reserve is an amount equal to 80% of the total net OPEB liability of the City’s OPEB plan. The amount in the Section 115 OPEB Trust reserve as of June 30, 2023 was \$3,267,926.
- 3) ***Economic Contingency Reserve*** – represents funds that are set-aside for use only in exceptional circumstances such as catastrophic events that could negatively impact the financial condition of the City. The targeted funding level is 20% of a single year’s budgeted General Fund operating expenditures. City Policy requires approval of the City Council by resolution to authorize draws on this reserve or to increase the amount. The amount of the contingency reserve as of June 30, 2023 was \$12,800,000 and is equal to the target level.
- 4) ***Facilities Maintenance Reserve*** – represents funds that are set aside for extraordinary major maintenance costs that cannot be met within the annual budgeted amount and for which no other funding source is available. The targeted reserve level represents three times the annual amount to be budgeted for major maintenance projects. City Council approval is required for all additions to or transfers and expenditures from this reserve. The amount of the Facilities Maintenance Reserve as of June 30, 2023 was \$2,880,000 and is equal to the target level.

City of National City
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 14 – Classification of Fund Balances (Continued)

Categorization of Reserves under Adopted City Policies (Continued)

- 5) **Unassigned Fund Balance** – The City’s policy is to maintain an unassigned fund balance equal to 10% of a single year’s budgeted General Fund operating expenditures. Amounts in excess of the target level will be used to increase or replenish other reserves (with priority given to the Economic Contingency and Facilities Maintenance reserves), to set aside resources for specific one-time uses, or as a funding source for one-time expenditures included in the annual budget or for needs that arise subsequent to budget adoption. As of June 30, 2023, the unassigned fund balance was \$23,040,220 which is above the target level of \$6.1 million.

Note 15 – Net Investment in Capital Assets

At June 30, 2023, the net investment in capital assets category of net position for the governmental-activities was calculated as follows:

	Net Investment in Capital Assets
Non-depreciable/amortizable capital assets	\$ 68,079,410
Depreciable/amortizable capital assets, net	110,364,879
Deferred loss on refunding	21,000
2012 General Obligation Bonds	(2,175,000)
Bond premium	(8,023)
Section 108 Bonds	(605,000)
2017 Clean Energy Bonds	(1,800,000)
2017 Lease Revenue Bonds	(2,743,061)
Notes payable	(418,569)
Lease liabilities	(326,372)
Total net investment in capital assets	\$ 170,389,264

Note 16 – Subsequent Events

In Fiscal Year 2023, the City received \$97,242.64 in settlement funds from the opioid distributor class action lawsuits. The City received a further \$379,707.50 in settlement funds in Fiscal Years 2024 and 2025 (\$485,421.37 to date). The funds are administered by the State’s Department of Health Care Services (DHCS). The State mandates that the funds are spent on opioid and substance use disorder (SUD) remediation activities, but does not have a deadline for the City to fully expend the funds. The Finance Department submits annual reporting to the State to detail expenditures and their role in SUD remediation activities.

The City has not expended or committed any of the funds to date. The Finance Department is currently working closely with Community Development and the City’s Homeless Outreach Team to develop a plan to use the funds to enhance existing outreach activities and complement grant funding available to the City to remediate SUD in the local community. The current timeline is to bring a plan forward to the Council for approval sometime this fall, with implementation in early 2025. When spending does begin, the expenditures will be tracked in a separate expenditure account and reported to the State for annual review.

**REQUIRED SUPPLEMENTARY
INFORMATION**





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City of National City
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2023

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

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

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

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

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

City of National City
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 57,690,453	\$ 57,690,453	\$ 59,337,020	\$ 1,646,567
Licenses and permits	821,924	1,189,924	1,049,372	(140,552)
Fines and forfeitures	518,300	518,300	773,260	254,960
Use of money and property	949,399	949,399	2,101,683	1,152,284
Intergovernmental	1,025,558	1,025,558	951,725	(73,833)
Charges for services	3,038,052	3,529,080	3,658,791	129,711
Other revenues	795,891	810,889	1,930,299	1,119,410
Total revenues	<u>64,839,577</u>	<u>65,713,603</u>	<u>69,802,150</u>	<u>4,088,547</u>
EXPENDITURES:				
Current:				
General government	8,852,727	9,647,309	8,616,076	1,031,233
Public safety	42,410,936	42,669,570	43,438,266	(768,696)
Transportation	4,032,032	5,373,283	4,660,171	713,112
Community development	537,172	537,172	229,335	307,837
Culture and leisure	4,111,068	4,366,408	3,863,018	503,390
Capital outlay	1,985,000	7,348,930	2,405,227	4,943,703
Debt service:				
Principal	322,738	322,738	324,474	(1,736)
Interest and fiscal charges	392,256	392,256	392,255	1
Total expenditures	<u>62,643,929</u>	<u>70,657,666</u>	<u>63,928,822</u>	<u>6,728,844</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,195,648</u>	<u>(4,944,063)</u>	<u>5,873,328</u>	<u>10,817,391</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,005,500	2,005,500
Transfers out	-	-	(2,567,210)	(2,567,210)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(561,710)</u>	<u>(561,710)</u>
Net change in fund balance	<u>\$ 2,195,648</u>	<u>\$ (4,944,063)</u>	<u>5,311,618</u>	<u>\$ 10,255,681</u>
Fund Balance:				
Beginning of year			57,063,603	
End of year			<u>\$ 62,375,221</u>	

City of National City
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – Housing Asset Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 125,000	\$ 125,000	\$ 161,449	\$ 36,449
Total revenues	125,000	125,000	161,449	36,449
EXPENDITURES:				
Current:				
Community development	185,222	225,884	228,556	(2,672)
Total expenditures	185,222	225,884	228,556	(2,672)
Net change in fund balance	\$ (60,222)	\$ (100,884)	(67,107)	\$ 33,777
Fund Balance:				
Beginning of year			12,445,189	
End of year			\$ 12,378,082	

City of National City
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – Housing Choice Voucher Program Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 30,000	\$ 30,000	\$ 17,880	\$ (12,120)
Use of money and property	150	150	2,605	2,455
Intergovernmental	15,021,492	15,021,492	14,137,120	(884,372)
Total revenues	<u>15,051,642</u>	<u>15,051,642</u>	<u>14,157,605</u>	<u>(894,037)</u>
EXPENDITURES:				
Current:				
Community development	14,705,841	14,855,841	14,790,361	(65,480)
Capital outlay	-	150,000	-	(150,000)
Interest and fiscal charges	9,000	9,000	9,000	-
Total expenditures	<u>14,714,841</u>	<u>15,014,841</u>	<u>14,799,361</u>	<u>(215,480)</u>
Net change in fund balance	<u>\$ 336,801</u>	<u>\$ 36,801</u>	<u>(641,756)</u>	<u>\$ (678,557)</u>
Fund Balance:				
Beginning of year			1,272,869	
End of year			<u>\$ 631,113</u>	

City of National City
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – Sewer Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 134,480	\$ 134,480
Charges for services	9,931,785	11,669,873	13,242,543	1,572,670
Total revenues	<u>9,931,785</u>	<u>11,669,873</u>	<u>13,377,023</u>	<u>1,707,150</u>
EXPENDITURES:				
Current:				
General government	-	92,003	-	(92,003)
Health	8,995,569	9,296,458	8,959,853	336,605
Capital outlay	2,000,000	5,582,546	498,174	5,084,372
Debt service:				
Interest and fiscal charges	-	-	21,300	(21,300)
Total expenditures	<u>10,995,569</u>	<u>14,971,007</u>	<u>9,481,786</u>	<u>5,310,133</u>
Net change in fund balance	<u>\$ (1,063,784)</u>	<u>\$ (3,301,134)</u>	3,895,237	<u>\$ 7,196,371</u>
Fund Balance:				
Beginning of year			<u>22,386,760</u>	
End of year			<u>\$ 26,281,997</u>	

City of National City
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – ARPA Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 9,005,454	\$ 9,005,454	\$ 4,328,333	\$ (4,677,121)
Total revenues	<u>9,005,454</u>	<u>9,005,454</u>	<u>4,328,333</u>	<u>(4,677,121)</u>
EXPENDITURES:				
Current:				
General government	2,500,000	3,557,020	1,361,982	2,195,038
Public safety	-	69,706	56,561	13,145
Capital outlay	-	5,315,440	479,497	4,835,943
Total expenditures	<u>2,500,000</u>	<u>8,942,166</u>	<u>1,898,040</u>	<u>7,044,126</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>6,505,454</u>	<u>63,288</u>	<u>2,430,293</u>	<u>2,367,005</u>
OTHER FINANCING (USES):				
Transfers out	-	-	(2,430,293)	(2,430,293)
Total other financing (uses)	-	-	(2,430,293)	(2,430,293)
Net change in fund balance	<u>\$ 6,505,454</u>	<u>\$ 63,288</u>	<u>-</u>	<u>\$ (63,288)</u>
Fund Balance:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of National City
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – Other Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 491,036	\$ 491,036	\$ 474,719	\$ (16,317)
Licenses and permits	227,000	227,000	494,729	267,729
Fines and forfeitures	24,600	24,600	67,314	42,714
Use of money and property	-	-	23,452	23,452
Intergovernmental	609,685	1,063,936	8,689,658	7,625,722
Charges for services	41,000	41,000	131,446	90,446
Other revenues	1,500	1,500	750	(750)
Total revenues	<u>1,394,821</u>	<u>1,849,072</u>	<u>9,882,068</u>	<u>8,032,996</u>
EXPENDITURES:				
Current:				
General government	1,360,000	7,079,914	1,633,163	5,446,751
Public safety	1,020,660	1,721,152	1,353,245	367,907
Community development	-	119,110	83,946	35,164
Health	208,796	224,335	226,672	(2,337)
Culture and leisure	169,665	256,586	193,522	63,064
Capital outlay	-	22,018,258	4,457,540	17,560,718
Total expenditures	<u>2,759,121</u>	<u>31,419,355</u>	<u>7,948,088</u>	<u>23,471,267</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,364,300)</u>	<u>(29,570,283)</u>	<u>1,933,980</u>	<u>31,504,263</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	386,814	386,814
Transfers out	-	-	(5,500)	(5,500)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>381,314</u>	<u>381,314</u>
Net change in fund balance	<u>\$ (1,364,300)</u>	<u>\$ (29,570,283)</u>	<u>2,315,294</u>	<u>\$ 31,885,577</u>
Fund Balance:				
Beginning of year			<u>3,748</u>	
End of year			<u>\$ 2,319,042</u>	



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City of National City
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – Housing Authority Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 770,073	\$ 770,073	\$ 1,333,745	\$ 563,672
Intergovernmental	-	10,476,527	171,396	(10,305,131)
Other revenues	86,000	86,000	305,402	219,402
Total revenues	856,073	11,332,600	1,810,543	(9,522,057)
EXPENDITURES:				
Current:				
Community development	1,016,566	1,716,929	814,788	902,141
Capital outlay	217,950	500,711	194,161	306,550
Total expenditures	1,234,516	2,217,640	1,008,949	1,208,691
REVENUES OVER (UNDER) EXPENDITURES	(378,443)	9,114,960	801,594	(8,313,366)
OTHER FINANCING (USES):				
Transfers out	-	-	(545,073)	(545,073)
Total other financing (uses)	-	-	(545,073)	(545,073)
Net change in fund balance	\$ (378,443)	\$ 9,114,960	256,521	\$ (8,858,439)
Fund Balance:				
Beginning of year			49,557,718	
End of year			<u>\$ 49,814,239</u>	

City of National City
Required Supplementary Information (Unaudited) (Continued)
Schedules of Changes in the Net Pension Liability and Related Ratios
Last Ten Fiscal Years*
For the Year Ended June 30, 2023

City Miscellaneous Plan

	2021-2022	2020-2021	2019-2020	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Total pension liability									
Service cost	\$ 2,219,469	\$ 2,104,183	\$ 2,086,122	\$ 2,212,767	\$ 2,282,129	\$ 2,118,219	\$ 1,825,480	\$ 1,811,929	\$ 1,937,067
Interest on total pension liability	10,119,206	9,982,628	9,588,327	9,170,414	8,802,231	8,488,639	8,268,915	7,985,539	7,748,026
Changes in assumptions	4,386,544	-	-	-	(953,437)	7,027,519	-	(1,944,963)	-
Differences between expected and actual experience	(1,920,034)	909,313	1,074,893	147,608	371,057	(1,231,712)	(975,368)	(1,691,529)	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(7,879,058)	(7,266,866)	(6,889,353)	(6,210,287)	(5,885,469)	(5,555,553)	(5,253,955)	(4,995,309)	(4,818,483)
Net change in total pension liability	6,926,127	5,729,258	5,859,989	5,320,502	4,616,511	10,847,112	3,865,072	1,165,667	4,866,610
Total pension liability - beginning	147,018,442	141,289,184	135,429,195	130,108,693	125,492,182	114,645,070	110,779,998	109,614,331	104,747,721
Total pension liability - ending (a)	\$ 153,944,569	\$ 147,018,442	\$ 141,289,184	\$ 135,429,195	\$ 130,108,693	\$ 125,492,182	\$ 114,645,070	\$ 110,779,998	\$ 109,614,331
Plan fiduciary net position									
Contributions - employer	\$ 31,300,395	\$ 4,120,557	\$ 3,888,994	\$ 3,370,946	\$ 2,953,421	\$ 2,854,739	\$ 2,367,548	\$ 2,056,706	\$ 1,956,344
Contributions - employee	914,564	859,274	944,908	1,041,592	933,458	858,901	820,175	895,912	767,784
Investment income (net of administrative expenses)	(10,433,973)	23,035,688	4,925,312	6,286,416	7,575,282	9,198,616	415,274	1,859,184	12,778,105
Benefit payments	(7,879,058)	(7,266,866)	(6,889,353)	(6,210,287)	(5,885,469)	(5,555,553)	(5,253,955)	(4,995,309)	(4,818,483)
Plan to plan resource movement	-	-	-	-	(221)	-	(135)	-	-
Administrative expenses	(76,605)	(102,218)	(140,408)	(67,699)	(406,601)	(122,207)	(51,483)	(94,900)	-
Net change in plan fiduciary net position	13,825,323	20,646,435	2,729,453	4,420,968	5,169,870	7,234,496	(1,702,576)	(278,407)	10,683,750
Plan fiduciary net position - beginning	122,973,221	102,326,786	99,597,333	95,176,365	90,006,495	82,771,999	84,474,575	84,752,982	74,069,232
Plan fiduciary net position - ending (b)	\$ 136,798,544	\$ 122,973,221	\$ 102,326,786	\$ 99,597,333	\$ 95,176,365	\$ 90,006,495	\$ 82,771,999	\$ 84,474,575	\$ 84,752,982
Net pension liability - ending (a)-(b)	\$ 17,146,025	\$ 24,045,221	\$ 38,962,398	\$ 35,831,862	\$ 34,932,328	\$ 35,485,687	\$ 31,873,071	\$ 26,305,423	\$ 24,861,349
Plan fiduciary net position as a percentage of the total pension liability	88.86%	83.64%	72.42%	73.54%	73.15%	71.72%	72.20%	76.25%	77.32%
Covered payroll	\$ 11,215,102	\$ 11,606,086	\$ 11,276,333	\$ 11,582,137	\$ 11,885,467	\$ 10,724,047	\$ 10,126,926	\$ 9,742,081	\$ 9,853,337
Net pension liability as a percentage of covered-employee payroll	152.88%	207.18%	345.52%	309.37%	293.91%	330.90%	314.74%	270.02%	252.31%

Notes to Schedule:

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

Changes in assumptions: In 2023, the discount rate was reduced from 7.15% to 6.90%. In 2018, demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expenses) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

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

City of National City
Required Supplementary Information (Unaudited) (Continued)
Schedules of Changes in the Net Pension Liability and Related Ratios (Continued)
Last Ten Fiscal Years *
For the Year Ended June 30, 2023

City Safety Plan

	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Total pension liability									
Service cost	\$ 4,670,573	\$ 4,028,937	\$ 4,127,384	\$ 4,023,972	\$ 4,006,475	\$ 3,730,242	\$ 3,143,806	\$ 3,185,323	\$ 3,249,200
Interest on total pension liability	16,009,462	15,639,864	14,940,058	14,344,993	13,628,845	12,890,015	12,491,615	12,122,308	11,761,448
Changes in assumptions	8,736,580	-	-	-	(922,226)	10,998,755	-	(3,049,086)	-
Differences between expected and actual experience	(4,319,836)	1,427,840	(22,405)	1,773,685	3,413,390	(1,384,693)	(2,263,779)	(2,416,366)	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(11,377,372)	(10,871,690)	(10,445,430)	(9,705,935)	(9,097,472)	(8,735,024)	(8,368,654)	(8,022,441)	(7,719,645)
Net change in total pension liability	13,719,407	10,224,951	8,599,607	10,436,715	11,029,012	17,499,295	5,002,988	1,819,738	7,291,003
Total pension liability - beginning	230,957,845	220,732,894	212,133,287	201,696,572	190,667,560	173,168,265	168,165,277	166,345,539	159,054,536
Total pension liability - ending (a)	\$ 244,677,252	\$ 230,957,845	\$ 220,732,894	\$ 212,133,287	\$ 201,696,572	\$ 190,667,560	\$ 173,168,265	\$ 168,165,277	\$ 166,345,539
Plan fiduciary net position									
Contributions - employer	\$ 64,869,673	\$ 7,850,354	\$ 7,377,465	\$ 6,484,462	\$ 5,838,406	\$ 5,748,626	\$ 4,978,090	\$ 4,463,726	\$ 4,190,264
Contributions - employee	1,591,842	1,488,276	1,492,776	1,371,743	1,357,948	1,238,443	1,109,955	1,047,676	983,295
Investment income (net of administrative expenses)	(16,056,956)	33,123,497	7,091,313	8,798,970	10,630,597	12,739,410	584,907	2,587,755	17,466,806
Benefit payments	(11,377,372)	(10,871,690)	(10,445,430)	(9,705,935)	(9,097,472)	(8,735,024)	(8,368,654)	(8,022,441)	(7,719,645)
Plan to plan resource movement	-	-	-	-	(311)	-	135	-	-
Administrative expenses	(110,482)	(145,755)	(198,201)	(95,127)	(567,286)	(169,427)	(71,013)	(131,164)	-
Net change in plan fiduciary net position	38,916,705	31,444,682	5,317,923	6,854,113	8,161,882	10,822,028	(1,766,580)	(54,448)	14,920,720
Plan fiduciary net position - beginning	177,354,909	145,910,227	140,592,304	133,738,191	125,576,309	114,754,281	116,520,861	116,575,309	101,654,589
Plan fiduciary net position - ending (b)	\$ 216,271,614	\$ 177,354,909	\$ 145,910,227	\$ 140,592,304	\$ 133,738,191	\$ 125,576,309	\$ 114,754,281	\$ 116,520,861	\$ 116,575,309
Net pension liability - ending (a)-(b)	\$ 28,405,638	\$ 53,602,936	\$ 74,822,667	\$ 71,540,983	\$ 67,958,381	\$ 65,091,251	\$ 58,413,984	\$ 51,644,416	\$ 49,770,230
Plan fiduciary net position as a percentage of the total pension liability	88.39%	76.79%	66.10%	66.28%	66.31%	65.86%	66.27%	69.29%	70.08%
Covered payroll	\$ 14,296,213	\$ 13,456,702	\$ 13,576,921	\$ 13,034,797	\$ 12,898,732	\$ 11,939,450	\$ 11,157,745	\$ 11,228,972	\$ 10,916,911
Net pension liability as a percentage of covered-employee payroll	198.69%	398.34%	551.10%	548.85%	526.86%	545.18%	523.53%	459.92%	455.90%

Notes to Schedule:

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

Changes in assumptions: In 2023, the discount rate was reduced from 7.15% to 6.90%. In 2018, demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expenses) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

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

City of National City
Required Supplementary Information (Unaudited) (Continued)
Schedules of Pension Contributions
Last Ten Fiscal Years
For the Year Ended June 30, 2023

City Miscellaneous Plan - 172

Measurement Period	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Actuarially determined contribution	\$ 2,443,327	\$ 4,487,300	\$ 4,120,557	\$ 3,888,994	\$ 3,371,801	\$ 2,953,694	\$ 2,854,739	\$ 2,367,548	\$ 2,056,706	\$ 1,956,344
Contributions in relation to the actuarially determined contributions	(2,443,327)	(31,300,395)	(4,120,557)	(3,888,994)	(3,371,801)	(2,953,694)	(2,854,739)	(2,367,548)	(2,056,706)	(1,956,344)
Contribution deficiency (excess)	\$ -	\$ (26,813,095)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll ^{2,3}	\$ 11,523,517	\$ 11,215,102	\$ 11,606,086	\$ 11,276,333	\$ 11,582,137	\$ 11,885,467	\$ 10,724,074	\$ 10,126,926	\$ 9,742,081	\$ 9,853,337
Contributions as a percentage of covered payroll ³	21.20%	279.09%	35.50%	34.49%	29.11%	24.85%	26.62%	23.38%	21.11%	19.85%

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

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

³ Payroll from prior year, \$11,215,102, was assumed to increase by the 2.75% payroll growth assumption.

Notes to Schedule

Valuation date:	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014-15 were from the June 30, 2012 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2017 Funding Valuation Report
Asset valuation method	Market value of assets. For details, see the June 30, 2017 Funding Valuation Report.
Inflation	2.625%
Salary increases	Varies by entry age and service
Payroll growth	2.75%
Investment rate of return	7.00%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

City of National City
Required Supplementary Information (Unaudited) (Continued)
Schedules of Pension Contributions (Continued)
Last Ten Fiscal Years
For the Year Ended June 30, 2023

City Safety Plan - 4923										
Measurement Period	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Actuarially determined contribution	\$ 4,872,529	\$ 8,422,768	\$ 7,849,867	\$ 7,377,465	\$ 6,484,462	\$ 5,838,406	\$ 5,748,626	\$ 4,978,090	\$ 4,463,726	\$ 4,190,264
Contributions in relation to the actuarially determined contributions	(4,872,529)	(64,869,673)	(7,849,867)	(7,377,465)	(6,484,462)	(5,838,406)	(5,748,626)	(4,978,090)	(4,463,726)	(4,190,264)
Contribution deficiency (excess)	\$ -	\$ (56,446,905)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll ^{2,3}	\$ 14,689,359	\$ 14,296,213	\$ 13,456,702	\$ 13,576,921	\$ 13,034,797	\$ 12,898,732	\$ 11,939,450	\$ 11,157,745	\$ 11,228,972	\$ 10,916,911
Contributions as a percentage of covered payroll ³	33.17%	453.75%	58.33%	54.34%	49.75%	45.26%	48.15%	44.62%	39.75%	38.38%

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

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

³ Payroll from prior year, \$14,296,213, was assumed to increase by the 2.75% payroll growth assumption.

Notes to Schedule

Valuation date:	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014-15 were from the June 30, 2012 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2017 Funding Valuation Report
Asset valuation method	Market value of assets. For details, see the June 30, 2017 Funding Valuation Report.
Inflation	2.625%
Salary increases	Varies by entry age and service
Payroll growth	2.75%
Investment rate of return	7.00%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

City of National City
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in Total OPEB Liability and Related Ratios
Last Ten Fiscal Years ¹
For the Year Ended June 30, 2023

Measurement period, year ending:	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB liability							
Service cost	\$ 163,178	\$ 243,592	\$ 215,583	\$ 190,082	\$ 201,904	\$ 196,023	\$ 189,577
Interest	196,473	134,422	153,536	169,175	187,984	177,753	170,970
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(2,960)	(283,064)	(70,912)	-	(131,753)	-	-
Changes of assumptions	(16,218)	(1,070,116)	301,024	267,125	(25,433)	(53,296)	-
Benefit payments, including refunds of member contributions	(294,801)	(264,043)	(258,237)	(244,418)	(198,069)	(168,761)	(166,220)
Net change in total OPEB liability	45,672	(1,239,209)	340,994	381,964	34,633	151,719	194,327
Total OPEB liability - beginning	4,786,498	6,025,707	5,684,713	5,302,749	5,268,116	5,116,397	4,922,070
Total OPEB liability - ending (a)	\$ 4,832,170	\$ 4,786,498	\$ 6,025,707	\$ 5,684,713	\$ 5,302,749	\$ 5,268,116	\$ 5,116,397
OPEB fiduciary net position							
Contributions - employer	\$ 294,801	\$ 264,043	\$ 258,237	\$ 244,418	\$ 198,069	\$ 168,761	\$ 166,220
Net investment income	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(294,801)	(264,043)	(258,237)	(244,418)	(198,069)	(168,761)	(166,220)
Administrative expense	-	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	-	-	-	-	-	-	-
Plan net OPEB liability - ending (a) - (b)	\$ 4,832,170	\$ 4,786,498	\$ 6,025,707	\$ 5,684,713	\$ 5,302,749	\$ 5,268,116	\$ 5,116,397
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 25,675,800	\$ 24,976,459	\$ 24,723,720	\$ 24,062,015	\$ 23,361,180	\$ 23,316,000	\$ 23,316,000
Plan total OPEB liability as a percentage of covered-employee payroll	18.82%	19.16%	24.37%	23.63%	22.70%	22.59%	21.94%

There are no assets accumulated in a trust that meets GASB criteria to pay related benefits for the OPEB plan.

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

SUPPLEMENTARY INFORMATION





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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

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

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

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

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

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

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

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

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



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NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS:

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

CAPITAL PROJECT FUNDS:

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

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

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

PERMANENT FUNDS:

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

**City of National City
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023**

	Special Revenue				
	Library	Parks Maintenance	Library Capital Outlay	Gas Tax	CDBG
ASSETS					
Cash and investments	\$ 588,890	\$ 413,783	\$ 1,021,134	\$ 1,349,764	\$ 40,908
Receivables:					
Accounts	-	-	-	-	-
Taxes	8,759	10,206	9,139	377,737	-
Interest	-	-	-	1,640	-
Loans	-	-	-	-	23,199
Total assets	<u>\$ 597,649</u>	<u>\$ 423,989</u>	<u>\$ 1,030,273</u>	<u>\$ 1,729,141</u>	<u>\$ 706,404</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 9,323	\$ 77,681	\$ 2,247	\$ 519,335	\$ 124,439
Accrued liabilities	47,867	50,457	-	38,200	9,117
Due to other funds	-	-	-	-	541,281
Unearned revenue	-	-	-	-	-
Total liabilities	<u>57,190</u>	<u>128,138</u>	<u>2,247</u>	<u>557,535</u>	<u>674,837</u>
Fund Balances (deficit):					
Restricted	540,459	295,851	1,028,026	1,171,606	31,567
Unassigned (deficit)	-	-	-	-	-
Total fund balances	<u>540,459</u>	<u>295,851</u>	<u>1,028,026</u>	<u>1,171,606</u>	<u>31,567</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 597,649</u>	<u>\$ 423,989</u>	<u>\$ 1,030,273</u>	<u>\$ 1,729,141</u>	<u>\$ 706,404</u>

(Continued)

City of National City
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2023

	Special Revenue			Debt Service	Capital Projects
	HOME Program	Asset Forfeiture	Nutrition	Library Bonds	STP Local/ TransNet
ASSETS					
Cash and investments	\$ 1,104,926	\$ 208,202	\$ 66,726	\$ 947,517	\$ -
Receivables:					
Accounts	-	-	105,153	-	13
Taxes	-	-	-	1,015	-
Interest	1,320	244	-	1,192	-
Loans	406,809	-	-	-	-
Total assets	\$ 1,513,055	\$ 208,446	\$ 171,879	\$ 949,723	\$ 13
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 70,355	\$ -	\$ 44,335	\$ 2,000	\$ -
Accrued liabilities	5,559	-	64,597	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	1,088	-	-	-	-
Total liabilities	77,002	-	108,932	2,000	-
Fund Balances (deficit):					
Restricted	1,436,053	208,446	62,947	947,723	13
Unassigned (deficit)	-	-	-	-	-
Total fund balances	1,436,053	208,446	62,947	947,723	13
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,513,055	\$ 208,446	\$ 171,879	\$ 949,723	\$ 13

(Continued)

City of National City
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2023

	Capital Projects		Permanent	Total Non-major Governmental Funds
	Proposition A	State-Local Partnership	Library Endowment	
ASSETS				
Cash and investments	\$ -	\$ 133,491	\$ 53,878	\$ 5,929,219
Receivables:				
Accounts	-	-	-	105,166
Taxes	-	-	-	406,856
Interest	-	168	68	4,632
Loans	-	-	-	430,008
Total assets	<u>\$ -</u>	<u>\$ 133,659</u>	<u>\$ 53,946</u>	<u>\$ 7,518,177</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 254,405	\$ -	\$ -	\$ 1,104,120
Accrued liabilities	-	-	-	215,797
Due to other funds	621,300	-	-	1,162,581
Unearned revenue	-	-	-	1,088
Total liabilities	<u>875,705</u>	<u>-</u>	<u>-</u>	<u>2,483,586</u>
Fund Balances (deficit):				
Restricted	-	133,659	53,946	5,910,296
Unassigned (deficit)	(875,705)	-	-	(875,705)
Total fund balances	<u>(875,705)</u>	<u>133,659</u>	<u>53,946</u>	<u>5,034,591</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 133,659</u>	<u>\$ 53,946</u>	<u>\$ 7,518,177</u>

(Concluded)

City of National City
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue				
	Library	Parks Maintenance	Library Capital Outlay	Gas Tax	CDBG
REVENUES:					
Taxes	\$ 977,800	\$ 1,139,386	\$ 168,623	\$ 2,940,548	\$ -
Fines and forfeitures	-	-	-	-	-
Use of money and property	-	-	-	14,145	-
Intergovernmental	3,016	5,346	-	-	1,464,386
Charges for services	-	-	-	-	-
Other revenues	5,213	-	12,326	63,661	-
Total revenues	<u>986,029</u>	<u>1,144,732</u>	<u>180,949</u>	<u>3,018,354</u>	<u>1,464,386</u>
EXPENDITURES:					
Current:					
Public safety	-	-	-	-	-
Transportation	-	-	-	1,430,116	-
Community development	-	-	-	-	633,833
Health	-	47,017	-	-	-
Culture and leisure	2,239,821	1,661,271	48,805	-	-
Capital outlay	-	-	-	1,619,746	-
Debt service:					
Principal	-	-	-	-	565,000
Interest and fiscal charges	-	45,700	-	-	23,861
Total expenditures	<u>2,239,821</u>	<u>1,753,988</u>	<u>48,805</u>	<u>3,049,862</u>	<u>1,222,694</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,253,792)</u>	<u>(609,256)</u>	<u>132,144</u>	<u>(31,508)</u>	<u>241,692</u>
OTHER FINANCING SOURCES:					
Transfers in	1,184,150	838,345	-	-	-
Transfers out	(61)	-	-	-	-
Total other financing sources	<u>1,184,089</u>	<u>838,345</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCES	<u>(69,703)</u>	<u>229,089</u>	<u>132,144</u>	<u>(31,508)</u>	<u>241,692</u>
FUND BALANCES (DEFICIT):					
Beginning of year	610,162	66,762	895,882	1,203,114	(210,125)
End of year	<u>\$ 540,459</u>	<u>\$ 295,851</u>	<u>\$ 1,028,026</u>	<u>\$ 1,171,606</u>	<u>\$ 31,567</u>

(Continued)

City of National City
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue			Debt Service	Capital Projects
	HOME Program	Asset Forfeiture	Nutrition	Library Bonds	STP Local/ TransNet
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ 373,306	\$ -
Fines and forfeitures	-	16,566	-	-	-
Use of money and property	29,822	1,873	-	5,749	-
Intergovernmental	364,736	-	383,954	-	-
Charges for services	-	-	9,957	-	-
Other revenues	-	-	56,555	-	-
Total revenues	394,558	18,439	450,466	379,055	-
EXPENDITURES:					
Current:					
Public safety	-	16,021	-	-	-
Transportation	-	-	-	-	-
Community development	377,541	-	-	-	-
Health	-	-	69,186	-	-
Culture and leisure	-	-	990,763	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	315,000	-
Interest and fiscal charges	-	-	-	79,209	-
Total expenditures	377,541	16,021	1,059,949	394,209	-
REVENUES OVER (UNDER) EXPENDITURES	17,017	2,418	(609,483)	(15,154)	-
OTHER FINANCING SOURCES:					
Transfers in	-	-	703,035	-	-
Transfers out	-	-	(48,000)	-	-
Total other financing sources	-	-	655,035	-	-
CHANGES IN FUND BALANCES	17,017	2,418	45,552	(15,154)	-
FUND BALANCES (DEFICIT):					
Beginning of year	1,419,036	206,028	17,395	962,877	13
End of year	\$ 1,436,053	\$ 208,446	\$ 62,947	\$ 947,723	\$ 13

(Continued)

City of National City
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Capital Projects		Permanent	Total Non-Major Governmental Funds
	Proposition A	State-Local Partnership	Library Endowment	
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 5,599,663
Fines and forfeitures	-	-	-	16,566
Use of money and property	22,643	1,008	-	75,240
Intergovernmental	-	-	407	2,221,845
Charges for services	-	-	-	9,957
Other revenues	-	-	-	137,755
Total revenues	22,643	1,008	407	8,061,026
EXPENDITURES:				
Current:				
Public safety	-	-	-	16,021
Transportation	-	-	-	1,430,116
Community development	-	-	-	1,011,374
Health	-	-	-	116,203
Culture and leisure	-	-	-	4,940,660
Capital outlay	2,213,991	-	-	3,833,737
Debt service:				
Principal	-	-	-	880,000
Interest and fiscal charges	-	-	-	148,770
Total expenditures	2,213,991	-	-	12,376,881
REVENUES OVER (UNDER) EXPENDITURES	(2,191,348)	1,008	407	(4,315,855)
OTHER FINANCING SOURCES:				
Transfers in	-	-	-	2,725,530
Transfers out	-	-	-	(48,061)
Total other financing sources	-	-	-	2,677,469
CHANGES IN FUND BALANCES	(2,191,348)	1,008	407	(1,638,386)
FUND BALANCES (DEFICIT):				
Beginning of year	1,315,643	132,651	53,539	6,672,977
End of year	\$ (875,705)	\$ 133,659	\$ 53,946	\$ 5,034,591

(Concluded)

City of National City
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Library Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 959,075	\$ 959,075	\$ 977,800	\$ 18,725
Intergovernmental	4,197	4,197	3,016	(1,181)
Other Revenues	-	-	5,213	5,213
Total revenues	<u>963,272</u>	<u>963,272</u>	<u>986,029</u>	<u>22,757</u>
EXPENDITURES:				
Current:				
Culture and leisure	2,147,422	2,171,422	2,239,821	(68,399)
Total expenditures	<u>2,147,422</u>	<u>2,171,422</u>	<u>2,239,821</u>	<u>(68,399)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,184,150)</u>	<u>(1,208,150)</u>	<u>(1,253,792)</u>	<u>(45,642)</u>
OTHER FINANCING SOURCES:				
Transfers in	-	-	1,184,150	1,184,150
Transfers out	-	-	(61)	(61)
Total other financing sources	<u>-</u>	<u>-</u>	<u>1,184,089</u>	<u>1,184,089</u>
CHANGE IN FUND BALANCE	<u>\$ (1,184,150)</u>	<u>\$ (1,208,150)</u>	<u>(69,703)</u>	<u>\$ 1,138,447</u>
FUND BALANCE:				
Beginning of year			<u>610,162</u>	
End of year			<u>\$ 540,459</u>	

City of National City
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Parks Maintenance Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 1,125,871	\$ 1,125,871	\$ 1,139,386	\$ 13,515
Intergovernmental	5,754	5,754	5,346	(408)
Total revenues	<u>1,131,625</u>	<u>1,131,625</u>	<u>1,144,732</u>	<u>13,107</u>
EXPENDITURES:				
Current:				
Health	47,517	47,517	47,017	500
Culture and leisure	1,876,753	1,876,753	1,661,271	215,482
Debt Service:				
Interest and fiscal charges	45,700	45,700	45,700	-
Total expenditures	<u>1,969,970</u>	<u>1,969,970</u>	<u>1,753,988</u>	<u>215,982</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(838,345)</u>	<u>(838,345)</u>	<u>(609,256)</u>	<u>229,089</u>
OTHER FINANCING SOURCES:				
Transfers in	-	-	838,345	838,345
Total other financing sources	<u>-</u>	<u>-</u>	<u>838,345</u>	<u>838,345</u>
CHANGE IN FUND BALANCE	<u>\$ (838,345)</u>	<u>\$ (838,345)</u>	229,089	<u>\$ 1,067,434</u>
FUND BALANCE:				
Beginning of year			<u>66,762</u>	
End of year			<u>\$ 295,851</u>	

City of National City
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Library Capital Outlay Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 150,000	\$ 150,000	\$ 168,623	\$ 18,623
Other revenues	10,000	10,000	12,326	2,326
Total revenues	<u>160,000</u>	<u>160,000</u>	<u>180,949</u>	<u>20,949</u>
EXPENDITURES:				
Current:				
General government	-	17,379	-	(17,379)
Culture and leisure	51,900	51,900	48,805	3,095
Capital outlay	-	5,975	-	5,975
Total expenditures	<u>51,900</u>	<u>75,254</u>	<u>48,805</u>	<u>26,449</u>
CHANGE IN FUND BALANCE	<u>\$ 108,100</u>	<u>\$ 84,746</u>	132,144	<u>\$ 47,398</u>
FUND BALANCE:				
Beginning of year			<u>895,882</u>	
End of year			<u>\$ 1,028,026</u>	

City of National City
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 3,269,653	\$ 3,269,653	\$ 2,940,548	\$ (329,105)
Use of money and property	-	-	14,145	14,145
Other revenues	-	-	63,661	63,661
Total revenues	<u>3,269,653</u>	<u>3,269,653</u>	<u>3,018,354</u>	<u>(251,299)</u>
EXPENDITURES:				
Current:				
Transportation	1,703,505	1,908,505	1,430,116	478,389
Capital outlay	1,430,342	3,252,981	1,619,746	1,633,235
Total expenditures	<u>3,133,847</u>	<u>5,161,486</u>	<u>3,049,862</u>	<u>2,111,624</u>
CHANGE IN FUND BALANCE	<u>\$ 135,806</u>	<u>\$ (1,891,833)</u>	(31,508)	<u>\$ 1,860,325</u>
FUND BALANCE:				
Beginning of year			1,203,114	
End of year			<u>\$ 1,171,606</u>	

City of National City
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Community Development Block Grant (CDBG) Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 710,043	\$ 710,043	\$ 1,464,386	\$ 754,343
Total revenues	<u>710,043</u>	<u>710,043</u>	<u>1,464,386</u>	<u>754,343</u>
EXPENDITURES:				
Current:				
Community development	313,786	856,705	633,833	222,872
Debt service:				
Principal	565,000	565,000	565,000	-
Interest and fiscal charges	23,861	23,861	23,861	-
Total expenditures	<u>902,647</u>	<u>1,445,566</u>	<u>1,222,694</u>	<u>222,872</u>
CHANGE IN FUND BALANCE	<u>\$ (192,604)</u>	<u>\$ (735,523)</u>	241,692	<u>\$ 977,215</u>
FUND BALANCE (DEFICIT):				
Beginning of year			(210,125)	
End of year			<u>\$ 31,567</u>	

City of National City
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
HOME Program Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 29,822	\$ 29,822
Intergovernmental	400,681	400,681	364,736	(35,945)
Total revenues	<u>400,681</u>	<u>400,681</u>	<u>394,558</u>	<u>(6,123)</u>
EXPENDITURES:				
Current:				
Community development	259,273	915,045	377,541	537,504
Culture and leisure	-	323,129	-	323,129
Total expenditures	<u>259,273</u>	<u>1,238,174</u>	<u>377,541</u>	<u>860,633</u>
CHANGE IN FUND BALANCE	<u>\$ 141,408</u>	<u>\$ (837,493)</u>	17,017	<u>\$ 854,510</u>
FUND BALANCE:				
Beginning of year			1,419,036	
End of year			<u>\$ 1,436,053</u>	

City of National City
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Asset Forfeiture Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ -	\$ -	\$ 16,566	\$ 16,566
Use of money and property	-	-	1,873	1,873
Total revenues	<u>-</u>	<u>-</u>	<u>18,439</u>	<u>18,439</u>
EXPENDITURES:				
Current:				
Public safety	-	14,289	16,021	(1,732)
Total expenditures	<u>-</u>	<u>14,289</u>	<u>16,021</u>	<u>(1,732)</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (14,289)</u>	2,418	<u>\$ 16,707</u>
FUND BALANCE:				
Beginning of year			<u>206,028</u>	
End of year			<u>\$ 208,446</u>	

City of National City
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Nutrition Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 341,000	\$ 341,000	\$ 383,954	\$ 42,954
Charges for services	-	-	9,957	9,957
Other revenues	72,600	72,600	56,555	(16,045)
Total revenues	413,600	413,600	450,466	36,866
EXPENDITURES:				
Current:				
Health	-	-	69,186	(69,186)
Culture and leisure	1,064,835	1,143,958	990,763	153,195
Total expenditures	1,064,835	1,143,958	1,059,949	84,009
REVENUES OVER (UNDER) EXPENDITURES	(651,235)	(730,358)	(609,483)	120,875
OTHER FINANCING SOURCES:				
Transfers in	-	-	703,035	703,035
Transfers out	-	-	(48,000)	(48,000)
Total other financing sources	-	-	655,035	655,035
CHANGE IN FUND BALANCE	\$ (651,235)	\$ (730,358)	45,552	\$ 775,910
FUND BALANCE:				
Beginning of year			17,395	
End of year			\$ 62,947	

City of National City
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Library Bonds Debt Service Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 393,815	\$ 393,815	\$ 373,306	\$ (20,509)
Use of money and property	-	-	5,749	5,749
Total revenues	<u>393,815</u>	<u>393,815</u>	<u>379,055</u>	<u>(14,760)</u>
EXPENDITURES:				
Debt Service:				
Principal	315,000	315,000	315,000	-
Interest and fiscal charges	77,650	77,650	79,209	(1,559)
Total expenditures	<u>392,650</u>	<u>392,650</u>	<u>394,209</u>	<u>(1,559)</u>
CHANGE IN FUND BALANCE	<u>\$ 1,165</u>	<u>\$ 1,165</u>	(15,154)	<u>\$ (16,319)</u>
FUND BALANCE:				
Beginning of year			962,877	
End of year			<u>\$ 947,723</u>	

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

City of National City
Combining Statement of Net Position
All Internal Service Funds
June 30, 2023

	Facilities Maintenance	Liability Insurance	Information Systems Maintenance	Office Equipment Depreciation
ASSETS				
Current assets:				
Cash and investments	\$ 75,307	\$ 17,162,460	\$ 1,665,809	\$ 584,996
Accounts receivable	-	61,565	-	-
Prepaid items and deposits	43,101	-	37,520	-
Total current assets	118,408	17,224,025	1,703,329	584,996
Noncurrent assets:				
Restricted cash and investments with fiscal agents	10,334	-	-	-
Capital assets, net	443,985	-	30,319	33,322
Total noncurrent assets	454,319	-	30,319	33,322
Total assets	572,727	17,224,025	1,733,648	618,318
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	188,395	247,300	221,755	934
Salaries payable	8,870	1,274	10,037	-
Interest payable	5,914	-	-	-
Leases payable - due within one year	159,172	-	-	-
Compensated absences - due within one year	43,101	6,134	42,640	-
Claims payable - due within one year	-	2,000,747	-	-
Total current liabilities	405,452	2,255,455	274,432	934
Noncurrent liabilities:				
Leases payable - due in more than one year	167,200	-	-	-
Claims payable - due within one year	-	9,291,253	-	-
Total noncurrent liabilities	167,200	9,291,253	-	-
Total liabilities	572,652	11,546,708	274,432	934
NET POSITION				
Net investment in capital assets	117,613	-	30,319	33,322
Restricted for debt service	10,334	-	-	-
Unrestricted (deficit)	(127,872)	5,677,317	1,428,897	584,062
Total net position (deficit)	\$ 75	\$ 5,677,317	\$ 1,459,216	\$ 617,384

City of National City
Combining Statement of Net Position (Continued)
All Internal Service Funds
June 30, 2023

	Tele- communications Revolving	Motor Vehicle Services	Vehicle Replacement Reserve	Total
ASSETS				
Current assets:				
Cash and investments	\$ 14,623	\$ 936,771	\$ 5,507,575	\$ 25,947,541
Accounts receivable	-	-	-	61,565
Prepaid items and deposits	-	-	-	80,621
Total current assets	<u>14,623</u>	<u>936,771</u>	<u>5,507,575</u>	<u>26,089,727</u>
Noncurrent assets:				
Restricted cash and investments with fiscal agents	-	-	-	10,334
Capital assets, net	-	-	3,885,615	4,393,241
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>3,885,615</u>	<u>4,403,575</u>
Total assets	<u>14,623</u>	<u>936,771</u>	<u>9,393,190</u>	<u>30,493,302</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	-	76,052	400,548	1,134,984
Salaries payable	-	1,845	-	22,026
Interest payable	-	-	-	5,914
Leases payable - due within one year	-	-	-	159,172
Compensated absences - due within one year	-	49,577	-	141,452
Claims payable - due within one year	-	-	-	2,000,747
Total current liabilities	<u>-</u>	<u>127,474</u>	<u>400,548</u>	<u>3,464,295</u>
Noncurrent liabilities:				
Leases payable - due in more than one year	-	-	-	167,200
Claims payable - due within one year	-	-	-	9,291,253
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,458,453</u>
Total liabilities	<u>-</u>	<u>127,474</u>	<u>400,548</u>	<u>12,922,748</u>
NET POSITION				
Net investment in capital assets	-	-	3,885,615	4,066,869
Restricted for debt service	-	-	-	10,334
Unrestricted (deficit)	14,623	809,297	5,107,027	13,493,351
Total net position (deficit)	<u>\$ 14,623</u>	<u>\$ 809,297</u>	<u>\$ 8,992,642</u>	<u>\$ 17,570,554</u>

City of National City
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2023

	Facilities Maintenance	Liability Insurance	Information Systems Maintenance	Office Equipment Depreciation
OPERATING REVENUES:				
Charges for services	\$ 3,072,029	\$ 4,106,086	\$ 2,733,891	\$ -
Other	-	31,592	-	-
Total operating revenues	<u>3,072,029</u>	<u>4,137,678</u>	<u>2,733,891</u>	<u>-</u>
OPERATING EXPENSES:				
Operations and administration	1,023,522	4,023,891	1,026,414	16,045
Maintenance	1,714,062	79,961	1,794,080	-
Depreciation and amortization	150,749	-	63,899	2,339
Total operating expenses	<u>2,888,333</u>	<u>4,103,852</u>	<u>2,884,393</u>	<u>18,384</u>
Operating income (loss)	<u>183,696</u>	<u>33,826</u>	<u>(150,502)</u>	<u>(18,384)</u>
NONOPERATING REVENUES (EXPENSES):				
Intergovernmental	21,020	-	-	-
Interest expense	(21,344)	-	-	-
Total nonoperating revenues (expenses)	<u>(324)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	<u>183,372</u>	<u>33,826</u>	<u>(150,502)</u>	<u>(18,384)</u>
TRANSFERS:				
Transfers in	48,000	-	-	-
Total transfers	<u>48,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net position	<u>231,372</u>	<u>33,826</u>	<u>(150,502)</u>	<u>(18,384)</u>
NET POSITION (DEFICIT):				
Beginning of year	(231,297)	5,643,491	1,609,718	635,768
End of year	<u>\$ 75</u>	<u>\$ 5,677,317</u>	<u>\$ 1,459,216</u>	<u>\$ 617,384</u>

City of National City
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
All Internal Service Funds
For the Year Ended June 30, 2023

	Tele- communications Revolving	Motor Vehicle Services	Vehicle Replacement Reserve	Total
OPERATING REVENUES:				
Charges for services	\$ -	\$ 1,366,307	\$ 1,518,080	\$ 12,796,393
Other	-	-	-	31,592
Total operating revenues	-	1,366,307	1,518,080	12,827,985
OPERATING EXPENSES:				
Operations and administration	-	330,821	658,940	7,079,633
Maintenance	-	947,721	20,364	4,556,188
Depreciation and amortization	-	-	753,466	970,453
Total operating expenses	-	1,278,542	1,432,770	12,606,274
Operating income (loss)	-	87,765	85,310	221,711
NONOPERATING REVENUES (EXPENSES):				
Intergovernmental	-	-	-	21,020
Interest expense	-	-	-	(21,344)
Total nonoperating revenues (expenses)	-	-	-	(324)
Income (loss) before transfers	-	87,765	85,310	221,387
TRANSFERS:				
Transfers in	-	-	430,293	478,293
Total transfers	-	-	430,293	478,293
Changes in net position	-	87,765	515,603	699,680
NET POSITION (DEFICIT):				
Beginning of year	14,623	721,532	8,477,039	16,870,874
End of year	<u>\$ 14,623</u>	<u>\$ 809,297</u>	<u>\$ 8,992,642</u>	<u>\$ 17,570,554</u>

City of National City
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2023

	Facilities Maintenance	Liability Insurance	Information Systems Maintenance	Office Equipment Depreciation
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from other funds	\$ 3,072,029	\$ 4,106,086	\$ 2,733,891	\$ -
Cash payments for goods and services	(3,008,230)	(3,707,820)	(2,768,411)	(15,111)
Other operating revenues	-	31,592	-	-
Net cash provided by (used in) operating activities	63,799	429,858	(34,520)	(15,111)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on capital lease	(151,532)	-	-	-
Acquisition of capital assets	-	-	-	(35,661)
Net cash (used in) capital and related financing activities	(172,875)	-	-	(35,661)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Amounts received from other agencies	21,020	-	-	-
Transfers in	48,000	-	-	-
Net cash provided by (used in) noncapital financing activities	69,020	-	-	-
Net change in cash and cash equivalents	(40,056)	429,858	(34,520)	(50,772)
CASH AND CASH EQUIVALENTS:				
Beginning of year	125,697	16,732,602	1,700,329	635,768
End of year	<u>\$ 85,641</u>	<u>\$ 17,162,460</u>	<u>\$ 1,665,809</u>	<u>\$ 584,996</u>
RECONCILIATION TO STATEMENT OF NET POSITION:				
Cash and investments	\$ 75,307	\$ 17,162,460	\$ 1,665,809	\$ 584,996
Restricted cash and investments with fiscal agents	10,334	-	-	-
Total cash and cash equivalents	<u>\$ 85,641</u>	<u>\$ 17,162,460</u>	<u>\$ 1,665,809</u>	<u>\$ 584,996</u>

City of National City
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2023

	Tele- communications Revolving	Motor Vehicle Services	Vehicle Replacement Reserve	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from other funds	\$ -	\$ 1,366,307	\$ 1,518,080	\$ 12,796,393
Cash payments for goods and services	-	(1,276,261)	(525,376)	(11,301,209)
Other operating revenues	-	-	-	31,592
Net cash provided by (used in) operating activities	-	90,046	992,704	1,526,776
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on capital lease	-	-	-	(151,532)
Acquisition of capital assets	-	-	(401,384)	(437,045)
Net cash (used in) capital and related financing activities	-	-	(401,384)	(609,920)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Amounts received from other agencies	-	-	-	21,020
Transfers in	-	-	430,294	478,294
Net cash provided by (used in) noncapital financing activities	-	-	430,294	499,314
Net change in cash and cash equivalents	-	90,046	1,021,614	1,416,170
CASH AND CASH EQUIVALENTS:				
Beginning of year	14,623	846,725	4,485,961	24,541,705
End of year	<u>\$ 14,623</u>	<u>\$ 936,771</u>	<u>\$ 5,507,575</u>	<u>\$ 25,957,875</u>
RECONCILIATION TO STATEMENT OF NET POSITION:				
Cash and investments	\$ 14,623	\$ 936,771	\$ 5,507,575	\$ 25,947,541
Restricted cash and investments with fiscal agents	-	-	-	10,334
Total cash and cash equivalents	<u>\$ 14,623</u>	<u>\$ 936,771</u>	<u>\$ 5,507,575</u>	<u>\$ 25,957,875</u>

City of National City
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2023

	Facilities Maintenance	Liability Insurance	Information Systems Maintenance	Office Equipment Depreciation
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 183,696	\$ 33,826	\$ (150,502)	\$ (18,384)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	150,749	-	63,899	2,339
Changes in operating assets and liabilities:				
Prepays and deposits	(43,101)	-	-	-
Accounts payable and accrued liabilities	(229,241)	69,741	47,752	934
Salaries payable	(10,265)	(781)	26	-
Compensated absences	11,961	1,072	4,305	-
Claims payable	-	326,000	-	-
Total adjustments	(119,897)	396,032	115,982	3,273
Net cash provided by (used in) operating activities	\$ 63,799	\$ 429,858	\$ (34,520)	\$ (15,111)

City of National City
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2023

	Tele- communications Revolving	Motor Vehicle Services	Equipment Replacement Reserve	Total
RECONCILIATION OF OPERATING INCOME				
TO NET CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES:				
Operating income (loss)	\$ -	\$ 87,765	\$ 85,310	\$ 221,711
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	-	753,466	970,453
Changes in operating assets and liabilities:				
Prepays and deposits	-	-	-	(43,101)
Accounts payable and accrued liabilities	-	(6,477)	153,928	36,637
Salaries payable	-	(5,763)	-	(16,783)
Compensated absences	-	14,521	-	31,859
Claims payable	-	-	-	326,000
Total adjustments	-	2,281	907,394	1,305,065
Net cash provided by (used in) operating activities	\$ -	\$ 90,046	\$ 992,704	\$ 1,526,776



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STATISTICAL SECTION





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CITY OF NATIONAL CITY, CALIFORNIA
STATISTICAL SECTION
JUNE 30, 2023

Statistical Section

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

Financial Trends	Page
These schedules contain trend information to help readers understand and assess how the City's financial position has changed over time.	
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Revenue Capacity	
These schedules contain information to help readers understand and assess the City's local revenue sources.	
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Debt Capacity	
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Demographic and Economic Information	
These schedules present economic and demographic indicators to help readers understand the environment within which the City's financial activities take place.	
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City of National City
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental Activities:					
Net Investment in					
Capital Assets	\$ 108,881,192	\$ 120,377,947	\$ 134,444,245	\$ 140,128,868	\$ 141,748,074
Restricted for:					
General Services	25,690,372	24,671,923	29,511,338	17,830,592	16,441,482
Community Development	4,522,562	5,348,413	3,448,959	1,413,792	283,394
Public Safety	-	-	-	1,566,498	1,472,665
Transportation	-	-	-	2,279,981	1,985,811
Housing	-	-	-	8,450,433	8,980,034
Debt Service	1,691,931	1,676,222	1,845,117	1,753,076	1,681,688
Capital projects	2,769,086	2,193,169	942,285	840,156	721,171
Investment in Section 115 trust	-	-	-	-	-
Unrestricted (deficit)	40,409,653	(34,896,708)	(26,157,042)	(31,330,173)	(33,783,858)
Total governmental activities net position	\$ 183,964,796	\$ 119,370,966	\$ 144,034,902	\$ 142,933,223	\$ 139,530,461
Business-type Activities:					
Net Investment in					
Capital Assets	\$ 4,725,523	\$ 4,926,410	\$ 4,905,110	\$ 4,995,791	\$ 5,003,945
Restricted					
Community Development	-	-	-	-	-
Public Safety	-	-	-	1,422,433	1,514,475
Transportation	-	-	-	-	-
Culture and Leisure	-	-	-	-	-
Housing	-	-	-	-	-
Debt Service	2,121,988	1,876,125	2,031,385	763,085	818,678
Unrestricted	4,502	98,698	99,478	(13,016)	22,571
Total business-type activities net position	\$ 6,852,013	\$ 6,901,233	\$ 7,035,973	\$ 7,168,293	\$ 7,359,669
Primary Government:					
Net Investment in					
Capital Assets	113,606,715	125,304,357	139,349,355	145,124,659	146,752,019
Restricted	36,795,939	35,765,852	37,779,084	36,320,046	33,899,398
Unrestricted	40,414,155	(34,798,010)	(26,057,564)	(31,343,189)	(33,761,287)
Total primary government net position	\$ 190,816,809	\$ 126,272,199	\$ 151,070,875	\$ 150,101,516	\$ 146,890,130

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

	Fiscal Year				
	2019	2020	2021	2022	2023
Governmental Activities:					
Net Investment in					
Capital Assets	\$ 147,820,375	\$ 155,530,504	\$ 161,450,929	\$ 161,453,603	\$ 170,589,264
Restricted for:					
General Services	17,345,785	20,040,951	20,231,609	23,905,988	25,656,844
Community Development	169,573	19,999	20,000	20,000	20,000
Public Safety	1,296,186	221,853	231,802	206,028	208,446
Transportation	1,157,623	13	1,245,013	13	13
Housing	74,709,334	75,199,504	75,139,133	63,427,755	66,552,724
Debt Service	1,667,147	1,630,317	1,025,150	962,877	958,924
Capital projects	1,743,976	2,039,987	2,336,049	2,775,920	3,035,942
Investment in Section 115 trust	1,749,740	1,749,740	10,813,351	9,526,733	9,936,427
Unrestricted (deficit)	<u>(41,622,749)</u>	<u>(48,893,956)</u>	<u>(57,801,974)</u>	<u>(41,476,853)</u>	<u>(40,208,465)</u>
Total governmental activities net position	<u>\$ 206,036,990</u>	<u>\$ 207,538,912</u>	<u>\$ 214,691,062</u>	<u>\$ 220,802,064</u>	<u>\$ 236,750,119</u>
Business-type Activities:					
Net Investment in					
Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted					
Community Development	-	-	-	-	-
Public Safety	-	-	-	-	-
Transportation	-	-	-	-	-
Culture and Leisure	-	-	-	-	-
Housing	-	-	-	-	-
Debt Service	-	-	-	-	-
Unrestricted	-	-	-	-	-
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary Government:					
Net Investment in					
Capital Assets	147,820,375	155,530,504	162,111,040	161,453,603	170,589,264
Restricted	99,839,364	100,902,364	111,040,107	100,825,314	106,369,320
Unrestricted	<u>(41,622,749)</u>	<u>(48,893,956)</u>	<u>(57,801,974)</u>	<u>(41,476,853)</u>	<u>(40,208,465)</u>
Total primary government net position	<u>\$ 206,036,990</u>	<u>\$ 207,538,912</u>	<u>\$ 215,349,173</u>	<u>\$ 220,802,064</u>	<u>\$ 236,750,119</u>

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Expenses:					
Governmental Activities:					
General government	\$ 5,240,947	\$ 6,299,372	\$ 6,237,858	\$ 7,379,307	\$ 15,307,497
Public safety	29,045,583	31,522,488	31,293,361	34,007,632	39,597,743
Transportation	6,315,524	6,737,292	8,605,631	8,925,351	8,076,078
Community development	11,669,866	11,603,528	11,812,563	13,560,523	12,884,161
Health	7,026,857	7,416,697	7,499,719	8,102,830	7,467,338
Culture and leisure	6,712,036	6,349,578	7,188,896	8,129,529	8,521,220
Interest and fiscal charges	439,367	407,194	308,808	243,832	414,353
Depreciation expense (unallocated)	-	-	-	-	-
Total governmental activities expenses	\$ 66,450,180	\$ 70,336,149	\$ 72,946,836	\$ 80,349,004	\$ 92,268,390
Business-type Activities:					
Transportation Development Act ¹	\$ -	\$ -	\$ -	\$ -	\$ -
Community development commission	-	-	-	-	-
Kimball Towers	1,356,385	1,251,377	1,160,095	1,166,521	1,187,232
Morgan Towers	1,130,218	1,078,546	1,113,885	1,141,607	1,102,742
Total business-type activities expenses	\$ 2,486,603	\$ 2,329,923	\$ 2,273,980	\$ 2,308,128	\$ 2,289,974
Total primary government expenses	\$ 68,936,783	\$ 72,666,072	\$ 75,220,816	\$ 82,657,132	\$ 94,558,364
Program Revenue:					
Government Activities:					
Charges for services:					
General government	\$ 2,371,861	\$ 3,101,468	\$ 5,081,812	\$ 2,697,690	\$ 2,543,350
Public safety	3,150,630	3,807,824	2,681,493	2,704,952	3,393,625
Transportation	2,195,535	1,863,599	1,344,988	1,218,156	1,640,930
Community development	2,994,274	3,260,501	1,908,755	2,105,289	3,320,354
Health	7,534,320	9,522,136	8,363,190	8,819,322	8,624,774
Culture and leisure	199,493	353,740	306,675	631,597	676,015
Operating grants and contributions	15,818,335	12,508,517	13,295,661	15,280,776	14,306,662
Capital grants and contributions	6,284,789	11,399,349	7,299,398	3,878,546	6,414,610
Total governmental activities program revenue	\$ 40,549,237	\$ 45,817,134	\$ 40,281,972	\$ 37,336,328	\$ 40,920,320
Business-type Activities:					
Charges for services:					
Transportation Development Act	\$ -	\$ -	\$ -	\$ -	\$ -
Community development commission	-	-	-	-	-
Kimball Towers	1,096,559	1,101,514	1,124,578	1,130,543	1,127,607
Morgan Towers	1,244,129	1,260,181	1,266,441	1,289,180	1,329,610
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenue	\$ 2,340,688	\$ 2,361,695	\$ 2,391,019	\$ 2,419,723	\$ 2,457,217
Total primary government program revenue	\$ 42,889,925	\$ 48,178,829	\$ 42,672,991	\$ 39,756,051	\$ 43,377,537
Net Revenues (Expenses):					
Governmental activities	(25,900,943)	(24,519,015)	(32,664,864)	(43,012,676)	(51,348,070)
Business-type activities	(145,915)	31,772	117,039	111,595	167,243
Total Net Revenues (Expenses)	\$ (26,046,858)	\$ (24,487,243)	\$ (32,547,825)	\$ (42,901,081)	\$ (51,180,827)

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

	Fiscal Year				
	2019	2020	2021	2022	2023
Expenses:					
Governmental Activities:					
General government	\$ 14,474,787	\$ 13,745,988	\$ 10,868,545	\$ 20,793,460	\$ 12,467,497
Public safety	41,216,052	45,669,420	46,808,349	38,710,643	50,093,848
Transportation	8,479,861	8,262,579	8,503,284	8,358,045	9,619,556
Community development	13,521,091	15,463,076	16,056,965	16,113,804	17,168,341
Health	8,160,870	8,229,336	8,167,924	7,726,217	9,301,026
Culture and leisure	7,686,697	7,617,459	8,795,715	8,428,049	9,651,503
Interest and fiscal charges	380,597	398,181	528,873	2,298,786	3,367,717
Depreciation expense (unallocated)	-	-	-	-	-
Total governmental activities expenses	\$ 93,919,955	\$ 99,386,039	\$ 99,729,655	\$ 102,429,004	\$ 111,669,488
Business-type Activities:					
Transportation Development Act ¹	\$ -	\$ -	\$ -	\$ -	\$ -
Community development commission	-	-	-	-	-
Kimball Towers	945,180	-	-	-	-
Morgan Towers	787,266	-	-	-	-
Total business-type activities expenses	\$ 1,732,446	\$ -	\$ -	\$ -	\$ -
Total primary government expenses	\$ 95,652,401	\$ 99,386,039	\$ 99,729,655	\$ 102,429,004	\$ 111,669,488
Program Revenue:					
Government Activities:					
Charges for services:					
General government	\$ 1,811,719	\$ 1,633,484	\$ 2,035,702	\$ 6,476,152	\$ 14,084,900
Public safety	2,911,464	4,588,977	3,833,783	3,455,987	3,577,172
Transportation	2,556,059	2,559,252	2,559,581	2,796,202	2,983,306
Community development	4,461,949	5,390,111	3,885,598	3,235,575	3,216,282
Health	8,551,905	11,046,138	10,557,839	11,814,786	13,905,625
Culture and leisure	477,370	613,722	484,207	577,948	320,066
Operating grants and contributions	14,908,491	16,658,135	17,685,441	18,456,671	18,456,518
Capital grants and contributions	4,201,520	4,465,126	6,109,734	3,514,394	7,090,261
Total governmental activities program revenue	\$ 39,880,477	\$ 46,954,945	\$ 47,151,885	\$ 50,327,715	\$ 63,634,130
Business-type Activities:					
Charges for services:					
Transportation Development Act	\$ -	\$ -	\$ -	\$ -	\$ -
Community development commission	-	-	-	-	-
Kimball Towers	1,256,346	-	-	-	-
Morgan Towers	1,017,766	-	-	-	-
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenue	\$ 2,274,112	\$ -	\$ -	\$ -	\$ -
Total primary government program revenue	\$ 42,154,589	\$ 46,954,945	\$ 47,151,885	\$ 50,327,715	\$ 63,634,130
Net Revenues (Expenses):					
Governmental activities	(54,039,478)	(52,431,094)	(52,577,770)	(52,101,289)	(48,035,358)
Business-type activities	541,666	-	-	-	-
Total Net Revenues (Expenses)	\$ (53,497,812)	\$ (52,431,094)	\$ (52,577,770)	\$ (52,101,289)	\$ (48,035,358)

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

	Fiscal Year				
	2014	2015	2016	2017	2018
General Revenue and Other Changes in Net Position:					
Governmental Activities:					
Taxes:					
Property taxes	\$ 9,908,109	\$ 10,301,592	\$ 10,293,634	\$ 11,948,882	\$ 12,721,058
Sales taxes	25,586,661	27,095,666	29,170,512	29,284,869	30,084,675
Franchise taxes	1,718,023	1,902,082	1,922,723	1,856,039	1,910,053
Motor vehicle license	27,056	-	-	-	-
Transient occupancy taxes	1,082,339	1,383,793	1,611,788	1,597,957	1,660,800
Utilities tax	825,388	818,820	867,488	886,455	711,635
Investment earnings	459,019	304,655	553,184	361,077	836,038
Other miscellaneous revenues	-	-	1,864	-	21,049
Gain (loss) on sale of assets	(268,224)	-	-	-	-
Transfer to Successor Agency	-	-	(826,577)	-	-
Special items	-	-	13,734,184	-	-
Total governmental activities	<u>\$ 39,338,371</u>	<u>\$ 41,806,608</u>	<u>\$ 57,328,800</u>	<u>\$ 45,935,279</u>	<u>\$ 47,945,308</u>
Business-type Activities:					
Investment earnings	\$ 2,520	\$ 2,579	\$ 3,678	\$ 5,621	\$ 9,390
Other misc	15,353	14,869	14,023	15,464	14,743
Total business-type activities	<u>\$ 17,873</u>	<u>\$ 17,448</u>	<u>\$ 17,701</u>	<u>\$ 21,085</u>	<u>\$ 24,133</u>
Total primary government	<u>\$ 39,356,244</u>	<u>\$ 41,824,056</u>	<u>\$ 57,346,501</u>	<u>\$ 45,956,364</u>	<u>\$ 47,969,441</u>
Changes in Net Position:					
Governmental activities	13,437,428	17,287,593	24,663,936	2,922,603	(3,402,762)
Business-type activities	(128,402)	49,220	134,740	132,320	191,376
Total Primary Government	<u>\$ 13,309,026</u>	<u>\$ 17,336,813</u>	<u>\$ 24,798,676</u>	<u>\$ 3,054,923</u>	<u>\$ (3,211,386)</u>

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

	Fiscal Year				
	2019	2020	2021	2022	2023
General Revenue and Other Changes in Net Position:					
Governmental Activities:					
Taxes:					
Property taxes	\$ 14,340,418	\$ 15,975,053	\$ 16,266,505	\$ 16,753,096	\$ 17,559,333
Sales taxes	33,196,667	31,268,711	36,415,641	40,777,746	38,678,895
Franchise taxes	1,966,728	2,330,697	2,104,436	2,131,159	2,490,691
Motor vehicle license	-	-	-	-	-
Transient occupancy taxes	1,774,843	1,522,714	1,600,549	1,862,718	2,488,614
Utilities tax	708,451	678,663	737,435	793,653	935,316
Investment earnings	2,297,242	2,344,528	2,339,978	(3,007,949)	1,358,614
Other miscellaneous revenues	45,017	65,010	156,976	97,010	194,882
Gain (loss) on sale of assets	-	-	-	-	-
Transfer to Successor Agency	-	-	-	-	-
Special items	-	-	-	-	-
Total governmental activities	<u>\$ 54,329,366</u>	<u>\$ 54,185,376</u>	<u>\$ 59,621,520</u>	<u>\$ 59,407,433</u>	<u>\$ 63,706,345</u>
Business-type Activities:					
Investment earnings	\$ 10,038	\$ -	\$ -	\$ -	\$ -
Other misc	11,378	-	-	-	-
Total business-type activities	<u>\$ 21,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 54,350,782</u>	<u>\$ 54,185,376</u>	<u>\$ 59,621,520</u>	<u>\$ 59,407,433</u>	<u>\$ 63,706,345</u>
Changes in Net Position:					
Governmental activities	66,506,529	1,501,832	7,043,751	7,383,212	15,670,987
Business-type activities	(7,359,669)	-	-	-	-
Total Primary Government	<u>\$ 59,146,860</u>	<u>\$ 1,501,832</u>	<u>\$ 7,043,751</u>	<u>\$ 7,383,212</u>	<u>\$ 15,670,987</u>

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

	Fiscal Year				
	2014	2015	2016	2017	2018
General Fund:					
Nonspendable	\$ 4,952,830	\$ 4,963,916	\$ 10,766,098	\$ 9,963,816	\$ 9,966,729
Restricted	611,780	590,998	754,913	616,253	555,168
Committed	9,085,066	9,085,066	11,585,066	11,585,066	11,085,066
Assigned	15,042,191	16,065,736	14,792,381	14,325,683	15,772,642
Unassigned	7,797,176	10,266,365	12,166,732	11,903,272	12,731,293
Total General Fund	<u>\$ 37,489,043</u>	<u>\$ 40,972,081</u>	<u>\$ 50,065,190</u>	<u>\$ 48,394,090</u>	<u>\$ 50,110,898</u>
All Other Governmental Funds:					
Nonspendable	7,926,759	7,927,027	-	1,636,570	129,469
Restricted	31,713,774	31,005,844	36,333,305	32,015,860	30,928,607
Committed	-	-	-	-	-
Assigned	733,384	706,558	-	-	-
Unassigned (deficit)	(8,165,223)	(5,368,938)	(821,959)	(985,588)	(1,910,674)
Total all other governmental funds	<u>\$ 32,208,694</u>	<u>\$ 34,270,491</u>	<u>\$ 35,511,346</u>	<u>\$ 32,666,842</u>	<u>\$ 29,147,402</u>

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

	Fiscal Year				
	2019	2020	2021	2022	2023
General Fund:					
Nonspendable	\$ 5,010,267	\$ 3,926,499	\$ 3,964,435	\$ 3,966,629	\$ 4,094,518
Restricted	2,304,908	2,304,908	10,833,351	9,546,733	9,956,427
Committed	15,150,517	15,150,517	14,945,000	15,680,000	15,680,000
Assigned	12,865,120	12,865,120	7,193,969	8,400,718	9,604,056
Unassigned	13,673,543	14,433,312	13,956,296	19,392,455	23,040,220
Total General Fund	\$ 49,004,355	\$ 48,680,356	\$ 50,893,051	\$ 56,986,535	\$ 62,375,221
All Other Governmental Funds:					
Nonspendable	25,805	-	1,270,805	1,270,805	25,805
Restricted	97,534,456	98,597,366	98,961,756	91,278,581	97,320,165
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	(21,761)	(45,744)	(747,514)	(210,125)	(875,705)
Total all other governmental funds	\$ 97,538,500	\$ 98,551,622	\$ 99,485,047	\$ 92,339,261	\$ 96,470,265

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Revenues:					
Taxes	\$ 41,386,311	\$ 43,573,589	\$ 45,474,959	\$ 47,058,901	\$ 48,968,671
Licenses and permits	1,099,929	1,567,617	1,122,139	1,280,675	1,879,379
Fines and forfeitures	1,111,961	885,722	646,370	642,972	663,205
Interest and rents	-	-	-	-	-
Use of money and property	1,122,149	1,073,543	1,417,606	1,035,112	1,393,733
Intergovernmental	23,571,850	26,791,254	21,381,584	20,051,795	22,671,850
Charges for services	9,531,741	10,024,879	10,734,789	11,721,905	11,010,813
Other revenues	1,651,370	4,387,660	3,925,718	2,552,556	2,675,725
Total revenues	\$ 79,475,311	\$ 88,304,264	\$ 84,703,165	\$ 84,343,916	\$ 89,263,376
Expenditures:					
Current:					
General government	\$ 5,062,227	\$ 5,403,805	\$ 6,986,812	\$ 5,673,456	\$ 8,755,798
Public safety	27,687,841	29,100,717	31,785,904	34,754,008	37,535,638
Transportation	3,673,470	3,941,747	4,546,976	4,687,611	4,731,634
Community development	11,235,322	11,173,792	11,752,502	12,909,844	16,801,816
Health	6,994,103	7,179,865	7,587,801	8,227,149	7,544,106
Culture and leisure	6,057,037	5,306,518	6,239,067	7,351,974	4,186,345
Capital outlay	20,361,948	17,176,753	16,737,745	12,938,379	14,560,697
Debt service:					
Principal	1,376,871	1,142,186	1,150,824	1,310,893	1,552,162
Interest and fiscal charges	477,061	427,209	364,723	243,329	387,857
Cost of issuance	-	-	-	-	-
Total expenditures	\$ 82,925,880	\$ 80,852,592	\$ 87,152,354	\$ 88,096,643	\$ 96,056,053
Excess (deficiency) of revenues over (under) expenditures	(3,450,569)	7,451,672	(2,449,189)	(3,752,727)	(6,792,677)
Other Financing Sources (uses)					
Issuance of long-term debt	\$ -	\$ 554,604	\$ -	\$ -	\$ 5,523,602
Proceeds from sale of property	7,052,194	-	-	58,474	-
Proceeds from debt issuance	-	-	-	-	-
Gain on sale of land held for resale	-	-	-	65,966	-
Discount on debt issuance	-	-	-	-	-
Cost of debt issuance	-	-	-	-	-
Pass-through payments to other agencies	-	-	-	(705,115)	-
Transfers in	5,131,249	1,765,336	4,903,988	2,932,166	6,913,968
Transfers out	(4,671,639)	(4,277,182)	(3,078,442)	(3,114,366)	(7,447,525)
Transfers to Successor Agency	-	-	(826,577)	-	-
Total other financing sources (uses)	\$ 7,511,804	\$ (1,957,242)	\$ 998,969	\$ (762,875)	\$ 4,990,045
Extraordinary/Special Items	-	-	11,784,182	-	-
Net change in fund balances	\$ 4,061,235	\$ 5,494,430	\$ 10,333,962	\$ (4,515,602)	\$ (1,802,632)
Debt services as a percentage of noncapital expenditures	2.96%	2.46%	2.15%	2.07%	2.38%

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

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

	Fiscal Year				
	2019	2020	2021	2022	2023
Revenues:					
Taxes	\$ 53,534,414	\$ 53,675,932	\$ 59,011,168	\$ 63,926,579	\$ 65,411,402
Licenses and permits	1,527,378	2,730,712	1,118,924	1,565,077	1,544,101
Fines and forfeitures	3,006,250	3,008,937	520,640	1,199,213	875,020
Interest and rents					
Use of money and property	3,125,731	3,623,029	3,628,887	129,417	3,846,605
Intergovernmental	20,790,012	22,985,841	26,719,202	27,831,520	30,500,077
Charges for services	10,630,010	12,927,695	13,650,614	14,870,478	22,772,165
Other revenues	1,045,184	2,241,100	1,417,104	1,002,913	2,374,206
Total revenues	\$ 93,658,979	\$ 101,193,246	\$ 106,066,539	\$ 110,525,197	\$ 127,323,576
Expenditures:					
Current:					
General government	\$ 10,353,580	\$ 10,719,672	\$ 11,352,261	\$ 38,261,566	\$ 11,613,971
Public safety	37,352,792	39,308,683	42,319,159	98,713,134	44,864,093
Transportation	5,068,343	4,746,320	5,050,345	4,933,856	6,092,746
Community development	13,557,554	14,192,654	16,081,378	16,107,479	17,158,360
Health	8,158,082	8,168,245	8,227,352	7,874,798	9,302,728
Culture and leisure	7,066,530	7,029,297	8,216,927	7,880,999	8,997,200
Capital outlay	9,059,110	13,561,929	9,245,317	18,407,406	11,868,336
Debt service:					
Principal	1,060,732	1,077,616	1,066,163	1,128,518	3,769,474
Interest and fiscal charges	385,960	419,868	534,570	539,829	3,735,753
Cost of issuance	-	-	-	-	-
Total expenditures	\$ 92,062,683	\$ 99,224,284	\$ 102,093,472	\$ 193,847,585	\$ 117,402,661
Excess (deficiency) of revenues over (under) expenditures	1,596,296	1,968,962	3,973,067	(83,322,388)	9,920,915
Other Financing Sources (uses)					
Issuance of long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from sale of property	-	(589,700)	3,890	-	-
Proceeds from debt issuance	-	-	-	83,895,000	-
Gain on sale of land held for resale	-	-	-	-	-
Discount on debt issuance	-	-	-	(142,838)	-
Cost of debt issuance	-	-	-	(492,162)	-
Pass-through payments to other agencies	-	(631,285)	-	(2,017)	-
Transfers in	73,514,649	2,045,690	2,623,099	2,529,757	5,117,844
Transfers out	(7,826,390)	(2,050,691)	(3,336,851)	(3,440,586)	(5,596,137)
Transfers to Successor Agency	-	-	-	-	-
Total other financing sources (uses)	\$ 65,688,259	\$ (1,225,986)	\$ (709,862)	\$ 82,347,154	\$ (478,293)
Extraordinary/Special Items					
Net change in fund balances	\$ 67,284,555	\$ 742,976	\$ 3,263,205	\$ (975,234)	\$ 9,442,622
Debt services as a percentage of noncapital expenditures	1.74%	1.75%	1.72%	0.95%	7.11%

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

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

Category	Fiscal Year				
	2014	2015	2016	2017	2018
Secured:					
Residential Property	\$ 1,547,773,659	\$ 1,665,406,317	\$ 1,717,835,128	\$ 1,805,981,573	\$ 2,005,909,205
Commercial Property	971,070,608	992,982,224	1,026,863,991	1,082,223,930	1,141,618,921
Industrial Property	372,617,155	360,527,549	345,186,211	351,325,363	366,288,263
Institutional Property	46,107,183	46,316,498	47,648,063	48,280,512	50,276,110
Recreational Property	25,828,782	25,827,429	24,799,504	28,998,288	30,262,982
Vacant Land	61,320,039	60,685,749	66,017,188	66,452,827	69,545,186
Total Secured	<u>3,024,717,426</u>	<u>3,151,745,766</u>	<u>3,228,350,085</u>	<u>3,383,262,493</u>	<u>3,663,900,667</u>
Unsecured	224,847,953	197,869,900	208,192,396	200,687,180	209,840,073
Cross Reference	-	-	-	-	-
SBE Nonunitary	5,224,473	5,224,473	4,088,740	4,088,640	4,088,640
Total Taxable Assessed Value	<u>\$ 3,254,789,852</u>	<u>\$ 3,354,840,139</u>	<u>\$ 3,440,631,221</u>	<u>\$ 3,588,038,313</u>	<u>\$ 3,877,829,380</u>
Total Direct Tax Rate	0.24559	0.20747	0.20813	0.19685	0.19587

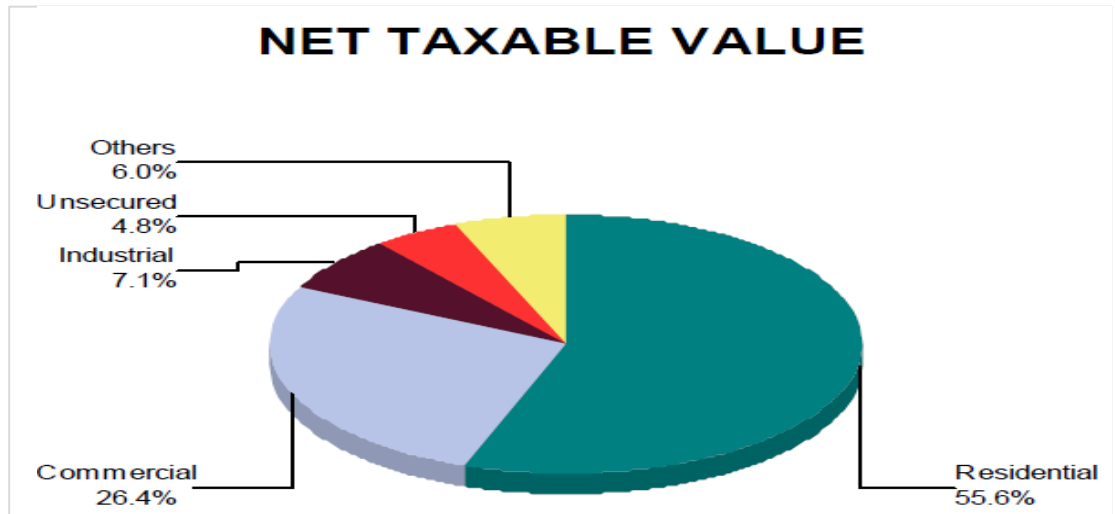
Note: Exempt values not included in totals.

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

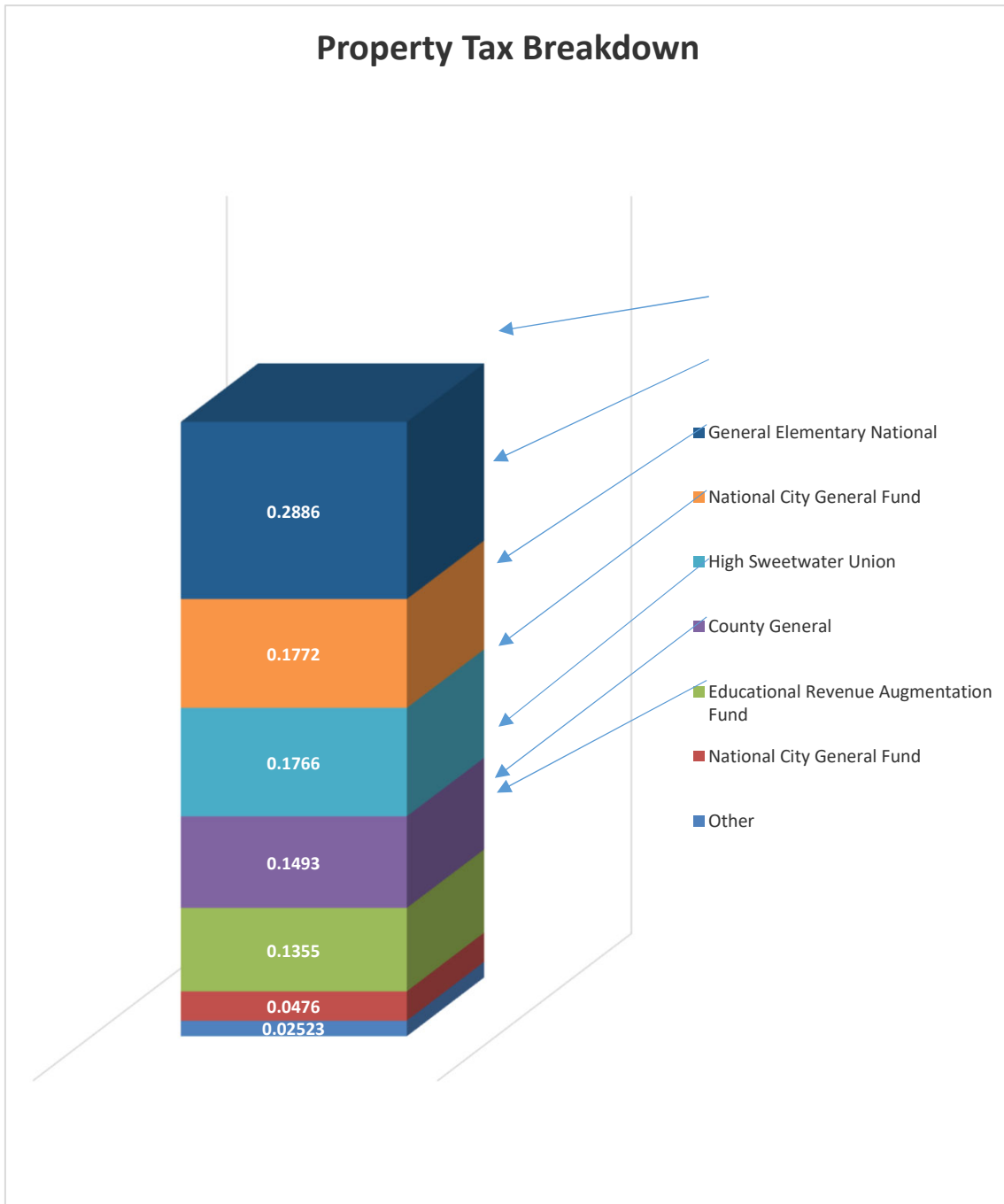
Category	Fiscal Year				
	2019	2020	2021	2022	2023
Secured:					
Residential Property	\$ 2,124,432,627	\$ 2,247,520,548	\$ 2,430,438,477	\$ 2,580,200,605	\$ 2,771,754,153
Commercial Property	1,177,390,190	1,235,674,912	1,285,966,353	1,274,713,181	1,317,168,871
Industrial Property	370,233,052	293,358,933	301,374,562	320,252,647	352,597,712
Institutional Property	50,172,874	51,166,295	52,189,614	53,238,122	55,083,915
Recreational Property	30,008,253	6,115,328	6,133,095	7,224,152	7,696,478
Vacant Land	72,360,079	74,595,548	90,641,736	91,897,780	98,768,253
Total Secured	<u>3,824,597,075</u>	<u>3,908,431,564</u>	<u>4,166,743,837</u>	<u>4,327,526,487</u>	<u>4,603,069,382</u>
Unsecured	228,175,189	233,956,577	244,900,101	203,990,721	238,648,256
Cross Reference	-	132,191,188	191,677,047	167,408,698	136,003,676
SBE Nonunitary	4,429,496	4,429,496	4,429,496	4,429,496	3,238,280
Total Taxable Assessed Value	<u>\$ 4,057,201,760</u>	<u>\$ 4,279,008,825</u>	<u>\$ 4,607,750,481</u>	<u>\$ 4,703,355,402</u>	<u>\$ 4,980,959,594</u>
Total Direct Tax Rate	0.19462	0.19792	0.19269	0.19630	0.19222

Note: Exempt values not included in totals.

**City of National City
2022/23 Use Category Summary
(Percentages)**



City of National City Property Tax Dollar Breakdown (Percentages)



Source: HdL, San Diego County Assessor 2022/23 Annual Tax Increment Tables



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**City of National City
2022/23 Roll Summary
Taxable Property Values**

	<u>Secured</u>	<u>Nonunitary Utilities</u>	<u>Unsecured</u>
Parcels	9,725	4	1,471
TRAs	40	2	20
Values			
Land	\$ 2,232,567,725	\$ 3,238,280	\$ -
Improvements	2,879,350,481	-	89,118,046
Personal Property	2,738,715	-	157,473,162
Fixtures	-	-	-
Aircraft	-	-	-
Total Value	\$ 5,114,656,921	\$ 3,238,280	\$ 246,591,208
Exemptions			
Real Estate	\$ 375,584,403	\$ -	\$ 1,088,838
Personal Property	-	-	6,854,114
Fixture	-	-	-
Aircraft	-	-	-
Homeowners	27,483,917	-	168,000
Total Exemptions	\$ 375,584,403	\$ -	\$ 7,942,952
Total Net Value	\$ 4,739,072,518	\$ 3,238,280	\$ 238,648,256

Combined Values	Total
Total Values	\$ 5,364,486,409
Total Exemptions	\$ 383,527,355
Net Total Values	\$ 4,980,959,054
Net Aircraft Values	\$ -

Notes: Homeowner Exemptions are not included in Total Exemptions.

Totals do not Include Aircraft Values or Exemptions.

Source: HdL, San Diego County Assessor 2022/23 Combined Tax Rolls

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

	Calendar Year				
	2013	2014	2015	2016	2017
Apparel Stores	\$ 133,242	\$ 134,000	\$ 137,438	\$ 143,686	\$ 146,387
General Merchandise	164,508	170,460	176,092	176,709	174,132
Food Stores	21,288	21,765	20,902	20,898	20,535
Eating and Drinking Places	139,756	149,337	164,434	176,118	182,938
Building Materials	31,812	38,945	57,163	68,846	92,298
Auto Dealers and Supplies	547,221	578,386	626,557	637,721	614,432
Service Stations	77,680	83,541	75,550	68,862	73,382
Other Retail Stores	152,666	160,718	168,234	171,814	172,705
All Other Outlets	289,955	95,148	104,666	107,171	113,387
Total	\$ 1,558,128	\$ 1,432,300	\$ 1,531,036	\$ 1,571,825	\$ 1,590,196

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

2022 is the most current data set available for disclosure as of FY 2023

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

	2018	2019	2020	2021	2022
Apparel Stores	\$ 150,713	\$ 149,154	\$ 92,392	\$ 162,570	\$ 159,423
General Merchandise	178,618	182,483	149,742	188,799	203,173
Food Stores	20,645	20,790	24,039	25,362	27,054
Eating and Drinking Places	201,294	218,605	185,031	237,049	259,799
Building Materials	102,775	80,121	93,025	123,588	124,013
Auto Dealers and Supplies	605,750	630,327	609,087	738,145	731,760
Service Stations	90,116	100,164	71,225	98,728	133,316
Other Retail Stores	168,929	167,150	146,043	185,196	177,684
All Other Outlets	105,250	128,427	100,646	572,471	593,645
Total	\$ 1,624,090	\$ 1,677,221	\$ 1,471,230	\$ 2,331,908	\$ 2,409,867

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

2022 is the most current data set available for disclosure as of FY 2023

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Current Year Tax Levy	\$ 3,099,715	\$ 3,240,544	\$ 3,205,191	\$ 3,335,753	\$ 3,619,238
Current Tax Collections	3,087,464	3,227,793	3,195,983	3,333,476	3,601,115
Percent of Levy Collected	99.60%	99.61%	99.71%	99.93%	99.50%
Delinquent Tax Receivable	19,203	19,758	17,764	16,226	10,737
Delinquent Tax Collections	1,542	1,312	1,564	1,465	2,008
Total Tax Collections	\$ 3,089,006	\$ 3,229,105	\$ 3,197,547	\$ 3,334,941	\$ 3,603,123
Percent of Total Tax Collections To Tax Levy	99.65%	99.65%	99.76%	99.98%	99.55%
Outstanding Delinquent Taxes	\$ 29,912	\$ 31,197	\$ 25,408	\$ 17,038	\$ 26,852
Percent of Delinquent Taxes To Tax Levy	0.96%	0.96%	0.79%	0.51%	0.74%

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

	Fiscal Year				
	2019	2020	2021	2022	2023
Current Year Tax Levy	\$ 3,687,359	\$ 3,896,676	\$ 4,096,739	\$ 4,233,369	\$ 4,200,548
Current Tax Collections	3,667,444	3,890,504	4,082,104	4,221,118	4,191,427
Percent of Levy Collected	99.46%	99.84%	99.64%	99.71%	99.78%
Delinquent Tax Receivable	16,840	16,741	16,816	16,976	18,734
Delinquent Tax Collections	1,948	1,868	2,650	2,256	2,205
Total Tax Collections	\$ 3,669,393	\$ 3,892,372	\$ 4,084,754	\$ 4,223,374	\$ 4,193,632
Percent of Total Tax Collections To Tax Levy	99.51%	99.89%	99.71%	99.76%	99.84%
Outstanding Delinquent Taxes	\$ 34,807	\$ 21,044	\$ 28,801	\$ 26,971	\$ 25,650
Percent of Delinquent Taxes To Tax Levy	0.94%	0.54%	0.70%	0.64%	0.61%

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

Agency	Fiscal Year				
	2014	2015	2016	2017	2018
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000
Chula Vista Elementary	0.04631	0.04753	0.04301	0.04323	0.03594
Gen Bond National City-Prop N 11/04/14 Ser 2014A	0.00000	0.00000	0.03055	0.02867	0.02629
Metropolitan Water District	0.00000	0.00000	0.00000	0.00000	0.00000
National City Gen. Obligation Bonds 2002 Series A	0.01190	0.00960	0.00920	0.00880	0.00790
San Diego Community College Bond	0.04760	0.04381	0.03939	0.03912	0.03447
Southwestern Community College	0.03675	0.03582	0.03961	0.03856	0.04981
Sweetwater High Bond	0.05823	0.05407	0.05169	0.05162	0.05156
Total Direct & Overlapping² Tax Rates	1.20429	1.19433	1.21695	1.21350	1.20947
City's Share of 1% Levy Per Prop 13 ³	0.17720	0.17720	0.17720	0.17720	0.17720
General Obligation Debt Rate	0.01190	0.00960	0.00920	0.00880	0.00880
Voter Approved City Debt Rate	0.01190	0.00960	0.00920	0.00880	0.00790
Redevelopment Authority Rate ⁴	0.00000	0.00000	0.00000	0.00000	0.00000
Total Direct Rate ⁵	0.24559	0.20747	0.20813	0.19685	0.19685

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

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

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

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

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

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

Agency	Fiscal Year				
	2019	2020	2021	2022	2023
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000
Chula Vista Elementary	0.03917	0.03743	0.06455	0.06279	0.05049
Gen Bond National City-Prop N 11/04/14 Ser 2014A	0.01449	0.00000	0.00000	0.05092	0.05834
Metropolitan Water District	0.01022	0.00000	0.00000	0.00350	0.00350
National City Gen. Obligation Bonds 2002 Series A	0.00730	0.03129	0.03064	0.00000	0.05834
San Diego Community College Bond	0.03941	0.03801	0.03700	0.03699	0.03526
Southwestern Community College	0.04671	0.04482	0.02792	0.04854	0.04215
Sweetwater High Bond	0.05283	0.05159	0.04880	0.04611	0.06911
Total Direct & Overlapping² Tax Rates	1.21363	1.20664	1.21241	1.24885	1.25885
City's Share of 1% Levy Per Prop 13 ³	0.17720	0.17720	0.17720	0.17720	0.17720
General Obligation Debt Rate	0.00730	0.00880	0.00000	0.00000	0.00000
Voter Approved Debt Rate	0.00730	0.00670	0.00590	0.00590	0.00572
Redevelopment Authority Rate ⁴	0.00000	0.00000	0.00000	0.00000	0.00000
Total Direct Rate ⁵	0.19462	0.19792	0.19269	0.19630	0.19222

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

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

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

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

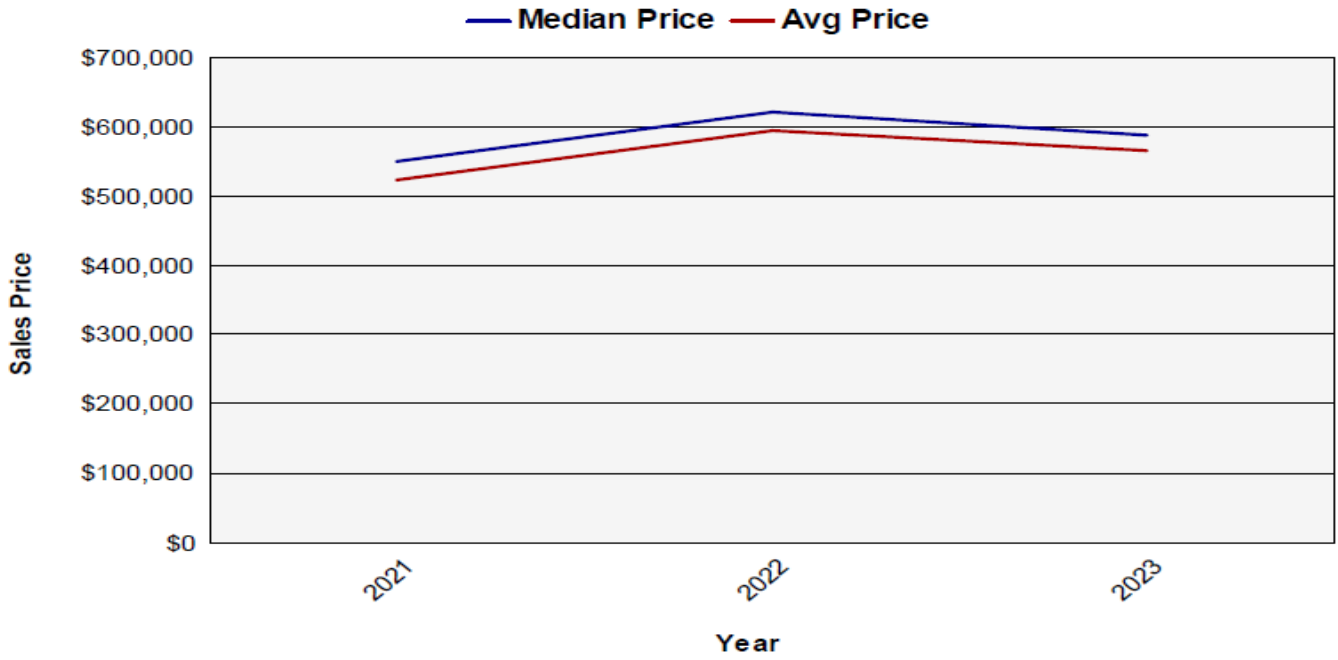
⁵ Total Direct Rate is the weighted average of all individual direct rates applied by the City/agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment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

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

Taxpayer (Parcels)	2022/23			2013/14		
	Taxable Assessed Value	Rank	Percentage of Net Assessed Value	Taxable Assessed Value	Rank	Percentage of Net Assessed Value
	(Secured and Unsecured)			(Secured and Unsecured)		
PLAZA BONITA LLC	\$ 275,066,424	1	5.52%	-	-	-
PASHA AUTOMOTIVE SERVICES	82,051,294	2	1.65%	-	-	-
P V H R LLC	66,050,779	3	1.33%	-	-	-
H G FENTON PROPERTY COMPANY	57,134,099	4	1.15%	-	-	-
NATIONAL CITY INVESTMENT LP	46,753,363	5	0.94%	-	-	-
COSTCO WHOLESALE CORPORATION	45,694,010	6	0.92%	-	-	-
C A HAFFLEY INDUSTRIAL PARK (DE) LLC	43,500,000	7	0.87%	-	-	-
M G P X I U S PROPERTIES LLC	39,261,850	8	0.79%	-	-	-
MPT OF PARADISE VALLEY LP	35,685,746	9	0.72%	-	-	-
619 D AVENUE PARADISE LLC	31,955,375	10	0.64%	-	-	-
CENTERMARK PROPERTIES INC	-	-	-	\$ 274,137,710	1	8.42%
PASHA AUTOMOTIVE SERVICES	-	-	-	1,032,168,894	2	3.17%
COSTCO WHOLESALE CORPORATION	-	-	-	60,158,236	3	1.85%
P V H R LLC	-	-	-	54,274,656	4	1.67%
ROIC CALIFORNIA LLC	-	-	-	37,768,000	5	1.16%
MPT OF PARADISE VALLEY LP	-	-	-	30,753,071	6	0.94%
DIXIELINE LUMBER COMPANY	-	-	-	30,715,583	7	0.94%
FENTON N C PLLC	-	-	-	30,370,500	8	0.93%
SWEETWATER ASSOCIATES LP	-	-	-	23,937,455	9	0.74%
WALMART REAL ESTATE BUSINESS TRUST	-	-	-	23,780,746	10	0.73%
WILLIAMS G W COMPANY	-	-	-	-	-	-
Top Ten Total	\$ 723,152,940		14.52%	\$ 669,112,851		20.56%
City Total	\$ 4,980,959,054			\$ 3,254,789,852		

City of National City
Sales Value History
Single Family Residential Full Value Sales (1/1/2021-6/30/2023)

<u>Year</u>	<u>Full Value Sales</u>	<u>Average Price</u>	<u>Median Price</u>	<u>Median % Change</u>
2021	258	\$ 524,948	\$ 550,000	18.03%
2022	222	\$ 596,068	\$ 621,250	12.95%
2023	80	\$ 566,219	\$ 588,500	-5.27%





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City of National City
Top 25 Sales Tax Producers
For 2022-23 & 2013-14

2022-23		2013-14	
Business Name	Business Category	Business Name	Business Category
Arco	Service Stations	Arco	Service Stations
Ball Mitsubishi	New Motor Vehicle Dealers	Arco AM PM	Service Stations
Burlington	Family Apparel	Ball Mitsubishi	New Motor Vehicle Dealers
Calportland Company	Contractors	Frank Hyundai	New Motor Vehicle Dealers
Chevron Circle K	Service Stations	Frank Subaru	New Motor Vehicle Dealers
Coronado Beach Harley Davidson	Boats/Motorcycles	Frank Toyota	New Motor Vehicle Dealers
Frank Hyundai	New Motor Vehicle Dealers	JC Penney	Department Stores
Frank Subaru	New Motor Vehicle Dealers	Macys	Department Stores
Frank Toyota	New Motor Vehicle Dealers	Mor Furniture 4 Less	Home Furnishings
Hd Supply White Cap	Building Materials	Mossy Nissan	New Motor Vehicle Dealers
JC Penny	Department Stores	Nordstrom Rack	Department Stores
Macys	Department Stores	One Source Distributors	Electrical Equipment
Mossy Nissan	New Motor Vehicle Dealers	Perry Chrysler Dodge Jeep Ram	New Motor Vehicle Dealers
Nordstrom Rack	Department Stores	Perry Ford	New Motor Vehicle Dealers
Perry Chrysler Dodge Jeep Ram	New Motor Vehicle Dealers	Probuild Company	Building Materials
Perry Ford	New Motor Vehicle Dealers	Ron Baker Chevrolet	New Motor Vehicle Dealers
Probuild Company	Building Materials	Ross	Family Apparel
Ron Baker Chevrolet	New Motor Vehicle Dealers	Shell	Service Stations
Ross	Family Apparel	South Bay Volkswagen	New Motor Vehicle Dealers
South Bay Volkswagen	New Motor Vehicle Dealers	South County Buick GMC	New Motor Vehicle Dealers
South County Buick Gmc	New Motor Vehicle Dealers	Sweetwater Harley Davidson	Boats/Motorcycles
Target	Discount Dept Stores	Target	Discount Dept Stores
Walmart Supercenter	Discount Dept Stores	Univar Solutions USA	Drugs/Chemicals
Wescott Mazda	New Motor Vehicle Dealers	Walmart Supercenter	Discount Dept Stores
Westair Gases & Equipment	Drugs/Chemicals	Wescott Mazda	New Motor Vehicle Dealers

Percent of 2022-23 total paid by top 25 accounts = 50.44

Percent of 2013-14 total paid by top 25 accounts = 52.99%

* Firms listed alphabetically

* Firms listed alphabetically

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental Activities:					
NCJPFA Lease Revenue Refunding Bond	\$ 1,870,000	\$ 1,425,000	\$ 965,000	\$ 490,000	\$ -
Tax Allocation Bonds	-	-	-	-	-
General Obligation Bonds	4,613,668	4,371,263	4,123,858	3,917,653	3,635,000
Bond Premium	22,468	20,863	19,258	17,653	16,048
2017 Clean Energy Bonds	-	-	-	-	1,800,000
2017 Lease Revenue Bonds	-	-	-	-	3,530,497
2021 Pension Obligation Bonds	-	-	-	-	-
Bond discount	-	-	-	-	-
Notes payable	-	-	-	1,158,837	1,043,788
HUD 108 Bond 2003 A	4,450,000	4,140,000	3,805,000	3,440,000	3,050,000
Total Bonded Debt	\$ 10,956,136	\$ 9,957,126	\$ 8,913,116	\$ 9,024,143	\$ 13,075,333
Per Capita	\$ 5,440	\$ 5,437	\$ 146	\$ 128	\$ 6,479
Percent of Taxable Assessed Values	267.41%	243.02%	217.53%	0.19%	271.26%
Other Governmental Activities Debt					
Lease liabilities	1,571,831	1,948,686	1,723,764	1,494,160	1,264,425
Business-Type Activities:					
Notes Payable-Deed of Trust	1,576,533	1,311,137	1,027,967	725,833	403,464
Total Primary Government	\$ 14,104,500	\$ 13,216,949	\$ 11,664,847	\$ 11,244,136	\$ 14,743,222
Percent of Personal Income	1.43%	1.35%	1.14%	0.96%	1.27%
Per Capita	\$ 237	\$ 223	\$ 192	\$ 164	\$ 220

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

	Fiscal Year				
	2019	2020	2021	2022	2023
Governmental Activities:					
NCJPFA Lease Revenue Refunding Bond	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Allocation Bonds	-	2,175,000	1,690,000	1,170,000	605,000
General Obligation Bonds	3,360,000	3,080,000	2,790,000	2,490,000	2,175,000
Bond Premium	14,443	12,838	11,233	9,628	8,023
2017 Clean Energy Bonds	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
2017 Lease Revenue Bonds	3,407,479	3,273,024	3,110,214	2,933,781	2,743,061
2021 Pension Obligation Bonds	-	-	-	83,895,000	81,330,000
Bond discount	-	-	-	(142,838)	(135,696)
Notes payable	925,530	803,972	679,023	550,588	418,569
HUD 108 Bond 2003 A	2,630,000	-	-	-	-
Total Bonded Debt	\$ 12,137,452	\$ 11,144,834	\$ 10,080,470	\$ 92,706,159	\$ 88,943,957
Per Capita	\$ 6,012	\$ 179	\$ 4,990	\$ 1,477	\$ 1,459
Percent of Taxable Assessed Values	252.79%	0.22%	2.11%	2.00%	1.79%
Other Governmental Activities Debt					
Lease liabilities	1,001,185	768,283	627,547	479,639	326,372
Business-Type Activities:					
Notes Payable-Deed of Trust	-	-	-	-	-
Total Primary Government	\$ 13,138,637	\$ 11,913,117	\$ 10,708,017	\$ 93,185,798	\$ 89,270,329
Percent of Personal Income	1.06%	0.96%	0.87%	8.02%	7.70%
Per Capita	\$ 196	\$ 179	\$ 162	\$ 1,487	\$ 1,427

City of National City
Direct and Overlapping Debt
As of June 30, 2023

2022-23 Assessed Valuation: \$4,752,648,535

	Total Debt 6/30/2023	% Applicable ¹	City's Share of 6/30/2023
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 19,215,000	0.137%	\$ 26,325
San Diego Community College District	1,283,967,601	0.002%	25,679
Southwestern Community College District	758,359,345	6.919%	52,470,883
Chula Vista City School District	109,173,285	1.256%	1,371,216
Chula Vista City School District School Facilities Improvement District No. 1	76,540,000	2.141%	1,638,721
National School District	35,574,000	93.096%	33,117,971
Sweetwater Union High School District	617,301,738	8.204%	50,643,435
Sweetwater Union High School District Community Facilities Districts	2,775,680	23.372%	# 648,732
City Overlapping Tax and Assessment Debt Subtotal	2,775,680		139,942,962
City of National City	2,175,000	100%	2,175,000
City Tax and Assessment Debt Subtotal	2,175,000		2,175,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	2,175,000		\$ 142,117,962
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
San Diego County General Fund Obligations	\$ 229,680,000	0.759%	\$ 1,743,271
San Diego County Pension Obligation Bonds	277,990,000	0.759%	2,109,944
San Diego County Superintendent of Schools Obligations	6,935,000	0.759%	52,637
Southwestern Community College District General Fund Obligations	260,000	6.919%	17,989
Sweetwater Union High School District Certificates of Participation	770,000	8.204%	63,171
Chula Vista City School District Certificates of Participation	179,945,000	1.256%	2,260,109
City of National City General Fund Obligations	4,543,061	100.000%	4,543,061
City of National City Pensions Obligation Bonds	81,330,000	100.000%	81,330,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT	\$ -		\$ 92,120,182
Overlapping Tax Increment Debt (Successor Agency)	\$ 32,731,000	100%	\$ 32,731,000
COMBINED TOTAL DEBT	\$ -		\$ 266,969,144
Total Direct Debt			\$ 88,048,061
Total Overlapping Debt			178,921,083
Combined Total Debt ²			\$ 266,969,144

Ratios to 2022-23 Assessed Valuation:

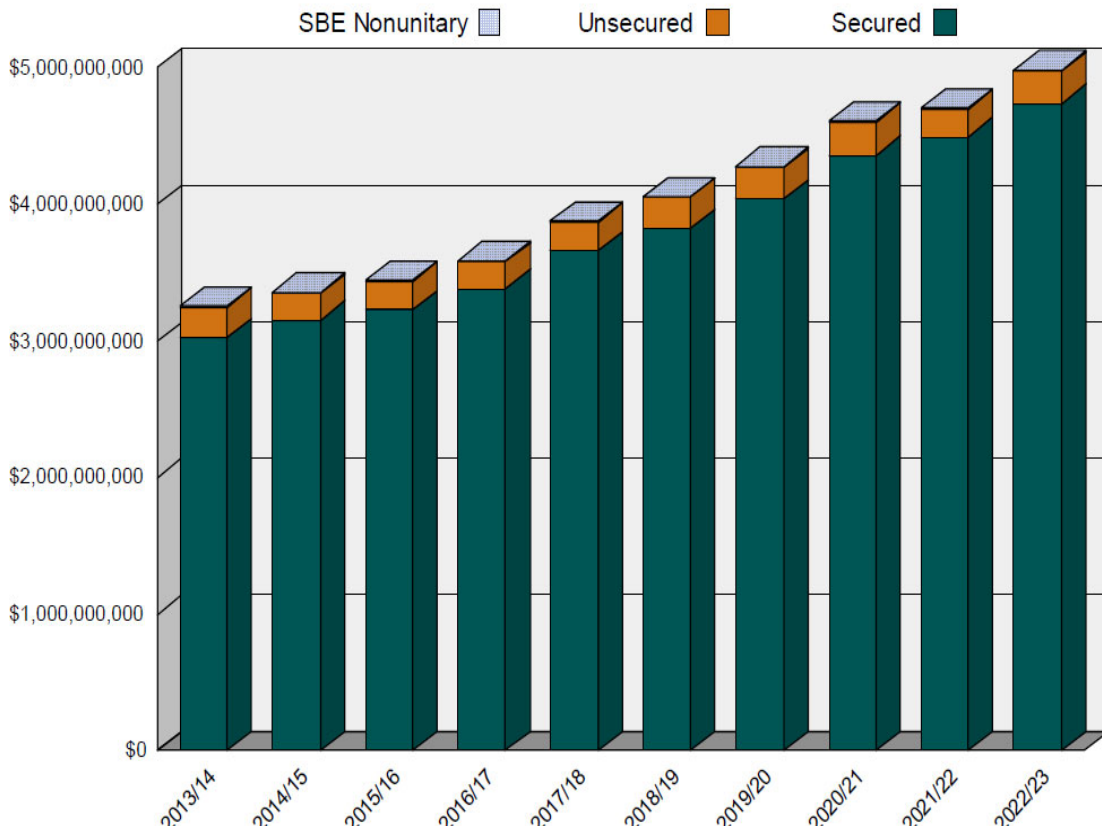
Direct Debt (\$2,175,000)	0.04%
Total Direct and Overlapping Tax and Assessment Debt	2.85%
Total Direct Debt (\$88,048,061)	1.77%
Combined Total Debt	5.36%
<u>Ratios to Redevelopment Successor Agency Incremental Valuation</u>	
<u>(\$2,646,578,581):</u>	
Total Overlapping Tax Increment Debt	1.24%

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

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

City of National City Net Taxable Assessed Value History 2013/14 - 2022/23

Year	Secured	Unsecured	SBE Nonunitary	Net Total AV	% Change
2013/14	\$ 3,024,717,426	\$ 224,847,953	\$ 5,224,473	\$ 3,254,789,852	
2014/15	\$ 3,151,745,766	\$ 197,869,900	\$ 5,224,473	\$ 3,354,840,139	3.07%
2015/16	\$ 3,228,350,085	\$ 208,192,396	\$ 4,088,740	\$ 3,440,631,221	2.56%
2016/17	\$ 3,383,262,493	\$ 200,687,180	\$ 4,088,640	\$ 3,588,038,313	4.28%
2017/18	\$ 3,663,900,667	\$ 209,840,073	\$ 4,088,640	\$ 3,877,829,380	8.08%
2018/19	\$ 3,824,597,075	\$ 228,175,189	\$ 4,429,496	\$ 4,057,201,760	4.63%
2019/20	\$ 4,040,622,752	\$ 233,956,577	\$ 4,429,496	\$ 4,279,008,825	5.47%
2020/21	\$ 4,358,420,884	\$ 244,900,101	\$ 4,429,496	\$ 4,607,750,481	7.68%
2021/22	\$ 4,494,935,185	\$ 203,990,721	\$ 4,429,496	\$ 4,703,355,402	2.07%
2022/23	\$ 4,739,072,518	\$ 238,648,256	\$ 3,238,280	\$ 4,980,959,054	5.90%



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

	Fiscal Year				
	2014	2015	2016	2017	2018
Assessed Valuation	\$ 3,440,631,221	\$ 3,354,840,139	\$ 3,440,631,221	\$ 3,588,038,313	\$ 3,877,829,380
Conversion Percentage	25%	25%	25%	25%	25%
Adjusted Assessed Valuation	\$ 860,157,805	\$ 838,710,035	\$ 860,157,805	\$ 897,009,578	\$ 969,457,345
Debt Limit Percentage	15%	15%	15%	15%	15%
Debt Limit	\$ 129,023,671	\$ 125,806,505	\$ 129,023,671	\$ 134,551,437	\$ 145,418,602
Total Debt (due more than one year)	\$ 20,857,367	\$ 20,579,839	\$ 19,496,761	\$ 19,090,044	\$ 22,603,785
Less: Non Bonded Debt					
Claims Payable	(5,466,746)	(5,580,594)	(6,112,318)	(6,416,518)	(7,089,594)
Compensated Absences	(1,421,472)	(1,632,485)	(1,821,032)	(2,023,755)	(1,372,764)
Capitalized Lease Obligation	(1,362,172)	(1,723,765)	(1,494,160)	(1,249,932)	(1,001,185)
Notes Payable	(1,311,137)	(1,027,967)	(725,833)	(403,465)	-
Total Applicable to Limitation	<u>11,295,840</u>	<u>10,615,028</u>	<u>9,343,418</u>	<u>8,996,374</u>	<u>13,140,242</u>
Legal Debt Margin	<u>\$ 117,727,831</u>	<u>\$ 115,191,477</u>	<u>\$ 119,680,253</u>	<u>\$ 125,555,063</u>	<u>\$ 132,278,360</u>
Total debt applicable to the limit as a percentage of debt limit	9%	8%	7%	7%	9%

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

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

	Fiscal Year				
	2019	2020	2021	2022	2023
Assessed Valuation	\$ 4,057,201,760	\$ 4,279,008,825	\$ 4,523,039,978	\$ 4,703,355,402	\$ 4,980,959,594
Conversion Percentage	25%	25%	25%	25%	25%
Adjusted Assessed Valuation	\$ 1,014,300,440	\$ 1,069,752,206	\$ 1,130,759,995	\$ 1,175,838,851	\$ 1,245,239,899
Debt Limit Percentage	15%	15%	15%	15%	15%
Debt Limit	\$ 152,145,066	\$ 160,462,831	\$ 169,613,999	\$ 176,375,828	\$ 186,785,985
Total Debt (due more than one year)	\$ 22,569,433	\$ 27,024,384	\$ 26,503,876	\$ 108,135,511	\$ 105,034,519
Less: Non Bonded Debt					
Claims Payable	(8,262,594)	(11,356,000)	(11,948,000)	(10,966,000)	(11,292,000)
Compensated Absences	(1,622,476)	(3,755,267)	(3,847,859)	(3,983,713)	(4,472,190)
Capitalized Lease Obligation	(768,962)	(768,283)	(627,547)	(479,639)	(326,372)
Notes Payable	-	-	-	-	-
Total Applicable to Limitation	11,915,401	11,144,834	10,080,470	92,706,159	88,943,957
Legal Debt Margin	<u>\$ 140,229,665</u>	<u>\$ 149,317,997</u>	<u>\$ 159,533,529</u>	<u>\$ 83,669,669</u>	<u>\$ 97,842,028</u>
Total debt applicable to the limit as a percentage of debt limit	8%	7%	6%	53%	48%

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

City of National City
Pledged Revenue Coverage
Last Ten Fiscal Years

	Fiscal Year				
	2014	2015	2016	2017	2018
Revenue					
Property Tax Gross Incremental Revenue	\$ 13,608,368	\$ 12,705,481	\$ 11,558,679	\$ 7,740,998	\$ 8,921,732
Debt Service Requirements					
Principal	4,290,000	5,230,000	2,070,000	2,220,000	3,163,000
Interest and Fiscal Charges	3,589,747	3,484,532	3,078,878	2,980,532	1,166,000
Pass-through Payments	-	-	-	-	-
	<u>\$ 7,879,747</u>	<u>\$ 8,714,532</u>	<u>\$ 5,148,878</u>	<u>\$ 5,200,532</u>	<u>\$ 4,329,000</u>
Debt Coverage	1.73	1.46	2.24	1.49	2.06

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

	Fiscal Year				
	2019	2020	2021	2022	2023
Revenue					
Property Tax Gross Incremental Revenue	\$ 5,185,031	\$ 1,204,954	\$ 2,687,984	\$ 3,485,844	\$ 4,199,028
Debt Service Requirements					
Principal	3,113,000	3,113,000	3,194,000	3,131,000	3,208,000
Interest and Fiscal Charges	1,088,084	1,088,084	1,009,785	931,307	852,589
Pass-through Payments	-	-	-	-	-
	<u>\$ 4,201,084</u>	<u>\$ 4,201,084</u>	<u>\$ 4,203,785</u>	<u>\$ 4,062,307</u>	<u>\$ 4,060,589</u>
Debt Coverage	1.23	0.29	0.64	0.86	1.03



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

Year	Total Population	Pct of SD County Population ³	Pct Change from Previous Year	Median Age	Avg. Household Size ²	Educational Attainment		Unemployment Rate	Personal Income (000s) ¹	Per Capita Personal Income ¹
						% High School Graduate (25+)	% Bachelor's Degree or Higher (25%)			
2013	59,381	1.9%	0.7%	32	3.40	67.9%	12.7%	11.9%	\$ 982,043	\$ 16,538
2014	59,235	1.9%	0.5%	31.5	3.41	69.8%	12.5%	8.1%	\$ 977,614	\$ 16,504
2015	60,768	1.8%	2.6%	31.9	3.41	70.8%	12.7%	6.6%	\$ 1,020,729	\$ 16,797
2016	61,210	1.8%	0.7%	32.2	3.40	72.3%	12.9%	5.9%	\$ 1,048,669	\$ 17,132
2017	62,257	1.9%	1.7%	32.5	3.4	72.4%	14.2%	5.0%	\$ 1,078,906	\$ 17,329
2018	62,307	1.9%	0.1%	32.5	3.4	73.5%	14.6%	4.4%	\$ 1,155,824	\$ 18,550
2019	62,099	1.9%	-0.3%	33.6	3.39	74.2%	14.9%	4.1%	\$ 1,291,429	\$ 20,796
2020	62,749	1.9%	1.0%	34.2	3.3	74.9%	14.2%	12.6%	\$ 1,347,968	\$ 21,481
2021	61,471	1.9%	-2.0%	33.9	3.4	75.4%	15.8%	9.3%	\$ 1,418,597	\$ 23,077
2022	60,974	2.8%	-0.8%	36.8	3.14	74.0%	15.0%	4.6%	\$ 1,315,680	\$ 21,577

* 2023 information not available.

¹ Dollar values are inflation-adjusted

² United States Census Bureau

³ United States Census Bureau (SD County)

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

<u>Function/Program</u>	Fiscal Year				
	2014	2015	2016	2017	2018
General Government					
City Clerk	3.00	3.00	3.00	3.00	3.00
City Manager	8.00	8.00	8.00	8.00	7.00
Risk Management	1.00	1.00	1.00	1.00	1.00
Management Information Systems	3.00	3.50	4.00	4.00	4.00
Finance	14.48	14.77	15.77	14.29	14.29
Purchasing	2.48	1.48	1.48	1.48	1.48
City Attorney	3.50	4.00	3.50	4.00	4.00
Human Resources	3.00	3.00	5.00	5.00	4.00
Community Development	19.34	15.01	—	—	—
Planning	3.00	3.00	4.00	4.00	5.00
Building	4.00	4.00	5.00	5.00	5.00
Engineering	10.00	11.00	13.00	13.00	13.00
Redevelopment	3.20	—	—	—	—
Housing & Economic Development	14.00	15.00	15.00	16.00	15.00
Neighborhood Services	10.00	10.00	11.00	11.00	11.00
Public Works	42.00	45.00	45.00	46.50	46.50
Community Services	19.35	15.01	17.98	18.98	18.98
Nutrition Center	10.00	10.00	10.00	10.00	9.00
Library	56.30	20.35	21.35	21.85	21.85
Public Safety					
Police	125.38	129.50	129.50	126.98	126.98
Fire	43.00	43.00	47.00	47.00	47.00

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

<u>Function/Program</u>	Fiscal Year				
	2019	2020	2021	2022	2023
General Government					
City Clerk	3.00	3.00	2.00	2.00	3.00
City Manager	7.00	7.00	11.00	5.00	7.00
Risk Management	1.00	1.00	1.00	1.00	1.00
Management Information Systems	4.00	4.00	4.00	4.00	3.00
Finance	14.29	14.29	15.29	14.50	12.50
Purchasing	1.48	1.00	1.00	1.00	1.00
City Attorney	5.00	5.00	5.00	4.00	4.00
Human Resources	3.00	4.00	4.00	4.50	5.00
Community Development	—	—	—	—	—
Planning	5.00	5.00	5.00	5.00	6.00
Building	4.00	4.00	4.00	4.00	4.00
Engineering	13.00	10.60	11.00	11.00	11.00
Redevelopment	—	—	—	—	—
Housing & Economic Development	15.00	15.00	14.00	15.00	15.00
Neighborhood Services	11.00	12.00	12.00	10.00	12.00
Public Works	46.50	49.90	51.00	49.00	50.00
Community Services	18.98	17.00	18.98	11.50	6.00
Nutrition Center	9.00	9.00	10.00	7.25	6.00
Library	21.85	22.85	22.85	7.50	8.00
Public Safety					
Police	128.98	128.98	129.94	123.00	128.00
Fire	47.00	51.00	47.00	52.00	52.00

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

<u>Function/Program</u>	Fiscal Year				
	2014	2015	2016	2017	2018
Police					
Physical Arrests	3,167	3,484	3,418	3,078	2,733
Parking Violations	11,283	7,434	8,659	7,958	8,693
Traffic Violations	2,158	1,801	1,561	1,563	1,772
Fire					
Emergency Responses	6,264	7,815	8,228	8,403	8,815
Fires Extinguished	149	121	141	125	138
Inspections	1,583	1,316	900	837	914
Other Public Works					
Street Resurfacing (miles)	-	2	-	-	2
Parks and Recreation					
Athletic Field Permits Issued	9	18	26	28	28
Community Center Admissions ¹	54,520	18,138	42,762	43,396	45,342
Library					
Volumes in Collection	246,299	238,114	233,109	231,683	233,086
Total Volumes Borrowed	215,955	189,145	129,762	111,271	110,023
Wastewater					
Average Daily Sewage Treatment (million gallons per day)	4	4	4	4	4

¹ Excludes Nutrition Center admissions.

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

<u>Function/Program</u>	Fiscal Year				
	2019	2020	2021	2022	2023
Police					
Physical Arrests	2,567	1,693	1,654	1,393	1,446
Parking Violations	7,348	2,541	9,573	9,135	7,299
Traffic Violations	1,987	1,119	1,030	929	1,149
Fire					
Emergency Responses	8,463	7,784	7,914	8,222	8,068
Fires Extinguished	120	149	199	249	245
Inspections	820	599	1,035	1,112	933
Other Public Works					
Street Resurfacing (miles)	34	2	1	1	3
Parks and Recreation					
Athletic Field Permits Issued	13	11	6		10
Community Center Admissions ¹	56,988	54,906	31,661	30,734	46,536
Library					
Volumes in Collection	206,210	204,284	229,019	214,289	215,984
Total Volumes Borrowed	103,594	68,061	16,203	37,038	49,857
Wastewater					
Average Daily Sewage Treatment (million gallons per day)	4	4	4	4	4

¹ Excludes Nutrition Center admissions.

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

<u>Function/Program</u>	Fiscal Year				
	2014	2015	2016	2017	2018
Police					
Stations	1	1	1	1	1
Zone Offices	1	1	1	0	0
Patrol Units	34	38	45	45	45
Fire Stations	2	2	2	2	2
Other Public Works					
Streets (miles)	101	101	101	108	108
Highways (miles)	6	6	6	9	9
Streetlights	1,730	1,730	1,730	1,995	1,995
Traffic Signals	74	74	75	74	80
Parks and Recreation					
Acreage	84	84	75	80	80
Playgrounds	4	4	5	5	5
Baseball/Softball Diamonds	5	5	5	5	5
Soccer/Football Fields	1	1	1	1	1
Community Centers	5	5	1	1	1
Wastewater					
Sanitary Sewers (miles)	97	97	97	104	104
Storm Sewers (miles)	45.0	45.0	45.0	96.0	96.0
Treatment Capacity (million gallons per day)	7.20	7.20	7.20	7.20	7.20

NA: Not available.

Sources: Various City departments

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

<u>Function/Program</u>	Fiscal Year				
	2019	2020	2021	2022	2023
Police					
Stations	1	1	1	1	1
Zone Offices	1	1	1	1	1
Patrol Units	60	60	60	69	60
Fire Stations	2	2	3	3	3
Other Public Works					
Streets (miles)	108	108	108	108	108
Highways (miles)	9	9	9	9	9
Streetlights	2,731	2,731	2,731	848	NA
Traffic Signals	80	82	82	80	80
Parks and Recreation					
Acreage	80	80	92	92	92
Playgrounds	5	5	5	5	5
Baseball/Softball Diamonds	5	5	5	5	5
Soccer/Football Fields	1	1	1	1	1
Community Centers	5	1	5	5	5
Wastewater					
Sanitary Sewers (miles)	104	104	104	104	104
Storm Sewers (miles)	96.0	96.0	96.0	96	96
Treatment Capacity (million gallons per day)	7.20	7.20	7.20	7	7

NA: Not available.

Sources: Various City departments



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