



# *CITY OF CORONADO California*

Comprehensive Annual Financial Report

June 30, 2014



CITY OF CORONADO, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
WITH REPORT ON AUDIT BY  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
FISCAL YEAR ENDED JUNE 30, 2014

PREPARED AND PRESENTED BY:  
THE DEPARTMENT OF ADMINISTRATIVE SERVICES  
Leslie Suelter, Director of Administrative Services

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CITY OF CORONADO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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## CITY OF CORONADO

1825 STRAND WAY  
CORONADO, CA 92118

OFFICE OF THE CITY MANAGER  
(619) 522-7335  
(619) 522-7846 FAX

December 15, 2014

To The Honorable Mayor, Councilmembers, and Citizens of the City of Coronado:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Coronado for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of information presented in this report. To provide a reasonable basis for making these representations, the City's management has established a comprehensive internal control framework designed to protect the government's assets and to compile sufficient reliable information for the preparation of the financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the costs of internal controls should not outweigh its benefits, the City's comprehensive framework of internal controls has been designed both to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement and that they are fairly presented. As management we attest that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Lance, Soll & Lunghard, LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion of the fair presentation of the City of Coronado's financial statements for the fiscal year ended June 30, 2014. The independent auditor's opinion report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. This letter of transmittal is designed to complement and should be read in conjunction with the MD&A.

### **CITY OF CORONADO PROFILE**

The City of Coronado, incorporated December 12, 1890, is located on a narrow peninsula at the southwestern edge of San Diego County. Bounded to the west by the Pacific Ocean and on the east by San Diego Bay, the City is accessible by the two-mile long San Diego-Coronado Bridge from the east and Silver Strand Highway to the south. The City occupies a land area of 14 square miles, serving a population of approximately 23,000 living in approximately 9,500 housing units. In addition, the City also serves seasonal residents, tourists, and local area daytime visitors.

The City of Coronado operates under a council-manager form of government, with a Mayor and four-member council elected at large for four-year staggered terms, with a two-term limit for each elected office. The City provides a wide range of services, including general government, police and fire protection; beach lifeguard services; disaster preparedness; building safety regulation and inspection; infrastructure and public facility capital improvement construction; sewer, storm drain, street, park and beach maintenance; library services; golf; and recreational and cultural programs.

Coronado has a rich history. It began as a resort community in 1886 with the formation of the Coronado Beach Company, followed by the opening of the Hotel del Coronado in 1888. The City incorporated as a general law city in 1890. Coronado's City Hall and Community Center are located on the Glorietta Bay Promenade, once the site of Tent City, a popular vacation destination from 1900 to 1939. In 1917, the U.S. Government established a military base at the north end of the Coronado peninsula, now known Naval Air Station North Island (NASNI), the "Birthplace of Naval Aviation." In 1943, a second military installation, Naval Amphibious Base, Coronado (NAB) was added along the Silver Strand. NAB is the West Coast base of operations for SEAL teams. In 1969, the San Diego-Coronado Bridge opened, replacing an auto ferry system between Coronado and downtown San Diego and now accommodates an average of 83,000 vehicles per day. Commuters to naval bases result in the City doubling in size every workday. Today, Coronado is known for its historical charm as a residential community, a highly regarded tourist destination, as well as headquarters to the largest military command in the southwest region of the United States.

## **ECONOMIC CONDITIONS**

### *Local Economy*

The local economy for the City of Coronado is primarily based on tourism, but the largest employer is Naval Base Coronado (NBC), a consolidated United States Navy installation encompassing eight regional installations throughout Southern California, three of which are located in Coronado. NBC employs over 20,000 military and civilian personnel, a majority of whom are based at NASNI and NAB. The City's proximity to the ocean, luxury resorts, award winning beaches, and island-like characteristics have resulted in Coronado being one of the region's most recognized and desirable destinations for out-of-town and regional visitors. Seventeen local hotels provide more than 1,900 rooms, plus there are over 70 cafés and restaurants in the City. Hotels and restaurants employ over 4,000 workers.

Coronado's property tax roll values remained stable through the recession and have returned to a strong 3.4% year-over-year growth, and the City's budget has remained balanced, with reserves growing each year. Property and transient occupancy tax (TOT) revenues are the City's two largest revenue sources and account for 76.0% of general fund revenues.

### *Long-Term financial planning*

The annual budget serves as the foundation for the City's financial planning and control. The City Manager presents the proposed balanced budget to the City Council for review prior to the beginning of each fiscal year. In advance of the annual budget adoption process, the City Council also considers a multi-year financial projection for its General Fund to provide a long-term context for its annual budget. The proposed annual budget is presented at a public workshop in May, and the Council adopts the final balanced budget no later than June 30, the close of the fiscal year. The budget is presented by fund and department. As of June 30, 2014 the City has 17 capital projects underway and has appropriated funds

for 12 new capital projects in fiscal year 2014-15. Only the City Council has the authority to increase total appropriations within any fund, subject to the appropriations limitations established by State law. In contrast to other California cities, Coronado has enjoyed enviable financial strength through conservative budgeting, most notably with over a decade of the General Fund operating without budget shortfalls and without dipping into reserves to make up for budget shortfalls.

### *Financial Policies*

As part of the annual budget adoption process, City Council reviews and updates fund balance policy, including the size and use of reserves. For fiscal year 2015, Council committed \$11.0 million of the general fund balance for responding to unforeseen emergencies and economic downturns. An additional \$10.0 million is set aside for operating cash flow purposes.

The City anticipates full implementation within established timeframes of the Government Accounting Standard's Board (GASB) 68, "Financial Reporting for Pension Plans." The California Public Employees' Retirement System (CalPERS) has announced it will provide necessary pension financial and actuarial information for the City to adopt GASB 68 no sooner than the required date of implementation, for the year ending June 30, 2015, and thereafter.

The City of Coronado has taken proactive steps in the long-term management of sustainable, affordable pension benefits for employees. In 2011, the City paid off its CalPERS Public Safety Plan side fund liability of \$6.2 million several years early in order to avoid over \$3.8 million in future interest costs. In 2013, the City pre-funded a \$5 million contribution toward its Miscellaneous Pension Plan, shortening the amortization of its pension liabilities and lowering the City's FY 2013-14 Miscellaneous contribution rate by 26.6%. This action generated \$440,300 in savings which have been set aside into a pension stabilization fund. These funds will be used to further reduce pension liabilities and improve stabilization of future costs. Annual pension savings, as a result of the FY 2011-12 \$5 million prefunding will continue to be segregated into the pension stabilization fund and used to make advance payments on the City's pension liabilities. During FY 2013-14 the City established and pre-funded with \$1.8 million an irrevocable trust related to the actuarial liability related to Other Post-Employment Benefits (OPEB). The funds are held in safe-keeping and utilized for paying future obligations to a limited portion of retiree health insurance premiums.

### *Major Initiatives*

The City's commitment for Fiscal Year 2014-15 and beyond is to continue exploring innovative means that effectively meet the needs of the community. Included among the major initiatives for this year are:

- Enhancing bicycle and pedestrian opportunities
- Implementing traffic calming improvements
- Finalizing the plans for new Senior Center Facility
- Designing improvements to the San Diego-Coronado Bridge Toll Plaza
- Reserving funds for the future replacement and refurbishment of City facilities
- Developing a new City website
- Completing an Infrastructure Replacement and Refurbishment Study
- Renewing the Storm Drain National Pollutant Discharge Elimination System (NPDES) permit
- Completing a Wastewater Master Plan
- Supporting the City's historical and cultural heritage and assets through active Coronado Historic Resource and Cultural Arts Commissions

*Awards and Acknowledgements*

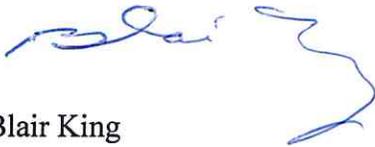
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Coronado for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2013. The City applied for this prestigious national award recognizing conformance with the highest standards for preparation of state and local financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. This award is valid for a period of one year only. The current report conforms to the Certificate of Achievement program requirements.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated services of the Administrative Services Department team. All have devoted long hours to the audit and the completion of the Comprehensive Annual Financial Report during a period of management transition concurrent with a major financial software upgrade and have accomplished this work for a Report release earlier than in the past.

There is no doubt that the City of Coronado enjoys a quality of life that sets it apart from other communities. Credit is due to current and previous Mayors and Councils for their support for maintaining the highest standards of conservative professionalism in the management of the City's finances.

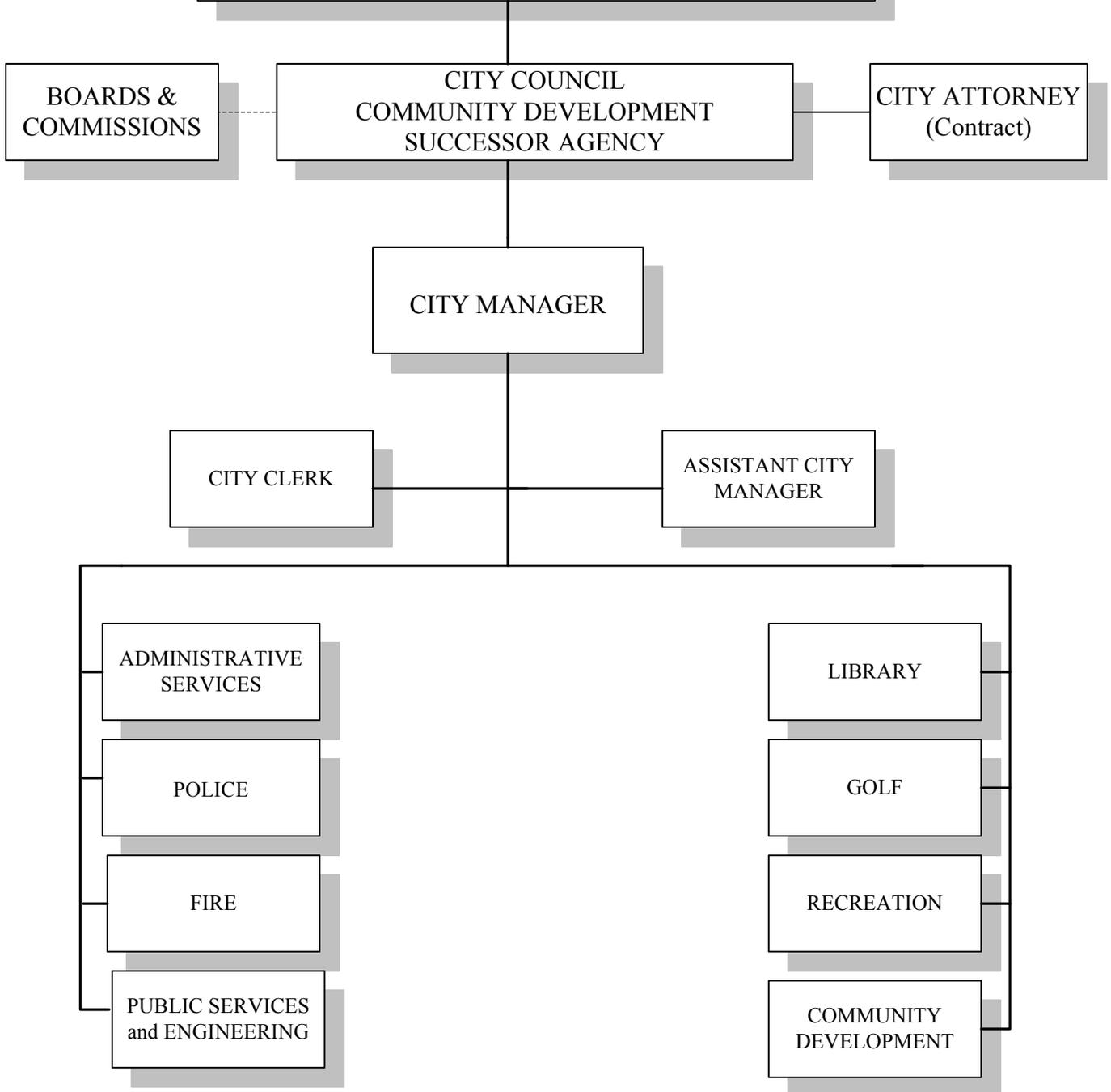
Respectfully Submitted,

A handwritten signature in blue ink, appearing to read 'Blair King', with a long, sweeping flourish extending to the right.

Blair King  
City Manager



# CITIZENS OF CORONADO



**CITY OF CORONADO**

**LISTING OF CITY OFFICIALS**

As of June 30, 2014

**ELECTED OFFICIALS**

**Casey Tanaka**  
Mayor

**Barbara Denny**  
Mayor Pro-Tem

**Al Ovrom, Jr.**  
Council Member

**Mike Woiwode**  
Council Member

**Richard Bailey**  
Council Member

**APPOINTED OFFICIALS**

**Blair King**  
City Manager

**Johanna Canlas**  
City Attorney



Government Finance Officers Association

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

Presented to

**City of Coronado  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Coronado, California, (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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



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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coronado, California, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, statistical section and the supporting schedule of expenses of the Storm Drainage Fund, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules, and the supporting schedule of expenses of the Storm Drainage Fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules, and the supporting schedule of expenses of the Storm Drainage Fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014 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.

*Lance, Solt & Luyhard, LLP*

Brea, California  
December 15, 2014

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1825 Strand Way  
Coronado, CA 92118-3099

City Hall  
619-522-7300

Honorable Mayor and City Council  
City of Coronado  
Coronado, California

As management of the City of Coronado (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. The management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues; (b) provide an overview of the City's financial activity; (c) identify changes in the City's financial position (its ability to address future challenges); (d) identify any material deviations from the financial plan (approved budget); and (e) identify individual fund issues or concerns.

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements (beginning on page 21).

### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the City exceeded its liabilities at June 30, 2014, by \$249.8 million (net position). Of this amount, \$84.2 million (unrestricted net position) may be used to meet the government's ongoing obligations to residents and creditors.
- Overall revenue was \$61 million compared to expenses of \$53.5 million, resulting in an increase in net position.
- The City's governmental funds reported combined ending fund balances of \$97.2 million. Revenue exceeded expenditures by \$8.6 million.
- At June 30, 2014, committed, assigned and unassigned fund balance for the general fund was \$70.4 million, or 176% of total general fund expenditures.
- The City's total outstanding long-term debt at June 30, 2014, was \$7.8 million, which is equivalent to 3.1% of total ending net position. The increase in long-term debt in current fiscal year as compared to prior year is due to the reclassification adjustment of \$2.8 million of worker's compensation (\$2.5 million long-term liabilities and \$0.3 short term) that were previously shown in the governmental funds' balance sheet.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This management discussion and analysis is intended to serve as an introduction to the City's Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ending June 30, 2014, and the basic financial statements contained therein. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and, 3) the notes to the financial statements. This CAFR also contains other supplementary information in addition to the basic financial statements intended to furnish additional detail to support 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.

**Statement of net position:** This statement presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference between these items reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

**Statement of activities:** This statement presents information showing how the City'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).

Both of the government-wide financial statements, the statement of net position and the statement of activities, 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, construction and maintenance, planning and building services, culture and leisure, transportation, and housing. The business-type activities of the City include wastewater, golf, and storm drainage. Also included in the government-wide financial statements are the Coronado Improvement Corporation (CIC) and the Coronado Financing Authority (CFA). While these agencies are legally separate agencies, their governing boards consist entirely of the City Council members, or in the case of the CFA, the majority of the board members are members of the City Council.

The government-wide financial statements can be found on pages 21-23 of this report.

**Fund Financial Statements**

A *fund* is a grouping of related accounts that is 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. All of the funds of the City can be divided into three categories as follows:

**Governmental funds:** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, 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 a government'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 may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Transportation Development, and Low/Moderate Income Housing Asset Special Revenue Funds, all of which are considered to be major funds.

Data from the other 14 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages 106-113 of this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided in page 95 of this report to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 24-30 of this report.

**Proprietary Funds:** The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Wastewater Utility, Storm Drainage Utility, and Golf Course.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information on each of the enterprise funds noted above, as all are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 31-33 of this report.

**Fiduciary Funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains three different types of fiduciary funds-- agency fund, investment trust fund, and private purpose trust fund. The agency fund reports resources held by the City in a custodial capacity. The investment trust fund was established during FY 2013-14 to account for Other Post-Employment Benefits (OPEB) investment. See Note 10 on pages 75-77. The private purpose trust fund was established with the dissolution of the Former Redevelopment Agency to report the Successor Agency activity in the City's financial statements. See Note 18 on pages 79-91.

The fiduciary fund financial statements can be found on pages 34-35 of this report.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-91 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain supplemental and statistical information that may be useful to the users of the City's financial statements. Statistical information about the City can be found in the last section of the report beginning of page 129.

**FINANCIAL ANALYSIS**

**Government-Wide Analysis**

During the FY 2013-14, the City's total net position increased from \$242.3 million to \$249.8 million, an increase of 3.1%. The increase is attributable to an increase in governmental activities offset by a decrease in the business activity functions. The changes to net position are discussed in the following sections for governmental activities and business-type activities starting on page 22. The following table is a summary of the City's net position as of June 30, 2014.

	<b>Net Position</b> (in thousands)					
	<b>Governmental Activities</b>		<b>Business-Type</b>		<b>Totals</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Current assets	\$ 101,909	\$ 93,074	\$ 6,717	\$ 7,286	\$ 108,626	\$ 100,360
Noncurrent assets:						
Restricted assets		-	363	363	363	363
Net OPEB assets	232		-	-	232	-
Capital assets	117,256	119,215	34,863	35,403	152,119	154,618
Total assets	<u>219,397</u>	<u>212,289</u>	<u>41,943</u>	<u>43,052</u>	<u>261,340</u>	<u>255,341</u>
Total Deferred						
Outflows of Resources	-	-	225	244	225	244
Current liabilities	5,423	7,948	687	638	6,110	8,586
Noncurrent liabilities	2,560	1,368	3,103	3,325	5,663	4,693
Total liabilities	<u>7,983</u>	<u>9,316</u>	<u>3,790</u>	<u>3,963</u>	<u>11,773</u>	<u>13,279</u>
Net position:						
Net investment in capital						
assets	117,186	119,100	31,788	32,146	148,974	151,246
Restricted	16,274	15,125	364	363	16,638	15,488
Unrestricted	77,954	68,748	6,226	6,824	84,180	75,572
Total net position	<u>\$ 211,414</u>	<u>\$ 202,973</u>	<u>\$ 38,378</u>	<u>\$ 39,333</u>	<u>\$ 249,792</u>	<u>\$ 242,306</u>

The City's assets and deferred outflows of resources exceeded liabilities by \$249.8 million at June 30, 2014. The amount invested in capital assets (i.e., land, buildings, infrastructure, and equipment) increased from FY 2012-13 as additions exceeded depreciation to capital assets. Approximately 59.6% of the City's net position is invested in capital assets, net of any related debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to the public; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, 6.7%, represents resources that are subject to external restrictions as to how they may be used. These restrictions are typically imposed by parties outside the government (such as laws, regulations, creditors, or grantors of other governments). Assets are also restricted when associated with particular liabilities (for instance, restricted assets associated with revenue bonds). An amount equal to these restricted assets, less any related liabilities, is subsequently reported.

At the end of FY 2013-14 the remaining balance of net position, which is unrestricted, is \$84.2 million. The unrestricted portion of net position is comprised of \$78 million and

\$6.2 million in governmental and business-type activities, respectively. Unrestricted funds normally represent assets that are not otherwise restricted for any specific purpose and not specifically invested in capital assets.

The following table shows the components that caused the City's net position to increase:

<b>Changes in Net Position</b>						
(in thousands)						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Revenues:</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 9,152	\$ 9,603	\$ 8,421	\$ 7,778	\$ 17,573	\$ 17,381
Operating Grants & Contributions	1,628	1,822	-	-	1,628	1,822
Capital Grants & Contributions	469	1,116	-	-	469	1,116
<b>General Revenues</b>						
Property Tax	23,186	22,442	-	-	23,186	22,442
Transient Occupancy Tax	12,443	10,366	-	-	12,443	10,366
Sales & Use Tax	3,258	2,986	-	-	3,258	2,986
Other Taxes	1,477	1,220	-	-	1,477	1,220
Income from Properties & Investments	645	446	61	26	706	472
Other	238	481	14	41	252	522
<b>Total Revenues</b>	<b>52,496</b>	<b>50,482</b>	<b>8,496</b>	<b>7,845</b>	<b>60,992</b>	<b>58,327</b>
<b>Expenses:</b>						
General Government	9,556	9,859	-	-	9,556	9,859
Public Safety	16,690	17,985	-	-	16,690	17,985
Culture & Leisure	8,538	9,383	-	-	8,538	9,383
Construction & Maintenance	7,317	9,097	-	-	7,317	9,097
Planning & Building	1,504	1,884	-	-	1,504	1,884
Housing	347	317	-	-	347	317
Transportation	172	149	-	-	172	149
Interest on Long Term Debt	2	1	-	-	2	1
Wastewater	-	-	5,178	5,099	5,178	5,099
Golf	-	-	3,186	3,282	3,186	3,282
Storm Drain	-	-	1,016	1,086	1,016	1,086
<b>Total Expenses</b>	<b>44,126</b>	<b>48,675</b>	<b>9,380</b>	<b>9,467</b>	<b>53,506</b>	<b>58,142</b>
Increase (Decrease) in Net Position Before Transfers	8,370	1,807	(884)	(1,622)	7,486	185
<b>Transfers</b>	<b>71</b>	<b>(889)</b>	<b>(71)</b>	<b>889</b>	<b>-</b>	<b>-</b>
Increase in Net Position	8,441	918	(955)	(733)	7,486	185
Net Position, July 1	202,973	202,055	39,333	40,066	242,306	242,121
<b>Net Position, June 30</b>	<b>\$ 211,414</b>	<b>\$ 202,973</b>	<b>\$ 38,378</b>	<b>\$ 39,333</b>	<b>\$ 249,792</b>	<b>\$ 242,306</b>

**Governmental Activities:** Overall, revenues for the year ending June 30, 2014, increased by \$2 million, or 4%. The following is a list of notable changes compared to the prior year:

- Property tax revenue increased by \$0.7 million that resulted from a \$167 million increase (2.5%) in the City's assessed value of taxable properties during FY 2013-14 as compared to the prior year.

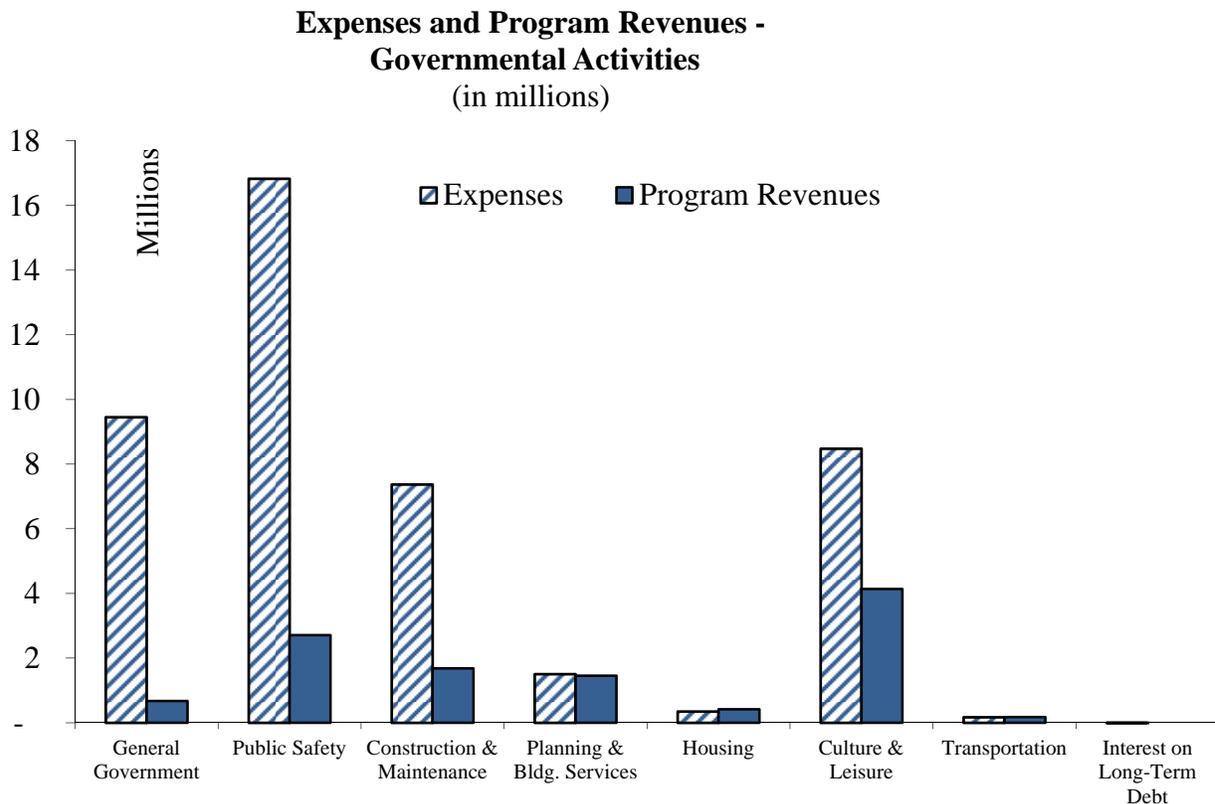
**THE CITY OF CORONADO**

- As of January 1, 2013, the Transient Occupancy rate increased from 8.0% to 10.0% which accounted for the majority of the increase of \$2.1 million in revenue from this source.

Total expenses decreased by \$4.6 million, or 9.3%. The following are the notable changes compared to the prior year:

- During FY 2012-13 the City made a one-time \$5 million dollar payment to California Public Employees' Retirement System (CalPERS) in addition to its annual required contribution to reduce the projected unfunded liability for its Miscellaneous Plan. This prior year payment accounts for the majority of the decrease in expenses in the Governmental Activities in FY 2013-14. Of the \$5 million payment in FY 2012-13, \$4.1 million was allocated to various Governmental Activity functions and the remaining \$0.9 million was transferred to offset the expenses allocated to the Business-Type Activity functions.

The chart compares the governmental activities with the program revenue generated.



The Housing category has the highest percentage of revenues to expenses at 120% due to rents from housing properties. The Transportation category experienced revenues in excess of expenses (102.6%). Planning and Building Services and Culture and Leisure categories have program revenues equal to 96.7% and 48.8% of program expenses, respectively, reflecting higher levels of fee for service recovery than the other governmental activities.

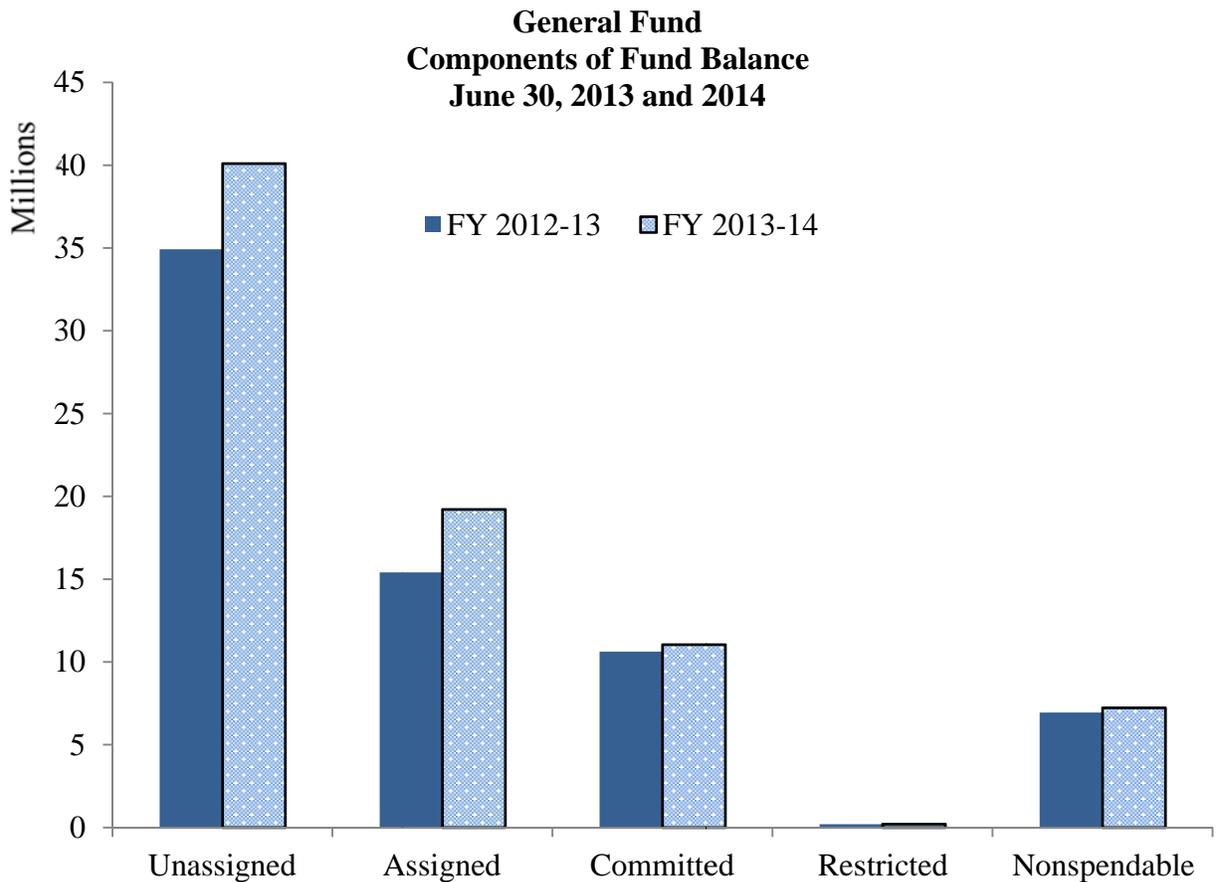
**Business-Type Activities:** During FY 2013-14, net position for business-type activities declined by \$955 thousand to \$38.4 million. The decline in net position has been experienced over several years. In the case of the Wastewater Utility and Golf Course programs, there was sufficient operating revenue to cover the costs of operations, not including depreciation. The Storm Drain program includes expenses which are related to the City's compliance with the National Pollution Discharge Elimination System, which are covered by loans from the General Fund, and are not expenses for bond coverage calculation. See Page 125 for a supporting schedule of expenses by division.

### **Analysis of the Government'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 may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

As of June 30, 2014, the City's governmental funds reported combined ending fund balances of \$97.3 million, an increase of \$11.4 million in comparison with the prior year, including reclassification adjustment to FY 2013-14 beginning fund balance of \$2.8 million. Approximately 41.2%, \$40 million, of this amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is (1) not in spendable form or legally required to be maintained intact (\$7.2 million); (2) restricted for particular purposes (\$16.3 million); (3) committed for particular purposes (\$11 million); or (4) assigned for particular purposes (\$22.8 million).



The General Fund, which is the chief operating fund of the City, at June 30, 2014, had a total fund balance of \$77.8 million, an increase of \$9.7 million from FY 2012-13. Unassigned fund balance increased by \$5.1 million during the year to an ending balance of \$40.0 million while assigned fund balance increased by \$3.9 million. Additional fund balance was assigned for ongoing and future capital projects, vehicle replacement, and CalPERS pension stabilization, among others. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to general fund expenditures. Unassigned fund balance represents approximately 100.1% of total general fund expenditures, while total fund balance represents approximately 194.9% of that same amount.

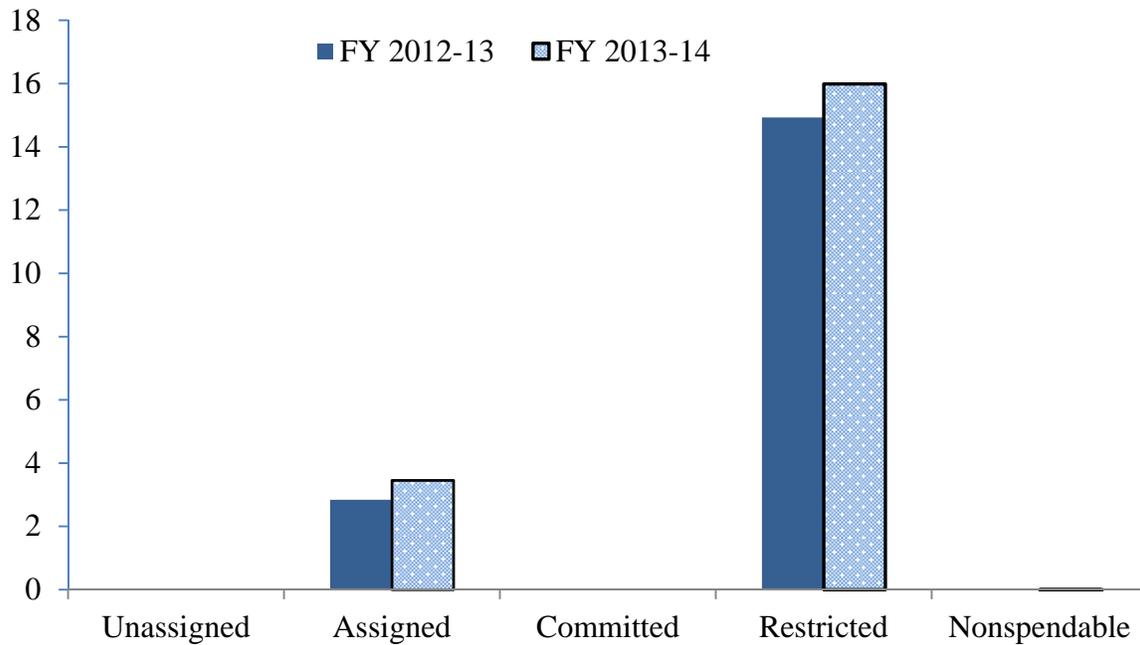
Growth in general fund balance can be attributed to a \$2.8 million increase (6.2%) in FY 2013-14 revenue compared to the prior year coupled with a \$2.2 million (5.1%) decrease in expenditures and fund transfers.

In the other governmental funds, unassigned fund balances was negative at \$84 thousand due to the timing of recovery from funding sources in the community development fund (\$73 thousand), tideland fund (\$110), and Glorietta bay project fund (\$11.2 thousand). All fund balances are either restricted (\$4.7 million) or assigned (\$3.5 million) for particular purposes. Of the fund balances of the major funds, the Transportation Development Fund had a small decline of fund balance of \$466 thousand (4.8%) due to spending on capital projects. During FY 2013-

14 the Low/Mod Income Housing Asset Fund revenues exceeded expenditures by \$160 thousand, leading to an increase in the restricted fund balance.

**Other Governmental Funds  
Components of Fund Balance  
June 30, 2013 and 2014**

Millions



**Proprietary Funds:** The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The two tables on the next page show the changes in net position of the major proprietary funds and restricted portions of net position of the major proprietary funds of the City.

**Changes in Net Position  
Major Proprietary Funds  
(in thousands)**

	<b>Net Position June 30, 2013</b>	<b>Changes in Net Position</b>	<b>Net Position June 30, 2014</b>
Wastewater	\$ 34,530	\$ (359)	\$ 34,171
Golf	6,114	(148)	5,966
Storm Drain	(1,311)	(448)	(1,759)
<b>Total</b>	<b>\$ 39,333</b>	<b>\$ (955)</b>	<b>\$ 38,378</b>

**Net Position – Restricted and Unrestricted  
Major Proprietary Funds as of June 30, 2014**  
(in thousands)

	<b>Net Investment in Capital Assets</b>	<b>Restricted Net Assets</b>	<b>Unrestricted Net Assets</b>	<b>Total Net Position</b>
Wastewater	\$ 22,535	\$ -	\$ 11,636	\$ 34,171
Golf	4,617	-	1,348	5,965
Storm Drain	4,636	364	(6,758)	(1,758)
<b>Total</b>	<b>\$ 31,788</b>	<b>\$ 364</b>	<b>\$ 6,226</b>	<b>\$ 38,378</b>

The factors affecting the above changes in net assets and other factors regarding the proprietary funds have already been addressed in the discussion of the City’s business-type activities.

**General Fund Budgetary Highlights**

**Original budget compared to final budget:** During the year, there were modifications to revenue projections across all funds totaling \$1.8 million. Tax revenue projections were amended upwards by \$735,000 primarily reflecting anticipated increases in Property and Transient Occupancy Taxes. Adjustments to the expenditure budget, across all funds, totaled \$3 million, the most significant change being the added contribution to fund an irrevocable trust for OPEB. Other budgetary changes were to account for increases in water costs, additional vehicle purchases, modified capital improvement project budgets, new grant expenditures, and other miscellaneous adjustments.

**Final budget compared to actual results:** In the General Fund, revenues exceeded projections by \$2.2 million, or 3.3%, due largely to the strong tax growth. Special Revenue Funds had a negative variance of 10% due to the delay in seeking a drawdown on the City’s Transnet funds held at the San Diego Association of Governments. Revenue in the business-type activities had a positive variance compared to budget of \$488,042, or 6% due to increased payments from the Navy for the transportation of Wastewater services. In the General Fund, expenditures were within budget in all functional areas, with the exception of Planning and Building. The additional expenditures associated with contract plan check activities were offset by the additional revenue from this activity. All funds experienced budgetary savings in retirement costs due to the lower contribution rate for CalPERS that resulted from the prior year lump sum pre-payment reducing pension liabilities. The savings \$440,300 associated with this action were set aside into a CalPERS pension stabilization fund from all operating funds.

**Debt Administration and Capital Assets**

**Long-term debt:** At the end of the current fiscal year, the City had total bonded debt outstanding of \$3.3 million. The remainder of the City’s long-term obligations is comprised of debt for compensated absences, claims and judgments, and capital lease. Overall, the City’s debt

decreased approximately \$1.6 million (17%) during the current fiscal year. The overall decrease is due to the \$1.9 million contribution to Post Employment Health Benefits. The table below provides a comparison of the ending balance at June 30, 2013 and 2014.

**Outstanding Debt**

(in thousands)

	<b>Governmental Activities</b>		<b>Business-Type Activities:</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Compensated Absences	\$ 1,723	\$ 1,578	\$ 157	\$ 159	\$ 1,880	\$ 1,737
Claims and Judgments	2,537	2,782			2,537	2,782
OPEB Liability	-	1,299	-	-	-	1,299
Capital Lease	69	114	-	-	69	114
2004 Storm Drain System Refunding Revenue Bonds and Unamortized Premium		-	3,300	3,501	3,300	3,501
<b>Totals</b>	<b>4,329</b>	<b>5,773</b>	<b>3,457</b>	<b>3,660</b>	<b>7,786</b>	<b>9,433</b>

The 2004 Storm Drain System Refunding Revenue Bonds do not have an underlying rating. The revenue sources used to pay these revenue bonds remain secure and stable. See note 7 on pages 65-67.

**Capital assets:** The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2014 totals \$152.1 million (net of accumulated depreciation). This investment includes land, art and collections, buildings, improvements other than buildings, infrastructure, and vehicles and equipment. The net change in capital assets for the current fiscal year was a decrease of \$2.5 million or 1.6%.

**Capital Assets**

(net of accumulated depreciation)

(in thousands)

	<b>Governmental Activities</b>		<b>Business-Type Activities:</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Land	\$ 33,127	\$ 33,127	\$ -	\$ -	\$ 33,127	\$ 33,127
Art and Collections	1,714	1,714	-	-	1,714	1,714
Construction in Progress	752	363	458	506	1,210	869
Buildings	45,389	46,596	3,718	3,829	49,107	50,425
Improvements Other Than Buildings	10,786	11,223	22,304	22,934	33,090	34,157
Infrastructure	20,759	21,073	-	-	20,759	21,073
Vehicles and Equipment	4,728	5,119	8,383	8,133	13,111	13,252
<b>Totals</b>	<b>\$ 117,255</b>	<b>\$ 119,215</b>	<b>\$ 34,863</b>	<b>\$ 35,402</b>	<b>\$ 152,118</b>	<b>\$ 154,617</b>

Total net book value of the City's capital assets declined by \$2.5 million (1.6%) due to the increase in accumulated depreciation accounts.

Additional information on the City's capital assets can be found in Note 6 on pages 63-65 in the Financial Statement section of this report.

### **Economic Factors and Next Year's Budget**

The following economic factors currently affect the City of Coronado and were considered in developing the FY 2014-15 budget.

- Assessed valuation growth in January 2014, which derives property tax growth for the FY 2014-15, increased by 5.6%. Assessed values in Coronado grew throughout the recession and continue to trend upward, which accounts for strength of the tax base.
- Revenue from transient occupancy taxes is projected to continue to increase due to consistent occupancy and rising hotel rates, particularly among the large resort hotels.
- Over 70% of the City's sales taxes are generated by restaurants and hotels. The activities of the Coronado Tourism Improvement District, which was formed in 2010 to promote tourism, have contributed to growth in sales tax revenue. This trend is expected to continue in FY 2014-15.
- The City has undertaken efforts to manage its liabilities associated with pensions and OPEB. As a result of a \$5 million lump-sum prepayment made to CalPERS at the end of FY 2012-13, the City's FY 2013-14 employer rate for its miscellaneous employees was lowered from 20.099% to 16.75%. The savings of \$440,300 from the lowered rate were segregated to be used to stabilize expected future increases in pension costs. The City's FY 2014-15 budget was similarly prepared, budgeting its miscellaneous rate at 21.2%, while making its CalPERS contribution at the rate of 17.2%. These and other strategies for managing pension costs continue to be a high priority of the City.
- The General Fund minimum reserve requirement established by City Council policy was increased for FY 2014-15 to \$21 million, an increase of 4% from the requirement for FY 2013-14. Approximately half of the reserve requirement is committed to be used in the event of needed emergency response and/or economic downturn. The balance of the reserve requirement is categorized as unassigned but is intended for minimum cash flow. The actual reserve of committed and unassigned general fund reserves at June 30, 2014, totals \$51.2 million and is projected to grow during FY 2014-15 due to revenue exceeding expenditures.
- In FY 2013-14, the City took steps to address the long-term financial needs of its wastewater enterprise operations by implementing a rate increase, phased in over five years. A similar rate review and possible rate adjustments is expected to be conducted with the two other enterprise funds.

- The City's FY 2014-15 Budget is available online at the City's website, [www.coronado.ca.us](http://www.coronado.ca.us).

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Department of Administrative Services  
City of Coronado  
1825 Strand Way,  
Coronado, CA 92118

**BASIC FINANCIAL STATEMENTS**

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CITY OF CORONADO

STATEMENT OF NET POSITION  
JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and investments	\$ 90,070,604	\$ 13,031,302	\$ 103,101,906
Receivables:			
Accounts, grants and taxes receivable	3,051,300	382,649	3,433,949
Notes receivable	1,650,469	-	1,650,469
Loans to Successor Agency	31,772,394	-	31,772,394
Allowance for uncollectible	(31,772,394)	-	(31,772,394)
Interest receivable	398,646	-	398,646
Internal balances	6,697,295	(6,697,295)	-
Prepaid costs	41,048	-	41,048
<b>Total Current Assets</b>	<b>101,909,362</b>	<b>6,716,656</b>	<b>108,626,018</b>
Noncurrent Assets:			
Restricted assets:			
Cash with fiscal agent	-	362,885	362,885
Net OPEB Asset	231,499	-	231,499
Capital Assets:			
Not being depreciated	35,592,928	458,177	36,051,105
Depreciable buildings, property, vehicle and equipment, and infrastructure (net of accumulated depreciation)	81,662,711	34,404,752	116,067,463
<b>Total Capital Assets</b>	<b>117,255,639</b>	<b>34,862,929</b>	<b>152,118,568</b>
<b>Total Noncurrent Assets</b>	<b>117,487,138</b>	<b>35,225,814</b>	<b>152,712,952</b>
<b>TOTAL ASSETS</b>	<b>219,396,500</b>	<b>41,942,470</b>	<b>261,338,970</b>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	-	224,870	224,870
<b>Total Deferred Outflows     of Resources</b>	<b>-</b>	<b>224,870</b>	<b>224,870</b>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts payable and accrued liabilities	1,696,706	281,839	1,978,545
Accrued liabilities	950,887	-	950,887
Unearned revenue	757,081	-	757,081
Deposits payable	248,593	-	248,593
<b>Total Current Liabilities</b>	<b>3,653,267</b>	<b>281,839</b>	<b>3,935,106</b>
Current Liabilities Portion of Long-Term Liabilities:			
Accrued interest due on long-term liabilities	-	51,162	51,162
Long-term debt due within one year	1,769,370	353,452	2,122,822
<b>Total Current Liabilities Portion of Long-Term Liabilities</b>	<b>1,769,370</b>	<b>404,614</b>	<b>2,173,984</b>
Noncurrent liabilities:			
Long-term debt due in more than one year	2,560,253	3,103,201	5,663,454
<b>Total Noncurrent Liabilities</b>	<b>2,560,253</b>	<b>3,103,201</b>	<b>5,663,454</b>
<b>TOTAL LIABILITIES</b>	<b>7,982,890</b>	<b>3,789,654</b>	<b>11,772,544</b>
<b>Net Position:</b>			
Net investment in capital assets	117,186,363	31,788,279	148,974,642
Restricted for:			
Public safety	302,920	-	302,920
Culture and leisure	1,944,592	-	1,944,592
Construction and maintenance	1,611,041	-	1,611,041
Debt service	-	364,325	364,325
Hotel Del Coronado Master Plan	150,000	-	150,000
Transportation	9,227,592	-	9,227,592
Library endowment	107,169	-	107,169
Housing	2,929,459	-	2,929,459
Unrestricted	77,954,474	6,225,082	84,179,556
<b>Total Net Position</b>	<b>\$ 211,413,610</b>	<b>\$ 38,377,686</b>	<b>\$ 249,791,296</b>

CITY OF CORONADO

STATEMENT OF ACTIVITIES  
 JUNE 30, 2014

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 9,556,425	\$ 663,566	\$ 11,277	\$ -
Public safety	16,690,039	2,435,992	273,136	-
Culture and leisure	8,537,869	3,971,855	164,850	-
Construction and maintenance	7,316,660	64,059	1,147,949	468,816
Planning and building services	1,504,159	1,455,130	-	-
Transportation	172,114	145,737	30,867	-
Housing	346,510	415,690	-	-
Interest on long-term debt	1,928	-	-	-
<b>Total Governmental Activities</b>	<b>44,125,704</b>	<b>9,152,029</b>	<b>1,628,079</b>	<b>468,816</b>
Business-Type Activities:				
Wastewater Utility	5,178,414	4,790,582	-	-
Golf Course	3,186,013	3,062,117	-	-
Storm Drainage	1,015,595	568,300	-	-
<b>Total Business-Type Activities</b>	<b>9,380,022</b>	<b>8,420,999</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 53,505,726</b>	<b>\$ 17,573,028</b>	<b>\$ 1,628,079</b>	<b>\$ 468,816</b>

**General Revenues:**

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Other taxes

Use of money and property

Other

Gain on sale of capital asset

**Transfers**

**Total General Revenues and Transfers**

Change in Net Position

Net Position at Beginning of Year

**Net Position at End of Year**

**Net (Expenses) Revenues and Changes in Net Position**  
**Primary Government**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (8,881,582)	\$ -	\$ (8,881,582)
(13,980,911)	-	(13,980,911)
(4,401,164)	-	(4,401,164)
(5,635,836)	-	(5,635,836)
(49,029)	-	(49,029)
4,490	-	4,490
69,180	-	69,180
(1,928)	-	(1,928)
<b>(32,876,780)</b>	<b>-</b>	<b>(32,876,780)</b>
-	(387,832)	(387,832)
-	(123,896)	(123,896)
-	(447,295)	(447,295)
<b>-</b>	<b>(959,023)</b>	<b>(959,023)</b>
<b>(32,876,780)</b>	<b>(959,023)</b>	<b>(33,835,803)</b>
23,186,424	-	23,186,424
12,442,925	-	12,442,925
3,258,208	-	3,258,208
1,040,836	-	1,040,836
435,818	-	435,818
645,280	60,921	706,201
237,572	12,829	250,401
-	800	800
70,500	(70,500)	-
<b>41,317,563</b>	<b>4,050</b>	<b>41,321,613</b>
8,440,783	(954,973)	7,485,810
202,972,827	39,332,659	242,305,486
<b>\$ 211,413,610</b>	<b>\$ 38,377,686</b>	<b>\$ 249,791,296</b>

CITY OF CORONADO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

	Special Revenue Funds		
	General	Transportation Development	Low/Mod Income Housing Asset Fund
<b>Assets:</b>			
Cash and investments	\$ 70,975,836	\$ 9,486,713	\$ 1,400,402
Accounts, grants and taxes receivable	2,551,103	109,107	24,512
Notes receivable	1,104,106	-	5,216,127
Interest receivable	125,230	-	1,684,885
Prepaid items	41,048	-	-
Due from other funds	54,380	-	-
Advances to other funds	6,697,295	-	-
Loans to Successor Agency	31,772,394	-	-
Allowance for uncollectible loans	(31,772,394)	-	-
<b>Total Assets</b>	<b>\$ 81,548,998</b>	<b>\$ 9,595,820</b>	<b>\$ 8,325,926</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 1,147,627	\$ 281,413	\$ -
Accrued liabilities	950,887	-	-
Unearned revenues	681,497	50,502	-
Deposits payable	172,199	-	33,383
Due to other funds	-	7,483	-
<b>Total Liabilities</b>	<b>2,952,210</b>	<b>339,398</b>	<b>33,383</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	788,949	89,388	6,121,155
<b>Total Deferred Inflows of Resources</b>	<b>788,949</b>	<b>89,388</b>	<b>6,121,155</b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Prepaid costs	41,048	-	-
Notes and loans	1,104,106	-	-
Advances to other funds	6,087,516	-	-
Permanent fund principal	-	-	-
<b>Restricted for:</b>			
Public safety	-	-	-
Culture and leisure	-	-	-
Construction and maintenance	-	-	-
Transportation	60,558	9,167,034	-
Library endowment	-	-	-
Hotel Del Coronado Master Plan	150,000	-	-
Housing	-	-	2,171,388
<b>Committed to:</b>			
Emergency response and Economic Stabilization	11,047,000	-	-
<b>Assigned to:</b>			
Planning and building	1,503,760	-	-
Liability insurance	1,124,203	-	-
Worker's compensation	1,604,619	-	-
Vehicle replacement	4,398,446	-	-
Capital Projects	2,067,140	-	-
Future loans	7,320,000	-	-
Recreational programs	875,816	-	-
CALPERS Stabilization	440,300	-	-
<b>Unassigned</b>	<b>39,983,327</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>77,807,839</b>	<b>9,167,034</b>	<b>2,171,388</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 81,548,998</b>	<b>\$ 9,595,820</b>	<b>\$ 8,325,926</b>

CITY OF CORONADO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>		
Cash and investments	\$ 8,207,653	\$ 90,070,604
Accounts, grants and taxes receivable	366,578	3,051,300
Notes receivable	-	6,320,233
Interest receivable	-	1,810,115
Prepaid items	-	41,048
Due from other funds	-	54,380
Advances to other funds	-	6,697,295
Loans to Successor Agency	-	31,772,394
Allowance for uncollectible loans	-	(31,772,394)
<b>Total Assets</b>	<b>\$ 8,574,231</b>	<b>\$ 108,044,975</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 267,666	\$ 1,696,706
Accrued liabilities	-	950,887
Unearned revenues	25,082	757,081
Deposits payable	43,011	248,593
Due to other funds	46,897	54,380
<b>Total Liabilities</b>	<b>382,656</b>	<b>3,707,647</b>
<b>Deferred Inflows of Resources:</b>		
Unavailable revenues	83,122	7,082,614
<b>Total Deferred Inflows of Resources</b>	<b>83,122</b>	<b>7,082,614</b>
<b>Fund Balances:</b>		
<b>Nonspendable:</b>		
Prepaid costs	-	41,048
Notes and loans	-	1,104,106
Advances to other funds	-	6,087,516
Permanent fund principal	3,461	3,461
<b>Restricted for:</b>		
Public safety	302,920	302,920
Culture and leisure	1,944,592	1,944,592
Construction and maintenance	1,611,041	1,611,041
Transportation	-	9,227,592
Library endowment	107,169	107,169
Hotel Del Coronado Master Plan	-	150,000
Housing	758,071	2,929,459
<b>Committed to:</b>		
Emergency response and Economic Stabilization	-	11,047,000
<b>Assigned to:</b>		
Planning and building	-	1,503,760
Liability insurance	-	1,124,203
Worker's compensation	-	1,604,619
Vehicle replacement	-	4,398,446
Capital Projects	3,465,428	5,532,568
Future loans	-	7,320,000
Recreational programs	-	875,816
CALPERS Stabilization	-	440,300
<b>Unassigned</b>	<b>(84,229)</b>	<b>39,899,098</b>
<b>Total Fund Balances</b>	<b>8,108,453</b>	<b>97,254,714</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 8,574,231</b>	<b>\$ 108,044,975</b>

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**CITY OF CORONADO**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2014**

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Fund balances of governmental funds \$ 97,254,714

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of depreciation have not been included as financial resources in governmental fund activity. 117,255,639

Long-term debt and compensated absences that have not been included in the governmental fund activity:

Capital lease payable	\$ (69,276)	
Claims liability	(2,536,922)	
Compensated Absences	<u>(1,723,425)</u>	(4,329,623)

Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability. 231,499

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. 1,001,381

**Net Position of governmental activities \$ 211,413,610**

CITY OF CORONADO

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2014

	Special Revenue Funds		
	General	Transportation Development	Low/Mod Income Housing Asset Fund
<b>Revenues:</b>			
Taxes	\$ 40,312,411	\$ -	\$ -
Licenses and permits	1,271,528	-	-
Intergovernmental	66,518	11,151	-
Charges for services	4,174,393	19,718	-
Use of money and property	494,423	45,499	379,916
Fines and forfeitures	409,897	-	-
Contributions	-	-	-
Reimbursements	1,238,898	132,108	-
Miscellaneous	193,094	-	-
<b>Total Revenues</b>	<b>48,161,162</b>	<b>208,476</b>	<b>379,916</b>
<b>Expenditures:</b>			
Current:			
General government	7,573,737	-	-
Public safety	16,575,932	-	-
Culture and leisure	6,485,860	-	-
Construction and maintenance	6,681,919	-	-
Planning and building services	1,552,343	-	-
Transportation	-	151,825	-
Housing	-	-	216,698
Capital outlay	1,015,120	510,266	-
Debt service:			
Principal retirement	45,011	-	-
Interest and fiscal charges	1,928	-	-
<b>Total Expenditures</b>	<b>39,931,850</b>	<b>662,091</b>	<b>216,698</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,229,312	(453,615)	163,218
<b>Other Financing Sources (Uses):</b>			
Transfers in	84,800	-	-
Transfers out	(1,395,420)	(12,088)	(2,800)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,310,620)</b>	<b>(12,088)</b>	<b>(2,800)</b>
Net Change in Fund Balances	6,918,692	(465,703)	160,418
Fund Balances, Beginning of Year, as previously reported	68,107,593	9,632,737	2,010,970
Restatements	2,781,554	-	-
Fund Balances, Beginning of Year, as restated	70,889,147	9,632,737	2,010,970
<b>Fund Balances, End of Year</b>	<b>\$ 77,807,839</b>	<b>\$ 9,167,034</b>	<b>\$ 2,171,388</b>

CITY OF CORONADO

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2014

	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>		
Taxes	\$ -	\$ 40,312,411
Licenses and permits	-	1,271,528
Intergovernmental	1,106,302	1,183,971
Charges for services	1,137,582	5,331,693
Use of money and property	1,284,233	2,204,071
Fines and forfeitures	-	409,897
Contributions	11,277	11,277
Reimbursements	3,489	1,374,495
Miscellaneous	71,301	264,395
<b>Total Revenues</b>	<b>3,614,184</b>	<b>52,363,738</b>
<b>Expenditures:</b>		
Current:		
General government	580,023	8,153,760
Public safety	127,565	16,703,497
Culture and leisure	532,562	7,018,422
Construction and maintenance	426,687	7,108,606
Planning and building services	-	1,552,343
Transportation	-	151,825
Housing	-	216,698
Capital outlay	1,363,728	2,889,114
Debt service:		
Principal retirement	-	45,011
Interest and fiscal charges	-	1,928
<b>Total Expenditures</b>	<b>3,030,565</b>	<b>43,841,204</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	583,619	8,522,534
<b>Other Financing Sources (Uses):</b>		
Transfers in	1,506,308	1,591,108
Transfers out	(110,300)	(1,520,608)
<b>Total Other Financing Sources (Uses)</b>	<b>1,396,008</b>	<b>70,500</b>
Net Change in Fund Balances	1,979,627	8,593,034
Fund Balances, Beginning of Year, as previously reported	6,128,826	85,880,126
Restatements	-	2,781,554
Fund Balances, Beginning of Year, as restated	6,128,826	88,661,680
<b>Fund Balances, End of Year</b>	<b>\$ 8,108,453</b>	<b>\$ 97,254,714</b>

**CITY OF CORONADO**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014**

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Net change in fund balances - total governmental funds \$ 8,593,034

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital asset acquisitions	\$ 2,089,267	
Depreciation expense	(3,799,378)	
Loss on disposal of capital assets	<u>(248,770)</u>	(1,958,881)

The issuance of long-term liabilities provides current financial resources to governmental funds, while repayment reduces long-term liabilities in the statement of net position.

Lease payments	45,011
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Workers compensation and general claims expense reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

244,632
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Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(145,911)
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Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense.

1,530,649
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Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.

<u>132,249</u>
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**Change in net position of governmental activities**

<b><u><u>\$ 8,440,783</u></u></b>
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CITY OF CORONADO

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2014

	Business-Type Activities - Enterprise Funds			
	Wastewater Utility	Golf Course	Storm Drainage	Totals
<b>Assets:</b>				
Current:				
Cash and investments	\$ 11,529,088	\$ 1,459,875	\$ 42,339	\$ 13,031,302
Accounts, grants and taxes receivable	318,920	63,661	68	382,649
Restricted:				
Cash with fiscal agent	-	-	362,885	362,885
<b>Total Current Assets</b>	<b>11,848,008</b>	<b>1,523,536</b>	<b>405,292</b>	<b>13,776,836</b>
Noncurrent:				
Capital assets - net of accumulated depreciation	22,535,273	4,617,275	7,710,381	34,862,929
<b>Total Noncurrent Assets</b>	<b>22,535,273</b>	<b>4,617,275</b>	<b>7,710,381</b>	<b>34,862,929</b>
<b>Total Assets</b>	<b>34,383,281</b>	<b>6,140,811</b>	<b>8,115,673</b>	<b>48,639,765</b>
<b>Deferred Outflows of Resources:</b>				
Deferred charge on refunding	-	-	224,870	224,870
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>224,870</b>	<b>224,870</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 34,383,281</b>	<b>\$ 6,140,811</b>	<b>\$ 8,340,543</b>	<b>\$ 48,864,635</b>
<b>Liabilities:</b>				
Current:				
Accounts payable and accrued liabilities	\$ 167,008	\$ 81,030	\$ 33,801	\$ 281,839
Accrued interest	-	-	51,162	51,162
Accrued compensated absences	45,365	82,870	15,217	143,452
Revenue bonds payable	-	-	210,000	210,000
<b>Total Current Liabilities</b>	<b>212,373</b>	<b>163,900</b>	<b>310,180</b>	<b>686,453</b>
Noncurrent:				
Advances from other funds	-	-	6,697,295	6,697,295
Accrued compensated absences	-	11,500	2,181	13,681
Revenue bonds payable (net of unamortized discounts)	-	-	3,089,520	3,089,520
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>11,500</b>	<b>9,788,996</b>	<b>9,800,496</b>
<b>Total Liabilities</b>	<b>212,373</b>	<b>175,400</b>	<b>10,099,176</b>	<b>10,486,949</b>
<b>Net Position:</b>				
Net investment in capital assets	22,535,273	4,617,275	4,635,731	31,788,279
Restricted for debt service	-	-	364,325	364,325
Unrestricted	11,635,635	1,348,136	(6,758,689)	6,225,082
<b>Total Net Position</b>	<b>34,170,908</b>	<b>5,965,411</b>	<b>(1,758,633)</b>	<b>38,377,686</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 34,383,281</b>	<b>\$ 6,140,811</b>	<b>\$ 8,340,543</b>	<b>\$ 48,864,635</b>

CITY OF CORONADO

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2014

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Wastewater Utility</b>	<b>Golf Course</b>	<b>Storm Drainage</b>	<b>Totals</b>
<b>Operating Revenues:</b>				
Sewer users' charges	\$ 3,732,158	\$ -	\$ -	\$ 3,732,158
Navy sewer charges	982,054	-	-	982,054
Miscellaneous	573	2,909	9,347	12,829
Sewer connection fees	76,370	-	-	76,370
Green fees	-	2,689,223	-	2,689,223
Rents and concessions	-	372,894	-	372,894
Storm drain charges	-	-	568,300	568,300
<b>Total Operating Revenues</b>	<b>4,791,155</b>	<b>3,065,026</b>	<b>577,647</b>	<b>8,433,828</b>
<b>Operating Expenses:</b>				
Operations:				
Personnel services	1,008,220	1,430,497	415,404	2,854,121
Utilities	184,600	877,276	22,510	1,084,386
Maintenance and repair	2,651,033	361,056	26,791	3,038,880
Administration	340,888	180,895	1,240	523,023
Contract services	133,236	119,909	119,551	372,696
Depreciation	860,437	216,380	208,489	1,285,306
Amortization	-	-	17,601	17,601
<b>Total Operating Expenses</b>	<b>5,178,414</b>	<b>3,186,013</b>	<b>811,586</b>	<b>9,176,013</b>
Operating Income (Loss)	(387,259)	(120,987)	(233,939)	(742,185)
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	53,197	7,373	351	60,921
Interest expense	-	-	(204,009)	(204,009)
Gain (loss) on disposal of capital assets	-	800	-	800
<b>Total Nonoperating Revenues (Expenses)</b>	<b>53,197</b>	<b>8,173</b>	<b>(203,658)</b>	<b>(142,288)</b>
Income (Loss) Before Transfers	(334,062)	(112,814)	(437,597)	(884,473)
Transfers out	(24,700)	(35,600)	(10,200)	(70,500)
Changes in Net Position	(358,762)	(148,414)	(447,797)	(954,973)
<b>Net Position:</b>				
Beginning of Year	34,529,670	6,113,825	(1,310,836)	39,332,659
<b>End of Fiscal Year</b>	<b>\$ 34,170,908</b>	<b>\$ 5,965,411</b>	<b>\$ (1,758,633)</b>	<b>\$ 38,377,686</b>

## CITY OF CORONADO

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Enterprise Funds			
	Wastewater Utility	Golf Course	Storm Drainage	Totals
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers and users	\$ 4,545,383	\$ 2,709,362	\$ 568,392	\$ 7,823,137
Cash received from other operating activities	76,370	372,894	-	449,264
Cash paid to suppliers for goods and services	(505,149)	(251,674)	(106,735)	(863,558)
Cash paid for operations and maintenance	(2,835,060)	(1,235,423)	(39,954)	(4,110,437)
Cash paid to employees for services	(1,011,554)	(1,429,415)	(414,432)	(2,855,401)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>269,990</b>	<b>165,744</b>	<b>7,271</b>	<b>443,005</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Cash transfers in	(24,700)	(35,600)	(10,200)	(70,500)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(24,700)</b>	<b>(35,600)</b>	<b>(10,200)</b>	<b>(70,500)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(642,709)	(71,213)	(31,530)	(745,452)
Principal paid on capital debt	-	-	(200,000)	(200,000)
Interest paid on capital debt	-	-	(206,469)	(206,469)
Advance from other funds	-	-	392,689	392,689
Proceeds from sales of capital assets	-	800	-	800
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(642,709)</b>	<b>(70,413)</b>	<b>(45,310)</b>	<b>(758,432)</b>
<b>Cash Flows from Investing Activities:</b>				
Interest received	53,197	7,373	324	60,894
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>53,197</b>	<b>7,373</b>	<b>324</b>	<b>60,894</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(344,222)</b>	<b>67,104</b>	<b>(47,915)</b>	<b>(325,033)</b>
Cash and Cash Equivalents at Beginning of Year	11,873,310	1,392,771	453,139	13,719,220
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 11,529,088</b>	<b>\$ 1,459,875</b>	<b>\$ 405,224</b>	<b>\$ 13,394,187</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (387,259)	\$ (120,987)	\$ (233,939)	\$ (742,185)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Depreciation	860,437	216,380	208,489	1,285,306
Amortization	-	-	17,601	17,601
(Increase) decrease in accounts receivable	(168,829)	20,139	92	(148,598)
Increase (decrease) in accounts payable	(31,025)	49,130	14,056	32,161
Increase (decrease) in compensated absences	(3,334)	1,082	972	(1,280)
<b>Total Adjustments</b>	<b>657,249</b>	<b>286,731</b>	<b>241,210</b>	<b>1,185,190</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 269,990</b>	<b>\$ 165,744</b>	<b>\$ 7,271</b>	<b>\$ 443,005</b>

CITY OF CORONADO

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2014

	Agency Funds	OPEB Trust Fund	Private- Purpose Trust Fund  Successor Agency of the Former CDA
<b>Assets:</b>			
Cash and investments	\$ 343,403	\$ 1,858,651	\$ 12,626,771
Interest receivable	-	-	5,386
Land held for resale	-	-	2,677,856
Restricted assets:			
Cash and investments with fiscal agents	-	-	2,982,501
<b>Total Assets</b>	<b>\$ 343,403</b>	<b>1,858,651</b>	<b>18,292,514</b>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding		-	487,731
<b>Total Deferred Outflows of Resources</b>		<b>-</b>	<b>487,731</b>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 147,990	-	67,161
Accrued interest	-	-	1,915,858
Deposits payable	16,813	-	-
Due to other governments	178,600	-	-
Long-term liabilities:			
Due in one year	-	-	3,571,363
Due in more than one year	-	-	155,202,365
<b>Total Liabilities</b>	<b>\$ 343,403</b>	<b>-</b>	<b>160,756,747</b>
<b>Net Position:</b>			
Held in trust for other post retirement benefits		1,858,651	-
Held in trust for other purposes		-	(141,976,502)
<b>Total Net Position</b>		<b>\$ 1,858,651</b>	<b>\$ (141,976,502)</b>

**CITY OF CORONADO**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2014**

	<b>OPEB Trust Fund</b>	<b>Private- Purpose Trust Fund</b>
		<b>Successor Agency of the Former CDA</b>
<b>Additions:</b>		
Contributions:		
Employers	\$ 1,800,000	\$ -
Taxes	-	17,415,297
Interest and change in fair value of investments	61,461	23,199
Miscellaneous	-	140
<b>Total Additions</b>	<b>1,861,461</b>	<b>17,438,636</b>
<b>Deductions:</b>		
Administrative expenses	2,810	-
Contractual services	-	4,209,887
Interest expense	-	7,259,482
Amortization	-	28,832
<b>Total Deductions</b>	<b>2,810</b>	<b>11,498,201</b>
<b>Changes in Net Position</b>	<b>1,858,651</b>	<b>5,940,435</b>
Net Position - Beginning of the Year	-	(147,916,937)
<b>Net Position - End of the Year</b>	<b>\$ 1,858,651</b>	<b>\$ (141,976,502)</b>

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**I. SIGNIFICANT ACCOUNTING POLICIES**

**Note 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES:**

a. Reporting Entity:

The reporting entity, “City of Coronado”, includes the accounts of the City, the Coronado Improvement Corporation (CIC), and the Coronado Financing Authority (CFA).

The City of Coronado was incorporated on December 12, 1890, as a general law city and operates under a council/manager form of government.

The Coronado Improvement Corporation was organized on November 27, 1981, under the Non-Profit Public Benefit Corporation Law, State of California, for the purpose of providing financial assistance to the City of Coronado by acquiring, constructing, improving and developing certain facilities for the collection, treatment and disposal of sewage, waste and wastewater within and outside the City. Separate financial statements for the CIC are not issued.

The Coronado Financing Authority is a joint powers authority, organized pursuant to a Joint Exercise of Powers Agreement, dated as of January 1, 1990 (the “Joint Powers Agreement”) by and between its members, and the Coronado Unified School District (District), and amended on September 1, 1992, to include the City as a member. The Joint Powers Agreement was entered into pursuant to the provisions of the California Government Code.

The CFA is a separate entity constituting a public instrumentality of the State of California and was formed for the public purpose of assisting in financing and refinancing public capital improvements for a member through the purchase by the CFA of a member agency’s bonds pursuant to bond purchase agreements, and/or the loan of funds to a member. The board of directors is composed of two members from City Council, and one member from the District board. Separate financial statements for CFA are not issued and, therefore, each member includes in its financial statements the accounts and transactions pertaining to its debt issuance’s through the CFA.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement No. 61 “*The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*”. The City of Coronado is the primary governmental unit. Component units are those entities that are financially accountable to the primary governmental unit either because the City appoints a voting majority of the component unit Board, or because the component unit provides financial benefit or imposes a financial burden on the City. The City has accounted for CIC, and CFA as “blended” component units. Despite being legally separate, these units are so intertwined with the City that they are in substance, part of the City’s operations. Accordingly, the balances and transactions of CIC, and CFA, are

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES  
(Continued):**

included in the Special Revenue, Debt Service, Capital Projects, and Enterprise Funds. The following specific criteria were used in determining that CIC, and CFA were blended component units:

- 1) The members of the City Council appoint the members of the governing body of CIC. City employees manage CIC and provide all support functions for CIC including financial reporting and investment decisions.
- 2) Two of the three board members of CFA are members of the City Council. The sole function of the CFA is to issue bonds on behalf of its members. The CFA is managed by employees of the City.

b. Financial Statement Presentation, Measurement Focus, and Basis of Accounting:

On July 1, 2002, the City adopted the provisions of GASB Statement No. 34 (“Statement 34”) of the Governmental Accounting Standards Board, “*Basic Financial Statements and Management’s Discussion and Analysis – For State and Local Governments*”. Statement 34 established standards for external financial reporting for all state and local governmental entities that includes a Statement of Net Position and a Statement of Activities as part of an entity’s basic financial statements.

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Governmental fund financial statements
- Proprietary fund financial statements
- Fiduciary fund financial statements
- Notes to the basic financial statements

GASB Statement 65, “*Items Previously Reported as Assets and Liabilities*”. GASB 65, among other things, amends prior guidance with respect to the treatment of debt issuance costs. Debt issuance costs should be recognized in the period incurred rather than reported on the statement of net position as deferred charges and recognized systematically over the life of the debt. The City’s basic financial statements conform with this standard.

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES  
(Continued):**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

**Governmental Fund Financial Statements:**

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

Governmental fund financial statements for the City's governmental funds are presented after the government-wide financial statements. These statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds individually and non-major funds in the aggregate.

**Proprietary Fund Financial Statements:**

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated. However, the City of Coronado does not have non-major proprietary funds.

**Fiduciary Fund Financial Statements:**

Fiduciary fund financial statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds represent agency funds and private-purpose trust funds; and are accounted for on a spending or *current financial resources* measurement focus and the accrual basis of accounting.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES  
(Continued):**

The following are the types of funds used by the City:

GOVERNMENTAL FUNDS:

General Fund:

The General Fund is used to account for all revenues and activities financed by the City that are not required to be accounted for in another fund.

Special Revenue Funds:

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Capital Projects Funds:

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major property, equipment or facilities (other than those financed by the proprietary funds).

Permanent Funds:

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs that is, for the benefit of the City or its citizenry. All of the City's permanent funds are to be used to support the City's Library.

PROPRIETARY FUNDS:

Enterprise Funds:

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS:

Agency Funds:

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES  
(Continued):**

Pension Trust Fund:

Pension trust fund accounts for the activities of the Other Post-Employment Benefit (OPEB) trust fund, which accumulated resources for OPEB related payments to qualified retirees.

Private-Purpose Trust Funds:

Private-purpose trust funds account for the assets and liabilities of the former CDA and are allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

The City's major governmental funds are as follows:

*General Fund*

*Transportation Development Special Revenue Fund* is used to account for revenue and expenditures funded by Regional, State and Federal sources for transportation related issues.

*Low/Mod Income Housing Asset Special Revenue Fund* accounts for the assets and activities of the former Community Development Agency (former CDA) Special Revenue Fund that were assumed by the City when the former CDA dissolved on January 31, 2012.

The City's major proprietary funds are as follows:

Wastewater Utility Enterprise Fund accounts for the provision of sewer service to the residents and military installations of the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operation, maintenance, construction, financing and related debt service.

Golf Course Enterprise Fund accounts for the provision of an 18-hole golf course facility to the general public. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operation, maintenance, and construction.

Storm Drainage Enterprise Fund accounts for the provision of storm drainage service to the residents of the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operation, maintenance, construction, financing and related debt service.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES  
(Continued):**

Measurement Focus:

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

In the government-wide Statement of Net Position and the Statement of Activities, activities are presented using the economic resources measurement focus. Under economic resources measurement focus, all (both current and long-term) economic resources and obligations of the City are reported.

In the fund financial statements, all governmental funds are accounted for on a spending or “financial flow” measurement focus, meaning that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balances (net current assets) are considered a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

Noncurrent portions of long-term receivables are reported on the governmental fund balance sheets in spite of their measurement focus. However, special reporting treatments are used to indicate that they should not be considered “available spendable resources” since they do not represent net current assets. Recognition of governmental fund type revenue represented by non-current receivables are unavailable until they become current receivables. Noncurrent portions of other long-term receivables are offset by fund balance reserve amounts. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transaction are recognized in accordance with the requirements of GASB Statement No. 33 “*Accounting and Financial Reporting for Non-exchange Transactions*”.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as a fund asset. The proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Proprietary funds are accounted for using the *economic resources* measurement focus. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total Net Position.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES  
(Continued):**

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.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

**Basis of Accounting:**

In the government-wide Statement of Net Position and Statement of Activities, the governmental activities and business type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the governmental fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. Accrued revenues include property taxes, taxpayer assessed taxes such as sales tax and transient occupancy taxes, and earnings on investments received within 60 days after year-end. Grant funds earned but not received are recorded as a receivable, and revenue is recognized because funds are expected to be received in accordance with grant contracts. Grant funds received before the revenue recognition criteria have been met are reported as unearned revenues. Expenditures are recorded when the fund liability is incurred, if measurable, except for future interest on general long-term debt, which is recognized when due.

Proprietary, other postemployment benefit trust, and private-purpose trust fund types are accounted for on the accrual basis of accounting. Revenues in these funds are recognized when earned and expenses are recognized when the liability has been incurred. Unbilled sewer fees are accrued at year-end. Agency funds have no measurement focus but utilizes the accrual basis of accounting for reports assets and liabilities.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued):**

c. Cash and Investments:

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For financial statement presentation purposes, cash and cash equivalents are shown as both restricted and unrestricted cash and investments in the Proprietary funds.

Investments are stated at fair value (quoted market price or best available estimate thereof). A substantial portion of the City's investments is in short-term, highly liquid instruments, with original maturities of three months or less. For purposes of the Statement of Cash Flows, all cash and investments held by the enterprise funds (including restricted cash and investments) are considered to be short term and, accordingly, are classified as cash and cash equivalents. In addition, the City did not participate in non-cash investing, capital or financing activities for the year ended June 30, 2014, which would require disclosure on the Statement of Cash Flows.

d. Prepaid items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

e. Capital Assets:

The City's capital assets, including infrastructure (e.g. roads, bridges, traffic signals, and similar items) are capitalized at historical cost or estimated historical costs. The City policy has set the capitalization threshold for reporting capital assets as follows:

Building and Improvements	\$ 50,000
Equipment, except vehicles with vehicle identification numbers	10,000
Vehicles with vehicle identification numbers	1
Infrastructure	50,000

Gifts or contributions of capital assets are recorded at fair market value when received. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings	50 years
Improvements	30-50 years
Equipment	5-50 years
Infrastructure	30-60 years

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued):**

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Construction in progress costs are capitalized and transferred to their respective capital asset category upon completion of the project.

f. Deferred outflows/inflows of resources:

In addition to assets, the statements' of net position and governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/ expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position and the proprietary fund statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements' of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: notes receivables from low/mod housing, taxes and grant receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

g. Compensated Absences:

In governmental funds, compensated absences (unpaid vacation) are recorded as expenditures in the year paid, as it is the City's policy to liquidate any unpaid vacation at June 30 from future resources rather than current available expendable resources.

Unpaid compensated absences of proprietary funds are recorded as a liability in those funds as the vested benefits to employees accrue. For the governmental funds, all unpaid compensated absences are recorded as a liability for governmental activities in the government-wide financial statements.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued):**

h. Claims and Judgments:

When it is probable that a claim liability has been incurred at year-end, and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage under its self-insurance program in the government-wide statements. Claims and judgment liabilities are expected to be liquidated by the General Fund in future periods.

i. Fund Balance Flow Assumption:

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

j. Net Position Flow Assumption:

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

k. Fund Balance policies:

In the fund financial statements, governmental funds report the following fund balance classification:

- Non-spendable - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted - includes amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES  
(Continued):**

- Committed - includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest authority, the City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is resolution.
- Assigned - includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Manager is authorized to assign amounts to a specific purpose, which was established by the governing body through Resolution Number 8556.
- Unassigned - includes the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include non-spendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

**Stabilization Arrangements**

- Emergency Response and Economic Stabilization – The City committed a reserve of \$1,000,000 plus an amount equal to three months of General Fund operating expenditures and operating transfers to provide emergency response and/or economic stabilization. Such unforeseen events may be caused by economic downturn or due to man-made or natural disasters. At the end of each fiscal year, the \$1,000,000 amount will be increased by a percentage equal to the most recent California Consumer Price Index (CPI) as published by the Bureau of Labor Statistics. The collected amount of committed funds for emergency response and economic stabilization may be utilized in the event of a locally proclaimed emergency as specified in Municipal Code Chapter 2.50. In addition, these funds may be utilized if there is a finding made of an unforeseen loss of revenue of at least 5% of budgeted transient occupancy or current property tax revenue or an unanticipated expenditure(s) at least 5% of budgeted expenditures. At June 30, 2014, the amount of the commitment was totaling \$11,047,000 (\$1,083,000 for the one million and increase of CPI, and \$9,964,000 for the three months of general fund operating expenditures and transfers.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued):**

- Cash Flow - To provide sufficient liquidity and cash flow for general operations of the City, an amount equal to three months of operating expenditures will be set aside in the General Fund. The amount shall be based upon the General Fund operating expenditure budget, including operating transfers. At June 30, 2014, the amount for cash flow is \$10,511,725 and is included in unassigned fund balance.
- CalPERS Stabilization – To reduce CalPERS unfunded liabilities, the City budgeted its CalPERS contribution rates for the miscellaneous employees at the artificially higher rate of 20.99% of payroll, while the actual rate paid was at the lower rate of 16.75% of payroll. The lower rate was accomplished after the City made an advance payment of \$5 million toward its unfunded pension liabilities at the end of Fiscal Year 2013. The total savings in pension costs compared to the budget is \$621,552, however not all of these savings are due to the \$5 million prepayment. A large amount of the savings is due to temporary vacancies in both safety and non-safety classifications. The true amount of savings due to the CalPERS prepayment is \$440,300 across all funds, which was booked as assigned fund balance.

In the government-wide financial statements, Net Position are classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – this component of Net Position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same Net Position component as the unspent proceeds.
- Restricted – This component of Net Position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued):**

- Unrestricted Net Position – This component of Net Position consists of Net Position that do not meet the definition of “restricted” or “net investment in capital assets.”

l. Property Taxes:

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas.

Accordingly, the City of Coronado accrues only those taxes, which are received within 60 days after year-end.

Lien Date	January 1
Levy Date	June 30
Due Dates	November 1 and February 1
Collection Dates	December 10 and April 10

m. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

n. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows/outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

o. Amortization Expense in Enterprise Funds:

Business Type Activity – Enterprise Funds:

On August 19, 2004, the CFA issued on behalf of the City’s Storm Drainage Enterprise Fund \$5,120,000 of Series 2004 Storm Drain System Refunding Revenue Bonds, as more fully described in Note 7, to advance refund the 1996 Storm Drain System Revenue Bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$415,205. This difference, net of accumulated amortization is reported in the accompanying financial

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued):**

statements as a deferred outflow of resources in the Storm Drainage Enterprise Fund and is being charged in the amount of \$19,274 annually to interest expense through the year 2033.

Debt premium totaling \$36,042 are being amortized in the Storm Drainage Enterprise Fund on the straight-line basis over the life of the bond issue (through the year 2033). The debt premium balance is reported as an addition to the Storm Drainage Enterprise Funds bonds payable and is being charged in the amount of \$1,673 annually to interest expense.

p. Advances to Other Funds:

Long-term inter-fund advances are recorded as a receivable and as non-spendable of fund balance by the advancing governmental fund type.

q. Bond Premiums, Discounts, and Issue Costs:

Bond premiums, discounts, and issue costs are reported as other financing sources or uses (for premiums and discounts) and expenditures (for issue costs) in the governmental fund financial statements. For bonds issued after July 1, 2002, (adoption of GASB Statement No. 34) in the government-wide financial statements and proprietary fund financial statements premium and discounts are capitalized and amortized over the life of the bond issue. (See Note 1.o. above).

r. Proprietary funds operating and non-operating revenues and expenses:

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the wastewater fund, golf course fund, and storm drainage funds are charges to customers for sales and services. The wastewater fund also recognizes as operating revenue the portion of fees intended to recover the cost of connecting new customers to the sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**II. DETAILED NOTES ON ALL FUNDS**

**Note 2: CASH AND INVESTMENTS:**

Cash and investments at June 30, 2014, are reported in the accompanying basic financial statements as follows:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total Fair Value
Cash and investments	\$ 90,070,604	\$ 13,031,302	\$ 14,828,825	\$ 117,930,731
Restricted cash and investments	-	362,885	2,982,501	3,345,386
Total Cash and Investments	<u>\$ 90,070,604</u>	<u>\$ 13,394,187</u>	<u>\$ 17,811,326</u>	<u>\$ 121,276,117</u>

Cash and investments at June 30, 2014, consisted of the following:

Demand accounts	\$ 4,382,450
Petty cash	7,900
Investments	<u>116,885,767</u>
Total Cash and Investments	<u>\$ 121,276,117</u>

Deposits:

At June 30, 2014, the carrying amount of the City's demand deposits was \$4,382,450 and the bank balance was \$5,005,535. The \$623,085 difference represents outstanding checks, deposits in transit, and other reconciling items.

Investment 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.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 2: CASH AND INVESTMENTS (Continued):**

Authorized Investment Type	Maximum Maturity	Maximum Amount or Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Bills, Bonds, and Notes	5 years	None	None
U.S. Government Agency Obligations	5 years	None	None
State of California Registered Notes, Warrants, or Bonds	5 years	None	None
Registered Notes or Bonds of Other Municipalities	None	None	None
Negotiable Certificates of Deposit	5 years	30%	N/A
Time Deposits	1 year	N/A	N/A
Medium-Term Notes	5 years	30%	5%
Bankers Acceptances	180 days	40%	30%
Repurchase Agreements	30 days	30%	None
Local Agency Investment Funds (LAIF)	N/A	None	None
County of San Diego Investment Pool	N/A	None	None
Joint Powers Authority Shares of Beneficial Interest	N/A	None	None
Money Market Funds	N/A	20%	10%

N/A=Not Applicable

Investment Authorized by Debt Agreements:

Investment of debt proceeds held by bond trustee is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. Investments authorized for funds held by bond trustee include, U.S. Treasury Obligations, Federal Agency Securities, Certificates of Deposits, Commercial Paper, Local Agency Bonds, Banker's Acceptance, Money Market Mutual Funds, Investment Contracts and Repurchase Agreements. There were no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed or the maximum maturity of an investment.

Disclosures Relating to Interest Rate Risk:

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

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Note 2: CASH AND INVESTMENTS (Continued):**

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

Investment Type	Remaining Maturity				Total
	6 Months or Less	6 - 12 Months	1 to 3 Years	3 to 5 Years	
U.S. Government Treasury Obligations	\$ -	\$ 4,302,671	\$ 29,543,140	\$ -	\$ 33,845,811
U.S. Government Agency Obligations	1,993,642	1,739,997	15,801,804	-	19,535,443
Local Agency Investment Funds	56,960,681	-	-	-	56,960,681
Certificates of Deposit	250,000	-	-	-	250,000
Medium-Term Notes	1,858,651	-	-	-	1,858,651
California Asset Management Program					
Money Market Mutual Fund	178,539	-	-	-	178,539
Municipal Bonds	-	-	109,032	802,224	911,256
Held by Bond Trustee:					
Local Agency Investment Funds	2,973,912	-	-	-	2,973,912
Money Market Mutual Funds	371,474	-	-	-	371,474
<b>Total</b>	<b>\$ 64,586,899</b>	<b>\$ 6,042,668</b>	<b>\$ 45,453,976</b>	<b>\$ 802,224</b>	<b>\$ 116,885,767</b>

Disclosure Relating to Credit Risk:

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

Investment Type	Total as of 6/30/2014	Minimum Legal Rating	Not Required To Be Rated	Actual Rating	
				AA+	Unrated
U.S. Government Treasury Obligations	\$ 33,845,811	N/A	\$ 33,845,811	\$ -	\$ -
U.S. Government Agency Obligations	19,535,442	A	-	19,535,442	-
Local Agency Investment Fund	56,960,681	N/A	-	-	56,960,681
Certificates of Deposit	250,000	N/A	250,000	-	-
Medium-Term Notes	1,858,651				1,858,651
California Asset Management Program					
Money Market Mutual Fund	178,539	N/A	-	-	178,539
Municipal Bonds	911,257	N/A	-	-	911,257
Held by Bond Trustee:					
Local Agency Investment Fund	2,973,912	N/A	-	-	2,973,912
Money Market Mutual Funds	371,474	A	-	-	371,474
<b>Total</b>	<b>\$ 116,885,767</b>		<b>\$ 34,095,811</b>	<b>\$ 19,535,442</b>	<b>\$ 63,254,514</b>

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 2: CASH AND INVESTMENTS (Continued):**

Concentration of Credit Risk:

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of the total City's investments are as follows:

Issuer	Investment Type	Reported Amount	% of Investments
Federal Home Loan Mortgage Corp.	U.S. Government Agency Obligations	\$ 6,520,872	6%
Federal Home Loan Bank	U.S. Government Agency Obligations	5,532,334	5%
Federal National Mortgage Association	U.S. Government Agency Obligations	7,482,237	6%
United States Treasury	U.S. Treasury Notes	33,845,811	29%

Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk, that in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledge securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. All of the City's deposits were either fully insured or collateralized as of and for the year ended June 30, 2014.

California Local Agency Investment Fund (LAIF):

The LAIF is a voluntary program, created by a State Statute in 1977 as an investment alternative through which local governments may pool investments. The Local Agency Advisory Board, which consists of five members as designated by State Statute, has oversight responsibility over LAIF. The City may invest up to \$50,000,000 (maximum amount per account allowed by LAIF) in a single LAIF fund account. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. At June 30, 2014, the City's two combined LAIF fund accounts proportionate fair value share in the pool was \$56,960,681. This total represents \$44,672,719 pooled for the City and \$12,287,962 pooled for the Successor Agency.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 2: CASH AND INVESTMENTS (Continued):**

Allocation of Interest Income Among Funds:

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents and trustees. Interest income earned on pooled cash and investments is allocated quarterly to the funds based on the month-end cash and investment balances. Interest income from pooled investments is allocated 1) to those funds, which are required by law or administrative action to receive interest and 2) the proprietary funds. Interest is allocated on a quarterly basis based on the weighted average cash balances in each fund receiving interest. Proceeds obtained from long-term debt issuances including construction, lease payment and reserve fund balances are held by the City or by fiscal agents on behalf of the City and invests in the City's name. Interest income on proceeds of debt is credited directly to the related fund.

**Note 3: LOANS RECEIVABLE:**

The loans at June 30, 2014, consisted of the following:

General Fund	
City Manager Housing Loan	\$ 1,094,106
Various loans	10,000
	<u>1,104,106</u>
Low/Mod Income Housing Asset Fund	
CATPAH	330,122
Tilaro and Day Trusts	233,482
Novak	5,077
Silent Second Loans	284,934
CIHC Sr. Housing Loan - 550 Orange Ave.	1,336,542
CIHC LMI Housing Loan - 525 Orange Ave.	897,526
SDIHC LMI Housing Loan - Orange Villas	1,328,444
CIHC Building Loan - 525 Orange Ave.	800,000
	<u>5,216,127</u>
Total loans receivable	<u>\$ 6,320,233</u>

City Manager Housing Loan:

On July 27, 2010, the City entered into a promissory note with the City Manager to provide housing assistance as part of the employment agreement in the amount of \$1,202,105. Repayment of the promissory note is payable bi-weekly in the amount of \$2,197 including principal and interest at an initial variable rate of 2.52% with the first payment due September 3, 2010. The variable interest rate is computed every two years at a rate of 2% above LAIF earnings. The outstanding balance of this loan as of June 30, 2014, is \$1,094,106 with a current interest rate of 2.38%.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 3: LOANS RECEIVABLE: (Continued)**

CATPAH Loan:

On July 20, 1993, the former CDA board approved an Affordable Housing and Loan Agreement between the former CDA and the "Coronado Association to Provide Affordable Housing" (CATPAH), a limited partnership, to assist in financing the acquisition and rehabilitation of twenty-three units of affordable housing within the former CDA's project area for rental to low and moderate income households. The loan of \$2,410,000 is a non-interest bearing loan and is secured by a deed of trust on the properties acquired. CATPAH was required to provide additional funding of \$225,000 to acquire the property and to establish a rehabilitation and reserve account of not less than \$75,000. The balance due under the note is to be repaid upon the earlier of (a) the sale, lease, exchange or other conveyance of the properties (other than the lease to low and moderate income households); (b) the uncured default of CATPAH under any of the loan documents; or (c) the expiration of the Coronado Community Development plan on July 9, 2031.

The total amount due under the note is to equal the amount derived from sale, lease, exchange or other conveyance of the properties, less the amount of CATPAH's contribution and interest thereon at the rate of five percent per annum, except in the event of the uncured default of CATPAH, wherein no amount will be deducted for the reimbursement of CATPAH's contribution. The escrow for the purchase of the properties closed in January 1994.

Because the probable amount of future payments on the note, or the timing of payments on the note, could not be estimated with reasonable certainty, the disbursement to CATPAH was recorded as an expenditure. A note receivable from CATPAH has been recorded with an offset to unavailable revenue. Interest is being accrued on an annual basis at 6.5% and added to the note receivable and deferred interest. At such time as principal payments are received on the note in future years, the unavailable revenue will be reduced, and revenue will be recognized in the amount of the principal payments. On June 30, 2014, the present value for the receivable increased to \$330,122.

Tilaro and Day Trusts Loan:

In July 1996, the former CDA board entered into an Affordable Housing Agreement with the Mario and Judith Tilaro Family Trust and John Day Smith Living Trust (Owner) in which loans in the amount of \$520,371 were provided to the Owner to fund housing assistance and rehabilitation costs. The rehabilitated property produced affordable rental units for very low income and lower income households. The principal balance of the Rehabilitation Loan, \$19,079, was determined after the rehabilitation of the property for items relating to fire, life, and safety. This non-interest bearing loan is for a term of thirty years and is secured by a deed of trust on the property. The loan will be repayable upon the earlier sale or other transfer of the property unless the transferee assumes the loan in a written assumption agreement. The terms of the Housing Assistance Loan of \$430,371 are similar to the Rehabilitation Loan noted above. However, the full amount of this loan will be forgiven upon the thirtieth anniversary of the note in the event the Owner is not then in default of the agreement or the loan has not previously become due.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 3: LOANS RECEIVABLE (Continued):**

Because the probable amount of future payments on the loans, or the timing of such payments, could not be estimated with reasonable certainty, the disbursement of the monies to the Owner was recorded as an expenditure. A note receivable combining both loans from the Owner has been recorded with an offset to unavailable revenue. Interest is being accrued on an annual basis at 5.65% and added to the note receivable and unavailable revenue. If the loan is forgiven, the loan receivable and the deferred interest will be written-off. At such time as principal payments are received on the loan in future years, the unavailable revenue will be reduced, and revenue will be recognized in the amount of the principal payments received. On June 30, 2014, the present value of the receivable increased to \$233,482.

Novak Loan:

In October 1996, the City (under the former CDA) entered into a loan agreement with an individual in the amount of \$10,000 for the purpose of acquiring a housing unit burdened with affordable housing covenants. Under the terms of the agreement, the loan is due and payable in full on October 29, 2026; is non-interest bearing; is secured by a trust deed on the property; and requires compliance with the affordable housing covenants.

Because the probable amount of future payments on the loan, or the timing of such payments, could not be estimated with reasonable certainty, the disbursement was recorded as an expenditure. A note receivable from the owner has been recorded with an offset to unavailable revenue. Interest is being accrued on an annual basis at 5.65% and added to the note receivable and deferred interest. At such time as principal payments are received on the note in future years, the unavailable revenue will be reduced, and revenue will be recognized in the amount of the principal payments received. On June 30, 2014, the present value of the receivable increased to \$5,077.

Silent Second Loans:

Under the former CDA board-approved Coronado Home Purchase Loan Program, six loans were made to eligible homebuyers (Owners) from September through November 1998, to assist in the purchase of real property within the City. These loans varied in amount from \$100,000 to \$120,000, are non-interest bearing, are for a term of thirty years, and are secured as second trust deeds. While the loans do not bear interest, if certain events occur, payment of shared appreciation is required. The loans are each repayable upon the earlier sale or other transfer of the property to a non-eligible homebuyer with the shared appreciation amount. However, in the event of the earlier sale or transfer to an eligible homebuyer, the loan may be assumed. The full amount of each loan will be forgiven upon the thirtieth anniversary of the note in the event the Owner is not then in default of the agreement or the loan has not previously become due.

Because the probable amount of future payments on the loan, or the timing of such payments, could not be estimated with reasonable certainty, the disbursements were recorded as expenditures. One loan receivable from the various Owners has been recorded with an offset to unavailable revenue at the discounted present value using a rate

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 3: LOANS RECEIVABLE (Continued):**

of 5.80%. Interest is being accrued on an annual basis at 5.80% and added to the note receivable and deferred interest. If the loans are forgiven, the loan receivable and the deferred interest will be written-off. At such time as principal payments are received on the note in future years, the unavailable revenue will be reduced, and revenue will be recognized in the amount of the principal payments received. On June 30, 2014, the present value of the receivable increased to \$284,934.

Coronado Interfaith Housing Corporation Senior Housing Loan – 550 Orange Ave.:

In February 2006, the former CDA board entered into a Disposition and Development Agreement (DDA) with the Coronado Interfaith Housing Corporation (CIHC) regarding two properties owned by the former CDA. The DDA established the responsibilities and authority for CIHC to build and operate a thirty (30) unit senior affordable rental housing complex on the two properties. Under the terms of the DDA, the former CDA entered into a long-term ground lease of the properties for \$1 per year for fifty-five years. Additionally, the DDA provided a portion of the financing for the project in the form of a loan in the amount of \$3,492,591. This loan is forgivable as long as CIHC complies with all terms and covenants included in the DDA during the fifty-five year term of the agreement (commencing from occupancy of the first residential tenants). At the end of the ground lease, the land, improvements, and any remaining amount in the residual receipts account will revert to ownership by the City. CIHC was responsible for obtaining any additional financing required for the project as well as construction of the new apartment complex including site amenities.

Because the probable amount of future payments on the loan, or the timing of payments on the loan, could not be estimated with reasonable certainty, the disbursement to CIHC was recorded as an expenditure. A loan receivable from CIHC has been recorded with an offset to unavailable revenue. The loan has a stated annual interest rate of 3.00%, which was below the estimated incremental borrowing rate of the former CDA of 5.00%. Interest is being accrued on an annual basis at 5.00% and added to the loan receivable and unavailable revenue. If the loan is forgiven, the loan receivable and the deferred interest will be written-off. At such time as principal payments are received on the loan in future years, the unavailable revenue will be reduced and revenue will be recognized in the amount of the principal payments received. In accordance with the terms of the DDA, interest receivable is accrued annually on the full amount of the loan at the stated rate of 3.00% with an offset to unavailable revenue. If the loan is forgiven, the interest receivable and the associated deferred interest will be written-off. On June 30, 2014, the present value of the loan receivable and accrued interest (at 3.00%) had increased to \$1,336,542, and \$804,636 respectively.

Coronado Interfaith Housing Corporation Affordable Housing Loan- 525 Orange Ave:

On July 2, 2007, the former CDA board entered into a Disposition and Development Agreement (DDA) with the Coronado Interfaith Housing Corporation (CIHC) regarding the rehabilitation and operation of affordable rental property owned by the former CDA at 525 Orange Avenue. The DDA established the responsibilities and authority for CIHC

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 3: LOANS RECEIVABLE (Continued):**

to rehabilitate and operate an affordable rental-housing complex on the property. Under the terms of the DDA, the former CDA entered into a long-term ground lease of the properties for \$20,000 per year for fifty-five years. Additionally, the DDA provided a portion of the financing for the project in the form of a forgivable loan in the amount of \$2,067,066. This loan is forgivable as long as CIHC complies with all terms and covenants included in the DDA during the fifty-five year term of the agreement (commencing from occupancy of the first residential tenants). At the end of the ground lease, the land, improvements, and any remaining amount in the residual receipts account will revert to ownership by the City. CIHC was responsible for obtaining any additional financing required for the project as well rehabilitating the site including site amenities.

Because the probable amount of future payments on the loan, or the timing of payments on the loan, could not be estimated with reasonable certainty, the disbursement to CICH was recorded as an expenditure. A loan receivable from CICH has been recorded with an offset to unavailable revenue. The loan has a stated annual interest rate of 3.00%, which was below the estimated incremental borrowing rate of the former CDA of 4.72%. Interest is being accrued on an annual basis at 4.72% and added to the loan receivable and unavailable revenue. If the loan is forgiven, the loan receivable and the deferred interest will be written-off. At such time as principal payments are received on the loan in future years, the unavailable revenue will be reduced and revenue will be recognized in the amount of the principal payments received. In accordance with the terms of the DDA, interest receivable is accrued annually on the full amount of the loan at the stated rate of 3.00% with an offset to unavailable revenue. If the loan is forgiven, the interest receivable and the associated deferred interest will be written-off. On June 30, 2014, the present value of the loan receivable and accrued interest (at 3.00%) had increased to \$897,526 and \$377,169, respectively.

San Diego Interfaith Housing Corporation – Orange Villas:

In August 2008, the former CDA board entered into a Disposition and Development Agreement (DDA) with San Diego Interfaith Housing Corporation (SDIHC) regarding affordable housing construction at 440-450 Orange Avenue, substantial rehabilitation at 225 Orange Avenue, and subsequent operation of both properties. The DDA established the responsibilities and authority for SDIHC to construct, rehabilitate, and operate affordable housing complexes on the properties. Under the terms of the DDA, the former CDA entered into a long-term ground lease of the properties for \$1 per year for ninety-nine years. Additionally, the DDA provided a portion of the financing for the project in the form of a forgivable loan of \$2,870,000 for a term of ninety-nine years. This loan is forgivable as long as SDIHC complies with all terms and covenants included in the DDA upon the fifty-fifth anniversary of the Housing Assistance Note. At the end of the ground lease, the land, improvements, and any remaining amount in the residual receipts account will revert to ownership by the City.

Because the probable amount of future payments on the loan, or the timing of payments on the loan, could not be estimated with reasonable certainty, the disbursement to SDICH was recorded as expenditures. A loan receivable from SDICH has been recorded with an

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 3: LOANS RECEIVABLE (Continued):**

offset to unavailable revenue. The loan has a stated interest rate of 3.00%, which was below the estimated incremental borrowing rate of the former CDA of 4.50%. Therefore, the balance of the note has been discounted based on the 4.50% rate (present value). Interest is being accrued on an annual basis at 4.50% and added to the loan receivable and unavailable revenue. If the loan is forgiven, the loan receivable and the deferred interest will be written-off. At such time as principal and interest payments are received on the loan in future years, the unavailable revenue will be reduced and revenue will be recognized in the amount of the principal and interest payments received. In accordance with the terms of the DDA, interest receivable is accrued annually on the full amount of the loan at the stated rate of 3.00% with an offset to unavailable revenue. If the loan is forgiven, the interest receivable and the associated unavailable revenue will be written-off. On June 30, 2014, the present value of the loan receivable and accrued interest (at 3.00%) had increased to \$1,328,444 and \$273,416, respectively.

Coronado Interfaith Housing Corporation Building Loan – 525 Orange Ave.:

On June 19, 2007, the former CDA board entered into a Disposition and Development Agreement (DDA) with the Coronado Interfaith Housing Corporation (CIHC). Under the DDA, a promissory note in the amount of \$800,000 was given as part of an agreement dated December 19, 2007. The loan has a stated annual interest rate of 4.72% with repayment of principal and interest in annual installments equal to available revenues derived from the Project after payment of operation and maintenance expenses and Ground Lease Payments. The first payment was due on the first anniversary of the commencement date and the final payment in the amount of the unpaid note to be paid on the fifty-fifth anniversary. On June 30, 2014, the loan receivable balance was unchanged while accrued interest increased to \$229,664.

For the government-wide financial statements, all of the present value amounts recorded on the notes and loans above (including any accrued interest) and the related unavailable revenue amounts have been eliminated because it is expected that the recipients of these loans will comply with all of the loan terms and that they will be forgiven, except for the CIHC Building Loan noted above.

**Note 4: LOANS TO SUCCESSOR AGENCY:**

The loans at June 30, 2014, consisted of the following:

Loans to Successor Agency	
Consolidated Promissory Note	\$ 28,326,552
Glorietta Bay Marina	<u>3,445,842</u>
	<u>31,772,394</u>
Less allowance for uncollectibles	<u>(31,772,394)</u>
Total	<u><u>\$ -</u></u>

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 4: LOANS TO SUCCESSOR AGENCY (Continued):**

Due to the lack of collectability of the loans to the Successor Agency, an allowance for uncollectable has been recorded at June 30, 2014, in the amount of \$31,772,394 in the General Fund, for the loans that are pending approval by the State Department of Finance as enforceable obligations. This allowance will remain in place until the State Department of Finance makes further determinations regarding the probability of collection on the loan balances. For details on the loans to the Successor Agency, see Notes 12 and 18.

**Note 5: INTER-FUND TRANSACTIONS:**

The composition of inter-fund balances as of June 30, 2014, was as follows:

Due To/From Other Funds:

Funds	Due To Other Funds		Total
	Transportation Development Fund	Other Nonmajor Governmental Funds	
Due from Other Funds:			
General Fund	\$ 7,483	\$ 46,897	\$ 54,380

The General Fund has loaned cash to the various non-major governmental funds for cash flow purposes. This short-term loan will be repaid from future fund revenues.

Advances To/From Other Funds:

Funds	Advances From Other Funds
Advances to Other Funds:	Storm Drainage
General Fund	\$ 6,697,295

As of June 30, 2014, the General Fund has made a long-term advance to the Storm Drainage Enterprise Fund to finance operations of the Storm Drainage Enterprise Fund.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Note 5: INTER-FUND TRANSACTIONS (Continued):**

Inter-fund Transfers:

Funds	Transfers Out							Total
	General Fund	Transportation Development Fund	Low/Mod Income Housing Asset Fund	Nonmajor Governmental Funds	Wastewater Utility	Golf Course	Storm Drainage	
Transfers In:								
General Fund	\$ -	\$ -	\$ -	\$ 14,300	\$ 24,700	\$ 35,600	\$ 10,200	\$ 84,800
Nonmajor Governmental Funds	1,395,420	12,088	2,800	96,000	-	-	-	1,506,308
<b>Total</b>	<b>\$ 1,395,420</b>	<b>\$ 12,088</b>	<b>\$ 2,800</b>	<b>\$ 110,300</b>	<b>\$ 24,700</b>	<b>\$ 35,600</b>	<b>\$ 10,200</b>	<b>\$ 1,591,108</b>

The \$1,506,308 of transfers, of which \$1,395,420 came from the General Fund, went to the capital improvement fund to provide working capital and funding for capital projects. Transfers of \$70,500 from Business Type Funds were made to the General Fund to establish and fund the CalPERS Stabilization Fund. Transfers of \$14,300 from various non-major governmental funds were made to the General Fund to fund working capital and vehicle replacement.

Transfers of \$12,088 from the Transportation Development Fund to the various non-major governmental funds were made to return prior year unused matching grant funds.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Note 6: CHANGES IN CAPITAL ASSETS:**

A summary of changes in capital assets for the year ended June 30, 2014, is as follows:

	Balance June 30, 2013	Additions	(Deletions)	Transfers	Balance June 30, 2014
<b><u>Governmental Activities:</u></b>					
Capital Assets Not Being Depreciated:					
Land	\$ 33,127,316	\$ -	\$ -	\$ -	\$ 33,127,316
Art and collections	1,713,628	-	-	-	1,713,628
Construction in progress	362,988	1,325,015	(111,599)	(824,420)	751,984
Total Capital Assets - Governmental Activities Not Being Depreciated	<u>35,203,932</u>	<u>1,325,015</u>	<u>(111,599)</u>	<u>(824,420)</u>	<u>35,592,928</u>
Capital Assets Being Depreciated:					
Buildings	57,649,952	-	-	-	57,649,952
Improvements other than building	14,084,334	-	-	-	14,084,334
Infrastructure	40,425,473	-	(509,891)	824,420	40,740,002
Vehicles and equipment	12,261,169	764,252	(446,120)	-	12,579,301
Total Capital Assets Being Depreciated - Governmental Activities	<u>124,420,928</u>	<u>764,252</u>	<u>(956,011)</u>	<u>824,420</u>	<u>125,053,589</u>
Less Accumulated Depreciation:					
Buildings	11,053,691	1,207,374	-	-	12,261,065
Improvements other than building	2,861,799	435,755	-	-	3,297,554
Infrastructure	19,352,230	1,023,786	(395,165)	-	19,980,851
Vehicles and equipment	7,142,620	1,132,463	(423,675)	-	7,851,408
Total Accumulated Depreciation - Governmental Activities	<u>40,410,340</u>	<u>3,799,378</u>	<u>(818,840)</u>	<u>-</u>	<u>43,390,878</u>
Net Capital Assets Being Depreciated - Governmental Activities	<u>84,010,588</u>	<u>(3,035,126)</u>	<u>(137,171)</u>	<u>824,420</u>	<u>81,662,711</u>
Net Capital Assets - Governmental Activities	<u>\$ 119,214,520</u>	<u>\$ (1,710,111)</u>	<u>\$ (248,770)</u>	<u>\$ -</u>	<u>\$ 117,255,639</u>

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Note 6: CHANGES IN CAPITAL ASSETS (Continued):**

	Balance June 30, 2013	Additions	(Deletions)	Transfers	Balance June 30, 2014
<b><u>Business-Type Activities:</u></b>					
Capital Assets Not Being Depreciated:					
Construction in progress	\$ 506,423	\$ 359,844	\$ (132,353)	\$ (275,737)	\$ 458,177
Total Capital Assets - Not Being Depreciated	<u>506,423</u>	<u>359,844</u>	<u>(132,353)</u>	<u>(275,737)</u>	<u>458,177</u>
Capital Assets Being Depreciated:					
Buildings	5,554,359	-	-	-	5,554,359
Improvements other than building	45,086,923	-	(10,269)	162,527	45,239,181
Vehicles and equipment	12,707,634	517,961	(12,122)	113,210	13,326,683
Total Capital Assets Being Depreciated - All Enterprise Funds	<u>63,348,916</u>	<u>517,961</u>	<u>(22,391)</u>	<u>275,737</u>	<u>64,120,223</u>
Less Accumulated Depreciation:					
Buildings	1,725,382	111,088	-	-	1,836,470
Improvements other than building	22,152,547	792,565	(10,269)	-	22,934,843
Vehicles and equipment	4,574,627	381,653	(12,122)	-	4,944,158
Total Accumulated Depreciation - All Enterprise Funds	<u>28,452,556</u>	<u>1,285,306</u>	<u>(22,391)</u>	<u>-</u>	<u>29,715,471</u>
Net Capital Assets Being Depreciated All Enterprise Funds	<u>34,896,360</u>	<u>(767,345)</u>	<u>-</u>	<u>275,737</u>	<u>34,404,752</u>
Net Capital Assets - All Enterprise Funds	<u>\$ 35,402,783</u>	<u>\$ (407,501)</u>	<u>\$ (132,353)</u>	<u>\$ -</u>	<u>\$ 34,862,929</u>

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Note 6: CHANGES IN CAPITAL ASSETS (Continued):**

Depreciation expense was charged to functions/programs of the City as follows:

Governmental Activities:	
General government	\$ 1,291,310
Public safety	714,995
Construction and maintenance	253,356
Planning and building services	6,030
Housing	129,812
Tidelands	113,104
Culture and leisure	1,290,771
Total Governmental Activities	<u>\$ 3,799,378</u>
Business-Type Activities:	
Wastewater Utility	\$ 860,437
Golf Course	216,380
Storm Drain	208,489
Total Business-Type Activities	<u>\$ 1,285,306</u>

**Note 7: LONG-TERM DEBT OBLIGATIONS**

**Governmental Activities – Long-Term Debt:**

A summary of changes in governmental activities long-term debt at June 30, 2014, is as follows:

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
Compensated Absences	\$ 1,577,514	\$ 1,670,540	\$ 1,524,629	\$ 1,723,425	\$ 1,723,425
Claims and Judgments	2,781,554	748,755	993,387	2,536,922	-
Obligation under					
Capital Lease	114,287	-	45,011	69,276	45,945
Total Government - Wide Governmental Activities	<u>\$ 4,473,355</u>	<u>\$ 2,419,295</u>	<u>\$ 2,563,027</u>	<u>\$ 4,329,623</u>	<u>\$ 1,769,370</u>

a. Compensated Absences:

This liability represents the total unpaid vacation and compensation time earned by employees of the City in its governmental fund types to be paid from future resources.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Note 7: LONG-TERM DEBT OBLIGATIONS (Continued):**

b. Capital Leases:

The City entered into a lease agreement for the financing of Kyocera Copiers on December 27, 2012. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The copiers acquired under this lease agreement have been recorded as an asset and recorded in governmental activities.

Financing was obtained from Wells Fargo Bank for \$136,448, with an interest rate of 2.057% per annum, and monthly payments of \$3,912.

The calculation of the present value of the future minimum lease payments are as follow:

<u>Year ending June 30,</u>	
2015	\$ 46,939
2016	23,470
Subtotal	<u>70,409</u>
Less: interest	<u>(1,133)</u>
Present value of future payments	<u><u>\$ 69,276</u></u>

**Business-Type Activities – Long-Term Debt:**

A summary of the changes in business-type activities long-term debt at June 30, 2014, is as follows:

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions/ Payments</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 158,413	\$ 156,948	\$ 158,228	\$ 157,133	\$ 143,452
2004 Storm Drainage System Refunding Revenue Bonds	3,480,000	-	200,000	3,280,000	210,000
Sub-total	3,638,413	156,948	358,228	3,437,133	<u>\$ 353,452</u>
Plus Unamortized Premium	21,193	-	1,673	19,520	
Total Business-Type Activities Long-Term Debt	<u>\$ 3,659,606</u>	<u>\$ 156,948</u>	<u>\$ 359,901</u>	<u>\$ 3,456,653</u>	

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 7: LONG-TERM DEBT OBLIGATIONS (Continued):**

2004 Storm Drain Refunding Revenue Bonds:

On August 19, 2004, the Coronado Financing Authority (CFA), issued on behalf of the City's Storm Drainage Enterprise Fund \$5,120,000 of Series 2004 Storm Drain System Refunding Revenue Bonds consisting of \$2,990,000 of serial bonds, \$1,125,000 of term bonds due March 1, 2023, and \$1,005,000 of term bonds due March 1, 2026. The proceeds from the bonds were used to advance refund the CFA's 1996 Storm Drainage System Project Revenue Bonds. The proceeds from the 2004 bonds together with certain funds made available through the defeasance of the refunded 1996 bonds were placed in an irrevocable trust with an escrow agent to provide the remaining debt service payments on the refunded debt. The trust invests solely in direct obligations of the United States Government.

The City's Storm Drain Enterprise Fund advance refunded the 1996 bonds to reduce its total debt service payment over the next twenty-one years by approximately \$507,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$210,000.

The annual requirements to amortize the bonds outstanding at June 30, 2014, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 210,000	\$ 154,325	\$ 364,325
2016	220,000	145,925	365,925
2017	230,000	137,125	367,125
2018	240,000	127,638	367,638
2019	250,000	117,438	367,438
2020-2024	1,445,000	395,500	1,840,500
2025-2026	685,000	51,750	736,750
Total	<u>\$ 3,280,000</u>	<u>\$ 1,129,701</u>	<u>\$ 4,409,701</u>

**Note 8: SELF – INSURANCE:**

For liability insurance coverage, the City is a member of the San Diego County Pooled Insurance Program Authority (SANDPIPA), a consortium of various San Diego County cities. Each member city pays an annual premium. Losses exceeding a member city's self-insured retention are paid by the pool or by a commercial excess insurance company. For worker's compensation insurance coverage, the City is a member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX). Each member city pays an annual premium. Losses exceeding a member city's self-insured

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Note 8: SELF – INSURANCE (Continued):**

retention are paid by LAWCX up to \$5,000,000 and by a commercial insurance company for losses from \$5,000,000 to the statutory limit. The self-insured retentions and maximum coverage are:

	<u>Self-Insured Per Occurrence</u>	<u>Excess Coverage Above Self-Insurance Retention</u>
Public liability	\$250,000	\$44,500,000
Workers' compensation	500,000	Statutory Amount

The City has entered into contracts with a servicing agent who administers the workers' compensation claims program. Settled claims have not exceeded any of the City's coverage amounts in any of the last four fiscal years and there were no reductions in the City's insurance coverage during the year ended June 30, 2014.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The City has accrued for its anticipated liability with respect to claims filed and claims incurred but not reported to the City as of year-end in the General Fund.

Changes in the aggregate liability for claims for the years ended June 30, 2013, and 2014 are as follows:

	<u>Workers' Compensation</u>	<u>General Liability</u>	<u>Total</u>
Liability as of June 30, 2012	\$ 2,312,964	\$ 518,600	\$ 2,831,564
Claims and changes in estimates during the year ended June 30, 2013	1,662,128	83,606	1,745,734
Claim payments during the year ended June 30, 2013	<u>(1,437,038)</u>	<u>(358,706)</u>	<u>(1,795,744)</u>
Liability as of June 30, 2013	2,538,054	243,500	2,781,554
Claims and changes in estimates during the year ended June 30, 2014*	646,820	101,935	748,755
Claim payments during the year ended June 30, 2014	<u>(891,452)</u>	<u>(101,935)</u>	<u>(993,387)</u>
Liability as of June 30, 2014	<u>\$ 2,293,422</u>	<u>\$ 243,500</u>	<u>\$ 2,536,922</u>

\*City decided to keep claims reserve as the same amount as the prior year due to significant drop in current year claims, thus adding an estimate of \$167,000

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 8: SELF – INSURANCE (Continued):**

The ultimate amount of losses incurred through June 30, 2014, is dependent on future developments and the City coincides the entire balance short term. Based upon information from the City Attorney, the City's claim administrators and others involved with the administration of the insurance programs, City management believes the accrual is adequate to cover such losses. General liability and workers' compensation claims are paid out of the general fund.

**Note 9: PENSION PLAN OBLIGATIONS:**

**CALPERS**

The City's defined benefit pension plans, the Miscellaneous and Safety Plans for the City of Coronado (Plans), provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plans are part of the Public Agency portion of the California Public Employees' Retirement System (CALPERS), an agent multiple-employer plan administered by CALPERS, which acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CALPERS and adopts those benefits through local ordinance. Funding contributions are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts.

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the City must pay annual to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The City uses the actuarially required contributions to CALPERS. The City does not have a net pension obligation since it pays these actuarially required contributions monthly.

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect, requiring that a public employer's contribution to a defined benefit plan, in combination with employee contributions to that defined benefit plan, shall not be less than the normal cost rate. Beginning July 1, 2015, this reform act will affect the contribution amount required by the City to make to the Safety Plan; as it requires new employees to pay at least 50 percent of the total annual normal cost and that current employees approach the same goal through collective bargaining.

CALPERS issues a separate comprehensive annual financial report. Copies of CALPERS annual financial report may be obtained from CALPERS Executive Office: 400 Q Street, Sacramento, CA 95814.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 9: PENSION PLAN OBLIGATIONS (Continued)**

**Miscellaneous Employees Plan**

Plan Description

The City contributes to CALPERS, an agent multiple employer public employee defined benefit pension plan.

Funding Policy

Participants are required to contribute 8% of their annual covered salary. The City historically made the contributions required of City employees on their behalf and for their account. Beginning in July and September 2011, and January 2012, the City stopped paying the contributions required of City employees for all employee groups. Fiscal year 2011-12 was last year the City showed any contribution on behalf of employees. The employee contribution rates are set by statute and therefore remain unchanged from year to year.

The City is required to contribute at an actuarial determined rate; the current rate as a percentage of annual covered payroll is 16.75%. The required contributions were determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of payroll. The contribution requirements of plan members and the City are established and may be amended by CALPERS.

Annual Pension Cost and Net Pension Obligation

For the year ended June 30, 2014, the City's annual pension cost and required contribution was \$2,264,037. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method.

A summary of principle assumptions and methods used to determine the APC is shown below:

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	21 years as of the Valuation Date (Closed Period)
Asset Valuation Method	15-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.50% (net of administrative expenses)

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Note 9: PENSION PLAN OBLIGATIONS (Continued)**

Projected Salary Increases	3.30% to 14.20% depending on age, service and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 2.75% and an annual production growth of 0.25%.

The City's Annual Pension Cost (APC), percentage of APC contributed, and Net Pension Obligation (NPO) for the Miscellaneous plan for the year then ended and the preceding two years were as follows:

Three-Year Trend Information for CALPERS - City  
(Amounts in Thousands)

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligations
6/30/2012	\$ 1,994	100%	\$ -
6/30/2013	2,084	100%	-
6/30/2014	2,264	100%	-

Funding Status and Progress

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

Schedule of Funding Progress for CALPERS  
Miscellaneous Plan of the City of Coronado  
(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2011	\$ 48,479	\$ 67,210	\$(18,731)	72.1 %	\$ 10,308	181.7 %
6/30/2012	48,761	72,099	(23,338)	67.6 %	10,839	215.3 %
6/30/2013	60,474	75,496	(15,022)	80.1 %	10,449	143.8 %

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 9: PENSION PLAN OBLIGATIONS (Continued):**

**Safety Employees Plan**

Plan Description

The City contributes to CALPERS Safety 3.0% at 50 Risk Pool, a cost-sharing multiple-employer public employee defined benefit pension plan.

Funding Policy

The Plans provisions and benefits in effect at June 30, 2014, are summarized as follows:

Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50
Monthly benefits, as a % of annual salary	2.400%-3.000%
Required employee contribution rates	9%
Required employer contribution rates	26.149%

For the year ended June 30, 2014, the City participated in risk pooling. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members. Mandated participation in risk pools was initially based on the active membership of each rate plan as of June 30, 2003. The implementation of risk pools was done in a way that minimizes the impact on employer contribution rates. The first year in risk pools, the employer contribution rates are almost identical to what the rates would have been outside pools. Future rates will be based on the experience of each pool. Pooling will reduce the volatility of future employer rates. Mandated participation will occur on an annual basis. If on any valuation date starting with the June 30, 2003, valuation, a rate plan has less than 100 active members, it will be mandated in one of the risk pools effective on that valuation date. It is not required to disclose the market value of net assets for safety employees. The contribution requirement of plan member and the City are established and may be amended by CALPERS.

Annual Pension Cost and Net Pension Obligation

For the year ended June 30, 2014, the City's contribution of \$2,073,077 for safety employees was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 9: PENSION PLAN OBLIGATIONS (Continued):**

A summary of principle assumptions and methods used to determine the APC is shown below:

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	21 years as of the Valuation Date (Closed Period)
Asset Valuation Method	15-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on age, service and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 2.75% and an annual production growth of 0.25%.

The City's Annual Pension Cost (APC), percentage of APC contributed, and Net Pension Obligation (NPO) for the Safety plan for the year then ended and the preceding two years were as follows:

Three-Year Trend Information for CALPERS - Safety  
(Amounts in Thousands)

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligations
6/30/2012	\$ 1,799	100%	\$ -
6/30/2013	1,885	100%	-
6/30/2014	2,073	100%	-

Funding Status and Progress

The actuarial value of the Plan's assets was determined using a technique that smooths the effect of short-term volatility in the market value of investments over a three-year period. The Plans' Initial unfunded liabilities are amortized over a closed period that depends on the Plans' date of entry into CALPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over an open 30-year period, which result in an amortization of 6% of unamortized gains and losses each year. If the Plans

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Note 9: PENSION PLAN OBLIGATIONS (Continued):**

accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

Schedule of Funding Progress for CALPERS Risk Pool Safety 3% at 50  
 Safety Plan of the City of Coronado  
 (Amounts in Thousands)

Actuarial Valuation Date	Share of Pool's Market Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2011	\$ 59,853	\$ 75,843	\$ (15,990)	78.9 %	\$ 7,255	220.4 %
6/30/2012	58,043	78,710	(20,667)	73.7 %	7,244	285.3 %
6/30/2013	64,431	83,111	(18,680)	77.5 %	6,770	275.9 %

Plan Changes under PEPRA

The additional required contribution to the Safety Plan as a result of PEPRA will affect the City's fiscal year 2015-2016 annual required contribution (ARC) amount. Therefore, no additional contribution is required for the June 30, 2014 fiscal period. The funding status of the Safety Plan side-fund as a result of PEPRA is as follows:

Schedule of Funding Progress for CALPERS PEPRA Safety 2.5% at 57  
 Safety Plan of the City of Coronado

Actuarial Valuation Date	Share of Pool's Market Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2013	\$ 181	\$ 123	\$ 58	147.2 %	\$ 61,798	(0.1) %

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 10: POST EMPLOYMENT HEALTH BENEFITS:**

a. Plan Description

The City provides access for City employees and retired annuitants to group health insurance through the Public Employee's Medical and Hospital Care Act (PEMHCA), which is administered by the board of the California Public Employees Retirement System. For calendar years 2013 and 2014, the monthly contribution amounts for retired annuitants were \$115 and \$119 respectively.

b. Funding Policy

PEMHCA establishes required minimum contribution amounts for contracting agencies to provide for participating active and retired members. It further establishes that the contribution amount be adjusted annually to reflect any changes in the medical care component of the CPI-U and rounded to the nearest dollar. The City provides the minimum required contribution amount for retired annuitants. Retired annuitants who elect to participate in this program select coverage from among an array of offered health plans and pay the difference between the City's minimum contribution and the monthly cost of coverage. A contribution of \$1,867,883 was made during the 2013-2014 fiscal year to eliminate the unfunded liability associated with prior service for all retired annuitants.

The City's annual required contribution (ARC) for the 2013-2014 fiscal year is \$350,204. The annual required contribution is comprised of the present value of benefits accruing in the current fiscal year (normal cost with interest) plus a 26-year amortization (on a level-dollar basis) of the unfunded actuarial accrued liability. Thus, it represents a means to expense the plan's liabilities in an orderly manner. The change in the net OPEB obligation/ (asset) at the end of the fiscal year will reflect any actual contributions made by the City during the period for retiree health benefits including any prefunding amounts.

The City calculated and recorded a net OPEB obligation/ (asset), representing the difference between the Annual Required Contribution (ARC) and actual contributions, as presented below:

Annual required contribution (ARC)	\$ 350,204
Interest on net OPEB obligation	51,966
Adjustment to ARC	<u>(64,936)</u>
Annual OPEB cost	337,234
Contributions made	<u>1,867,883</u>
(Decrease) increase in net OPEB obligation	(1,530,649)
Net OPEB obligation (asset) - beginning of year	<u>1,299,150</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ (231,499)</u></u>

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 10: POST EMPLOYMENT HEALTH BENEFITS (Continued):**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2013-2014 and the two preceding years were as follows:

Fiscal Year End	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2012	\$ 327,933	\$ 59,144	18.04%	\$ 1,037,856
6/30/2013	320,438	67,883	21.18%	1,299,150
6/30/2014	337,234	1,867,883	553.88%	(231,499)

c. Funded Status and Funding Progress:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Valuation Date	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll	Interest Rate	Salary Scale
7/1/2008	\$ -	\$ 2,264,534	0.0%	\$ 15,957,000	14.2%	5.00%	3.25%
7/1/2010	-	2,570,720	0.0%	15,957,000	16.1%	5.00%	3.25%
7/1/2012	-	1,819,482	0.0%	17,727,000	10.3%	4.00%	3.25%

\*July 1, 2012 UAAL is based on prefunded discount rate

d. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 10: POST EMPLOYMENT HEALTH BENEFITS (Continued):**

reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012, actuarial valuation, the level dollar actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return, which is a blended rate of the expected long-term investment return on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and annual healthcare cost trend rate of 4% to 7%. The actuarial value of assets is set equal to the reported market value of assets. The UAAL is being amortized as a level dollar on an open basis. The remaining amortization period at June 30, 2014, was twenty-five years. The number of active employees is 277 and the number of retired employees is 46.

**Note 11: DEFERRED COMPENSATION SAVINGS PLAN:**

For the benefit of its employees, the City participates in a 457 Deferred Compensation Program. The purpose of this program is to provide deferred compensation for public employees that elect to participate. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the City is in compliance with this legislation. Therefore, these assets are not the legal property of the City, and are not subject to claims of the City's general creditors. Market value of the plan assets held in trust by ICMA Retirement Corporation, at June 30, 2014, was \$20,617,928. The City has implemented GASB Statement No. 32, Accounting and Financial Reporting for internal Revenue Code Section 457 Deferred Compensation Plans. Since the City has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position of the City.

**Note 12: LITIGATION, COMMITMENTS, AND CONTINGENT LIABILITIES:**

General Litigation:

At June 30, 2014, the City was involved as a defendant in several lawsuits and claims arising out of the ordinary conduct of its affairs. It is the opinion of management and the City's legal counsels handling these actions that settlement of these lawsuits and claims, if any, will not have a material effect on the financial position of the City.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 12: LITIGATION, COMMITMENTS, AND CONTINGENT LIABILITIES**  
**(Continued):**

City of Coronado versus California State Department of Finance:

The City is involved in litigation regarding the repayment of loans it made to the former redevelopment agency and which were re-entered into pursuant to Assembly Bill No. X1 26. The original loans that are the subject of the litigation were made by the City to the former redevelopment agency between the period of December 1992 and October 2009. The litigation surrounds the California State Department of Finance interpretation of current law that considered these re-entered loans were not enforceable obligations to be repaid by the Successor Agency of the former redevelopment agency. On July 25, 2014, the court ruled in favor of the City, stating that these loans were in fact enforceable obligations of the Successor Agency. On November 7, 2014, the California State Department of Finance filed a petition to appeal July 25, 2014 ruling. The amount of the disputed re-entered loans, including accrued interest through the date of dissolution February 1, 2012, is \$35,124,964. If the City prevails in the appeal, these receivables would be considered collectable by the City.

**Note 13: CONSTRUCTION COMMITMENTS:**

The following material construction commitments existed at June 30, 2014:

Project Name	Contract Amount	Expenditures to date as of June 30, 2014	Remaining Commitments
7th/Adella/Pomona Traffic Circle	\$ 1,041,951	\$ 532,547	\$ 509,404
Boat Launch Ramp and Dock	42,354	9,893	32,461
Forcemain Bypass - Cays	357,701	51,555	306,146
South Beach Restrooms	157,905	52,039	105,866
Audible Pedestrian Signals & Timers	225,817	6,874	218,943
Cays Channel Berm Stabilization	66,692	41,448	25,244
3rd, 4th & I Drainage Improvements	225,250	143,583	81,667
Electric Vehicle Charging Station	15,635	8,840	6,795
Cays Entrance Improvement	73,773	37,499	36,274
ADA Compliant Pedestrian Ramps	215,840	116,160	99,680
Main Fire Station Dorm Renovation	42,500	-	42,500
Golf Irrigation Replacement	29,800	15,000	14,800
Golf Cart Building Roof Renovation	41,606	25,218	16,388
FY13-14 Street, Curb & Gutter	115,905	55,777	60,128
Stormwater Backflow Preventer	9,925	7,588	2,337
GB Marina Dock C Renovation	195,142	92,150	102,992
Senior Center	125,960	92,760	33,200

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 14: ECONOMIC DEPENDENCE:**

The City collects transient occupancy and sales taxes from the various hotels/motels operating within the City. The transient occupancy and sales taxes generated by the four largest hotels amounted to approximately 21% of the General Fund's total revenues for the year ended June 30, 2014. The City has obtained business interruption insurance covering the potential loss of revenue from the four largest hotels in the City.

**Note 15: CORONADO TOURISM IMPROVEMENT DISTRICT:**

The Coronado Tourism Improvement District (CTID) was established in July 2010 to increase the number of overnight guests at Coronado hotels, in addition to improve revenue for local tourism-based businesses through advertising, marketing and public relations campaigns. Funding does not come from the City of Coronado; it comes from a .05% percent guest assessment at the four largest hotels in Coronado. In July 2011, CTID became a 501(c)(6) non-profit entity, with a nine-person Advisory Board assembled to evaluate, approve and advise the City of Coronado.

**Note 16: CORONADO'S HEALTHY CHILDREN'S INITIATIVE:**

The City and the Coronado Unified School District (the District) entered into a joint powers agreement to operate as member agencies the Coronado Healthy Children's Initiative (the Agency); for the purposes of providing preventive holistic counseling for school-aged children that attend schools within the City of Coronado. Both the City and the District will provide funding as needed, through grants and other contributions, to the Agency for this purpose. The Agency's Board of Directors is made up of two council members from the City and two board members from the District. The City has established an agency fund to account for contributions and grants received on behalf of the Agency.

**Note 17: FUND BALANCE RESTATEMENT:**

The General Fund beginning fund balance has been restated from \$68,107,593 to \$70,889,147 due to an error. Claims and judgments liability was recorded in the general fund as a long-term liability. Due to the fact that governmental fund utilizes the *current resources measurement* focus of accounting, only current assets and liabilities should be recognized at the fund level.

**Note 18: SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY:**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City that previously had reported a community redevelopment agency within the reporting entity of the City as a blended component unit. The Bill provides that upon dissolution of a community redevelopment agency, a "successor agency" is to be established to hold the assets until they are distributed to other units of state and local government.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 18: SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued):**

City Council elected to become the Successor Agency for the former community redevelopment agency in accordance with the Bill.

After enactment of the law, which occurred on June 28, 2011, community redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former community redevelopment agency until all enforceable obligations of the prior community redevelopment agency have been paid in full and all assets have been liquidated.

Additional information regarding the Successor Agency are as follows:

a. Cash and Investments:

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments	\$ 12,626,771
Cash and investments with fiscal agent	<u>2,982,501</u>
	<u>\$ 15,609,272</u>

See Note 2 for further information regarding the City's cash and investments as it also relates to the Successor Agency.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Note 18: SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued):**

b. Capital Assets:

An analysis of capital assets as of June 30, 2014, follows:

	Balance June 30, 2013	Additions	(Deletions)	Balance June 30, 2014
<b><u>Governmental Activities:</u></b>				
Capital Assets Not Being Depreciated:				
Land	\$ 2,677,856	\$ -	\$ 2,677,856	\$ -
Total Capital Assets - Governmental Activities Not Being Depreciated	<u>2,677,856</u>	<u>-</u>	<u>2,677,856</u>	<u>-</u>
Net Capital Assets - Governmental Activities	<u>\$ 2,677,856</u>	<u>\$ -</u>	<u>\$ 2,677,856</u>	<u>\$ -</u>

Land acquired by the Former RDA for the purposes of the Coronado Hospital (refer to Note 18e), has been reclassified to land held for resale.

c. Long-Term Debt:

Amortization Expense:

Bond premiums received on the 2003 Tax Allocation Bond issue (\$367,998), the 2005 Tax Allocation Bond issue (\$1,178,343), and the 2006 Tax Allocation Refunding Bond issue (\$1,424,656) have been capitalized and are being amortized over the remaining life of the respective bond issue.

In June 2006, the former CDA issued the 2006 Tax Allocation Refunding Bond issue, to partially advance refund the 1996 Tax Allocation Refunding Bond issue and the 2000 Tax Allocation Bond issue. The advance refunding resulted in a difference between the requisition price and the net carrying amount of the old debt of \$720,784. This amount is being deferred as an outflow of resources on the statement of fiduciary net position and is being charged (amortized) to interest expense over the twenty-five year life of the new bond issue.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Note 18: SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued):**

A description of long-term debt outstanding of the Successor Agency as of June 30, 2014, follows:

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
Tax Allocation Bonds (TABs):					
2006 Refunding Issue	\$ 30,430,000	\$ -	\$ (110,000)	\$ 30,320,000	\$ 120,000
2005 Issue	54,445,000	-	(1,205,000)	53,240,000	1,260,000
2003 Issue, nonhousing	19,640,000	-	(130,000)	19,510,000	135,000
2003 Issue, housing	9,605,000	-	(185,000)	9,420,000	195,000
2000 Issue	4,180,000	-	(210,000)	3,970,000	220,000
1996 Refunding Issue	2,487,547	-	(560,039)	1,927,508	-
1996 Accreted Interest	4,577,541	361,131	-	4,938,672	-
Total Tax Allocation Bonds	125,365,088	361,131	(2,400,039)	123,326,180	1,930,000
Add Premium:					
2006 Refunding Issue	1,025,752	-	(56,986)	968,766	-
2005 Issue	870,215	-	(40,632)	829,583	-
2003 Issue	247,312	-	(11,870)	235,442	-
Totals Tax Allocation Bonds and Premium	127,508,367	361,131	(2,509,527)	125,359,971	1,930,000
Promissory Note Secured:					
By Deed of Trust (Note)	2,583,282	-	(2,583,282)	-	-
By Deed of Trust (Note)	1,671,934	-	(30,571)	1,641,363	1,641,363
Sub - Total Promissory Notes Secured by Deed of Trust	4,255,216	-	(2,613,853)	1,641,363	1,641,363
Other Debt:					
Payable to the City of Coronado	31,772,394	-	-	31,772,394	-
Total Government - Wide Governmental Activities	\$ 163,535,977	\$ 361,131	\$ (5,123,380)	\$ 158,773,728	\$ 3,571,363

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Note 18: SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued):**

**Tax Allocation Bonds:**

2006 Tax Allocation Refunding Bonds:

On June 13, 2006, the former CDA issued \$38,575,000 of Series 2006 Tax Allocation Refunding Bonds consisting of \$27,505,000 of serial bonds and \$11,070,000 of term bonds due September 1, 2029. The proceeds of the bonds were used to advance refund \$27,280,000 of the Series 1996 Tax Allocation Refunding Bonds and \$12,250,000 of the Series 2000 Tax Allocation Bonds. The net proceeds from the Series 2006 Refunding Bonds together with certain funds made available through the defeasance of the Series 1996 and Series 2000 Bonds were placed in an irrevocable trust with an escrow agent to provide the remaining debt service payments on the defeased debt.

The serial bonds pay interest semi-annually at rates ranging from 4.0% to 5.25% and mature from September 2007 through September 2030 with principal amounts ranging from \$110,000 to \$3,155,000. The term bonds pay interest semi-annually at a rate of 4.75% with \$11,070,000 maturing in September 2029. The term bonds have mandatory sinking fund payments due beginning September 2025 ranging from \$2,305,000 to \$3,015,000.

The annual requirements to amortize the 2006 Tax Allocation Bonds at June 30, 2014, are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 120,000	\$ 1,501,269	\$ 1,621,269
2016	125,000	1,496,369	1,621,369
2017	125,000	1,491,369	1,616,369
2018	135,000	1,486,169	1,621,169
2019	1,630,000	1,442,719	3,072,719
2020-2024	9,465,000	5,870,363	15,335,363
2025-2029	12,550,000	3,124,294	15,674,294
2030-2034	6,170,000	314,147	6,484,147
Total	<u>\$ 30,320,000</u>	<u>\$ 16,726,699</u>	<u>\$ 47,046,699</u>

2005 Tax Allocation Bonds:

On November 17, 2005, \$60,420,000 of 2005 Tax Allocation Bonds were issued consisting of \$14,335,000 of serial bonds, \$6,105,000 of term bonds due September 1, 2024, \$11,725,000 of term bonds due September 1, 2030, \$18,255,000 of term bonds due September 1, 2035, and \$10,000,000 of escrow term bonds due September 1, 2035. The net proceeds were used to finance various capital

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Note 18: SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued):**

Improvement projects on behalf of the Coronado Unified School District and the City; to acquire and construct low and moderate-income housing, and to pay for certain expenses in connection with the issuance of the bonds. The serial bonds pay interest semi-annually at rates ranging from 4% to 5% and mature from September 2007 through September 2020 with principal amounts ranging from \$775,000 to \$1,355,000. The term bonds due September 2024, 2030, and 2035, (the non-escrow term bonds) have an annual interest rate of 5% and have mandatory sinking fund payments due each September, beginning 2021 through 2035, ranging from \$1,415,000 to \$8,310,000. The escrow term bonds have an annual interest rate of 4.875% and have mandatory sinking fund payments due each September, beginning 2009 through 2035, ranging from \$185,000 to \$640,000.

The annual requirements to amortize the 2005 Tax Allocation Bonds at June 30, 2014, are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 1,260,000	\$ 2,606,353	\$ 3,866,353
2016	1,320,000	2,552,631	3,872,631
2017	1,370,000	2,491,050	3,861,050
2018	1,440,000	2,421,134	3,861,134
2019	1,505,000	2,347,859	3,852,859
2020-2024	8,765,000	10,503,409	19,268,409
2025-2029	11,165,000	8,036,344	19,201,344
2030-2034	14,235,000	4,889,656	19,124,656
2035-2039	12,180,000	751,791	12,931,791
Total	\$ 53,240,000	\$ 36,600,227	\$ 89,840,227

2003 Tax Allocation Bonds (Non-Housing):

In April of 2003, the former CDA issued \$20,465,000 of Series 2003 Tax Allocation Bonds (non-housing) consisting of \$2,610,000 of serial bonds and \$17,855,000 of term bonds. The proceeds from the bonds were used for the acquisition and construction of school improvements (on behalf of the Coronado Unified School District), the Coronado Community Center, Library expansion, and Glorietta Bay Master Plan Improvements (on behalf of the City), as well as pay bond issuance costs.

The serial bonds pay interest semi-annually at rates ranging from 2% to 4.7% and mature from September 2006 through September 2023 with principal amounts ranging from \$110,000 to \$200,000. The term bonds due September 2034 have an annual interest rate of 4.74% and have mandatory sinking fund payments due each September, beginning 2024 through 2034, ranging from \$200,000 to \$4,345,000.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Note 18: SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued):**

The annual requirements to amortize the 2003 Non-housing Tax Allocation Bonds at June 30, 2014, are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 135,000	\$ 962,658	\$ 1,097,658
2016	140,000	957,084	1,097,084
2017	145,000	951,028	1,096,028
2018	155,000	944,653	1,099,653
2019	160,000	937,959	1,097,959
2020-2024	920,000	4,574,099	5,494,099
2025-2029	1,145,000	4,325,375	5,470,375
2030-2034	12,365,000	3,202,375	15,567,375
2035-2039	4,345,000	108,625	4,453,625
Total	<u>\$ 19,510,000</u>	<u>\$ 16,963,856</u>	<u>\$ 36,473,856</u>

2003 Housing Tax Allocation Bonds:

In April of 2003, \$10,765,000 of Series 2003 Housing Tax Allocation Bonds were also issued, consisting of \$3,410,000 of serial bonds and \$7,355,000 of term bonds. The proceeds from the bonds were used for the acquisition and construction of a senior affordable housing complex in the City and various other housing redevelopment projects of the former CDA, as well as pay bond issuance costs.

The serial bonds pay interest semi-annually at rates ranging from 2% to 4.625% and mature from September 2006 through September 2022 with principal amounts ranging from \$155,000 to \$270,000. The term bonds due September 2028 and 2034 have annual interest rates ranging from 4.77% to 4.8% and have mandatory sinking fund payments due each September, beginning 2023 through 2034, ranging from \$280,000 to \$900,000.

The annual requirements to amortize the 2003 Housing Tax Allocation Bonds at June 30, 2014, are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 195,000	\$ 436,398	\$ 631,398
2016	200,000	428,644	628,644
2017	210,000	420,339	630,339
2018	220,000	411,414	631,414
2019	230,000	401,906	631,906
2020-2024	1,290,000	1,846,467	3,136,467
2025-2029	2,260,000	1,476,700	3,736,700
2030-2034	3,915,000	703,800	4,618,800
2035-2039	900,000	21,600	921,600
Total	<u>\$ 9,420,000</u>	<u>\$ 6,147,268</u>	<u>\$ 15,567,268</u>

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 18: SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued):**

2000 Tax Allocation Bonds:

In April of 2000, the former CDA issued \$18,155,000 of Series 2000 Tax Allocation Bonds consisting of \$2,775,000 of serial bonds and \$15,380,000 of term bonds. The proceeds from the bonds were used for the acquisition and construction of school improvements on behalf of the Coronado Unified School District, the Coronado Community Center on behalf of the City, downtown streetscape improvements and various other redevelopment projects of the former CDA, as well as pay bond issuance costs.

The serial bonds pay interest semi-annually at rates ranging from 4.4% to 5.3% and mature from September 2001 through September 2016 with principal amounts ranging from \$120,000 to \$245,000. The term bonds due September 2018, 2026 and 2030, have annual interest rates ranging from 5.375% to 5.6%. In June 2006, \$12,105,000 of term bonds maturing on September 1, 2030, were defeased by the Series 2006 Tax Allocation Refunding Bonds as described above.

The annual requirements to amortize the 2000 Tax Allocation Bonds at June 30, 2014, are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 220,000	\$ 207,468	\$ 427,468
2016	230,000	195,710	425,710
2017	245,000	183,180	428,180
2018	255,000	169,675	424,675
2019	270,000	155,238	425,238
2020-2024	1,580,000	535,350	2,115,350
2025-2029	1,170,000	96,481	1,266,481
Total	<u>\$ 3,970,000</u>	<u>\$ 1,543,102</u>	<u>\$ 5,513,102</u>

1996 Tax Allocation Refunding Bonds:

In May of 1996, the former CDA issued \$38,847,547 of Series 1996 Tax Allocation Refunding Bonds consisting of \$36,360,000 of current interest bonds and \$2,487,547 of capital appreciation bonds. The proceeds from the bonds were used to advance refund the Project 1992 Tax Allocation Bonds and the Project 1990 Tax Allocation Bonds. A portion of the proceeds from the 1996 Bonds together with certain funds made available through the defeasance of the refund bonds were placed in an irrevocable trust with an escrow agent to provide the remaining debt service payments on the refunded debt.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Note 18: SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued):**

The bonds consist of current interest bonds of: \$18,170,000 of serial bonds, which pay interest semi-annually at rates ranging from 4.1% to 5.7% and mature from September 1996 through September 2012 with principal amounts ranging from \$730,000 to \$1,525,000; \$8,985,000 of 5.5% term bonds due September 1, 2022; and \$9,205,000 of 6% term bonds due September 1, 2026. The capital appreciation bonds consist of term bonds where all accumulated interest is payable at maturity with an annual interest rate of 6.2%. The bonds mature in September 2013 through 2017, in the amount of \$1,610,000 in each of those years. Accrued interest on the capital appreciation bonds (accredited value increases) as of June 30, 2014, amounts to \$4,938,672. All outstanding current interest bonds were defeased by the Series 2006 Tax Allocation Refunding Bonds as described above.

The annual requirements to amortize the 1996 Tax Allocation Bonds at June 30, 2014, are as follows:

Year Ending June 30,	Principal	Interest*	Total
2015	\$ -	\$ -	\$ -
2016	526,872	1,083,128	1,610,000
2017	495,655	1,114,345	1,610,000
2018	466,304	1,143,696	1,610,000
2019	438,677	1,171,323	1,610,000
Sub - Total	1,927,508	4,512,492	6,440,000
Accredited interest on Capital Appreciation Bonds at June 30, 2012	4,938,672	(4,938,672)	-
Total	\$ 6,866,180	\$ (426,180)	\$ 6,440,000

\* Includes accreted value increases for the 1996 series Capital Appreciation Bonds for years 2014 through 2018.

**Promissory Note Secured By Deed of Trust:**

On February 14, 2007, the former CDA purchased real property within the City, which is to be used for renting to low and moderate income families. Under the terms of the purchase, the seller carried back a promissory note secured by a deed of trust on the property in the amount of \$1,824,000. Repayment of the promissory note is payable monthly in the amount of \$11,529 including principal and interest at an annual rate of 6.5% with the first payment due April 1, 2007. The balance of the note including any unpaid interest accrued is due and payable on April 1, 2015. As of June 30, 2014, the principal balance on this note is \$1,641,363.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 18: SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued):**

The annual requirements to amortize the Promissory Note Secured by Deed of Trust included in the former CDA's Long-Term Debt at June 30, 2014, are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,641,363	\$ 88,255	\$ 1,729,618
Total	<u>\$ 1,641,363</u>	<u>\$ 88,255</u>	<u>\$ 1,729,618</u>

**Loans from City of Coronado:**

Consolidated Promissory Note:

As of December 31, 2005, the former CDA and the City entered into a single agreement to consolidate all previous loans/notes. The terms of the Consolidated Promissory Note included simple interest at the rate of 5% until December 31, 2013, after which the note (all principal and any unpaid accrued interest) would be fully amortized over a twenty-three (23) year period in equal annual installments beginning December 31, 2013, at an annual interest rate of 5%.

In August 2006, the former CDA adopted a resolution to appropriate \$4,000,000 to make an early repayment on the "Consolidated Promissory Note." Under the terms of the resolution, this \$4,000,000 was funded from a portion of the City Capital Project Funds share of the 2005 Tax Allocation Bond net proceeds and used to pay the simple interest accrued to date and to reduce the principal balance on the note.

In July 2008, the former CDA and the City approved a \$4,000,000 increase in the Consolidated Promissory Note for the purpose of paying costs and expenses in connection with implementing the Community Development Plan. The note bears interest at a rate of 5.0% per annum and is subject to the same repayment terms as the Consolidated Promissory Note described above.

Line of Credit:

In October 2009, the City approved a \$4,160,000 loan to the former CDA for the development of certain infrastructure, capital facilities, and other redevelopment activities for the purpose of carrying out the Community Development Plan. The note bears interest at a rate of 5.0% per annum and states that it shall be fully repaid from available tax increment as soon as revenues are available.

Accrued Interest:

As of February 1, 2012, accrued interest on the Consolidated Promissory Note and the Line of Credit totaled \$12,230,216. AB 1484 allows that loan agreements between the redevelopment agency and the creating entity may become enforceable obligations once certain conditions are met. The law further allows for accumulated

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 18: SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued):**

interest on the unpaid principal. While AB 1484 specifies the interest rate as that earned by funds deposited into the Local Agency Investment Fund (LAIF), guidance has not been released by the Department of Finance (DOF) as to the exact LAIF interest rate to be used or the methodology of calculation. Given the uncertainty regarding the amount and timing of interest that may be payable in the future, the accrued interest on the Consolidate Promissory Note and the Line of Credit noted above was removed from the financial statements. Once guidance has been received from the DOF on the calculation of interest, the accrual will be restored to the financial statements.

Rescindment of Loans:

In April 2012, the Successor Agency and the City took action to rescind the Line of Credit, \$4,160,000, and a portion of the Consolidated Promissory Note, \$1,705,000, for a total of \$5,865,000. This amount represented unspent proceeds at January 31, 2012, the date the redevelopment agency was dissolved.

Reentry Loan Agreements:

In May 2012, the Successor Agency and the City approved reentry loan agreements for each of the original loan and note amounts pursuant to Sections 34178(a) and 34180(h) of the Health & Safety Code and obtained the approval of its Oversight Board. The reentry loans were established before the passage of AB 1484, which modified these same code sections to disallow reentry loans. Management believes, in consultation with legal counsel, that the reentry loan agreements are valid enforceable obligations payable by the Successor Agency trust (including the interest accrued to date under the terms of the reentry loans) under the requirements of the Bill.

The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue, please refer to Note 4. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

The consolidated loan has been converted to ten individual loans, the principal of which totals \$28,326,552.

Glorietta Bay Marina:

In August 2006, the City Council approved a \$4,000,000 loan to the former CDA for the purpose of redeveloping the Glorietta Bay Marina Docks A and B and the adjacent Marina Building. In October 2006, the City Council approved a revision to this loan that allows the City to loan up to \$6,200,000 (\$2,200,000 more than the original loan) for the project. During fiscal year 2009-2010, the project was completed and the total amount advanced was \$4,285,000 and was loaned at a fixed annual interest rate of 6.27%.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 18: SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued):**

The total amount outstanding at June 30, 2014, was \$3,445,842.

Pledged Revenue

The former CDA pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing goals and to defeased previously issued bonds. Assembly Bill 1X26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the Tax Allocation Bonds is \$196,368,661 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$17,415,297 and the debt service obligation on the bonds was \$9,245,609. Of the \$17,415,297 of property tax revenue, \$8,195,647 was given for the purpose of paying obligations for fiscal year 2013-2014.

d. Insurance:

The Successor Agency is covered under the City's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 8.

e. Commitments and Contingencies:

Owner Participation Agreements:

Coronado Hospital OPA-2:

In June 2007, the former CDA approved the OPA-2 between the former CDA, the Coronado Hospital Foundation (the owner of the Coronado Hospital) and Sharp Coronado Hospital and Healthcare Center (the operator of the Coronado Hospital). Under the terms of the OPA-2, as amended November 18, 2008, the former CDA is obligated to provide up to \$16,500,000 to be used for capital improvements to the Coronado Hospital. The funding by the former CDA is in the form of a grant/loan that will eventually be forgiven provided that the Hospital continues to provide specific health care services to the Coronado community, as defined in the OPA-2. The agreement is secured by a deed of trust on the hospital property and an operating covenant defining the services to be provided. As of June 30, 2014, the current year disbursement and the total amount disbursed were \$3,841,906 and \$11,475,832 respectfully.

**CITY OF CORONADO**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**Note 18: SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued):**

Village Theater:

In August 2008, the former CDA approved the OPA between the former CDA and the potential operator of the Village Theater. Under the terms of the agreement, up to \$2,675,000 was obligated for the purpose of completing the rehabilitation of the theater as a three-screen, first-run movie house. The funding by the former CDA is in the form of a grant/loan that will eventually be forgiven provided that the owner continues to operate within the parameters specified in the agreement. As of June 30, 2014, the total amount of \$2,675,000 was disbursed.

Coronado Hospital Land Acquisition:

In January 2009, the former CDA entered into an agreement with the Coronado Hospital Foundation to purchase \$20,083,920 in land over a 15-year period. One-fifteenth interest in the property, equal to \$1,338,928, was to be acquired each year commencing in 2009 and continuing for fourteen additional years.

Due to the dissolution of the former CDA as of January 31, 2012, the Successor Agency determined it would not purchase any additional interests in the land. No disbursement was made during the year. As of June 30, 2014, the total land acquired, in which, is held for resale, is \$2,677,856.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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CITY OF CORONADO

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2014**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1, as restated	\$ 70,889,147	\$ 70,889,147	\$ 70,889,147	\$ -
<b>Resources (Inflows):</b>				
Taxes	38,285,000	39,010,000	40,312,411	1,302,411
Licenses and permits	880,300	880,300	1,271,528	391,228
Intergovernmental	40,000	40,000	66,518	26,518
Charges for services	3,955,100	3,965,100	4,174,393	209,293
Use of money and property	434,900	419,900	494,423	74,523
Fines and forfeitures	388,000	438,000	409,897	(28,103)
Developer participation	1,045,500	1,045,500	1,238,898	193,398
Miscellaneous	107,000	119,180	193,094	73,914
Transfers in	84,800	84,800	84,800	-
<b>Amounts Available for Appropriations</b>	<b>116,109,747</b>	<b>116,891,927</b>	<b>119,135,109</b>	<b>2,243,182</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	6,604,757	8,548,169	7,573,737	974,432
Public safety	17,504,778	17,487,969	16,575,932	912,037
Parks and recreation	7,017,771	7,038,081	6,485,860	552,221
Public works	7,188,199	7,365,825	6,681,919	683,906
Planning and building	1,427,663	1,430,101	1,552,343	(122,242)
Capital outlay	1,443,900	2,200,245	1,015,120	1,185,125
Debt service:				
Principal retirement	45,011	45,011	45,011	-
Interest and fiscal charges	1,928	1,928	1,928	-
Transfers out	1,545,420	1,395,420	1,395,420	-
<b>Total Charges to Appropriations</b>	<b>42,779,427</b>	<b>45,512,749</b>	<b>41,327,270</b>	<b>4,185,479</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 73,330,320</b>	<b>\$ 71,379,178</b>	<b>\$ 77,807,839</b>	<b>\$ 6,428,661</b>

CITY OF CORONADO

**BUDGETARY COMPARISON SCHEDULE  
TRANSPORTATION DEVELOPMENT  
YEAR ENDED JUNE 30, 2014**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 9,632,737	\$ 9,632,737	\$ 9,632,737	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	132,100	-	11,151	11,151
Charges for services	20,600	20,600	19,718	(882)
Use of money and property	49,400	49,400	45,499	(3,901)
Developer participation	-	132,100	132,108	8
<b>Amounts Available for Appropriations</b>	<b><u>9,834,837</u></b>	<b><u>9,834,837</u></b>	<b><u>9,841,213</u></b>	<b><u>6,376</u></b>
<b>Charges to Appropriation (Outflow):</b>				
Transportation	182,700	182,700	151,825	30,875
Capital outlay	1,100,000	2,623,536	510,266	2,113,270
Transfers out	-	-	12,088	(12,088)
<b>Total Charges to Appropriations</b>	<b><u>1,282,700</u></b>	<b><u>2,806,236</u></b>	<b><u>674,179</u></b>	<b><u>2,132,057</u></b>
<b>Budgetary Fund Balance, June 30</b>	<b><u>\$ 8,552,137</u></b>	<b><u>\$ 7,028,601</u></b>	<b><u>\$ 9,167,034</u></b>	<b><u>\$ 2,138,433</u></b>

**CITY OF CORONADO**

**BUDGETARY COMPARISON SCHEDULE  
 LOW/MOD INCOME HOUSING ASSET FUND  
 YEAR ENDED JUNE 30, 2014**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 2,010,970	\$ 2,010,970	\$ 2,010,970	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	394,000	394,000	379,916	(14,084)
<b>Amounts Available for Appropriations</b>	<b>2,404,970</b>	<b>2,404,970</b>	<b>2,390,886</b>	<b>(14,084)</b>
<b>Charges to Appropriation (Outflow):</b>				
Housing	315,610	315,765	216,698	99,067
Transfers out	-	-	2,800	(2,800)
<b>Total Charges to Appropriations</b>	<b>315,610</b>	<b>315,765</b>	<b>219,498</b>	<b>96,267</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,089,360</b>	<b>\$ 2,089,205</b>	<b>\$ 2,171,388</b>	<b>\$ 82,183</b>

**CITY OF CORONADO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**Note 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

a. General Budget Policies:

- 1) The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
- 2) The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This “appropriated budget” covers substantially all City expenditures, with the exception of debt service on bond issues and capital improvements projects, which expenditures constitute legally authorized “non-appropriated budget”. There were no significant non-budgeted financial activities. Actual expenditures may not exceed budgeted appropriations at the department level. However, the City Manager is authorized to transfer budgeted amounts between individual accounts within department categories. Budgeted figures used in the financial statements are the final adjusted amounts, including any amendments to the budget during the year.
- 3) 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 encumbered at year-end lapse, and then are added to the following year’s budgeted appropriations.
- 4) Budgets for the General, Special Revenue, Debt Service, and Capital Project Funds are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for Proprietary Funds, as the City is not legally required to adopt a budget for these types of funds.
- 5) 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 revisited tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2014, based on calculations by City Management, proceeds of taxes did not exceed related appropriations. 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.

Budgets were not prepared for the Affordable Housing, Coronado Tidelands, Reynolds Endowment, Harlow Memorial Rose Garden Trust and A.B. Fry Trust, therefore, no budgetary comparison is presented.

**CITY OF CORONADO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)**

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**Note 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued):**

b. Excess expenditures over appropriations are as follows:

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund:			
Planning and Building	\$ 1,552,343	\$ 1,430,101	\$ 122,242

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**COMBINING FUND  
STATEMENTS AND SCHEDULES**

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**SPECIAL REVENUE FUNDS**

Special Revenue Funds account for specific taxes and other revenue sources set aside in accordance with law or administrative regulation for a specific purpose.

Gas Tax – Accounts for state gasoline taxes received by the City. These funds may be used for street maintenance, right-of-way acquisition and street construction.

TransNet – Accounts for revenues from a one-half of one percent sales tax levied in San Diego County. Expenditures can be used only for construction and maintenance of city streets.

Sundry Grants – Accounts for the funds received from various grants, such as the State Recreation Program.

Public Safety – Accounts for proceeds of sales and assets that have been seized by law enforcement agencies during the investigation of criminal activities. These monies and the interest derived therefrom are used for the prevention, investigation, apprehension and prosecution of drug and other criminal law violators.

Library – Accounts for revenues from citizens gifts to the library. Expenditures are used for library enhancement.

Community Development Block Grant – Accounts for funds expended on specific community improvement programs and reimbursed from state or federal agencies.

Affordable Housing – Accounts for revenues collected from developers of new housing.

Coronado Tidelands – Accounts for revenues received through concession payments and slip rentals from Tideland area restaurants.

CTID – Accounts for the activities of the Coronado Tourism Improvement District, including the ½ percent guest assessment at the four largest hotels in Coronado which is used to increase the marketing efforts within the City to increase tourism.

**CAPITAL PROJECTS FUND**

Capital Improvement Fund – Accounts for the receipt and disbursement of monies used for the construction of major capital facilities which generally require more than one budgetary cycle to complete. These projects are funded by the General, Gas Tax and Federal and State Grants.

**PERMANENT FUNDS**

A.B. Fry Trust – Accounts for principal and interest to be used for library improvements.

Harlow Memorial Rose Garden Trust – Accounts for principal and interest income to be used for maintenance of the Harlow Memorial Rose Garden of the Public Library.

Reynolds Endowment – Accounts for principal and interest income to be used for library improvements.

Pauline Freedman Bequest – Accounts for principal and interest income to be used for library improvements.

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CITY OF CORONADO

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014

	<u>Special Revenue Funds</u>			
	<u>Gas Tax</u>	<u>TransNet</u>	<u>Sundry Grants</u>	<u>Public Safety</u>
<b>Assets:</b>				
Cash and investments	\$ 1,437,597	\$ 92,454	\$ 18,587	\$ 308,752
Accounts, grants, and taxes receivable	83,708	-	28,674	16,146
<b>Total Assets</b>	<b><u>\$ 1,521,305</u></b>	<b><u>\$ 92,454</u></b>	<b><u>\$ 47,261</u></b>	<b><u>\$ 324,898</u></b>
<b>Liabilities, Deferred inflows of resources and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,268	\$ 450	\$ -	\$ 5,907
Unearned revenues	-	-	25,082	-
Deposits payable	-	-	-	-
Due to other funds	-	-	22,104	16,146
<b>Total Liabilities</b>	<b><u>2,268</u></b>	<b><u>450</u></b>	<b><u>47,186</u></b>	<b><u>22,053</u></b>
<b>Deferred inflows of resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred inflows of resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Permanent fund principal	-	-	-	-
<b>Restricted for:</b>				
Public safety	-	-	75	302,845
Culture and leisure	-	-	-	-
Construction and maintenance	1,519,037	92,004	-	-
Library endowment	-	-	-	-
Housing	-	-	-	-
<b>Assigned to:</b>				
Capital projects	-	-	-	-
<b>Unassigned</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Fund Balances</b>	<b><u>1,519,037</u></b>	<b><u>92,004</u></b>	<b><u>75</u></b>	<b><u>302,845</u></b>
<b>Total Liabilities, Deferred inflows of resources and Fund Balances</b>	<b><u>\$ 1,521,305</u></b>	<b><u>\$ 92,454</u></b>	<b><u>\$ 47,261</u></b>	<b><u>\$ 324,898</u></b>

CITY OF CORONADO

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014

(CONTINUED)

	Special Revenue Funds			
	Library	Community Development Block Grant	Affordable Housing	Coronado Tidelands
<b>Assets:</b>				
Cash and investments	\$ 308,674	\$ -	\$ 758,071	\$ 1,601,804
Accounts, grants, and taxes receivable	627	72,950	-	100,332
<b>Total Assets</b>	<b>\$ 309,301</b>	<b>\$ 72,950</b>	<b>\$ 758,071</b>	<b>\$ 1,702,136</b>
<b>Liabilities, Deferred inflows of resources and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 9,211	\$ 72,770	\$ -	\$ 14,623
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	43,011
Due to other funds	-	180	-	-
<b>Total Liabilities</b>	<b>9,211</b>	<b>72,950</b>	<b>-</b>	<b>57,634</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenues	-	72,950	-	-
<b>Total Deferred inflows of resources</b>	<b>-</b>	<b>72,950</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Permanent fund principal	-	-	-	-
<b>Restricted for:</b>				
Public safety	-	-	-	-
Culture and leisure	300,090	-	-	1,644,502
Construction and maintenance	-	-	-	-
Library endowment	-	-	-	-
Housing	-	-	758,071	-
<b>Assigned to:</b>				
Capital projects	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>(72,950)</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>300,090</b>	<b>(72,950)</b>	<b>758,071</b>	<b>1,644,502</b>
<b>Total Liabilities, Deferred inflows of resources and Fund Balances</b>	<b>\$ 309,301</b>	<b>\$ 72,950</b>	<b>\$ 758,071</b>	<b>\$ 1,702,136</b>

CITY OF CORONADO

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	
	Coronado Tourism Improvement District	Capital Improvement Fund	A.B. Fry Trust	Harlow Memorial Rose Garden Trust
<b>Assets:</b>				
Cash and investments	\$ 48,591	\$ 3,515,176	\$ 5,946	\$ 12,853
Accounts, grants, and taxes receivable	53,969	10,172	-	-
<b>Total Assets</b>	<b>\$ 102,560</b>	<b>\$ 3,525,348</b>	<b>\$ 5,946</b>	<b>\$ 12,853</b>
<b>Liabilities, Deferred inflows of resources and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 102,669	\$ 52,451	\$ -	\$ 495
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	8,467	-	-
<b>Total Liabilities</b>	<b>102,669</b>	<b>60,918</b>	<b>-</b>	<b>495</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenues	-	10,172	-	-
<b>Total Deferred inflows of resources</b>	<b>-</b>	<b>10,172</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Permanent fund principal	-	-	3,461	-
<b>Restricted for:</b>				
Public safety	-	-	-	-
Culture and leisure	-	-	-	-
Construction and maintenance	-	-	-	-
Library endowment	-	-	2,485	12,358
Housing	-	-	-	-
<b>Assigned to:</b>				
Capital projects	-	3,465,428	-	-
<b>Unassigned</b>	<b>(109)</b>	<b>(11,170)</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>(109)</b>	<b>3,454,258</b>	<b>5,946</b>	<b>12,358</b>
<b>Total Liabilities, Deferred inflows of resources and Fund Balances</b>	<b>\$ 102,560</b>	<b>\$ 3,525,348</b>	<b>\$ 5,946</b>	<b>\$ 12,853</b>

CITY OF CORONADO

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014

	<u>Permanent Funds</u>		
	<u>Reynolds Endowment</u>	<u>Pauline Freedman Bequest</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Cash and investments	\$ 28,752	\$ 70,396	\$ 8,207,653
Accounts, grants, and taxes receivable	-	-	366,578
<b>Total Assets</b>	<b><u>\$ 28,752</u></b>	<b><u>\$ 70,396</u></b>	<b><u>\$ 8,574,231</u></b>
<b>Liabilities, Deferred inflows of resources and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 6,822	\$ 267,666
Unearned revenues	-	-	25,082
Deposits payable	-	-	43,011
Due to other funds	-	-	46,897
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>6,822</u></b>	<b><u>382,656</u></b>
<b>Deferred inflows of resources:</b>			
Unavailable revenues	-	-	83,122
<b>Total Deferred inflows of resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>83,122</u></b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Permanent fund principal	-	-	3,461
<b>Restricted for:</b>			
Public safety	-	-	302,920
Culture and leisure	-	-	1,944,592
Construction and maintenance	-	-	1,611,041
Library endowment	28,752	63,574	107,169
Housing	-	-	758,071
<b>Assigned to:</b>			
Capital projects	-	-	3,465,428
<b>Unassigned</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(84,229)</u></b>
<b>Total Fund Balances</b>	<b><u>28,752</u></b>	<b><u>63,574</u></b>	<b><u>8,108,453</u></b>
<b>Total Liabilities, Deferred inflows of resources and Fund Balances</b>	<b><u>\$ 28,752</u></b>	<b><u>\$ 70,396</u></b>	<b><u>\$ 8,574,231</u></b>

CITY OF CORONADO

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2014

	<u>Special Revenue Funds</u>			
	<u>Gas Tax</u>	<u>TransNet</u>	<u>Sundry Grants</u>	<u>Public Safety</u>
<b>Revenues:</b>				
Intergovernmental	\$ 853,701	\$ -	\$ 91,932	\$ 160,669
Charges for services	-	505,820	-	-
Use of money and property	5,712	355	69	1,530
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	3,420	-	-	-
<b>Total Revenues</b>	<b>862,833</b>	<b>506,175</b>	<b>92,001</b>	<b>162,199</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	71,710	55,855
Culture and leisure	-	-	-	-
Construction and maintenance	332,632	92,736	-	-
Capital outlay	110	352,370	20,953	22,980
<b>Total Expenditures</b>	<b>332,742</b>	<b>445,106</b>	<b>92,663</b>	<b>78,835</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	530,091	61,069	(662)	83,364
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(7,300)	(2,400)	-	(100,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(7,300)</b>	<b>(2,400)</b>	<b>-</b>	<b>(100,000)</b>
Net Change in Fund Balances	522,791	58,669	(662)	(16,636)
Fund Balances, Beginning of Year	996,246	33,335	737	319,481
<b>Fund Balances, End of Year</b>	<b>\$ 1,519,037</b>	<b>\$ 92,004</b>	<b>\$ 75</b>	<b>\$ 302,845</b>

## CITY OF CORONADO

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2014

(CONTINUED)

	Special Revenue Funds			
	Library	Community Development Block Grant	Affordable Housing	Coronado Tidelands
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	51,848	-	-	-
Use of money and property	1,091	-	3,575	1,271,322
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	22,992	-	42,000	2,500
<b>Total Revenues</b>	<b>75,931</b>	<b>-</b>	<b>45,575</b>	<b>1,273,822</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and leisure	81,113	-	-	420,756
Construction and maintenance	-	-	-	-
Capital outlay	-	72,950	-	-
<b>Total Expenditures</b>	<b>81,113</b>	<b>72,950</b>	<b>-</b>	<b>420,756</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,182)	(72,950)	45,575	853,066
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(600)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(600)</b>
Net Change in Fund Balances	(5,182)	(72,950)	45,575	852,466
Fund Balances, Beginning of Year	305,272	-	712,496	792,036
<b>Fund Balances, End of Year</b>	<b>\$ 300,090</b>	<b>\$ (72,950)</b>	<b>\$ 758,071</b>	<b>\$ 1,644,502</b>

CITY OF CORONADO

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2014

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	
	Coronado Tourism Improvement District	Capital Improvement Fund	A.B. Fry Trust	Harlow Memorial Rose Garden Trust
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	579,914	-	-	-
Use of money and property	-	-	28	65
Contributions	-	-	-	-
Developer participation	-	3,489	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>579,914</b>	<b>3,489</b>	<b>28</b>	<b>65</b>
<b>Expenditures:</b>				
Current:				
General government	580,023	-	-	-
Public safety	-	-	-	-
Culture and leisure	-	-	-	3,025
Construction and maintenance	-	1,319	-	-
Capital outlay	-	894,365	-	-
<b>Total Expenditures</b>	<b>580,023</b>	<b>895,684</b>	<b>-</b>	<b>3,025</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(109)	(892,195)	28	(2,960)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	1,506,308	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>1,506,308</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(109)	614,113	28	(2,960)
Fund Balances, Beginning of Year	-	2,840,145	5,918	15,318
<b>Fund Balances, End of Year</b>	<b>\$ (109)</b>	<b>\$ 3,454,258</b>	<b>\$ 5,946</b>	<b>\$ 12,358</b>

CITY OF CORONADO

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2014

	<u>Permanent Funds</u>		
	<u>Reynolds Endowment</u>	<u>Pauline Freedman Bequest</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ -	\$ 1,106,302
Charges for services	-	-	1,137,582
Use of money and property	126	360	1,284,233
Contributions	11,277	-	11,277
Developer participation	-	-	3,489
Miscellaneous	-	389	71,301
<b>Total Revenues</b>	<b>11,403</b>	<b>749</b>	<b>3,614,184</b>
<b>Expenditures:</b>			
Current:			
General government	-	-	580,023
Public safety	-	-	127,565
Culture and leisure	-	27,668	532,562
Construction and maintenance	-	-	426,687
Capital outlay	-	-	1,363,728
<b>Total Expenditures</b>	<b>-</b>	<b>27,668</b>	<b>3,030,565</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,403	(26,919)	583,619
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	-	1,506,308
Transfers out	-	-	(110,300)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>1,396,008</b>
Net Change in Fund Balances	11,403	(26,919)	1,979,627
Fund Balances, Beginning of Year	17,349	90,493	6,128,826
<b>Fund Balances, End of Year</b>	<b>\$ 28,752</b>	<b>\$ 63,574</b>	<b>\$ 8,108,453</b>

CITY OF CORONADO

BUDGETARY COMPARISON SCHEDULE  
 GAS TAX  
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 996,246	\$ 996,246	\$ 996,246	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	766,700	766,700	853,701	87,001
Use of money and property	4,700	4,700	5,712	1,012
Miscellaneous	-	-	3,420	3,420
<b>Amounts Available for Appropriations</b>	<b>1,767,646</b>	<b>1,767,646</b>	<b>1,859,079</b>	<b>91,433</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	412,097	412,934	332,632	80,302
Capital outlay	302,000	657,000	110	656,890
Transfers out	-	-	7,300	(7,300)
<b>Total Charges to Appropriations</b>	<b>714,097</b>	<b>1,069,934</b>	<b>340,042</b>	<b>729,892</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,053,549</b>	<b>\$ 697,712</b>	<b>\$ 1,519,037</b>	<b>\$ 821,325</b>

CITY OF CORONADO

BUDGETARY COMPARISON SCHEDULE  
 TRANSNET  
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 33,335	\$ 33,335	\$ 33,335	\$ -
<b>Resources (Inflows):</b>				
Charges for services	545,600	1,100,600	505,820	(594,780)
Use of money and property	300	300	355	55
<b>Amounts Available for Appropriations</b>	<b>579,235</b>	<b>1,134,235</b>	<b>539,510</b>	<b>(594,725)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	130,174	130,365	92,736	37,629
Capital outlay	396,000	979,800	352,370	627,430
Transfers out	-	-	2,400	(2,400)
<b>Total Charges to Appropriations</b>	<b>526,174</b>	<b>1,110,165</b>	<b>447,506</b>	<b>662,659</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 53,061</b>	<b>\$ 24,070</b>	<b>\$ 92,004</b>	<b>\$ 67,934</b>

CITY OF CORONADO

BUDGETARY COMPARISON SCHEDULE  
 SUNDRY GRANTS  
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 737	\$ 737	\$ 737	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	194,159	91,932	(102,227)
Use of money and property	-	-	69	69
<b>Amounts Available for Appropriations</b>	<b>737</b>	<b>194,896</b>	<b>92,738</b>	<b>(102,158)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	-	172,443	71,710	100,733
Capital outlay	-	21,716	20,953	763
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>194,159</b>	<b>92,663</b>	<b>101,496</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 737</b>	<b>\$ 737</b>	<b>\$ 75</b>	<b>\$ (662)</b>

CITY OF CORONADO

**BUDGETARY COMPARISON SCHEDULE  
PUBLIC SAFETY  
YEAR ENDED JUNE 30, 2014**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 319,481	\$ 319,481	\$ 319,481	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	169,500	133,500	160,669	27,169
Use of money and property	1,400	1,400	1,530	130
<b>Amounts Available for Appropriations</b>	<b>490,381</b>	<b>454,381</b>	<b>481,680</b>	<b>27,299</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	30,000	62,000	55,855	6,145
Capital outlay	59,000	47,000	22,980	24,020
Transfers out	136,000	100,000	100,000	-
<b>Total Charges to Appropriations</b>	<b>225,000</b>	<b>209,000</b>	<b>178,835</b>	<b>30,165</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 265,381</b>	<b>\$ 245,381</b>	<b>\$ 302,845</b>	<b>\$ 57,464</b>

CITY OF CORONADO

**BUDGETARY COMPARISON SCHEDULE  
LIBRARY  
YEAR ENDED JUNE 30, 2014**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 305,272	\$ 305,272	\$ 305,272	\$ -
<b>Resources (Inflows):</b>				
Charges for services	57,000	57,000	51,848	(5,152)
Use of money and property	1,400	1,400	1,091	(309)
Miscellaneous	12,500	12,500	22,992	10,492
<b>Amounts Available for Appropriations</b>	<b>376,172</b>	<b>376,172</b>	<b>381,203</b>	<b>5,031</b>
<b>Charges to Appropriation (Outflow):</b>				
Parks and recreation	165,800	166,806	81,113	85,693
<b>Total Charges to Appropriations</b>	<b>165,800</b>	<b>166,806</b>	<b>81,113</b>	<b>85,693</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 210,372</b>	<b>\$ 209,366</b>	<b>\$ 300,090</b>	<b>\$ 90,724</b>

CITY OF CORONADO

**BUDGETARY COMPARISON SCHEDULE  
CORONADO TIDELANDS  
YEAR ENDED JUNE 30, 2014**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 792,036	\$ 792,036	\$ 792,036	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	1,249,000	1,249,000	1,271,322	22,322
Miscellaneous	-	-	2,500	2,500
<b>Amounts Available for Appropriations</b>	<b>2,041,036</b>	<b>2,041,036</b>	<b>2,065,858</b>	<b>24,822</b>
<b>Charges to Appropriation (Outflow):</b>				
Parks and recreation	424,411	612,887	420,756	192,131
Transfers out	-	-	600	(600)
<b>Total Charges to Appropriations</b>	<b>424,411</b>	<b>612,887</b>	<b>421,356</b>	<b>191,531</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,616,625</b>	<b>\$ 1,428,149</b>	<b>\$ 1,644,502</b>	<b>\$ 216,353</b>

CITY OF CORONADO

**BUDGETARY COMPARISON SCHEDULE  
COMMUNITY DEVELOPMENT BLOCK GRANT  
YEAR ENDED JUNE 30, 2014**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	181,800	218,877	72,950	145,927
<b>Total Charges to Appropriations</b>	<b>181,800</b>	<b>218,877</b>	<b>72,950</b>	<b>145,927</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (181,800)</b>	<b>\$ (218,877)</b>	<b>\$ (72,950)</b>	<b>\$ 145,927</b>

CITY OF CORONADO

BUDGETARY COMPARISON SCHEDULE  
 CORONADO TOURISM IMPROVEMENT DISTRICT  
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Charges for services	545,000	545,000	579,914	34,914
<b>Amounts Available for Appropriations</b>	<b>545,000</b>	<b>545,000</b>	<b>579,914</b>	<b>34,914</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	545,000	545,000	580,023	(35,023)
<b>Total Charges to Appropriations</b>	<b>545,000</b>	<b>545,000</b>	<b>580,023</b>	<b>(35,023)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (109)</b>	<b>\$ (109)</b>

CITY OF CORONADO

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENT FUND  
YEAR ENDED JUNE 30, 2014**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 2,840,145	\$ 2,840,145	\$ 2,840,145	\$ -
<b>Resources (Inflows):</b>				
Developer participation	-	-	3,489	3,489
Transfers in	1,422,820	1,482,820	1,506,308	23,488
<b>Amounts Available for Appropriations</b>	<b>4,262,965</b>	<b>4,322,965</b>	<b>4,349,942</b>	<b>26,977</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	-	98,210	1,319	96,891
Capital outlay	1,326,820	4,050,359	894,365	3,155,994
<b>Total Charges to Appropriations</b>	<b>1,326,820</b>	<b>4,148,569</b>	<b>895,684</b>	<b>3,252,885</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,936,145</b>	<b>\$ 174,396</b>	<b>\$ 3,454,258</b>	<b>\$ 3,279,862</b>

CITY OF CORONADO

BUDGETARY COMPARISON SCHEDULE  
 PAULINE FREEDMAN BEQUEST  
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 90,493	\$ 90,493	\$ 90,493	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	360	360
Miscellaneous	-	-	389	389
<b>Amounts Available for Appropriations</b>	<b>90,493</b>	<b>90,493</b>	<b>91,242</b>	<b>749</b>
<b>Charges to Appropriation (Outflow):</b>				
Parks and recreation	31,000	31,776	27,668	4,108
<b>Total Charges to Appropriations</b>	<b>31,000</b>	<b>31,776</b>	<b>27,668</b>	<b>4,108</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 59,493</b>	<b>\$ 58,717</b>	<b>\$ 63,574</b>	<b>\$ 4,857</b>

CITY OF CORONADO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>7/1/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2014</u>
<b><u>Agency Fund</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 14,686	\$ 26,438	\$ 24,311	\$ 16,813
<b>Total Assets</b>	<b>\$ 14,686</b>	<b>\$ 26,438</b>	<b>\$ 24,311</b>	<b>\$ 16,813</b>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ -	\$ 12,758	\$ 12,758	\$ -
Deposits payable	14,686	21,282	19,155	16,813
<b>Total Liabilities</b>	<b>\$ 14,686</b>	<b>\$ 34,040</b>	<b>\$ 31,913</b>	<b>\$ 16,813</b>
<b><u>Coronado Healthy Children's Initiative</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ 330,590	\$ 4,000	\$ 326,590
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 330,590</b>	<b>\$ 4,000</b>	<b>\$ 326,590</b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 151,990	\$ 4,000	\$ 147,990
Due to other governments	-	330,590	151,990	178,600
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 482,580</b>	<b>\$ 155,990</b>	<b>\$ 326,590</b>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 14,686	\$ 357,028	\$ 28,311	\$ 343,403
<b>Total Assets</b>	<b>\$ 14,686</b>	<b>\$ 357,028</b>	<b>\$ 28,311</b>	<b>\$ 343,403</b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 164,748	\$ 16,758	\$ 147,990
Deposits payable	14,686	21,282	19,155	16,813
Due to other governments	-	330,590	151,990	178,600
<b>Total Liabilities</b>	<b>\$ 14,686</b>	<b>\$ 516,620</b>	<b>\$ 187,903</b>	<b>\$ 343,403</b>

**CITY OF CORONADO**

**SUPPORTING SCHEDULE OF EXPENSES BY DIVISION  
STORM DRAINAGE ENTERPRISE FUND  
YEAR ENDED JUNE 30, 2014**

	<u>Operations</u>	<u>NPDES Compliance</u>	<u>Projects</u>	<u>Total</u>
<b>OPERATING EXPENSES:</b>				
Operations:				
Personnel services	\$ 40,796	\$ 374,608	\$ -	\$ 415,404
Utilities	22,510	-	-	22,510
Maintenance and repairs	9,664	17,127	-	26,791
Administration	1,149	91	-	1,240
Contract services	16,787	102,764	-	119,551
Depreciation	208,489	-	-	208,489
Amortization	17,601	-	-	17,601
<b>Total Operating Expenses</b>	<b><u>316,996</u></b>	<b><u>494,590</u></b>	<b><u>-</u></b>	<b><u>811,586</u></b>
<b>NON-OPERATING EXPENSES</b>				
Interest expense	<u>161,319</u>	<u>42,690</u>	<u>-</u>	<u>204,009</u>
<b>Total Non-Operating Expenses</b>	<b><u>161,319</u></b>	<b><u>42,690</u></b>	<b><u>-</u></b>	<b><u>204,009</u></b>
<b>TOTAL EXPENSES</b>	<b><u>\$ 478,315</u></b>	<b><u>\$ 537,280</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,015,595</u></b>

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**STATISTICAL SECTION**

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# Statistical Section

This part of the City of Coronado's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the city's overall financial health.

## Contents

### **Financial Trends**

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

- **Net Position by Component**
- **Changes in Net Position**
- **Tax Revenue by Source**
- **Fund Balances of Governmental Funds**
- **Changes in Fund Balances of Governmental Funds**

### **Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property taxes.

- **Assessed Value of Taxable Property**
- **Direct and Overlapping Property Tax Rates**
- **Principal Property Tax Payers**
- **Property Tax Levies and Collections – General**

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

- **Ratios of Outstanding Debt by Type – Revenue Bonds**
- **Direct and Overlapping Bonded Debt**
- **Legal Debt Margin Information – City**
- **Pledged Revenue Coverage – Storm Drain Revenue Bond**

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.

- **Demographic and Economic Statistics**
- **Principal Employers**

### **Operating Information**

These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the

- **Full-Time Equivalent Employees by Function**
- **Operating Indicators by Function/Program**
- **Capital Assets Statistics by Function/Program**

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**NET POSITION BY COMPONENT**  
**LAST TEN YEARS**  
**(accrual basis of accounting)**  
**TABLE 1**

	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental activities:					
Net investment in capital assets	\$73,047,474	\$71,249,519	\$71,798,747	\$71,121,776	\$75,377,755
Restricted	37,805,217	22,581,484	15,758,071	21,179,344	25,039,493
Unrestricted	(31,565,173)	(21,829,910)	(18,088,878)	(6,332,886)	(9,434,601)
Total governmental activities net position	<u>\$79,287,518</u>	<u>\$72,001,093</u>	<u>\$69,467,940</u>	<u>\$85,968,234</u>	<u>\$90,982,647</u>
Business-type activities:					
Net investment in capital assets	\$22,693,776	\$23,933,523	\$31,829,534	\$32,172,011	\$32,246,814
Restricted	304,409	309,028	312,313	309,386	308,257
Unrestricted	17,677,045	17,695,538	10,572,613	10,114,328	9,740,720
Total business-type activities net position	<u>\$40,675,230</u>	<u>\$41,938,089</u>	<u>\$42,714,460</u>	<u>\$42,595,725</u>	<u>\$42,295,791</u>
Primary government:					
Net investment in capital assets	\$95,741,250	\$95,183,042	\$103,628,281	\$103,293,787	\$107,624,569
Restricted	38,109,626	22,890,512	16,070,384	21,488,730	25,347,750
Unrestricted	(13,888,128)	(4,134,372)	(7,516,265)	3,781,442	306,119
Total primary government net position	<u>\$119,962,748</u>	<u>\$113,939,182</u>	<u>\$112,182,400</u>	<u>\$128,563,959</u>	<u>\$133,278,438</u>

## NET POSITION BY COMPONENT

TABLE 1  
(Continued)

	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental activities:					
Net investment in capital assets	\$66,364,036	\$69,736,412	\$121,291,074	\$119,100,233	\$117,186,363
Restricted	19,798,356	17,354,463	13,896,922	15,124,191	16,272,773
Unrestricted	(5,577,020)	90,385	61,543,192	63,666,986	77,954,474
Total governmental activities net position	<u>\$80,585,372</u>	<u>\$87,181,260</u>	<u>\$196,731,188</u>	<u>\$197,891,410</u>	<u>\$211,413,610</u>
Business-type activities:					
Net investment in capital assets	\$31,971,269	\$31,843,098	\$32,700,749	\$32,145,734	31,788,279
Restricted	309,924	370,501	370,500	362,875	364,325
Unrestricted	9,290,208	8,715,680	7,091,441	6,824,050	6,225,082
Total business-type activities net position	<u>\$41,571,401</u>	<u>\$40,929,279</u>	<u>\$40,162,690</u>	<u>\$39,332,659</u>	<u>\$38,377,686</u>
Primary government:					
Net investment in capital assets	\$98,335,305	\$101,579,510	\$153,991,823	\$151,245,967	\$148,974,642
Restricted	20,108,280	17,724,964	14,267,422	15,487,066	16,637,098
Unrestricted	3,713,188	8,806,065	68,634,633	70,491,036	84,179,556
Total primary government net position	<u>\$122,156,773</u>	<u>\$128,110,539</u>	<u>\$236,893,878</u>	<u>\$237,224,069</u>	<u>\$249,791,296</u>

**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(accrual basis of accounting)**  
**TABLE 2**

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>EXPENSES:</b>					
Governmental activities:					
General Government	\$ 5,217,559	\$ 6,358,297	\$ 6,287,909	\$ 7,487,938	\$ 7,106,835
Public Safety	11,894,643	13,114,599	13,450,560	15,379,868	15,900,846
Construction and Maintenance	6,602,598	6,929,368	8,282,074	8,335,927	7,431,491
Planning and Building Services	2,061,681	2,337,615	3,768,864	2,327,450	2,350,733
Housing	-	-	-	-	-
Culture and Leisure	4,314,871	7,617,924	7,631,552	6,760,715	7,210,351
Redevelopment	9,790,175	24,078,289	18,617,465	5,951,373	12,868,307
Transportation	206,461	524,613	180,282	166,203	257,578
Interest on long-term debt	4,309,549	6,698,240	7,985,746	9,209,339	8,834,971
Total governmental activities expenses	<u>44,397,537</u>	<u>67,658,945</u>	<u>66,204,452</u>	<u>55,618,813</u>	<u>61,961,112</u>
Business-type activities:					
Wastewater	4,329,390	3,554,338	4,131,862	4,822,978	4,329,311
Golf	3,425,174	3,027,773	2,463,820	2,535,984	2,652,380
Storm Drain	815,698	861,386	919,911	1,092,367	1,084,267
Total business-type activities expenses	<u>8,570,262</u>	<u>7,443,497</u>	<u>7,515,593</u>	<u>8,451,329</u>	<u>8,065,958</u>
Total primary government expenses	<u>52,967,799</u>	<u>75,102,442</u>	<u>73,720,045</u>	<u>64,070,142</u>	<u>70,027,070</u>
<b>PROGRAM REVENUES:</b>					
Governmental activities:					
Charges for services:					
General government	1,022,446	1,031,836	1,013,988	1,913,061	2,737,294
Public safety	1,725,873	1,475,156	1,494,310	1,979,241	1,848,608
Construction and maintenance	974,406	1,324,375	2,284,943	1,509,316	68,757
Planning and building services	290,591	517,703	631,907	1,297,633	1,240,777
Housing	-	-	-	-	-
Culture and leisure	814,741	2,084,209	2,852,174	2,484,032	2,588,212
Transportation	21,656	35,495	11,209	56,692	246,927
Operating grants and contributions	294,732	572,498	722,894	3,530,617	1,517,919
Capital grants and contributions	1,384,919	4,734,728	4,340,274	4,931,335	3,188,897
Total governmental activities program revenues	<u>6,529,364</u>	<u>11,776,000</u>	<u>13,351,699</u>	<u>17,701,927</u>	<u>13,437,391</u>
Business type activities:					
Charges for services:					
Wastewater	4,590,704	4,514,016	4,464,624	4,599,167	4,500,736
Golf	3,460,510	3,074,764	2,403,365	2,453,314	2,322,614
Storm Drain	572,962	599,276	551,951	561,545	558,728
Total business type activities program revenues	<u>8,624,176</u>	<u>8,188,056</u>	<u>7,419,940</u>	<u>7,614,026</u>	<u>7,382,078</u>
Total primary government program revenues	<u>15,153,540</u>	<u>19,964,056</u>	<u>20,771,639</u>	<u>25,315,953</u>	<u>20,819,469</u>
Net revenues (expenses):					
Governmental activities	(37,868,173)	(55,882,945)	(52,852,753)	(37,916,886)	(48,523,721)
Business-type activities	53,914	744,559	(95,653)	(837,303)	(683,880)
Total net revenue (expenses)	<u>(37,814,259)</u>	<u>(55,138,386)</u>	<u>(52,948,406)</u>	<u>(38,754,189)</u>	<u>(49,207,601)</u>

**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(accrual basis of accounting)**  
**TABLE 2**

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>GENERAL REVENUE AND OTHER CHANGES IN NET ASSETS:</b>					
<b>Governmental Activities:</b>					
Taxes:					
Property Taxes	13,574,826	15,486,986	17,270,604	18,721,615	19,890,646
Sales and use taxes	2,459,031	2,473,995	2,733,353	2,718,146	2,671,278
Transient occupancy taxes	8,408,996	8,714,097	9,066,467	10,175,686	8,492,359
Tax increment	9,961,932	11,310,899	12,550,252	13,865,003	15,285,226
Franchise & Other taxes	1,633,234	1,971,631	1,388,420	1,320,879	1,264,916
Use of Money and Property	2,889,879	3,949,255	5,908,480	7,396,574	5,629,071
Gain on disposal of capital assets	-	5,427,747	-	-	-
Other	2,117,098	1,328,072	1,402,024	219,277	304,638
Extraordinary gain	-	-	-	-	-
Transfers	-	-	-	-	-
<b>Total governmental activities</b>	<b>41,044,996</b>	<b>50,662,682</b>	<b>50,319,600</b>	<b>54,417,180</b>	<b>53,538,134</b>
<b>Business type activities:</b>					
Use of Money and Property	420,052	518,300	872,024	704,160	449,513
Gain on sale of capital assets	-	-	-	-	805
Other	-	-	-	37,577	-
Transfers	-	-	-	-	-
<b>Total business type activities</b>	<b>420,052</b>	<b>518,300</b>	<b>872,024</b>	<b>741,737</b>	<b>450,318</b>
<b>Total primary government</b>	<b>41,465,048</b>	<b>51,180,982</b>	<b>51,191,624</b>	<b>55,158,917</b>	<b>53,988,452</b>
<b>Changes in net position</b>					
Government activities	3,176,823	(5,220,263)	(2,533,153)	16,500,294	5,014,413
Business-type activities	53,914	744,559	(95,653)	(95,566)	(233,562)
<b>Total primary government</b>	<b>\$ 3,230,737</b>	<b>\$ (4,475,704)</b>	<b>\$ (2,628,806)</b>	<b>\$ 16,404,728</b>	<b>\$ 4,780,851</b>

## CHANGES IN NET POSITION

TABLE 2  
(Continued)

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>EXPENSES:</b>					
Governmental activities:					
General Government	\$ 6,254,738	\$ 7,275,657	\$ 8,681,035	\$ 9,858,855	\$ 9,556,425
Public Safety	16,852,105	17,770,095	17,295,703	17,985,358	16,690,039
Construction and Maintenance	7,621,963	6,891,876	7,978,819	9,096,381	7,316,660
Planning and Building Services	2,396,214	2,785,408	1,477,242	1,884,181	1,504,159
Housing	-	-	937,088	316,829	346,510
Culture and Leisure	7,828,714	7,712,588	10,392,899	9,383,173	8,537,869
Redevelopment	7,749,621	7,709,241	2,086,220	-	-
Transportation	1,119,770	365,972	166,989	149,139	172,114
Interest on long-term debt	8,739,545	8,754,047	3,268,671	1,313	1,928
Total governmental activities expenses	<u>58,562,670</u>	<u>59,264,884</u>	<u>52,284,666</u>	<u>48,675,229</u>	<u>44,125,704</u>
Business-type activities:					
Wastewater	5,293,312	4,897,242	4,713,603	5,098,978	5,178,414
Golf	2,615,495	2,721,296	2,781,782	3,282,119	3,186,013
Storm Drain	978,258	1,144,343	1,184,354	1,086,571	1,015,595
Total business-type activities expenses	<u>8,887,065</u>	<u>8,762,881</u>	<u>8,679,739</u>	<u>9,467,668</u>	<u>9,380,022</u>
Total primary government expenses	<u>67,449,735</u>	<u>68,027,765</u>	<u>60,964,405</u>	<u>58,142,897</u>	<u>53,505,726</u>
<b>PROGRAM REVENUES:</b>					
Governmental activities:					
Charges for services:					
General government	1,212,868	1,273,611	1,433,633	1,670,353	663,566
Public safety	1,986,739	1,812,612	1,946,631	2,392,406	2,435,992
Construction and maintenance	80,376	67,294	57,346	74,088	64,059
Planning and building services	954,580	1,107,328	840,636	1,195,851	1,455,130
Housing	-	-	454,523	395,645	415,690
Culture and leisure	2,692,236	3,336,808	3,117,628	3,857,380	3,971,855
Transportation	245,138	76,783	48,814	17,041	145,737
Operating grants and contributions	1,996,763	6,493,025	2,412,854	1,822,333	1,628,079
Capital grants and contributions	1,228,833	884,371	3,229,148	1,115,995	468,816
Total governmental activities program revenues	<u>10,397,533</u>	<u>15,051,832</u>	<u>13,541,213</u>	<u>12,541,092</u>	<u>11,248,924</u>
Business type activities:					
Charges for services:					
Wastewater	4,852,703	4,408,455	4,393,139	4,391,249	4,790,582
Golf	2,485,668	2,690,413	2,710,735	2,829,920	3,062,117
Storm Drain	554,394	552,798	551,665	556,556	568,300
Total business type activities program revenues	<u>7,892,765</u>	<u>7,651,666</u>	<u>7,655,539</u>	<u>7,777,725</u>	<u>8,420,999</u>
Total primary government program revenues	<u>18,290,298</u>	<u>22,703,498</u>	<u>21,196,752</u>	<u>20,318,817</u>	<u>19,669,923</u>
Net revenues (expenses):					
Governmental activities	(48,165,137)	(44,213,052)	(38,743,453)	(36,134,137)	(32,876,780)
Business-type activities	(994,300)	(1,111,215)	(1,024,200)	(1,689,943)	(959,023)
Total net revenue (expenses)	<u>(49,159,437)</u>	<u>(45,324,267)</u>	<u>(39,767,653)</u>	<u>(37,824,080)</u>	<u>(33,835,803)</u>

## CHANGES IN NET POSITION

TABLE 2  
(Continued)

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>GENERAL REVENUE AND OTHER CHANGES IN NET ASSETS:</b>					
<b>Governmental Activities:</b>					
Taxes:					
Property Taxes	20,388,360	20,399,652	21,081,690	22,442,077	23,186,424
Sales and use taxes	2,434,673	2,651,969	2,746,600	2,986,179	3,258,208
Transient occupancy taxes	7,623,458	8,320,109	8,902,884	10,366,260	12,442,925
Tax increment	10,700,033	14,735,901	8,182,488	-	-
Franchise & Other taxes	1,283,177	1,591,312	1,255,747	1,220,132	1,476,654
Use of Money and Property	3,396,954	3,191,902	2,912,378	687,615	645,280
Gain on disposal of capital assets	-	-	-	-	-
Other	771,260	200,236	233,311	481,134	237,572
Extraordinary gain	-	-	109,238,474	-	-
Transfers	-	-	-	(889,038)	70,500
Total governmental activities	<u>46,597,915</u>	<u>51,091,081</u>	<u>154,553,572</u>	<u>37,294,359</u>	<u>41,317,563</u>
<b>Business type activities:</b>					
Use of Money and Property	176,885	143,371	86,264	26,291	60,921
Gain on sale of capital assets	-	2,671	8,508	40,393	800
Other	93,025	323,051	162,839	1,000	12,829
Transfers	-	-	-	889,038	(70,500)
Total business type activities	<u>269,910</u>	<u>469,093</u>	<u>257,611</u>	<u>956,722</u>	<u>4,050</u>
Total primary government	<u>46,867,825</u>	<u>51,560,174</u>	<u>154,811,183</u>	<u>38,251,081</u>	<u>41,321,613</u>
<b>Changes in net position</b>					
Government activities	(1,567,222)	6,878,029	115,810,119	1,160,222	8,440,783
Business-type activities	(724,390)	(642,122)	(766,589)	(733,221)	(954,973)
Total primary government	<u>\$ (2,291,612)</u>	<u>\$ 6,235,907</u>	<u>\$ 115,043,530</u>	<u>\$ 427,001</u>	<u>\$ 7,485,810</u>

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**GOVERNMENT ACTIVITIES TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
**(accrual basis of accounting)**  
**TABLE 3**

Fiscal Year	Property Taxes	Sales and Use Taxes	Transient Occupancy Taxes	Tax Increment	Franchise & Other Taxes	Totals
2004-2005	\$ 13,574,826	\$ 2,459,031	\$ 8,408,996	\$ 9,961,932	\$ 1,633,234	\$ 36,038,019
2005-2006	15,486,986	2,473,995	8,714,097	11,310,899	1,971,631	39,957,608
2006-2007	17,270,604	2,733,353	9,066,467	12,550,252	1,388,420	43,009,096
2007-2008	18,721,615	2,718,146	10,175,686	13,865,003	1,320,879	46,801,329
2008-2009	19,890,646	2,671,278	8,492,359	15,285,226	1,264,916	47,604,425
2009-2010	20,388,360	2,434,673	7,623,458	10,700,033	1,283,177	42,429,701
2010-2011	20,399,652	2,651,969	8,320,109	14,735,901	1,591,312	47,698,943
2011-2012	21,081,690	2,746,600	8,902,884	8,182,488	1,255,747	42,169,409
2012-2013	22,442,077	2,986,179	10,366,260	-	1,220,132	37,014,648
2013-2014	23,186,424	3,258,208	12,442,925	-	1,476,654	40,364,211

**FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)  
TABLE 4**

	Fiscal Year				
	2005	2006	2007	2008	2009
General fund:					
Reserved	\$ 30,944,146	\$ 33,722,809	\$ 78,471,611	\$ 37,782,769	\$ 43,393,993
Unreserved	26,514,761	37,124,818	416,333	47,538,127	45,090,732
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	<u>57,458,907</u>	<u>70,847,627</u>	<u>78,887,944</u>	<u>85,320,896</u>	<u>88,484,725</u>
All other governmental funds:					
Reserved	45,846,471	60,419,490	44,501,696	11,155,472	12,501,722
Unreserved, reported in:					
Special revenue funds	2,928,478	5,009,361	(3,330,452)	2,407,040	3,065,909
Debt service funds	(23,532,787)	(33,188,560)	(26,575,033)	(14,979,005)	(16,914,603)
Capital projects funds	(16,514,235)	(421,859)	11,058	23,142,957	12,472,063
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>8,727,927</u>	<u>31,818,432</u>	<u>14,607,269</u>	<u>21,726,464</u>	<u>11,125,091</u>
Total Governmental funds	<u>\$ 66,186,834</u>	<u>\$ 102,666,059</u>	<u>\$ 93,495,213</u>	<u>\$ 107,047,360</u>	<u>\$ 99,609,816</u>

**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TABLE 4**  
(Continued)

	Fiscal Year				
	2010	2011	2012	2013	2014
General fund:					
Reserved	\$ 48,573,793	\$ -	\$ -	\$ -	\$ -
Unreserved	43,477,872	-	-	-	-
Nonspendable	-	43,657,114	6,377,975	6,943,163	7,232,670
Restricted	-	241,117	210,848	195,264	210,558
Committed	-	10,076,000	10,316,000	10,629,000	11,047,000
Assigned	-	6,603,730	13,073,680	15,413,121	19,334,284
Unassigned	-	32,788,055	36,387,600	34,927,045	39,983,327
Total general fund	<u>92,051,665</u>	<u>93,366,016</u>	<u>66,366,103</u>	<u>68,107,593</u>	<u>77,807,839</u>
All other governmental funds:					
Reserved	8,923,606	-	-	-	-
Unreserved, reported in:					
Special revenue funds	3,229,110	-	-	-	-
Debt service funds	(22,766,802)	-	-	-	-
Capital projects funds	9,743,488	-	-	-	-
Nonspendable	-	6,461	3,461	3,461	3,461
Restricted	-	17,109,885	13,716,648	14,928,927	16,062,215
Committed	-	3,452,907	-	-	-
Assigned	-	(29,309,906)	2,614,073	2,840,145	3,465,428
Unassigned	-	-	-	-	(84,229)
Total all other governmental funds	<u>(870,598)</u>	<u>(8,740,653)</u>	<u>16,334,182</u>	<u>17,772,533</u>	<u>19,446,875</u>
Total Governmental funds	<u>\$ 91,181,067</u>	<u>\$ 84,625,363</u>	<u>\$ 82,700,285</u>	<u>\$ 85,880,126</u>	<u>\$ 97,254,714</u>

**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)**

TABLE 5

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>REVENUES:</b>					
Taxes	\$ 35,650,520	\$ 39,479,106	\$ 42,871,094	\$ 46,703,352	\$ 47,520,599
Licenses and permits	737,250	948,078	773,324	912,230	735,650
Intergovernmental	2,491,930	5,281,701	5,567,247	7,576,879	2,599,632
Charges for current services	2,691,613	3,090,246	3,533,973	3,509,405	4,202,179
Fines and forfeits	397,308	448,996	418,679	464,459	415,125
Use of money and property	2,689,657	4,983,579	7,045,755	7,056,277	5,301,481
Miscellaneous	455,414	6,266,773	315,946	507,831	436,101
Contributions	-	-	-	-	-
Reimbursements	2,326,258	8,947,991	5,952,313	4,463,487	3,963,999
Total revenues	<u>47,439,950</u>	<u>69,446,470</u>	<u>66,478,331</u>	<u>71,193,920</u>	<u>65,174,766</u>
<b>EXPENDITURES:</b>					
Current:					
General government	4,479,716	4,313,448	5,252,850	6,061,859	5,633,280
Public safety	11,517,050	12,735,420	13,351,847	14,512,463	14,922,767
Construction and maintenance	6,369,159	6,682,660	6,843,054	8,847,490	7,814,503
Planning and building services	2,032,558	2,311,968	3,621,709	7,456,240	14,280,442
Housing	-	-	-	-	-
Culture and leisure	4,100,851	5,293,139	6,168,911	5,512,926	5,926,166
Transportation	188,106	506,852	354,581	148,203	239,578
Capital outlay	40,629,073	55,331,767	33,436,246	4,839,270	12,635,667
Debt service:					
Bond issue costs	-	2,446,350	46,413	-	-
Principal retirement	1,130,000	2,298,160	453,046	2,499,858	2,660,403
Interest and fiscal charges	4,550,398	6,514,696	7,944,520	8,564,314	8,499,504
Total Expenditures	<u>74,996,911</u>	<u>98,434,460</u>	<u>77,473,177</u>	<u>58,442,623</u>	<u>72,612,310</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(27,556,961)</u>	<u>(28,987,990)</u>	<u>(10,994,846)</u>	<u>12,751,297</u>	<u>(7,437,544)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	13,490,159	66,482,892	27,584,445	6,436,520	7,712,320
Operating transfers out	(13,490,159)	(66,482,892)	(27,584,445)	(6,436,520)	(7,712,320)
Other debts issued	-	-	-	-	-
Bond proceeds	241,654	101,597,999	-	-	-
Payment on partial defeasement of bonds	-	(39,010,784)	-	-	-
Proceeds from promissory note	-	2,880,000	1,824,000	-	-
Proceeds from sale of capital asset	-	-	-	800,850	-
Total Other financing sources (uses)	<u>241,654</u>	<u>65,467,215</u>	<u>1,824,000</u>	<u>800,850</u>	<u>-</u>
Extraordinary gain/(loss)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	<u>\$ (27,315,307)</u>	<u>\$ 36,479,225</u>	<u>\$ (9,170,846)</u>	<u>\$ 13,552,147</u>	<u>\$ (7,437,544)</u>
Debt service as a percentage of noncapital expenditures	16.53%	26.12%	19.17%	20.64%	18.61%

## CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS

TABLE 5  
(Continued)

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>REVENUES:</b>					
Taxes	\$ 42,253,794	\$ 47,560,389	\$ 42,196,478	\$ 36,955,936	\$ 40,312,411
Licenses and permits	725,780	822,253	934,905	1,148,998	1,271,528
Intergovernmental	2,313,021	2,086,995	1,576,582	1,320,397	1,183,971
Charges for current services	3,919,919	4,516,753	6,180,957	5,229,524	5,331,693
Fines and forfeitures	418,210	366,149	383,248	460,751	409,897
Use of money and property	3,069,683	2,715,191	1,985,988	1,994,428	2,204,071
Miscellaneous	582,407	4,951,353	761,152	527,807	264,395
Contributions	-	-	-	-	11,277
Reimbursements	1,705,449	1,122,103	2,421,424	2,064,680	1,374,495
Total revenues	<u>54,988,263</u>	<u>64,141,186</u>	<u>56,440,734</u>	<u>49,702,521</u>	<u>52,363,738</u>
<b>EXPENDITURES:</b>					
Current:					
General government	4,848,985	5,925,435	6,963,814	8,373,019	8,153,760
Public safety	15,869,549	23,076,457	16,241,268	16,977,316	16,703,497
Construction and maintenance	7,418,371	6,812,318	6,914,294	8,317,718	7,108,606
Planning and building services	9,351,113	10,026,834	3,606,323	1,873,196	1,552,343
Housing	-	-	808,126	187,017	216,698
Culture and leisure	6,417,267	6,236,505	6,352,874	7,924,276	7,018,422
Transportation	1,110,590	365,972	143,343	149,139	151,825
Capital outlay	7,119,740	6,884,183	5,953,244	1,944,467	2,889,114
Debt service:					
Bond issue costs	-	-	-	-	-
Principal retirement	2,893,552	2,988,030	3,091,769	22,629	45,011
Interest and fiscal charges	8,387,845	8,381,156	5,077,407	1,313	1,928
Total Expenditures	<u>63,417,012</u>	<u>70,696,890</u>	<u>55,152,462</u>	<u>45,770,090</u>	<u>43,841,204</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,428,749)</u>	<u>(6,555,704)</u>	<u>1,288,272</u>	<u>3,932,431</u>	<u>8,522,534</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	2,917,177	3,747,804	9,671,623	1,234,229	1,591,108
Operating transfers out	(2,917,177)	(3,747,804)	(9,671,623)	(2,123,267)	(1,520,608)
Other debts issued	-	-	-	136,448	-
Bond proceeds	-	-	-	-	-
Payment on partial defeasement of bonds	-	-	-	-	-
Proceeds from promissory note	-	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-	-
Total Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(752,590)</u>	<u>70,500</u>
Extraordinary gain/(loss)	-	-	(3,213,350)	0	0
NET CHANGE IN FUND BALANCES	<u>\$ (8,428,749)</u>	<u>\$ (6,555,704)</u>	<u>\$ (1,925,078)</u>	<u>\$ 3,179,841</u>	<u>\$ 8,593,034</u>
Debt service as a percentage of noncapital expenditures	20.04%	17.82%	16.60%	0.05%	0.11%

**ASSESSED VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
TABLE 6**

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Government</u>	<u>Institutional</u>
2005	3,436,573,133	625,557,413	14,027,740	0	8,592,090
2006	3,844,855,909	647,014,980	14,066,304	0	8,763,927
2007	4,266,135,322	677,832,046	11,778,165	0	8,939,197
2008	4,646,145,960	742,475,862	12,190,153	0	9,035,580
2009	4,990,884,122	873,643,119	12,433,952	0	9,301,391
2010	5,266,255,573	893,416,843	12,682,627	0	9,487,415
2011	5,315,567,267	892,258,375	12,652,565	0	9,364,109
2012	5,439,624,267	830,189,531	13,506,317	0	9,265,806
2013	5,474,652,490	1,050,144,359	13,776,437	0	10,444,363
2014	5,620,861,698	1,074,712,726	15,215,436	0	10,531,938

Source: HdL Coren & Cone, San Diego County Assessor Combined Tax Rolls

## ASSESSSED VALUE OF TAXABLE PROPERTY

TABLE 6  
(Continued)

<u>Fiscal Year</u>	<u>Recreational</u>	<u>Vacant Land</u>	<u>SBE</u> <u>Nonunitary</u>	<u>Unsecured</u>	<u>Totals</u>	<u>Total</u> <u>Direct Rate</u>
2005	15,245,740	29,413,696	2,514	102,183,310	4,231,595,636	0.83%
2006	15,549,222	32,107,491	2,808	114,666,381	4,677,027,022	0.85%
2007	17,229,999	33,081,935	3,761	115,988,155	5,130,988,580	0.86%
2008	20,056,489	37,470,660	0	103,332,001	5,570,706,705	0.87%
2009	21,688,925	25,971,342	0	115,715,895	6,049,638,746	0.88%
2010	28,114,698	27,981,395	0	117,619,267	6,355,557,818	0.89%
2011	34,212,600	23,584,213	0	134,156,701	6,421,795,830	0.89%
2012	37,280,122	37,400,515	0	142,877,174	6,510,143,732	0.89%
2013	41,630,528	32,886,671	0	136,089,919	6,759,624,767	0.90%
2014	54,574,962	18,501,322	0	131,842,410	6,926,240,492	0.31%

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
(PER \$100 OF ASSESSED VALUE) LAST TEN FISCAL YEARS**

TABLE 7

<u>Fiscal Year</u>	<u>County Base</u>	<u>City</u>	<u>School District</u>	<u>Community College District</u>	<u>Other Districts</u>	<u>Total</u>
2005	1.00000	0.00000	0.02431	0.01301	0.00000	1.03732
2006	1.00000	0.00000	0.02109	0.01505	0.00000	1.03614
2007	1.00000	0.00000	0.01921	0.01405	0.00000	1.03326
2008	1.00000	0.00000	0.01801	0.01253	0.00000	1.03054
2009	1.00000	0.00000	0.01657	0.01320	0.00000	1.02977
2010	1.00000	0.00000	0.01588	0.03442	0.00000	1.05030
2011	1.00000	0.00000	0.01668	0.03635	0.00000	1.05303
2012	1.00000	0.00000	0.01692	0.03308	0.00000	1.05000
2013	1.00000	0.00000	0.01206	0.03753	0.00000	1.04959
2014	1.00000	0.00000	0.01197	0.03675	0.00000	1.04872

Source: County of San Diego, Office of the Auditor and Controller

**PRINCIPAL PROPERTY TAXPAYERS BASED ON GROSS ASSESSED VALUES  
CURRENT YEAR AND TEN YEARS AGO  
TABLE 8**

Taxpayer	2014		2005	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
BSK Del Partners LLC	\$ 585,016,910	8.45%	-	0.00%
CNL Hotel del Partners LO		0.00%	352,760,000	8.34%
Coronado Commonwealth Apartments Inc	89,306,471	1.29%		0.00%
Host Hotels and Resorts LP	84,284,946	1.22%		0.00%
51st ST and 8th Avenue Corporation	80,070,551	1.16%	86,369,521	2.04%
Coronado Commonwealth Apartments Inc		0.00%	79,127,210	1.87%
Host Marriott LP		0.00%	60,750,000	1.44%
Jeff and Sharon Stevens	24,602,367	0.36%		0.00%
San Diego Family Housing LLC		0.00%	24,505,837	0.58%
Pref Coronado Plaza LLC	17,800,000	0.26%		0.00%
Boden Family Investments II LLC	16,995,000	0.25%		0.00%
Hotel del Partners LP	16,439,766	0.24%		0.00%
James T. Nathan and Tally Johnson	14,691,457	0.21%		0.00%
Prudential Company-Generation Capital		0.00%	12,323,000	0.29%
Invercor 901 LLC	12,316,560	0.18%		0.00%
Port Coronado Associates		0.00%	10,303,000	0.24%
G and L Coronado 1998 LLC	-	0.00%	10,231,578	0.24%
Paul A. Swerdlove Trust	-	0.00%	8,507,156	0.20%
Sharp Coronado Hospital	-	0.00%	7,732,786	0.18%
<b>Principal Taxpayers' Totals</b>	<b>\$ 941,524,028</b>	<b>13.59%</b>	<b>\$ 652,610,088</b>	<b>15.42%</b>
<b>City Totals</b>	<b>\$ 6,926,240,492</b>		<b>\$ 4,231,595,636</b>	

The amounts shown above include assessed value data for both the City and the Community Development Successor Agency.

Source: HdL Coren & Cone, San Diego County Assessor Combined Tax Rolls

**GENERAL PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
**TABLE 9**

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Tax Levy</u>
2005	\$11,198,404	\$11,191,193	99.9%	\$4,604	\$11,195,797	100.0%
2006	\$12,561,220	\$12,555,098	100.0%	\$7,589	\$12,562,687	100.0%
2007	\$13,966,540	\$13,957,726	99.9%	\$8,057	\$13,965,783	100.0%
2008	\$15,328,002	\$15,311,418	99.9%	\$8,346	\$15,319,764	99.9%
2009	\$16,730,260	\$16,716,905	99.9%	(\$68)	\$16,716,836	99.9%
2010	\$17,531,382	\$17,451,205	99.5%	\$11,830	\$17,463,035	99.6%
2011	\$17,658,242	\$17,618,795	99.8%	\$17,154	\$17,635,949	99.9%
2012	\$17,890,381	\$17,857,090	99.8%	\$15,481	\$17,872,571	99.9%
2013	\$18,855,754	\$18,821,709	99.8%	\$14,542	\$18,836,252	99.9%
2014	\$19,394,490	\$19,378,938	99.9%	\$13,382	\$19,392,320	100.0%

Source: Finance Section, City of Coronado Administrative Services

**SCHEDULE OF DEBT RATIOS REVENUE BONDS  
LAST TEN FISCAL YEARS  
TABLE 10**

<u>Fiscal Year</u>	<u>Revenue Bond Debt</u>	<u>Population (1)</u>	<u>Debt per Capita</u>	<u>Number of Units (2)</u>	<u>Debt per Unit</u>
2004	4,695,000	24,312	193	11,540	407
2005	4,870,000	23,085	211	11,609	420
2006	4,715,000	23,610	200	11,600	406
2007	4,555,000	22,936	199	11,613	392
2008	4,390,000	22,967	191	11,669	376
2009	4,220,000	23,148	182	11,737	360
2010	4,045,000	23,158	175	11,760	344
2011	3,860,000	23,916	161	11,760	328
2012	3,675,000	23,187	158	11,786	312
2013	3,480,000	23,176	150	11,755	296
2014	3,280,000	23,419	140	11,562	284

Source: (1) State Department of Finance, Demographics Unit;  
HdL, Coren & Cone  
(2) City of Coronado Public Services Department

**CITY OF CORONADO**

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**COMPUTATION OF OVERLAPPING BONDED DEBT  
JUNE 30, 2014  
TABLE 11**

	Total Debt 6/30/14	% Applicable (1)	Estimated Share of Debt 6/30/14
<u>Direct Debt:</u>			
City of Coronado	\$ 0	100.000%	\$ 0 (2)
<u>Overlapping Tax And Assessment Debt:</u>			
Southwestern Community College District	230,589,345	16.266%	37,507,663
Coronado Unified School District	11,055,000	100.000%	11,055,000
Sweetwater Union High School District	354,404,415	0.002%	7,088
South Bay Union School District	35,534,526	0.018%	6,396
Total Overlapping Tax and Assessment Debt			48,576,147
<u>Overlapping General Fund Debt:</u>			
San Diego County General Fund Obligations	379,835,000	1.754%	6,662,306
San Diego County Pension Obligations	720,855,256	1.754%	12,643,801
San Diego County Superintendent of Schools Obligations	16,125,000	1.754%	282,833
Southwestern Community College District Certificates of Participation	1,160,000	16.266%	188,686
Coronado Unified School District Certificates of Participation	9,215,000	100.000%	9,215,000
Sweetwater Union High School District General Fund Obligations	42,475,000	0.002%	850
Total Overlapping General Fund Debt			28,993,476
<b>COMBINED TOTAL DEBT</b>			<b>77,569,623 (2)</b>

- (1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

**SCHEDULE OF LEGAL DEBT MARGIN**  
**JUNE 30, 2014**  
TABLE 12

Net assessed value of all taxable property	\$ 6,926,240,492
Conversion percentage	<u>25.00%</u>
Adjusted assessed valuation	1,731,560,123
Debt limit percentage	<u>15.00%</u>
Debt limit	259,734,018
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 259,734,018</u>

The City of Coronado has had no indebtedness applicable to the limit during the past ten fiscal years.

The Government Code of the State of California establishes a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt was enacted by the State of California for local governments located within the state.

Source: City of Coronado Administrative Services Department

**PLEDGED REVENUE COVERAGE  
STORM DRAIN REVENUE BONDS  
LAST TEN FISCAL YEARS**

TABLE 13

Fiscal Year Ended June 30	Storm Drain User Charges	Principal	Interest	Coverage
2005	528,750	250,000	115,957	1.44
2006	528,240	155,000	209,920	1.45
2007	529,534	160,000	205,270	1.45
2008	534,106	165,000	198,870	1.47
2009	537,267	170,000	193,920	1.48
2010	537,014	175,000	187,970	1.48
2011	536,266	185,000	182,720	1.46
2012	538,696	185,000	176,245	1.49
2013	539,048	195,000	168,845	1.48
2014	537,713	200,000	161,825	1.49

Source: City of Coronado Administrative Services Department

**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
 TABLE 14

Calendar Year	Population (1)	% Change	Per Capita Personal Income (2)	Labor Force (3)	Unemploy- ment Rate (4)
2005	23,085	-5.0%	37,474	8,500	2.7%
2006	23,610	2.3%	38,886	8,600	2.5%
2007	22,936	-2.9%	40,984	8,700	3.0%
2008	22,967	0.1%	42,379	8,800	4.0%
2009	23,148	0.8%	42,701	8,800	3.8%
2010	23,158	0.0%	41,691	8,700	6.8%
2011	23,916	3.3%	46,545	8,700	6.2%
2012	23,187	-3.0%	40,094	8,800	6.1%
2013	23,176	0.0%	40,857	9,000	4.7%
2014	23,419	1.0%	46,222	9,000	3.7%

Sources: (1) State Department of Finance, Demographics Unit & HdL, Coren & Cone  
 (2) HdL, Coren & Cone  
 (3) & (4) State of California Employment Development

City population fluctuates annually due to change in numbers of military personnel living on military installations at time report. Prior to 2000, the U.S. Navy was reporting population living on ships in San Diego/National City military installation as attributable to City of Coronado. Beginning in 2000, this was corrected, which accounts for the 15% drop in population. There was also a large drop in population from 2003 due to three aircraft carriers being in port at time of report which was not repeated in 2004.

**PRINCIPAL EMPLOYERS  
FISCAL YEAR 2013-14  
TABLE 15**

Taxpayer	2014 Number of Employees
U.S.Navy (North Island Naval Air Station, et al) Military & Civilian	11,000 - 14,999
Hotel Del Coronado	1,000 - 4,999
Loews Hotels Coronado Bay Resort	500 - 999
Sharp Coronado Hospital	500 - 999
City of Coronado	250 - 499
Coronado Unified School District	250 - 499
Marriott-Coronado Island	250 - 499
BAE Systems (marine equip. & supplies)	100 - 249
Peohe's Restaurant	100 - 249
Realty Executives Dillon	50-99

Source: City of Coronado and InfoUSA

**FULL-TIME AND PART-TIME CITY EMPLOYEES  
LAST TEN FISCAL YEARS  
TABLE 16**

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government	19	19	20	21	21	19	19	21	21	21
Planning & Building Services	10	10	10	10	10	11	11	11	11	11
Public safety	100	100	100	100	100	100	100	100	100	105
Culture and Leisure	39	39	39	40	40	40	40	42	42	45
Construction & Maintenance	<u>52</u>	<u>53</u>	<u>53</u>	<u>53</u>	<u>53</u>	<u>53</u>	<u>53</u>	<u>52</u>	<u>51</u>	<u>51</u>
Total	220	221	222	224	224	223	223	226	225	233

Source: City Personnel Authorization and Compensation Plan

**OPERATING INDICATORS BY FUNCTION  
NINE FISCAL YEARS**

TABLE 17

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Public Safety:</b>					
Felony arrests made	127	135	176	147	117
Misdemeanor arrests made	1,141	1,101	1,362	1,390	952
Parking citations issued	10,467	10,773	8,164	7,741	7,688
Fire emergency responses	1,793	1,858	1,874	1,960	1,778
Building safety inspections	546	546	625	459	412
Beach lifeguard rescues	283	363	684	346	506
<b>Construction and Maintenance (a):</b>					
Roads re-surfaced (miles)	0.00	1.18	0.41	1.92	0.00
Sidewalks re-surfaced (miles)	0.00	0.80	0.89	0.03	0.00
Alleys re-surfaced (miles)	0.60	0.20	0.30	0.95	0.00
Roads slurry sealed (miles)	6.78	5.98	5.99	0.00	0.00
<b>Planning and Building:</b>					
Building permits issued	1,133	1,012	1,023	930	1,083
Building inspections	5,555	5,894	5,337	5,026	3,617
<b>Culture and Leisure:</b>					
Library volumes in collection	168,573	169,409	154,741	157,903	161,048
Library audio-visual items in collection	(b)	(b)	29,036	35,024	44,920
Library items loaned	(b)	(b)	332,507	357,841	372,182
Library user traffic	(b)	(b)	356,934	377,602	384,288
Recreation classes/activities held	797	750	779	696	776
Pool admissions	44,250	40,373	38,337	42,586	38,932
Facility rentals	442	643	633	651	654
Golf rounds played	103,213	103,376	102,809	100,768	98,271
<b>Wastewater/Storm Drain:</b>					
Residential units	11,030	11,043	11,099	11,167	11,201
Commercial units	570	570	570	570	570
Average daily treatment, estimated (millions/gallons)	2.4	2.4	2.4	3.0	2.7

(a) Projects completed and capitalized during the fiscal year

(b) Data not available prior to FY 2008

Source: City of Coronado Operating Departments

## OPERATING INDICATORS BY FUNCTION

TABLE 17  
(Continued)

	Fiscal Year			
	2011	2012	2013	2014
<b>Public Safety:</b>				
Felony arrests made	84	93	118	124
Misdemeanor arrests made	808	617	688	707
Parking citations issued	5,897	7,910	10,603	7,956
Fire emergency responses	1,908	1,781	1,842	1,853
Building safety inspections	339	298	297	443
Beach lifeguard rescues	232	186	486	280
<b>Construction and Maintenance (a):</b>				
Roads re-surfaced (miles)	0.00	2.00	0.10	1.50
Sidewalks re-surfaced (miles)	0.10	0.10	0.10	0.10
Alleys re-surfaced (miles)	0.40	0.00	0.00	0.00
Roads slurry sealed (miles)	0.00	12.00	4.50	3.40
<b>Planning and Building:</b>				
Building permits issued	1,043	921	866	909
Building inspections	4,393	5,071	4,755	6,030
<b>Culture and Leisure:</b>				
Library volumes in collection	162,725	165,067	164,580	165,374
Library audio-visual items in collection	25,041	26,244	34,439	36,665
Library items loaned	356,278	352,261	338,348	332,425
Library user traffic	368,117	368,226	368,062	334,625
Recreation classes/activities held	802	742	973	1,541
Pool admissions	34,841	41,382	55,001	60,120
Facility rentals	762	821	708	846
Golf rounds played	94,023	96,141	93,567	93,452
<b>Wastewater/Storm Drain:</b>				
Residential units	11,203	11,239	11,208	11,208
Commercial units	570	547	547	547
Average daily treatment, estimated (millions/gallons)	2.7	2.7	2.7	2.7

**CAPITAL ASSET STATISTICS BY FUNCTION  
LAST NINE FISCAL YEARS**

TABLE 18

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Public Safety:</b>					
Number of police stations	1	1	1	1	1
Number of fire stations	2	2	2	2	2
<b>Construction and Maintenance:</b>					
Streets (miles)	40.3	40.3	40.3	40.3	40.3
Sidewalks (miles)	34.3	34.3	34.3	34.3	34.4
Alleys (miles)	9.9	9.9	9.9	9.9	9.9
Streetlights	300	300	348	348	348
<b>Culture and Leisure:</b>					
Number of parks	18	18	18	18	18
Acres of parks	46.9	46.9	46.9	46.9	46.9
Community centers	1	1	1	1	1
Municipal pools	2	2	2	2	2
Municipal golf course	1	1	1	1	1
Public library	1	1	1	1	1
Tennis center	1	1	1	1	1
Senior center	1	1	1	1	1
Bike path (miles)	7.5	7.5	7.8	9.8	9.8
Skatepark	1.0	1.0	1.0	1.0	1.0
<b>Wastewater:</b>					
Sanitary sewers (miles)	45.2	45.8	45.8	45.8	45.8
Storm drains (miles)	8.5	8.5	8.5	8.5	8.5

Source: City of Coronado Capital Asset Records, Administrative Services Department

CAPITAL ASSET STATISTICS BY FUNCTION

TABLE 18  
(Continued)

	Fiscal Year			
	2011	2012	2013	2014
<b>Public Safety:</b>				
Number of police stations	1	1	1	1
Number of fire stations	2	2	2	2
<b>Construction and Maintenance:</b>				
Streets (miles)	40.3	40.3	40.4	40.4
Sidewalks (miles)	34.3	34.3	34.3	34.3
Alleys (miles)	9.9	9.9	9.9	9.9
Streetlights	348	348	348	348
<b>Culture and Leisure:</b>				
Number of parks	18	18	18	18
Acres of parks	46.9	46.9	46.9	46.9
Community centers	1	1	1	1
Municipal pools	2	2	2	2
Municipal golf course	1	1	1	1
Public library	1	1	1	1
Tennis center	1	1	1	1
Senior center	1	1	1	1
Bike path (miles)	9.8	9.8	9.8	9.8
Skatepark	1.0	1.0	1.0	1.0
<b>Wastewater:</b>				
Sanitary sewers (miles)	45.8	45.8	45.8	45.8
Storm drains (miles)	8.5	8.5	8.5	8.5

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