



CITY OF CORONADO
CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2015

CITY OF CORONADO, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH REPORT ON AUDIT BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
FISCAL YEAR ENDED JUNE 30, 2015

PREPARED AND PRESENTED BY:
THE DEPARTMENT OF ADMINISTRATIVE SERVICES
Jim Krueger, Director of Administrative Services

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CITY OF CORONADO
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FOR THE YEAR ENDED JUNE 30, 2015

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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 11, 2015

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, 2015.

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, 2015. 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 and water area of 32.7 square miles, serving a population of approximately 25,000 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, as 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 recorded a growth of 5.62% in fiscal year 2014-15 compared to fiscal year 2013-14. 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 72% 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, 2015, the City has 19 capital projects underway and has appropriated funds for 9 new capital projects in fiscal year 2015-16. 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 the fund balance policy, including the size and use of reserves. For fiscal year 2015-16, the Council committed \$11.1 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 implemented the Governmental Accounting Standards Board (GASB) 68, “*Accounting and Financial Reporting for Pensions*” for the year ended June 30, 2015. The California Public Employees’ Retirement System (CalPERS) has provided necessary pension financial and actuarial information for the City to adopt GASB 68.

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 Miscellaneous contribution rate. This action generated a total of \$880,000 in savings over two fiscal years, 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 \$5 million prefunding in fiscal year 2012-13 will continue to be segregated into the pension stabilization fund and used to make advance payments on the City’s pension liabilities. In June 2015, the City pre-funded \$5 million contribution toward the Safety Pension Plan, reducing the Safety pension liability from \$20.2 million to \$15.2 million, which will result in lower amortization payments in future years. The expected long-term savings from this prepayment is \$9.3 million over 30 years. During fiscal year 2013-14, the City established and pre-funded with \$1.8 million an irrevocable trust related to the actuarial liability for 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. In fiscal year 2014-15, the City contributed an additional \$275,000 to the trust to further reduce OPEB liability.

Major Initiatives

The City’s commitment for Fiscal Year 2015-16 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:

- Implementing traffic calming improvements
- Finalizing the plans for new the 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
- Installing new parking meters in City streets

Awards and Acknowledgements

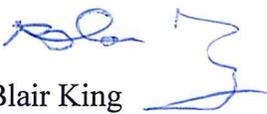
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Coronado for its CAFR for the year ended June 30, 2014. The City applied for this prestigious national award recognizing conformance with the highest standards for preparation of state and local financial reports.

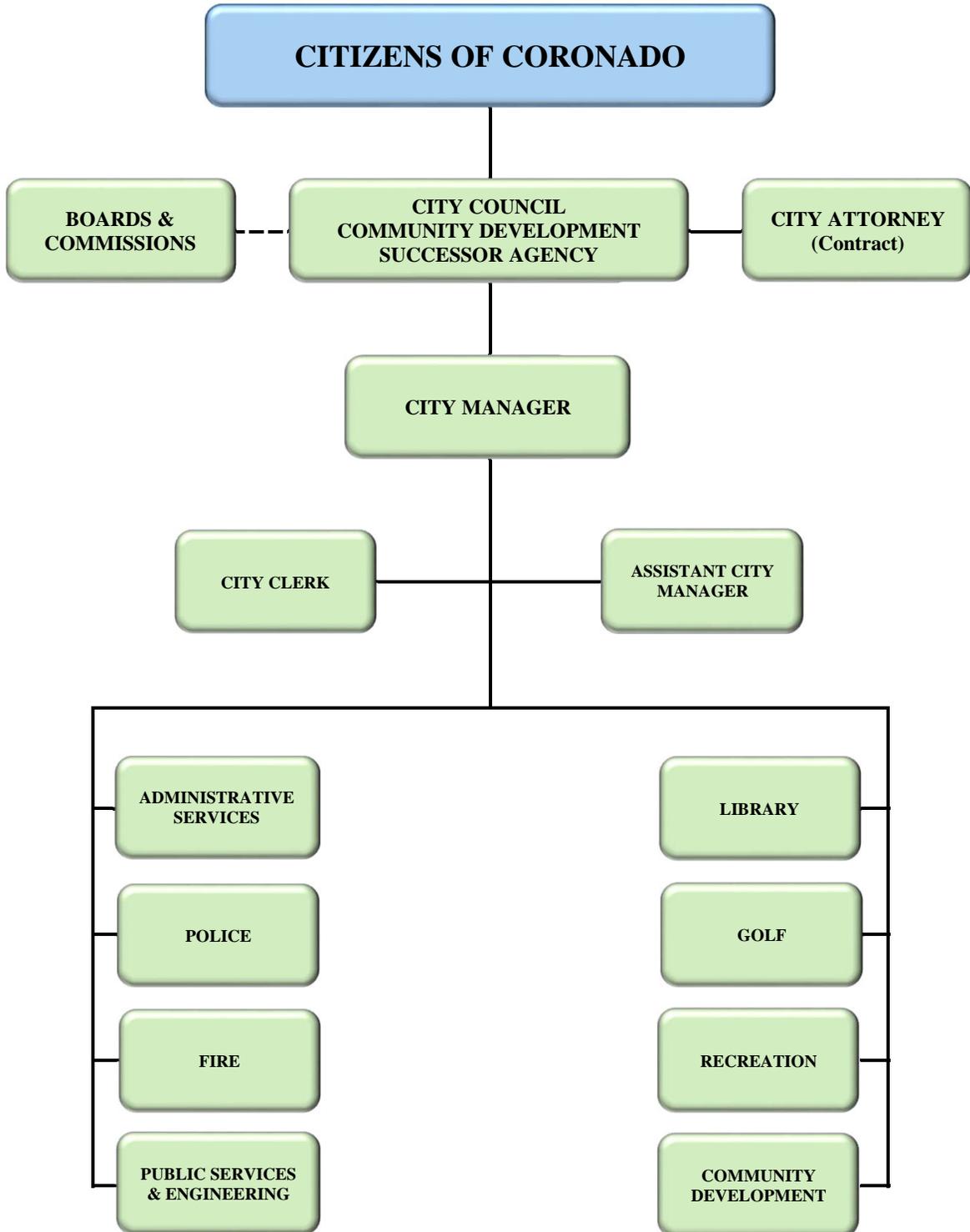
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. This award is valid for a one-year period only. The current report conforms to the Certificate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


Blair King
City Manager



CITY OF CORONADO
LISTING OF CITY OFFICIALS

As of June 30, 2015

ELECTED OFFICIALS

Casey Tanaka
Mayor

Richard Bailey
Mayor Pro-Tem

Mike Woiwode
Council Member

Carrie Downey
Council Member

Bill Sandke
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, 2014

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 the 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity'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 entity'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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the general fund, the low/mod income housing asset fund and the transportation development fund, the schedule of changes in net pension liability and related ratio, the schedules of plans contributions, and the schedule of proportionate share of the net pension liability 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 nonmajor fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



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

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report December 11, 2015 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.

A handwritten signature in black ink that reads "Lance, Solt & Lughard, LLP". The signature is written in a cursive, flowing style.

Brea California
December 11, 2015

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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, 2015. 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, 2015, by \$251 million (net position). Of this amount, \$83.1 million (unrestricted net position) may be used to meet the government's ongoing obligations to residents and creditors.
- Overall revenue was \$96.9 million compared to expenses of \$57.5 million, resulting in an increase in net position. The revenue includes \$28.9 million of reversal of prior year allowance for uncollectible redevelopment loan accounts that became collectable as of June 30, 2015 as the result of a favorable court decision.
- The City's governmental funds reported combined ending fund balances of \$96.2 million, a decrease of \$1 million from prior year. Expenditure including transfers-out and special items exceeded revenue by \$1 million.
- At June 30, 2015, committed, assigned and unassigned fund balance for the general fund was \$72 million, or 153% of total general fund expenditures.
- The City's total outstanding long-term debt at June 30, 2015, was \$36.8 million, which is \$29 million greater than prior year primarily due to the implementation of Governmental

Accounting Standards Board Statement No. 68 (GASB 68), which shows the City's net pension liabilities on the statement of net position.

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, 2015, 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 drain. 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 non-major governmental funds is provided in the form of combining statements in page 116-123 of this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided in page 101 of this report to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 24-29 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 Drain 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 32-34 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 82-84. 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 19 on pages 87-98.

The fiduciary fund financial statements can be found on pages 35-36 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 37-98 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 141.

FINANCIAL ANALYSIS

Government-Wide Analysis

During FY 2014-15, the City's total net position increased from \$249.8 million to \$251 million, an increase of 0.46%. The increase is attributable to an increase in business activities offset by a decrease in the governmental 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, 2015.

	Net Position					
	(in thousands)					
	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 129,613	\$ 101,909	\$ 11,429	\$ 6,717	\$ 141,042	\$ 108,626
Noncurrent assets:						
Restricted assets				363	-	363
Net OPEB assets	475	232	-	-	475	232
Capital assets	116,229	117,256	36,386	34,863	152,615	152,119
Total assets	<u>246,317</u>	<u>219,397</u>	<u>47,815</u>	<u>41,943</u>	<u>294,132</u>	<u>261,340</u>
Total Deferred						
Outflows of Resources	<u>8,638</u>	<u>-</u>	<u>291</u>	<u>225</u>	<u>8,929</u>	<u>225</u>
Current liabilities	7,794	5,423	814	687	8,608	6,110
Noncurrent liabilities	30,882	2,560	2,905	3,103	33,787	5,663
Total liabilities	<u>38,676</u>	<u>7,983</u>	<u>3,719</u>	<u>3,790</u>	<u>42,395</u>	<u>11,773</u>
Total Deferred						
Inflows of Resources	<u>9,221</u>	<u>-</u>	<u>754</u>	<u>-</u>	<u>9,975</u>	<u>-</u>
Net position:						
Net investment in capital assets	116,206	117,186	36,385	31,788	152,591	148,974
Restricted	15,035	16,274	-	364	15,035	16,638
Unrestricted	75,817	77,954	7,248	6,226	83,065	84,180
Total net position	<u>\$ 207,058</u>	<u>\$ 211,414</u>	<u>\$ 43,633</u>	<u>\$ 38,378</u>	<u>\$ 250,691</u>	<u>\$ 249,792</u>

At June 30, 2015, the City’s assets and deferred outflows of resources exceeded liabilities by \$251 million. The total amount of capital assets (i.e., land, buildings, infrastructure, and equipment) increased from FY 2013-14 as additions exceeded depreciation to capital assets. Approximately 60.9% 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%, 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 2014-15, the remaining unrestricted balance of net position is \$86.2 million (\$76.1 governmental activities and \$10.1 business-type activities). 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:

Changes in Net Position						
(in thousands)						
	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues						
Charges for Services	\$ 9,942	\$ 9,152	\$ 9,198	\$ 8,421	\$ 19,140	\$ 17,573
Operating Grants & Contributions	2,243	1,628	-	-	2,243	1,628
Capital Grants & Contributions	342	469	-	-	342	469
General Revenues						
Property Tax	24,558	23,186	-	-	24,558	23,186
Transient Occupancy Tax	13,764	12,443	-	-	13,764	12,443
Sales & Use Tax	3,493	3,258	-	-	3,493	3,258
Other Taxes	1,607	1,477	-	-	1,607	1,477
Income from Properties & Investments	119	645	66	61	185	706
Other	75	238	2,506	14	2,581	252
Total Revenues	56,143	52,496	11,770	8,496	67,913	60,992
Extraordinary & Special Items	21,869	-	7,102	-	28,971	-
Expenses:						
General Government	10,217	9,556	-	-	10,217	9,556
Public Safety	18,207	16,690	-	-	18,207	16,690
Culture & Leisure	7,960	8,538	-	-	7,960	8,538
Construction & Maintenance	7,673	7,317	-	-	7,673	7,317
Planning & Building	1,898	1,504	-	-	1,898	1,504
Housing	346	347	-	-	346	347
Transportation	178	172	-	-	178	172
Tidelands	910	-	-	-	910	-
Interest on Long Term Debt	1	2	-	-	1	2
Wastewater	-	-	5,585	5,178	5,585	5,178
Golf	-	-	3,136	3,186	3,136	3,186
Storm Drain	-	-	1,360	1,016	1,360	1,016
Total Expenses	47,390	44,126	10,081	9,380	57,471	53,506
Increase (Decrease) in Net Position Before Transfers	30,622	8,370	8,791	(884)	39,413	7,486
Transfers	68	71	(68)	(71)	-	-
Change in Net Position	30,690	8,441	8,723	(955)	39,413	7,486
Net Position, July 1, 2014	211,414	202,973	38,378	39,333	249,792	242,306
Restatement of Net Position	(35,046)	-	(3,468)	-	(38,514)	-
Net Position, June 30, 2015	\$ 207,058	\$ 211,414	\$ 43,633	\$ 38,378	\$ 250,691	\$ 249,792

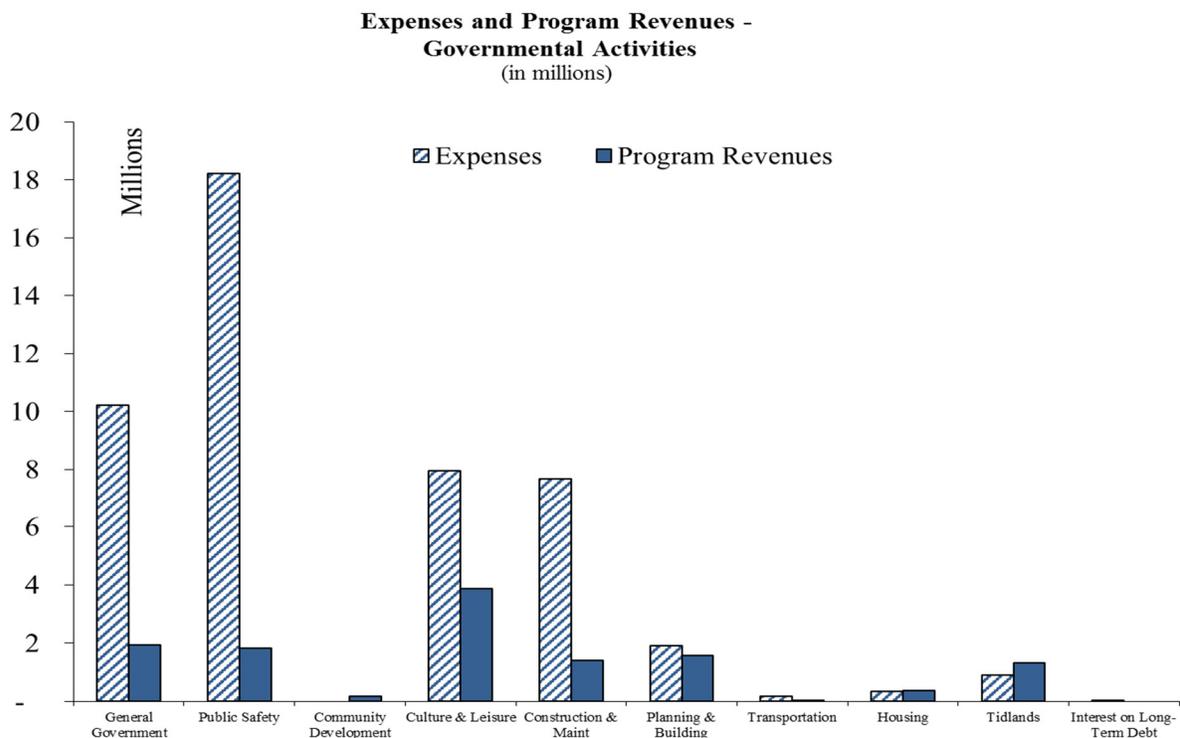
Governmental Activities: Overall, revenues for the year ending June 30, 2015, increased by \$3.6 million, or 7%. The following is a list of notable changes compared to the prior year:

- Property tax revenue increased by \$1.4 million that resulted from a \$389 million increase (5.6%) in the City’s assessed value of taxable properties during FY 2014-15 as compared to the prior year.
- Transient occupancy tax increased by \$1.3 million that resulted from an increase in the average room occupancy rate in most City hotels.
- The extraordinary gain was the result of uncollectible receivables from the Successor Agency of \$28.3 million that became collectible as of June 30, 2015, based on a letter from the California Department of Finance recognizing these loans as enforceable obligations. This resulted in adjusting the allowance and recognizing the revenue. The special item is the forgiveness of the loan from the general fund to the storm drain fund in the amount of \$6.5 million, which was approved by the City Council effective June 30, 2015.

Total expenses increased by \$3.3 million, or 7.4%. The following are the notable changes compared to the prior year:

- General increase of salaries across all departments due to the 3% stipend paid to City employees during FY 2014-15
- Increase of \$780,000 in liability claims that have not settled as of June 30, 2015 but should be recorded as expense.

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



The Tidelands category has the highest percentage of revenues to expenses at 144% due to rents from restaurants and concessionaires. The Housing category experienced revenues in excess of expenses by 109% due to rents from housing properties. Planning and Building Services and Culture and Leisure categories have program revenues equal to 83% and 49% of program expenses, respectively, reflecting higher levels of fee for service recovery than the other governmental activities.

Business-Type Activities: During FY 2014-15, net position for business-type activities increased by \$5.3 million to \$43.6 million. The net increase in net position was mostly due to:

- The receipts of \$2.2 million from the City of San Diego representing release of funds retained by the Metropolitan Wastewater District.
- The write off of the loan between the general fund and storm drain fund in the amount of \$7.1 million, including interest.
- GASB 68 restatement adjustments that represent a reduction of \$3.5 million.

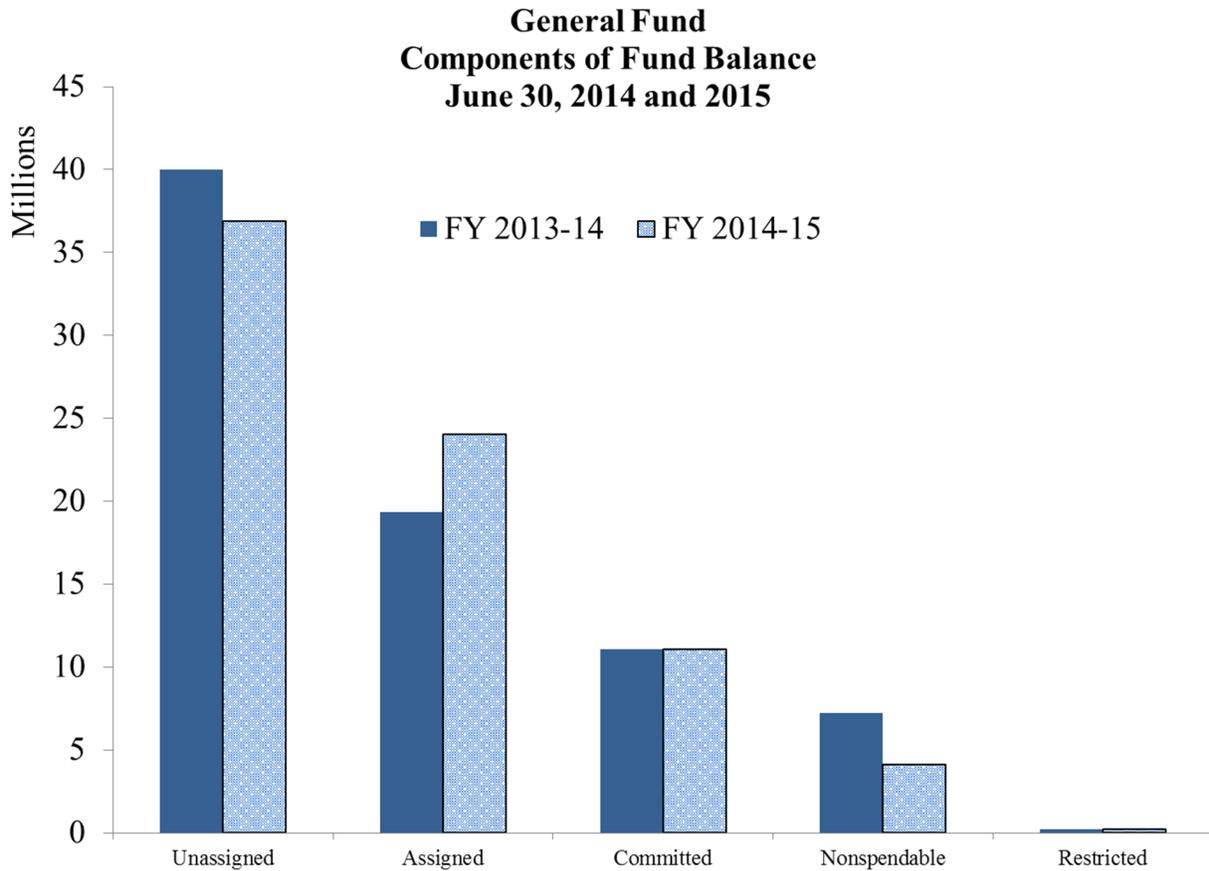
Analysis of the Government's Funds

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

Governmental fund Statements: 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, 2015, the City's governmental funds reported combined ending fund balances of \$96.2 million, a decrease of \$1.1 million in comparison with the prior year. Approximately 38%, \$36.9 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 non-spendable, restricted, committed, or assigned to indicate that it is (1) not in spendable form or legally required to be maintained intact (\$4.1 million); (2) restricted for particular purposes (\$15 million); (3) committed for particular purposes (\$11.1 million); or (4) assigned for particular purposes (\$29.1 million).

The following chart compares the general fund balance in current and prior fiscal years.

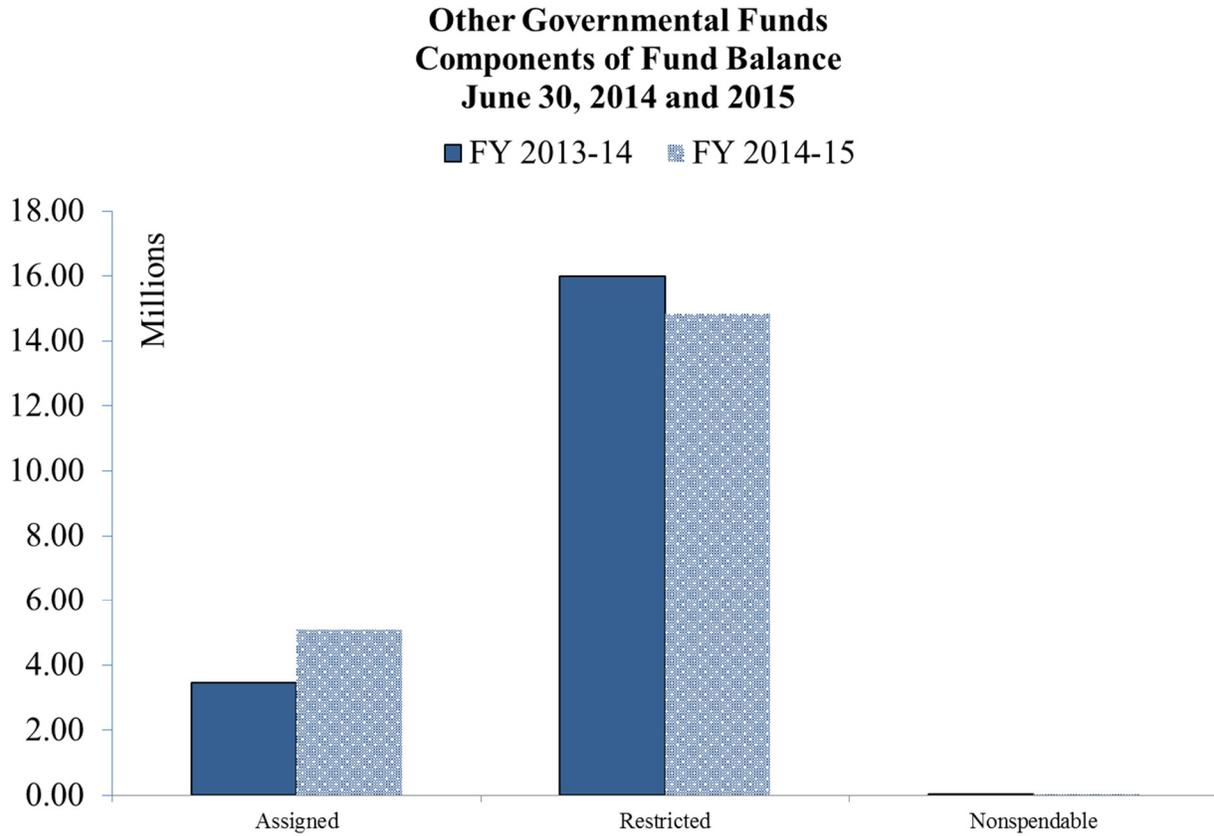


At June 30, 2015, the General Fund, which is the chief operating fund of the City, had a total fund balance of \$76.3 million, a decrease of \$1.5 million from FY 2013-14. Unassigned fund balance decreased by \$3.1 million during the year to an ending balance of \$36.9 million. Additional fund balances totaling \$24 million were assigned for ongoing and future capital projects, vehicle replacement, planning and building, and CalPERS pension stabilization, among others. As a measure of the general fund’s liquidity, it may be useful to compare both general fund’s unassigned fund balance and total fund balance to general fund expenditures. Unassigned fund balance represents approximately 78.5% of total general fund expenditures, while total fund balance represents approximately 162.5% of that same amount.

Decline in the general fund balance can be attributed to a \$6.8 million increase in FY 2014-15 total expenditure and transfers compared to the prior year coupled with a \$4.9 million increase in general fund revenue.

In the other governmental funds, all fund balances are non-spendable (\$3.4 thousand), restricted (\$14.8 million), and assigned (\$5.1 million) for particular purposes. Of the fund balances of the major funds, the Transportation Development Fund had a small decline of \$495 thousand due to spending on capital projects. During FY 2014-15 the Low/Mod Income Housing Asset Fund revenues exceeded expenditures by \$170 thousand, leading to an increase in the assigned fund balance.

The following chart compares other governmental fund’s fund balance in current and prior fiscal years.



Proprietary Fund Statements: These statements provide the same type of information found in the government-wide financial statements, but in more detail. The following two tables show the changes in net position of the proprietary funds and invested in capital assets and unrestricted portions of net position of the proprietary funds of the City.

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

	Net Position June 30, 2014, as restated	Changes in Net Position	Net Position June 30, 2015
Wastewater	\$ 32,955	\$ 2,268	\$ 35,223
Golf	4,214	94	4,308
Storm Drain	(2,260)	6,362	4,102
Total	\$ 34,909	\$ 8,724	\$ 43,633

**Net Position – Unrestricted
Proprietary Funds as of June 30, 2015**
(in thousands)

	Net Investment in Capital	Unrestricted Net Assets	Total Net Position
Wastewater	\$ 23,552	\$ 11,671	\$ 35,223
Golf	5,228	(920)	4,308
Storm Drain	7,606	(3,504)	4,102
Total	\$ 36,386	\$ 7,247	\$ 43,633

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.

Funds Budgetary Highlights

Original budget compared to final budget: During the year, there were modifications to budgeted revenues across all funds totaling \$1.4 million. Tax revenue projections were increased by \$900,000 primarily reflecting anticipated increases in Property and Transient Occupancy Taxes. Adjustments to the expenditure budget, across all funds, totaled \$7.9 million, the most significant change being the prefunding of \$5 million for the Pension Safety Plan. Other budgetary changes were to account for increases in water costs, additional capital asset purchases, employees’ stipend pay, and other miscellaneous adjustments.

Final budget compared to actual results: In the General Fund, revenues exceeded budget by \$4.2 million, or 3.3%, due largely to the strong tax growth. Special Revenue Funds had a positive revenue variance of \$257,000 due to the receipt of reimbursements from San Diego Metropolitan Transit Systems in the Transportation Development Fund, and grant funds for the scenic bike loop and community development block grant. Revenue in the business-type activities had a positive variance compared to budget of \$10.5 million due to the write off of the loan between the general fund and storm drain fund and the receipts of \$2.2 million from the City of San Diego representing the release of funds retained by the Metropolitan Wastewater District. In the General Fund, expenditures were within budget in all functional areas. All funds had budgetary savings in retirement costs due to the lower contribution rate for CalPERS that resulted from the prior year \$5 million pre-payment reducing pension liabilities. The savings of \$440,200 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: The City’s long-term obligations are debt for compensated absences, claims and judgments, and net pension liabilities. Overall, the City’s debt increased approximately \$28.7 million during FY 2014-15. The overall increase is due to the \$31 million net pension liabilities recognized in the statement of net position in accordance with GASB 68, and an

increase of \$1 million in the worker's compensation and general liability claims. The table below provides a comparison of the ending balance at June 30, 2014 and 2015.

Outstanding Debt

(in thousands)

	Governmental Activities		Business-Type Activities:		Total	
	2015	2014	2015	2014	2015	2014
Compensated Absences	\$ 1,731	\$ 1,723	\$ 147	\$ 157	\$ 1,878	\$ 1,880
Claims and Judgments	3,566	2,537	-	-	3,566	2,537
OPEB Liability	(475)	(231)	-	-	(475)	(231)
Capital Lease	23	69	-	-	23	69
Net Pension Liability	28,502	-	2,888	-	31,390	-
2004 Storm Drain System Refunding Revenue Bonds and Unamortized Premium	-	-	-	3,300	-	3,300
Totals	33,347	4,098	3,035	3,457	36,382	7,555

In September 2014, the general fund loaned \$3 million to the storm drain fund to defease the 2004 Storm Drain System Refunding Revenue Bonds. The new loan will reduce the storm drain debt service payments over the next 21 years by approximately \$507,000.

Capital assets: The City's net capital assets for its governmental and business-type activities as of June 30, 2015 total \$152.6 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 an increase of \$496 thousand or 0.3%.

Capital Assets

(net of accumulated depreciation)

(in thousands)

	Governmental Activities		Business-Type Activities:		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 33,127	\$ 33,127	\$ -	\$ -	\$ 33,127	\$ 33,127
Art and Collections	1,724	1,714	-	-	1,724	1,714
Construction in Progress	1,088	752	2,541	458	3,629	1,210
Buildings	44,228	45,389	3,607	3,718	47,834	49,107
Improvements Other Than Buildings	10,351	10,786	22,008	22,304	32,359	33,090
Infrastructure	20,632	20,759	-	-	20,632	20,759
Vehicles and Equipment	5,079	4,728	8,230	8,383	13,309	13,111
Totals	\$ 116,228	\$ 117,255	\$ 36,386	\$ 34,863	\$ 152,614	\$ 152,118

THE CITY OF CORONADO

Total net book value of the City's capital assets increased by \$496 thousand (0.3%) due to the increase in construction in process projects, vehicle and equipment purchased, and accumulated depreciation accounts.

Additional information on the City's capital assets can be found in Note 6 on pages 64-66 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 2015-16 budget.

- Assessed valuation growth in January 2015, which is derived from property tax growth for the FY 2015-16, has increased by 5.8%. Assessed values in Coronado grew throughout the recession and continue to trend upward, which has resulted in a strong tax base.
- Revenue from transient occupancy taxes is projected to continue to increase due to consistent occupancy and rising hotel room 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 revenues. This trend is expected to continue in FY 2015-16.
- 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 2014-15 employer rate for its miscellaneous employees was lowered from 21.22% to 17.18%. The savings of \$440,200 from the lowered rate were segregated to be used to stabilize expected future increases in pension costs. The City's FY 2015-16 budget was similarly prepared, budgeting its miscellaneous rate at 23.4%, while making its CalPERS contribution at the rate of 18.744%. At the end of FY 2014-15, the City made a lump sum payment of \$5 million to its Safety Pension Plan that will reduce the net unfunded liability from \$20.2 million to \$15.2 million and will result of lower amortization payments in future years. The expected long-term savings from this prepayment is \$9.3 million over 30 years. 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 2015-16 to \$21.7 million, an increase of 3.3% from the requirement for FY 2014-15. 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, 2015,

totals \$48 million and is projected to grow during FY 2015-16 due to revenue exceeding expenditures.

- The City's FY 2015-16 Budget is available online at the City's website, 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, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current Assets:			
Cash and investments	\$ 93,296,923	\$ 13,867,241	\$ 107,164,164
Receivables:			
Accounts, grants and taxes receivable	2,971,354	451,950	3,423,304
Notes receivable	1,571,316	-	1,571,316
Loans to Successor Agency, net	28,326,552	-	28,326,552
Interest receivable	388,109	-	388,109
Internal balances	2,891,036	(2,891,036)	-
Prepaid costs	167,810	894	168,704
Total Current Assets	<u>129,613,100</u>	<u>11,429,049</u>	<u>141,042,149</u>
Noncurrent Assets:			
Net OPEB Asset	475,064	-	475,064
Capital Assets:			
Not being depreciated	35,939,027	2,541,287	38,480,314
Depreciable buildings, property, vehicle and equipment, and infrastructure (net of accumulated depreciation)	80,289,488	33,844,769	114,134,257
Total Capital Assets	<u>116,228,515</u>	<u>36,386,056</u>	<u>152,614,571</u>
Total Noncurrent Assets	<u>116,703,579</u>	<u>36,386,056</u>	<u>153,089,635</u>
TOTAL ASSETS	<u>246,316,679</u>	<u>47,815,105</u>	<u>294,131,784</u>
Deferred Outflows of Resources:			
Deferred items related to pensions	8,637,763	290,670	8,928,433
Total Deferred Outflows of Resources	<u>8,637,763</u>	<u>290,670</u>	<u>8,928,433</u>
LIABILITIES:			
Current Liabilities:			
Accounts payable	2,375,420	683,401	3,058,821
Accrued liabilities	1,251,068	-	1,251,068
Unearned revenue	985,435	-	985,435
Deposits payable	241,423	-	241,423
Long-term debt due within one year	2,940,538	130,469	3,071,007
Total Current Liabilities	<u>7,793,884</u>	<u>813,870</u>	<u>8,607,754</u>
Noncurrent liabilities:			
Long-term debt due in more than one year	2,379,975	16,373	2,396,348
Net pension liability	28,501,895	2,888,160	31,390,055
Total Noncurrent Liabilities	<u>30,881,870</u>	<u>2,904,533</u>	<u>33,786,403</u>
TOTAL LIABILITIES	<u>38,675,754</u>	<u>3,718,403</u>	<u>42,394,157</u>
Deferred Inflows of Resources:			
Deferred items related to pensions	9,221,116	753,789	9,974,905
Total Deferred Inflows of Resources	<u>9,221,116</u>	<u>753,789</u>	<u>9,974,905</u>
Net Position:			
Net investment in capital assets	116,205,185	36,386,056	152,591,241
Restricted	15,034,923	-	15,034,923
Unrestricted	75,817,464	7,247,527	83,064,991
Total Net Position	<u>\$ 207,057,572</u>	<u>\$ 43,633,583</u>	<u>\$ 250,691,155</u>

CITY OF CORONADO

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 10,216,886	\$ 1,634,874	\$ 300,076	\$ -
Public safety	18,206,809	1,226,901	597,863	-
Community development	-	-	175,000	-
Culture and leisure	7,960,184	3,761,653	113,899	-
Construction and maintenance	7,672,654	27,433	1,045,679	342,636
Planning and building services	1,898,035	1,582,416	-	-
Transportation	178,076	18,527	10,636	-
Housing	345,684	376,923	-	-
Tidelands	910,470	1,313,307	-	-
Interest on long-term debt	993	-	-	-
Total Governmental Activities	47,389,791	9,942,034	2,243,153	342,636
Business-Type Activities:				
Wastewater Utility	5,584,621	5,620,922	-	-
Golf Course	3,136,398	3,003,543	-	-
Storm Drain	1,359,668	573,055	-	-
Total Business-Type Activities	10,080,687	9,197,520	-	-
Total Primary Government	\$ 57,470,478	\$ 19,139,554	\$ 2,243,153	\$ 342,636

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 disposal of capital asset

Extraordinary and Special Items

Transfers

**Total General Revenues, Transfers,
Extraordinary Items and Special Items**

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year

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

Governmental Activities	Business-Type Activities	Total
\$ (8,281,936)	\$ -	\$ (8,281,936)
(16,382,045)	-	(16,382,045)
175,000	-	175,000
(4,084,632)	-	(4,084,632)
(6,256,906)	-	(6,256,906)
(315,619)	-	(315,619)
(148,913)	-	(148,913)
31,239	-	31,239
402,837	-	402,837
(993)	-	(993)
(34,861,968)	-	(34,861,968)
-	36,301	36,301
-	(132,855)	(132,855)
-	(786,613)	(786,613)
-	(883,167)	(883,167)
(34,861,968)	(883,167)	(35,745,135)
24,557,604	-	24,557,604
13,763,729	-	13,763,729
3,493,272	-	3,493,272
1,147,101	-	1,147,101
459,689	-	459,689
118,868	66,018	184,886
74,564	2,504,661	2,579,225
-	2,250	2,250
21,868,662	7,102,369	28,971,031
68,300	(68,300)	-
65,551,789	9,606,998	75,158,787
30,689,821	8,723,831	39,413,652
211,413,610	38,377,686	249,791,296
(35,045,859)	(3,467,934)	(38,513,793)
\$ 207,057,572	\$ 43,633,583	\$ 250,691,155

CITY OF CORONADO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds		
	General	Transportation Development	Low/Mod Income Housing Asset Fund
Assets:			
Cash and investments	\$ 73,825,710	\$ 8,711,367	\$ 1,598,100
Accounts, grants and taxes receivable	2,702,853	20,600	20,432
Notes receivable	1,072,113	-	5,330,698
Interest receivable	127,452	-	1,968,544
Prepaid items	167,810	-	-
Due from other funds	93,424	-	-
Advances to the Storm Drain Fund	2,891,036	-	-
Loans to Successor Agency	31,772,394	-	-
Allowance for uncollectible loans	(3,445,842)	-	-
Total Assets	\$ 109,206,950	\$ 8,731,967	\$ 8,917,774
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,967,318	\$ 59,924	\$ 4,126
Accrued liabilities	1,251,068	-	-
Unearned revenues	970,525	-	-
Deposits payable	164,850	-	33,347
Due to other funds	-	-	-
Total Liabilities	4,353,761	59,924	37,473
Deferred Inflows of Resources:			
Unavailable revenues	28,558,219	-	6,539,382
Total Deferred Inflows of Resources	28,558,219	-	6,539,382
Fund Balances:			
Nonspendable	4,130,959	-	-
Restricted	210,294	8,634,803	800,000
Committed	11,068,000	-	-
Assigned	24,015,402	37,240	1,540,919
Unassigned	36,870,315	-	-
Total Fund Balances	76,294,970	8,672,043	2,340,919
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 109,206,950	\$ 8,731,967	\$ 8,917,774

CITY OF CORONADO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	Other Governmental Funds	Total Governmental Funds
Assets:		
Cash and investments	\$ 9,161,746	\$ 93,296,923
Accounts, grants and taxes receivable	227,469	2,971,354
Notes receivable	-	6,402,811
Interest receivable	-	2,095,996
Prepaid items	-	167,810
Due from other funds	-	93,424
Advances to the Storm Drain Fund	-	2,891,036
Loans to Successor Agency	-	31,772,394
Allowance for uncollectible loans	-	(3,445,842)
Total Assets	\$ 9,389,215	\$ 136,245,906
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	\$ 344,052	\$ 2,375,420
Accrued liabilities	-	1,251,068
Unearned revenues	14,910	985,435
Deposits payable	43,226	241,423
Due to other funds	93,424	93,424
Total Liabilities	495,612	4,946,770
Deferred Inflows of Resources:		
Unavailable revenues	1,184	35,098,785
Total Deferred Inflows of Resources	1,184	35,098,785
Fund Balances:		
Nonspendable	-	4,130,959
Restricted	5,389,826	15,034,923
Committed	-	11,068,000
Assigned	3,502,593	29,096,154
Unassigned	-	36,870,315
Total Fund Balances	8,892,419	96,200,351
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,389,215	\$ 136,245,906

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CITY OF CORONADO

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Fund balances of governmental funds \$ 96,200,351

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

All of the present value amounts recorded on the notes and loans receivable (including any accrued interest) and the related unavailable revenue amounts have been eliminated as the City expects the recipients of these loans to comply with all of the loan terms and they will be forgiven:

Loans receivable	\$ (4,831,495)	
Interest receivable relating to loans receivable	(1,707,887)	
Unavailable revenue relating to loans receivable	<u>6,539,382</u>	-

Capital assets net of depreciation have not been included as financial resources in governmental fund activity. 116,228,515

Deferred outflows related to contributions made after the actuarial measurement date for the net pension liability and adjustment due to difference in proportions. 8,637,763

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

Capital lease payable	(23,330)	
Claims liability	(3,566,545)	
Net Pension Liability	(28,501,895)	
Compensated Absences	<u>(1,730,638)</u>	(33,822,408)

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). 475,064

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. 28,559,403

Deferred inflows of resources related to the following:

Umamortized difference between employer contribution and the plans proportionate share	(968)	
Net difference between projected and actual earnings on Pension Plan Investments	(9,244,224)	
Adjustment due to differences in proportions	<u>24,076</u>	

Net Position of governmental activities \$ 207,057,572

CITY OF CORONADO

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Special Revenue Funds		
	General	Transportation Development	Low/Mod Income Housing Asset Fund
Revenues:			
Taxes	\$ 43,621,796	\$ -	\$ -
Licenses and permits	1,179,376	-	-
Intergovernmental	221,636	109,459	-
Charges for services	5,446,427	-	-
Use of money and property	599,827	45,480	391,613
Fines and forfeitures	369,467	-	-
Reimbursements	1,371,822	240,416	-
Miscellaneous	208,960	-	-
Total Revenues	53,019,311	395,355	391,613
Expenditures:			
Current:			
General government	6,502,813	-	-
Public safety	22,925,607	-	-
Culture and leisure	6,661,708	-	-
Construction and maintenance	7,425,114	178,076	-
Planning and building services	1,652,353	-	-
Housing	-	-	219,782
Capital outlay	1,728,456	712,270	-
Debt service:			
Principal retirement	45,946	-	-
Interest and fiscal charges	993	-	-
Total Expenditures	46,942,990	890,346	219,782
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,076,321	(494,991)	171,831
Other Financing Sources (Uses):			
Transfers in	81,100	-	-
Transfers out	(1,212,400)	-	(2,300)
Total Other Financing Sources (Uses)	(1,131,300)	-	(2,300)
Special item	(6,457,890)	-	-
Net Change in Fund Balances	(1,512,869)	(494,991)	169,531
Fund Balances, Beginning of Year	77,807,839	9,167,034	2,171,388
Fund Balances, End of Year	\$ 76,294,970	\$ 8,672,043	\$ 2,340,919

CITY OF CORONADO

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	\$ -	\$ 43,621,796
Licenses and permits	-	1,179,376
Intergovernmental	1,621,260	1,952,355
Charges for services	68,172	5,514,599
Use of money and property	1,340,307	2,377,227
Fines and forfeitures	-	369,467
Reimbursements	-	1,612,238
Miscellaneous	75,162	284,122
	<u>3,104,901</u>	<u>56,911,180</u>
Total Revenues		
Expenditures:		
Current:		
General government	-	6,502,813
Public safety	88,175	23,013,782
Culture and leisure	183,096	6,844,804
Construction and maintenance	1,274,433	8,877,623
Planning and building services	-	1,652,353
Housing	-	219,782
Capital outlay	1,977,131	4,417,857
Debt service:		
Principal retirement	-	45,946
Interest and fiscal charges	-	993
	<u>3,522,835</u>	<u>51,575,953</u>
Total Expenditures		
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(417,934)</u>	<u>5,335,227</u>
Other Financing Sources (Uses):		
Transfers in	1,212,400	1,293,500
Transfers out	(10,500)	(1,225,200)
	<u>1,201,900</u>	<u>68,300</u>
Total Other Financing Sources (Uses)		
Special item	-	(6,457,890)
Net Change in Fund Balances	<u>783,966</u>	<u>(1,054,363)</u>
Fund Balances, Beginning of Year	<u>8,108,453</u>	<u>97,254,714</u>
Fund Balances, End of Year	<u>\$ 8,892,419</u>	<u>\$ 96,200,351</u>

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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, 2015**

Net change in fund balances - total governmental funds \$ (1,054,363)

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	\$ 2,949,180	
Depreciation expense	(3,924,417)	
Loss on disposal of capital assets	(51,887)	(1,027,124)

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		45,946
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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.

(1,029,623)

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.

(7,213)

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.

243,565

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.

Long-term receivables previously written-off now deferred until cash is received (recorded as a special item see Note 18)	6,457,890	
Sales tax received	(200,401)	
Loan receivables deferred until next year	(568,129)	5,689,360

Pension obligation 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.

5,960,611

Extraordinary gain (Note 18)

21,868,662

Change in net position of governmental activities

\$ 30,689,821

CITY OF CORONADO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			
	Wastewater Utility	Golf Course	Storm Drain	Totals
Assets:				
Current:				
Cash and investments	\$ 12,973,893	\$ 855,908	\$ 37,440	\$ 13,867,241
Accounts, grants and taxes receivable	372,584	79,138	228	451,950
Prepaid costs	-	894	-	894
Total Current Assets	13,346,477	935,940	37,668	14,320,085
Noncurrent:				
Capital assets - net of accumulated depreciation	23,552,385	5,227,993	7,605,678	36,386,056
Total Noncurrent Assets	23,552,385	5,227,993	7,605,678	36,386,056
Total Assets	36,898,862	6,163,933	7,643,346	50,706,141
Deferred Outflows of Resources:				
Deferred items related to pensions	102,693	141,940	46,037	290,670
Total Deferred Outflows of Resources	102,693	141,940	46,037	290,670
Liabilities:				
Current:				
Accounts payable and accrued liabilities	466,523	67,231	149,647	683,401
Accrued compensated absences	34,959	80,217	15,293	130,469
Total Current Liabilities	501,482	147,448	164,940	813,870
Noncurrent:				
Advances from the General Fund	-	-	2,891,036	2,891,036
Accrued compensated absences	-	14,347	2,026	16,373
Net pension liability	1,010,603	1,468,299	409,258	2,888,160
Total Noncurrent Liabilities	1,010,603	1,482,646	3,302,320	5,795,569
Total Liabilities	1,512,085	1,630,094	3,467,260	6,609,439
Deferred Inflows of Resources:				
Deferred items related to pensions	266,312	368,090	119,387	753,789
Total Deferred Inflows of Resources	266,312	368,090	119,387	753,789
Net Position:				
Net investment in capital assets	23,552,385	5,227,993	7,605,678	36,386,056
Unrestricted	11,670,773	(920,304)	(3,502,942)	7,247,527
Total Net Position	\$ 35,223,158	\$ 4,307,689	\$ 4,102,736	\$ 43,633,583

CITY OF CORONADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			
	Wastewater Utility	Golf Course	Storm Drain	Totals
Operating Revenues:				
Sewer user charges	\$ 4,281,086	\$ -	\$ -	\$ 4,281,086
Navy sewer charges	1,283,620	-	-	1,283,620
Miscellaneous	2,193,877	252,186	58,598	2,504,661
Sewer connection fees	56,216	-	-	56,216
Green fees	-	2,694,396	-	2,694,396
Rents and concessions	-	309,147	-	309,147
Storm drain charges	-	-	573,055	573,055
Total Operating Revenues	7,814,799	3,255,729	631,653	11,702,181
Operating Expenses:				
Operations:				
Personnel services	888,575	1,229,913	409,982	2,528,470
Utilities	203,374	921,489	23,451	1,148,314
Maintenance and repair	2,968,117	360,710	83,238	3,412,065
Administration	424,753	261,941	30,909	717,603
Contract services	198,224	129,993	290,568	618,785
Depreciation	901,578	232,352	207,823	1,341,753
Amortization	-	-	205,350	205,350
Total Operating Expenses	5,584,621	3,136,398	1,251,321	9,972,340
Operating Income (Loss)	2,230,178	119,331	(619,668)	1,729,841
Nonoperating Revenues (Expenses):				
Interest revenue	61,608	5,511	(1,101)	66,018
Interest expense	-	-	(108,347)	(108,347)
Gain (loss) on disposal of capital assets	-	2,250	-	2,250
Total Nonoperating Revenues (Expenses)	61,608	7,761	(109,448)	(40,079)
Income (Loss) Before Transfers and Special Items	2,291,786	127,092	(729,116)	1,689,762
Transfers out	(24,100)	(33,400)	(10,800)	(68,300)
Special item	-	-	7,102,369	7,102,369
Changes in Net Position	2,267,686	93,692	6,362,453	8,723,831
Net Position:				
Beginning of Year, as previously reported	34,170,908	5,965,411	(1,758,633)	38,377,686
Restatements	(1,215,436)	(1,751,414)	(501,084)	(3,467,934)
Beginning of Fiscal Year, as restated	32,955,472	4,213,997	(2,259,717)	34,909,752
End of Fiscal Year	\$ 35,223,158	\$ 4,307,689	\$ 4,102,736	\$ 43,633,583

CITY OF CORONADO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			
	Wastewater Utility	Golf Course	Storm Drain	Totals
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 5,511,042	\$ 2,678,919	\$ 572,895	\$ 8,762,856
Cash received from other operating activities	56,216	309,147	-	365,363
Cash paid to suppliers for goods and services	(323,462)	(406,627)	(205,631)	(935,720)
Cash paid for operations and maintenance	(977,614)	(1,030,013)	(48,091)	(2,055,718)
Cash paid to employees for services	(1,001,674)	(1,371,659)	(456,098)	(2,829,431)
Net Cash Provided (Used) by Operating Activities	3,264,508	179,767	(136,925)	3,307,350
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	(24,100)	(33,400)	(10,800)	(68,300)
Net Cash Provided (Used) by Non-Capital Financing Activities	(24,100)	(33,400)	(10,800)	(68,300)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(1,857,211)	(758,095)	(103,726)	(2,719,032)
Principal paid on capital debt	-	-	(3,299,520)	(3,299,520)
Interest paid on capital debt	-	-	(111,822)	(111,822)
Advance from other funds	-	-	3,296,110	3,296,110
Proceeds from sales of capital assets	-	2,250	-	2,250
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,857,211)	(755,845)	(218,958)	(2,832,014)
Cash Flows from Investing Activities:				
Interest received	61,608	5,511	(1,101)	66,018
Net Cash Provided (Used) by Investing Activities	61,608	5,511	(1,101)	66,018
Net Increase (Decrease) in Cash and Cash Equivalents	1,444,805	(603,967)	(367,784)	473,054
Cash and Cash Equivalents at Beginning of Year	11,529,088	1,459,875	405,224	13,394,187
Cash and Cash Equivalents at End of Year	\$ 12,973,893	\$ 855,908	\$ 37,440	\$ 13,867,241
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 2,230,178	\$ 119,331	\$ (619,668)	\$ 1,729,841
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	901,578	232,352	207,823	1,341,753
Amortization	-	-	205,350	205,350
Contributions made after the measurement date to net pension liability	(102,693)	(141,940)	(46,037)	(290,670)
(Increase) decrease in accounts receivable	(53,664)	(15,477)	(160)	(69,301)
(Increase) decrease in prepaid expense	-	(894)	-	(894)
Increase (decrease) in accounts payable	299,515	(13,799)	115,846	401,562
Increase (decrease) in compensated absences	(10,406)	194	(79)	(10,291)
Total Adjustments	1,034,330	60,436	482,743	1,577,509
Net Cash Provided (Used) by Operating Activities	\$ 3,264,508	\$ 179,767	\$ (136,925)	\$ 3,307,350
Non-Cash Investing, Capital, and Financing Activities:				
Change in net pension liability	\$ (303,718)	\$ (425,606)	\$ (132,593)	\$ (861,917)
Special item	-	-	7,102,369	7,102,369

CITY OF CORONADO

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2015

	Agency Funds	OPEB Trust Fund	Private- Purpose Trust Fund <u>Successor Agency of the Former CDA</u>
Assets:			
Cash and investments	\$ 413,851	\$ 2,180,031	\$ 13,219,575
Interest receivable	-	-	7,322
Land held for resale	-	-	2,677,856
Restricted assets:			
Cash and investments with fiscal agents	-	-	2,989,773
Total Assets	\$ 413,851	2,180,031	18,894,526
Deferred Outflows of Resources:			
Deferred charge on refunding		-	458,899
Total Deferred Outflows of Resources		-	458,899
Liabilities:			
Accounts payable and accrued liabilities	\$ 156,101	-	46,562
Accrued interest	-	-	1,879,981
Deposits payable	79,150	-	-
Due to other governments	178,600	-	-
Long-term liabilities:			
Due in one year	-	-	2,015,000
Due in more than one year	-	-	152,833,509
Total Liabilities	\$ 413,851	-	156,775,052
Net Position:			
Held in trust for other post retirement benefits		2,180,031	-
Held in trust for other purposes		-	(137,421,627)
Total Net Position		\$ 2,180,031	\$ (137,421,627)

CITY OF CORONADO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2015

	<u>OPEB Trust Fund</u>	<u>Private- Purpose Trust Fund</u>
		<u>Successor Agency of the Former CDA</u>
Additions:		
Contributions:		
Employers	\$ 275,000	\$ -
Taxes	-	16,093,286
Interest and change in fair value of investments	46,380	28,508
Total Additions	321,380	16,121,794
Deductions:		
Contractual services	-	4,526,862
Interest expense	-	7,011,226
Amortization	-	28,831
Total Deductions	-	11,566,919
Changes in Net Position	321,380	4,554,875
Net Position - Beginning of the Year	1,858,651	(141,976,502)
Net Position - End of the Year	\$ 2,180,031	\$ (137,421,627)

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 City (City), 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 City 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)

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

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)

**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)

**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)

**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 Drain Enterprise Fund accounts for the provision of Storm Drain 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)

**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)

**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)

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, 2015, 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)

**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 qualify for reporting in this category. Deferred outflows relating to the net pension liability reported in the government-wide and proprietary statement of net position. These outflows are the results of contributions made after the measurement period, which are expensed in the following year, and of adjustments due to difference in proportions and the difference between actual contributions made and the proportionate share of the risk pool's total contributions.

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 two types of this item, one of which arises only under a modified accrual basis of which qualifies for reporting in this category. Accordingly, the first 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. The second relates to deferred inflows relating to the net pension liability reported in the government-wide and proprietary statement of net position. These inflows are the result of the net difference between projected and actual earnings on pension plan investments, differences in proportionate share of contributions, and adjustments due to differences in proportions.

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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. The governmental activities liability is expected to be liquidated by the general fund; the liability recorded in the proprietary funds are expected to be liquidated by each respective fund.

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. Pension

In government-wide and proprietary fund financial statements, the retirement plan (pension) is required to be recognized and disclosed using the accrual basis of accounting (see Note 9 and the required supplementary information (RSI) section immediately following the Notes to Financial Statements), regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting, or in the proprietary fund financial statements.

In general, the City recognizes a net pension liability, which represents the City's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the California Public Employees' Retirement System (CalPERS). The net pension liability is measured as of the City's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

For purposes of measuring the net pension liability and deferred outflows/inflows or resources relating to pensions and pension expense, information about the fiduciary net position of the City's pension plan with CalPERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2013
Measurement Date (MD)	June 30, 2014
Measurement Period (MO)	July 1, 2013 to June 30, 2014

j. 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.

k. 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.

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

1. 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.
- 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.

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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, 2015, the amount of the commitment was totaling \$11,068,000 (\$1,104,000 for the one million and increase of CPI, and \$9,964,000 for the three months of general fund operating expenditures and transfers.
- 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, 2015, the amount for cash flow is \$10,563,000 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 21.22% of payroll, while the actual rate paid was at the lower rate of 17.18% 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 \$656,925, 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 \$440,200 across all funds, which was booked as assigned fund balance.

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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.
- 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.”

m. 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

n. 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.

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

o. 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.

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. 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 Drain 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.

r. Change in Accounting Principle

The Entity implemented GASB Statement 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the government-wide statement of activities and proprietary statement of revenues, expenses and changes in net position.

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

II. DETAILED NOTES ON ALL FUNDS

Note 2: CASH AND INVESTMENTS:

Cash and investments at June 30, 2015, are reported in the accompanying basic financial statements as follows:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total Fair Value
Cash and investments	\$ 93,296,923	\$ 13,867,241	\$ 15,813,457	\$ 122,977,621
Restricted cash and investments	-	-	2,989,773	2,989,773
Total Cash and Investments	<u>\$ 93,296,923</u>	<u>\$ 13,867,241</u>	<u>\$ 18,803,230</u>	<u>\$ 125,967,394</u>

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

Demand accounts	\$ 9,099,664
Petty cash	7,500
Investments	<u>116,860,230</u>
Total Cash and Investments	<u>\$ 125,967,394</u>

Deposits:

At June 30, 2015, the carrying amount of the City's demand deposits was \$9,099,664 and the bank balance was \$9,063,937. The \$35,727 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)

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	\$ -	\$ 3,319,338	\$ 29,756,567	\$ -	\$ 33,075,905
U.S. Government Agency Obligations	8,249,213	16,844,578	-	-	25,093,791
Local Agency Investment Funds	52,242,230	-	-	-	52,242,230
Certificates of Deposit	150,000	100,000	-	-	250,000
Medium-Term Notes	2,180,031	-	-	-	2,180,031
California Asset Management Program					
Money Market Mutual Fund	178,653	-	-	-	178,653
Municipal Bonds	-	-	59,043	790,804	849,847
Held by Bond Trustee:					
Local Agency Investment Funds	2,981,184	-	-	-	2,981,184
Money Market Mutual Funds	8,589	-	-	-	8,589
Total	\$ 65,989,900	\$ 20,263,916	\$ 29,815,610	\$ 790,804	\$ 116,860,230

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 6/30/2015	Minimum Legal Rating	Not Required To Be Rated	Actual Rating	
				AA+	Unrated
U.S. Government Treasury Obligations	\$ 33,075,905	N/A	\$ 33,075,905	\$ -	\$ -
U.S. Government Agency Obligations	25,093,791	A	-	25,093,791	-
Local Agency Investment Fund	52,242,230	N/A	-	-	52,242,230
Certificates of Deposit	250,000	N/A	250,000	-	-
Medium-Term Notes	2,180,031				2,180,031
California Asset Management Program					
Money Market Mutual Fund	178,653	N/A	-	-	178,653
Municipal Bonds	849,847	N/A	-	-	849,847
Held by Bond Trustee:					
Local Agency Investment Fund	2,981,184	N/A	-	-	2,981,184
Money Market Mutual Funds	8,589	A	-	-	8,589
Total	\$ 116,860,230		\$ 33,325,905	\$ 25,093,791	\$ 58,440,534

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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	\$ 11,284,484	10%
Federal Home Loan Bank	U.S. Government Agency Obligations	10,807,011	9%
United States Treasury	U.S. Treasury Notes	32,935,383	28%

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, 2015.

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. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. At June 30, 2015, the City's two combined LAIF fund accounts proportionate fair value share in the pool was \$52,242,230. This total represents \$39,351,314 pooled for the City and \$12,890,916 pooled for the Successor Agency.

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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, 2015, consisted of the following:

General Fund	
City Manager Housing Loan	\$ 1,063,113
Various loans	9,000
	<u>1,072,113</u>
Low/Mod Income Housing Asset Fund	
CATPAH	352,606
Tilaro and Day Trusts	246,666
Novak	5,364
Silent Second Loans	301,454
CIHC Sr. Housing Loan - 550 Orange Ave.	1,363,273
CIHC LMI Housing Loan - 525 Orange Ave.	912,964
SDIHC LMI Housing Loan - Orange Villas	800,000
CIHC Building Loan - 525 Orange Ave.	1,348,371
	<u>5,330,698</u>
Total loans receivable	<u><u>\$ 6,402,811</u></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, 2015, is \$ 1,063,113 with a current interest rate of 2.38%.

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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, 2015, the present value for the receivable increased to \$352,606.

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)

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, 2015, the present value of the receivable increased to \$246,666.

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, 2015, the present value of the receivable increased to \$5,364.

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)

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, 2015, the present value of the receivable increased to \$301,454.

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, 2015, the present value of the loan receivable and accrued interest (at 3.00%) had increased to \$1,363,273 and \$909,413, 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)

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, 2015, the present value of the loan receivable and accrued interest (at 3.00%) had increased to \$912,964, and \$439,181, 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)

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, 2015, the present value of the loan receivable and accrued interest (at 3.00%) had increased to \$1,348,371 and \$ 359,516, 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, 2015, the loan receivable balance was unchanged while accrued interest increased to \$260,434.

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, 2015, consisted of the following:

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

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 4: LOANS TO SUCCESSOR AGENCY (Continued):

Due to the lack of collectability of a portion of loans to the Successor Agency, an allowance for uncollectable has been recorded at June 30, 2015, in the amount of \$3,445,842 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. The consolidated promissory note was approved as an enforceable obligation during the current year, and the previous allowance has been removed. 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, 2015, was as follows:

Due To/From Other Funds:

<u>Funds</u>	<u>Due To Other Funds</u> Other Nonmajor Governmental Funds	<u>Total</u>
Due from Other Funds:		
General Fund	\$ 93,424	\$ 93,424

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:

<u>Funds</u>	<u>Advances From</u> Other Funds Storm Drain
Advances to Other Funds:	
General Fund	\$ 2,891,036

As of June 30, 2015, the General Fund has made a long-term advance to the Storm Drain Enterprise Fund to finance operations of the Storm Drain 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	Low/Mod Income Housing Asset Fund	Nonmajor Governmental Funds	Wastewater Utility	Golf Course	Storm Drain	
Transfers In:							
General Fund	\$ -	\$ 2,300	\$ 10,500	\$ 24,100	\$ 33,400	\$ 10,800	\$ 81,100
Nonmajor Governmental Funds	1,212,400	-	-	-	-	-	1,212,400
Total	<u>\$ 1,212,400</u>	<u>\$ 2,300</u>	<u>\$ 10,500</u>	<u>\$ 24,100</u>	<u>\$ 33,400</u>	<u>\$ 10,800</u>	<u>\$ 1,293,500</u>

The \$1,212,400 of transfers, all of which came from the General Fund, went to the capital improvement fund to provide working capital and funding for capital projects. Transfers of \$81,000 from the Low/Mod Income Housing Asset Fund, Nonmajor Governmental Funds, and Business Type Funds were made to the General Fund to establish and fund the CalPERS Stabilization Fund.

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, 2015, is as follows:

	Balance June 30, 2014	Additions	(Deletions)	Transfers	Balance June 30, 2015
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 33,127,316	\$ -	\$ -	\$ -	\$ 33,127,316
Art and collections	1,713,628	10,000	-	-	1,723,628
Construction in progress	751,984	1,302,811	(15,112)	(951,600)	1,088,083
Total Capital Assets - Governmental Activities Not Being Depreciated	<u>35,592,928</u>	<u>1,312,811</u>	<u>(15,112)</u>	<u>(951,600)</u>	<u>35,939,027</u>
Capital Assets Being Depreciated:					
Buildings	57,649,952	-	-	46,496	57,696,448
Improvements other than building	14,084,334	-	-	-	14,084,334
Infrastructure	40,740,002	-	(19,150)	905,104	41,625,956
Vehicles and equipment	12,579,301	1,636,369	(642,389)	-	13,573,281
Total Capital Assets Being Depreciated - Governmental Activities	<u>125,053,589</u>	<u>1,636,369</u>	<u>(661,539)</u>	<u>951,600</u>	<u>126,980,019</u>
Less Accumulated Depreciation:					
Buildings	12,261,065	1,207,838	-	-	13,468,903
Improvements other than building	3,297,554	435,754	-	-	3,733,308
Infrastructure	19,980,851	1,028,726	(15,320)	-	20,994,257
Vehicles and equipment	7,851,408	1,252,099	(609,444)	-	8,494,063
Total Accumulated Depreciation - Governmental Activities	<u>43,390,878</u>	<u>3,924,417</u>	<u>(624,764)</u>	<u>-</u>	<u>46,690,531</u>
Net Capital Assets Being Depreciated - Governmental Activities	<u>81,662,711</u>	<u>(2,288,048)</u>	<u>(36,775)</u>	<u>951,600</u>	<u>80,289,488</u>
Net Capital Assets - Governmental Activities	<u>\$ 117,255,639</u>	<u>\$ (975,237)</u>	<u>\$ (51,887)</u>	<u>\$ -</u>	<u>\$ 116,228,515</u>

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 6: CHANGES IN CAPITAL ASSETS (Continued):

	Balance June 30, 2014	Additions	(Deletions)	Transfers	Balance June 30, 2015
<u>Business-Type Activities:</u>					
Capital Assets Not Being Depreciated:					
Construction in progress	\$ 458,177	\$ 2,588,439	\$ -	\$ (505,329)	\$ 2,541,287
Total Capital Assets - Not Being Depreciated	458,177	2,588,439	-	(505,329)	2,541,287
Capital Assets Being Depreciated:					
Buildings	5,554,359	-	-	-	5,554,359
Improvements other than building	45,239,179	-	-	505,329	45,744,508
Vehicles and equipment	13,326,686	276,863	(88,108)	-	13,515,441
Total Capital Assets Being Depreciated - All Enterprise Funds	64,120,224	276,863	(88,108)	505,329	64,814,308
Less Accumulated Depreciation:					
Buildings	1,836,470	111,087		-	1,947,557
Improvements other than building	22,934,843	801,239	-	-	23,736,082
Vehicles and equipment	4,944,158	429,427	(87,685)	-	5,285,900
Total Accumulated Depreciation - All Enterprise Funds	29,715,471	1,341,753	(87,685)	-	30,969,539
Net Capital Assets Being Depreciated All Enterprise Funds	34,404,753	(1,064,890)	(423)	505,329	33,844,769
Net Capital Assets - All Enterprise Funds	<u>\$ 34,862,930</u>	<u>\$ 1,523,549</u>	<u>\$ (423)</u>	<u>\$ -</u>	<u>\$ 36,386,056</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	\$ 1,325,453
Public safety	745,280
Planning and building services	307,955
Housing	129,811
Tidelands	113,104
Culture and leisure	<u>1,302,814</u>
Total Governmental Activities	<u>\$ 3,924,417</u>
Business-Type Activities:	
Wastewater Utility	\$ 901,578
Golf Course	232,352
Storm Drain	<u>207,823</u>
Total Business-Type Activities	<u>\$ 1,341,753</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, 2015, is as follows:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Compensated Absences	\$ 1,723,425	\$ 1,648,735	\$ 1,641,522	\$ 1,730,638	\$ 1,730,638
Claims and Judgments	2,536,922	1,838,045	808,422	3,566,545	1,186,570
Obligation under					
Capital Lease	<u>69,276</u>	<u>-</u>	<u>45,946</u>	<u>23,330</u>	<u>23,330</u>
Total Government - Wide Governmental Activities	<u>\$ 4,329,623</u>	<u>\$ 3,486,780</u>	<u>\$ 2,495,890</u>	<u>\$ 5,320,513</u>	<u>\$ 2,940,538</u>

a. Compensated Absences:

This liability represents the total unpaid vacation and compensation time earned by employees of the City in its general and special revenue funds to be paid from future resources.

b. Claims and Judgements

See Note 8 detailing claims and judgements. The total liability at June 30, 2015 was \$3,566,545.

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

c. 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>
2016	\$ 23,470
Subtotal	<u>23,470</u>
Less: interest	<u>140</u>
Present value of future payments	<u>\$ 23,330</u>

Business-Type Activities – Long-Term Debt:

A summary of the changes in business-type activities long-term debt at June 30, 2015 is as follows:

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions/ Payments</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 157,133	\$ 157,411	\$ 167,702	\$ 146,842	\$ 130,469
2004 Storm Drain System Refunding Revenue Bonds	<u>3,280,000</u>	<u>-</u>	<u>3,280,000</u>	<u>-</u>	<u>-</u>
Sub-total	3,437,133	157,411	3,447,702	146,842	<u>\$ 130,469</u>
Plus Unamortized Premium	<u>19,520</u>	<u>-</u>	<u>19,520</u>	<u>-</u>	
Total Business-Type Activities Long-Term Debt	<u>\$ 3,456,653</u>	<u>\$ 157,411</u>	<u>\$ 3,467,222</u>	<u>\$ 146,842</u>	

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 Drain 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 Drain 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. These bonds were defeased during the year ended June 30, 2015.

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 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, 2015.

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

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 8: SELF – INSURANCE (Continued):

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, 2014, and 2015 are as follows:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</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	2,293,422	243,500	2,536,922
Claims and changes in estimates during the year ended June 30, 2015	965,254	872,791	1,838,045
Claim payments during the year ended June 30, 2015	<u>(714,631)</u>	<u>(93,791)</u>	<u>(808,422)</u>
Liability as of June 30, 2015	<u><u>\$ 2,544,045</u></u>	<u><u>\$ 1,022,500</u></u>	<u><u>\$ 3,566,545</u></u>

The ultimate amount of losses incurred through June 30, 2015, 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:

Safety Plans

Plan Descriptions

The City of Coronado Safety Plans, are cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). All qualified safety employees are eligible to participate in the City’s separate Safety (Safety and PEPR) Plans. Benefit provisions under the Safety Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 9: PENSION PLAN OBLIGATIONS (Continued):

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. These PEPRA members in pooled plans are reflected in the new Miscellaneous and Safety risk pools created by the CalPERS Board in response to the passage of PEPRA, beginning with the June 30, 2013, risk-pool valuations.

	<u>Safety cost-sharing plans</u>	
	<u>Tier 1</u>	<u>PEPRA</u>
Hire date	Prior to January 1, 2013	January 1, 2013 and after
Benefit formula	3% @ 50	2.5% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of eligible compensation	3.000%	2.000%-2.500%
Required employee contribution rates	9.000%	11.715%
Required employer contribution rates	26.149%	11.500%

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plans' allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 9: PENSION PLAN OBLIGATIONS (Continued):

For the year ended June 30, 2015, the contributions recognized as part of pension expense was \$1,859,115 and \$676,038; for employer and employee contributions, respectively.

Pension Liabilities, Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

Proportionate Share of Net Pension Liability	
Tier 1	\$ 16,946,996
PEPRA	27
Total Net Pension Liability:	\$ 16,947,023

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. City's proportion of the net pension liability was based on CalPERS' Public Agency Cost-Sharing Allocation Methodology Report, which can be obtained on the CalPERS website. The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	Tier 1	PEPRA
Proportion - June 30, 2013	0.46905%	0.00000%
Proportion - June 30, 2014	0.45180%	0.00000%
Change - Increase (Decrease)	-0.0172%	0.0000%

For the year ended June 30, 2015, the City recognized a total pension expense of \$1,701,464 for all safety plans in total.

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 9: PENSION PLAN OBLIGATIONS (Continued):

At June 30, 2015, the City reported deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 7,027,930	\$ -
Unamortized difference between employer contribution and the plans proportionate share of aggregate employer contributions	-	(968)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(5,116,866)
Adjustment due to Difference in Proportions	29,742	(5,666)
Total	<u><u>\$ 7,057,672</u></u>	<u><u>\$ (5,123,500)</u></u>

The \$7,027,930 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources
2015	\$ (1,270,872)
2016	(1,270,872)
2017	(1,272,593)
2018	(1,279,421)
Thereafter	-

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 9: PENSION PLAN OBLIGATIONS (Continued):

Actuarial Cost Method Actuarial Assumptions	Entry Age Normal Cost Method
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	3.3% - 14.2% (1)
Investment Rate of Return	7.50% (2)
Mortality Rate Table (3)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Depending on age, service and type of employment

(2) Net of Pension Plan Investment and Administrative Expenses; includes Inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report on the CalPERS website.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

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

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS determined this difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. More information can be found on the CalPERS website.

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 9: PENSION PLAN OBLIGATIONS (Continued):

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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

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

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 9: PENSION PLAN OBLIGATIONS (Continued):

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>Miscellaneous plans Net Pension Liability/(Asset)</u>	<u>Discount Rate - 1% 6.50%</u>	<u>Current Discount 7.50%</u>	<u>Discount Rate +1% 8.50%</u>
Tier 1	\$ 29,163,586	\$ 16,946,996	\$ 6,881,054
PEPRA	45	27	11
TOTAL:	\$ 29,163,631	\$ 16,947,023	\$ 6,881,065

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

Payable to the Pension Plan

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 9: PENSION PLAN OBLIGATIONS (Continued):

Miscellaneous Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plan, agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2015, are summarized as follows:

Miscellaneous Plan		
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	2.00% to 3.00%	1.1% to 2.00%
Required employee contribution rates	8.000%	6.250%
Required employer contribution rates	20.099%	20.099%

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 9: PENSION PLAN OBLIGATIONS (Continued):

Employees Covered

At June 30, 2015, the following employees were covered by the benefit terms of the plan:

Inactive employees or beneficiaries currently receiving benefits	154
Inactive employees entitled to but not yet receiving benefits	179
Active employees	188
Total	<u>521</u>

Contribution

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability

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

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

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 9: PENSION PLAN OBLIGATIONS (Continued):

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 9: PENSION PLAN OBLIGATIONS (Continued):

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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

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

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

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

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 9: PENSION PLAN OBLIGATIONS (Continued):

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2013 (Valuation Date) (1)	\$ 80,269,490	\$ 60,616,381	\$ 19,653,109
Changes Recognized for the Measurement Period:			
Service Cost	2,135,743		2,135,743
Interest on the Total Pension Liability	5,985,585		5,985,585
Contribution from the Employer		1,478,633	(1,478,633)
Contributions from Employees		1,274,150	(1,274,150)
Net Investment Income (2)		10,578,622	(10,578,622)
Benefit Payments including Refunds of Employee Contributions	(3,059,126)	(3,059,126)	-
Net Changes During 2013-14	5,062,202	10,272,279	(5,210,077)
Balance at: 6/30/2014 (Measurement Date) (1)	\$ 85,331,692	\$ 70,888,660	\$ 14,443,032

- (1) The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. This may differ from the plan assets reported in the funding actuarial valuation report.
- (2) Net of administrative expenses.

Sensitivity of the Net Pension Liability to Changes in the Discount Rates

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 9: PENSION PLAN OBLIGATIONS (Continued):

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.5%)	Discount Rate +1% (8.5%)
Plan's Net Pension Liability/(Assets)	\$ 25,646,185	\$ 14,443,032	\$ 4,608,724

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

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

For the year ended June 30, 2015, the City of Coronado incurred a pension expense of \$1,119,961 for the Plan. At June 30, 2014, the City of Coronado has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,870,761	\$ -
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(4,851,405)
Total	\$ 1,870,761	\$ (4,851,405)

The \$1,870,761 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources
2015	\$ (1,212,851)
2016	(1,212,851)
2017	(1,212,851)
2018	(1,212,852)

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 2014 and 2015, the monthly contribution amounts for retired annuitants were \$119 and \$122 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 \$349,130 was made during the 2014-2015 fiscal year to further eliminate the unfunded liability associated with prior service for all retired annuitants.

The City's annual required contribution (ARC) for the 2014-2015 fiscal year is \$101,586. The annual required contribution is comprised of the present value of benefits accruing in the current fiscal year (normal cost with interest) plus a 25-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)	\$ 101,586
Interest on net OPEB obligation	(16,205)
Adjustment to ARC	<u>20,184</u>
Annual OPEB cost	105,565
Contributions made	<u>349,130</u>
(Decrease) increase in net OPEB obligation	(243,565)
Net OPEB obligation (asset) - beginning of year	<u>(231,499)</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ (475,064)</u></u>

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 2014-2015 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)
6/30/2013	\$ 320,438	\$ 67,883	21.18%	\$ 1,299,150
6/30/2014	337,234	1,867,883	553.88%	(231,499)
6/30/2015	105,565	349,130	330.73%	(475,064)

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
7/1/2010	\$ -	\$ 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%	7.00%	3.25%
7/1/2014	1,858,650	274,231	87%	N/A	N/A	7.00%	3.00%

*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)

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, 2014, actuarial valuation, the level dollar actuarial cost method was used. The actuarial assumptions include a 7.0% 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 5% to 7% with an expected inflation rate of 2.75% per annum. 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, 2015, was twenty-four years. The number of active employees is 242 and the number of retired employees is 49.

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, 2015, was \$20,940,381. 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, 2015, 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)

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 petition was denied and the ruling in favor of the City was upheld for a portion of the obligations. The amount of the disputed re-entered loans, including accrued interest through the date of dissolution February 1, 2012, was \$35,124,964. Due to the ruling, \$28,326,552 is now considered to be collectable by the City as of June 30, 2015.

Note 13: CONSTRUCTION COMMITMENTS:

The following material construction commitments existed at June 30, 2015:

Project Name	Contract Amount	Expenditures to date as of June 30, 2015	Remaining Commitments
Fence 15th Fairway	\$ 173,343	\$ 164,059	\$ 9,284
Universal Playground Spreckels	99,148	-	99,148
Cays Main Sewer Pump	167,740	-	167,740
Pump Station Wet Well	86,850	66,359	20,491
Street Curb and Gutter FY 2014	577,752	80,749	497,003

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 23% of the General Fund's total revenues for the year ended June 30, 2015. The City has obtained business interruption insurance covering the potential loss of revenue from the four largest hotels in the City.

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 15: CORONADO TOURISM IMPROVEMENT CITY:

The Coronado Tourism Improvement City (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 City (the City) 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 City 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 City. The City has established an agency fund to account for contributions and grants received on behalf of the Agency.

Note 17: NET POSITION RESTATEMENTS:

The Government-Wide Governmental Activities beginning net position has been restated from \$211,413,610 to \$176,367,751 due to the implementation of GASB 68.

The Wastewater Utility, Golf Course and Storm Drain Funds beginning net positions have been restated from \$34,170,908 to \$32,955,472, from \$5,965,411 to \$4,213,997, and from (\$1,758,633) to (\$2,259,717), respectively due to the implementation of GASB 68.

Note 18: EXTRAORDINARY AND SPECIAL ITEMS:

Extraordinary Item

The Government-Wide Statement of Activities has recorded an extraordinary gain of \$28,326,552 as a result of loans between the City and Successor Agency that have now been approved by the Department of Finance, but were previously deemed uncollectible.

Special Items

The General Fund has recorded a special item of (\$6,457,890) as a result of an advance to the Storm Drain Fund that has been written off. The Storm Drain Fund has recorded a special item of \$7,102,369, including interest, as a result of an advance from the General Fund that has been written off.

	Governmental Activities	Business-Type Activities
Extraordinary gain	\$ 28,326,552	\$ -
Special item	(6,457,890)	6,457,890
Special item - interest	-	644,479
Total	\$ 21,868,662	\$ 7,102,369

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 19: 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.

The 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	\$ 13,219,575
Cash and investments with fiscal agent	<u>2,989,773</u>
	<u>\$ 16,209,348</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 19: SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued):

b. 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 19: 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, 2015, follows:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Tax Allocation Bonds (TABs):					
2006 Refunding Issue	\$ 30,320,000	\$ -	\$ (120,000)	\$ 30,200,000	\$ 125,000
2005 Issue	53,240,000	-	(1,260,000)	51,980,000	1,320,000
2003 Issue, nonhousing	19,510,000	-	(135,000)	19,375,000	140,000
2003 Issue, housing	9,420,000	-	(195,000)	9,225,000	200,000
2000 Issue	3,970,000	-	(220,000)	3,750,000	230,000
1996 Refunding Issue	1,927,508	-	(526,872)	1,400,636	-
1996 Accreted Interest	4,938,672	282,510	-	5,221,182	-
Total Tax Allocation Bonds	123,326,180	282,510	(2,456,872)	121,151,818	2,015,000
Add Premium:					
2006 Refunding Issue	968,766	-	(56,986)	911,780	-
2005 Issue	829,583	-	(40,635)	788,948	-
2003 Issue	235,442	-	(11,873)	223,569	-
Totals Tax Allocation Bonds and Premium	125,359,971	282,510	(2,566,366)	123,076,115	2,015,000
Promissory Note Secured:					
By Deed of Trust (Note)	1,641,363	-	(1,641,363)	-	-
Sub - Total Promissory Notes Secured by Deed of Trust	1,641,363	-	(1,641,363)	-	-
Other Debt:					
Payable to the City of Coronado	31,772,394	-	-	31,772,394	-
Total Successor Agency	\$ 158,773,728	\$ 282,510	\$ (4,207,729)	\$ 154,848,509	\$ 2,015,000

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 19: 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, 2015, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	1,715,000	1,359,094	3,074,094
2021-2025	9,940,000	5,377,288	15,317,288
2026-2030	13,375,000	2,491,575	15,866,575
2031-2035	3,155,000	80,847	3,235,847
Total	<u>\$ 30,200,000</u>	<u>\$ 15,225,430</u>	<u>\$ 45,425,430</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 19: SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued):

Improvement projects on behalf of the Coronado Unified School City 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, 201, are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 1,320,000	\$ 2,562,150	\$ 3,882,150
2017	1,370,000	2,501,500	3,871,500
2018	1,440,000	2,431,250	3,871,250
2019	1,505,000	2,357,625	3,862,625
2020	1,590,000	2,280,250	3,870,250
2021-2025	9,195,000	10,097,375	19,292,375
2026-2030	11,730,000	7,677,156	19,407,156
2031-2035	14,935,000	5,243,869	20,178,869
2036-2040	8,895,000	1,056,881	9,951,881
Total	\$ 51,980,000	\$ 36,208,056	\$ 88,188,056

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 City), 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 19: 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, 2015, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	165,000	930,949	1,095,949
2021-2025	965,000	4,530,650	5,495,650
2026-2030	1,195,000	4,266,875	5,461,875
2031-2035	16,450,000	2,482,000	18,932,000
Total	<u>\$ 19,375,000</u>	<u>\$ 16,001,198</u>	<u>\$ 35,376,198</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, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
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	235,000	391,878	626,878
2021-2025	1,350,000	1,786,053	3,136,053
2026-2030	2,675,000	1,359,316	4,034,316
2031-2035	4,105,000	511,320	4,616,320
Total	<u>\$ 9,225,000</u>	<u>\$ 5,710,870</u>	<u>\$ 14,935,870</u>

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 19: 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 City, 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, 2015 are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	285,000	140,153	425,153
2021-2025	1,665,000	448,141	2,113,141
2026-2030	800,000	43,538	843,538
Total	<u>\$ 3,750,000</u>	<u>\$ 1,335,635</u>	<u>\$ 5,085,635</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 19: 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, 2015, amounts to \$5,221,182. 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, 2015 are as follows:

Year Ending June 30,	Principal	Interest*	Total
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	<u>1,927,508</u>	<u>4,512,492</u>	<u>6,440,000</u>
Accredited interest on Capital Appreciation Bonds at June 30, 2012	<u>5,221,182</u>	<u>(5,221,182)</u>	<u>-</u>
Total	<u>\$ 7,148,690</u>	<u>\$ (708,690)</u>	<u>\$ 6,440,000</u>

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

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%.

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 19: SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued):

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 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.

Effective July 1, 2016, the California Senate Bill 107 (SB 107) allows for promissory notes between the City and the former Redevelopment Agency, in which are held by the Successor Agency, to charge a max interest rate up to three-percent (3%) on the unpaid principal balance of the loan. SB 107 would allow for the calculated interest to be determined retroactively after the period of June 27, 2012.

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.

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 19: SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued):

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.

Please refer to Note 4 for information regarding recent litigation with the notes in favor of 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%.

The total amount outstanding at June 30, 2015, 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 \$16,093,286 and

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 19: SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued):

the debt service obligation on the bonds was \$7,644,146. Of the \$16,093,286 of property tax revenue, \$7,038,284 was given for the purpose of paying obligations for fiscal year 2014-2015.

c. 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.

d. 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, 2015, the current year disbursement and the total amount disbursed were \$3,516,924 and \$14,992,756, respectively.

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, 2015, 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.

CITY OF CORONADO
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 19: SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued):

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, 2015, the total land acquired, in which, is held for resale, is \$2,677,856.

Note 20: FUND BALANCE

	General Fund	Transportation Development	Low/Mod Income Housing Asset	Other Governmental Funds	Total Governmental Funds
<u>Non-Spendable for the following purposes:</u>					
Prepaid costs	\$ 167,810	\$ -	\$ -	\$ -	\$ 167,810
Notes and loans receivable, net of unavailable revenue	1,072,113	-	-	-	1,072,113
Advances given to other funds	2,891,036	-	-	-	2,891,036
Total Non-Spendable	4,130,959	-	-	-	4,130,959
<u>Restricted for the following purposes:</u>					
Housing activities	-	-	800,000	937,700	1,737,700
City public safety	-	-	-	306,760	306,760
Culture & Leisure activities	-	-	-	2,419,415	2,419,415
Construction & maintenance	-	-	-	1,648,241	1,648,241
City transportation	45,264	8,634,803	-	-	8,680,067
Library endowment (<i>permanently restricted</i>)	-	-	-	77,710	77,710
PEG fees	15,030	-	-	-	15,030
Hotel Del Coronado master plan	150,000	-	-	-	150,000
Total Restricted	210,294	8,634,803	800,000	5,389,826	15,034,923
<u>Committed for the following purposes:</u>					
Emergency response & economic stabilization	11,068,000	-	-	-	11,068,000
Total Committed	11,068,000	-	-	-	11,068,000
<u>Assigned to the following purposes:</u>					
Planning & building reserve	2,336,122	-	1,507,837	-	3,843,959
Liability insurance	553,145	-	-	-	553,145
Worker's compensation	2,267,186	-	-	-	2,267,186
Vehicle replacement	3,791,149	-	-	-	3,791,149
Capital projects	9,033,857	-	-	2,650,638	11,684,495
Future contributions	1,585,000	-	-	-	1,585,000
Recreational programs	1,204,054	-	-	-	1,204,054
CalPERS stabilization	882,689	-	-	-	882,689
Solid waste & recycling	306,469	-	-	-	306,469
Culture & Leisure activities	96,433	-	-	-	96,433
Employee benefits	1,430,954	-	-	-	1,430,954
Future encumbrances	528,344	37,240	33,082	851,955	1,450,621
Total Assigned	24,015,402	37,240	1,540,919	3,502,593	29,096,154
Unassigned fund balances	36,870,315	-	-	-	36,870,315
TOTAL FUND BALANCE	\$ 76,294,970	\$ 8,672,043	\$ 2,340,919	\$ 8,892,419	\$ 96,200,351

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF CORONADO

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 77,807,839	\$ 77,807,839	\$ 77,807,839	\$ -
Resources (Inflows):				
Taxes	40,304,000	41,204,000	43,621,796	2,417,796
Licenses and permits	875,300	875,300	1,179,376	304,076
Intergovernmental	131,500	131,500	221,636	90,136
Charges for services	3,892,900	4,414,900	5,446,427	1,031,527
Use of money and property	432,498	432,498	599,827	167,329
Fines and forfeitures	434,000	434,000	369,467	(64,533)
Reimbursements	1,130,500	1,155,500	1,371,822	216,322
Miscellaneous	134,000	136,500	208,960	72,460
Transfers in	81,100	81,100	81,100	-
Amounts Available for Appropriation	125,223,637	126,673,137	130,908,250	4,235,113
Charges to Appropriation (Outflow):				
General government				
Legislative	1,561,168	1,561,168	1,554,215	6,953
City Clerk	262,191	272,752	250,897	21,855
City Manager	984,113	1,039,911	982,078	57,833
City Hall	170,450	176,450	157,771	18,679
Legal Services	237,000	312,000	345,227	(33,227)
Administrative Services	1,176,345	1,176,345	869,196	307,149
Insurance	871,805	1,024,526	904,559	119,967
Employee Benefits	22,103	298,735	356,826	(58,091)
Workers Compensation	1,859,492	1,859,492	1,082,044	777,448
Public safety				
Police	10,928,927	16,178,978	15,552,819	626,159
Fire	6,420,705	6,609,241	6,373,075	236,166
Beach Lifeguards	994,591	1,017,291	999,713	17,578
Culture and Leisure				
Recreation	4,778,766	4,866,245	4,230,574	635,671
Library	2,520,957	2,584,323	2,411,632	172,691
Citizen Donations	62,136	62,136	19,502	42,634
Culture and Leisure	-	3,161	-	3,161
Construction and Maintenance				
Public Services	5,676,505	6,193,556	5,666,205	527,351
Engineering	1,018,259	1,169,981	1,000,245	169,736
Solid Waste & Recycling	797,152	836,297	758,664	77,633
Planning and Building				
Professional Services	1,621,413	1,875,009	1,652,353	222,656
Capital outlay	1,434,440	2,070,453	1,728,456	341,997
Debt service:				
Principal retirement	45,946	45,946	45,946	-
Interest and fiscal charges	993	993	993	-
Transfers out	1,212,400	1,212,400	1,212,400	-
Special item	-	-	6,457,890	(6,457,890)
Total Charges to Appropriations	44,657,857	52,447,389	54,613,280	(2,165,891)
Budgetary Fund Balance, June 30	\$ 80,565,780	\$ 74,225,748	\$ 76,294,970	\$ 2,069,222

CITY OF CORONADO

**BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION DEVELOPMENT
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 9,167,034	\$ 9,167,034	\$ 9,167,034	\$ -
Resources (Inflows):				
Intergovernmental	20,600	20,600	109,459	88,859
Use of money and property	36,800	36,800	45,480	8,680
Developer participation	132,100	132,100	240,416	108,316
Amounts Available for Appropriations	9,356,534	9,356,534	9,562,389	205,855
Charges to Appropriation (Outflow):				
Engineering	270,600	270,600	178,076	92,524
Capital outlay	2,616,194	2,616,194	712,270	1,903,924
Total Charges to Appropriations	2,886,794	2,886,794	890,346	1,996,448
Budgetary Fund Balance, June 30	\$ 6,469,740	\$ 6,469,740	\$ 8,672,043	\$ 2,202,303

CITY OF CORONADO

BUDGETARY COMPARISON SCHEDULE
 LOW/MOD INCOME HOUSING ASSET FUND
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,171,388	\$ 2,171,388	\$ 2,171,388	\$ -
Resources (Inflows):				
Use of money and property	399,800	399,800	391,613	(8,187)
Amounts Available for Appropriations	2,571,188	2,571,188	2,563,001	(8,187)
Charges to Appropriation (Outflow):				
Community development	258,279	258,279	219,782	38,497
Transfers out	-	-	2,300	(2,300)
Total Charges to Appropriations	258,279	258,279	222,082	36,197
Budgetary Fund Balance, June 30	\$ 2,312,909	\$ 2,312,909	\$ 2,340,919	\$ 28,010

CITY OF CORONADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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, 2015, 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, Reynolds Endowment, and A.B. Fry Trust, therefore, no budgetary comparison is presented.

CITY OF CORONADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

- b. The following major fund departmental expenditures exceeded appropriations for the year ended June 30, 2015:

GENERAL FUND

<u>General Government</u>	<u>Actual</u>	<u>Budget</u>	<u>Amount Exceeded</u>
Legal services	\$ 345,227	\$ 312,000	\$ 33,227
Employee benefits	356,826	298,735	58,091

CITY OF CORONADO

MISCELLANEOUS PLAN
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

MEASUREMENT PERIOD	2015
TOTAL PENSION LIABILITY	
Service Cost	\$ 2,135,743
Interest	5,985,585
Benefit Payments, Including Refunds of employee Contributions	(3,059,126)
Net Change in Total Pension Liability	\$ 5,062,202
Total Pension Liability - Beginning	80,269,490
Total Pension Liability - Ending (a)	\$ 85,331,692
PLAN FIDUCIARY NET POSITION	
Contribution - Employer	\$ 1,478,633
Contribution - Employee	1,274,150
Net Investment Income	10,578,622
Benefit Payments, Including Refunds of Employee Contributions	(3,059,126)
Net Change in Fiduciary Net Position	\$ 10,272,279
Plan Fiduciary Net Position - Beginning	60,616,381
Plan Fiduciary Net Position - Ending (b)	\$ 70,888,660
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 14,443,032
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.07%
Covered-Employee Payroll	\$ 10,762,122
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	134.20%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2012. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

CITY OF CORONADO

**MISCELLANEOUS PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>
Actuarially Determined Contribution	\$ 1,774,885
Contribution in Relation to the Actuarially Determined Contribution	(1,774,885)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 10,762,122
Contributions as a Percentage of Covered-Employee Payroll	16.49%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

Note to Schedule:

Valuation Date:	June 30, 2012
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	For details, see June 30, 2012 funding valuation report
Assets valuation method	Actuarial value of assets
Inflation	2.75%
Salary Increases	Varies by entry age and service
Investment rate of return	7.50% net of pension plan investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF CORONADO

**SAFETY PLAN & PEPRA SAFETY POLICE PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>
Proportion of the Net Pension Liability	0.27235%
Proportionate Share of the Net Pension Liability	\$ 16,947,023
Covered-Employee Payroll	\$ 7,036,302
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	240.85%
Plan Fiduciary Net Position	\$ 74,257,416
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.42%

Notes to Schedule:

Benefit Changes: None.

Changes of Assumptions: None.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

CITY OF CORONADO

**SAFETY PLAN & PEPRA SAFETY POLICE PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>
Actuarially Determined Contribution	\$ 1,859,115
Contribution in Relation to the Actuarially Determined Contribution	(1,859,115)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 7,036,302
Contributions as a Percentage of Covered-Employee Payroll	26.42%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

Note to Schedule:

Note to Schedule:

Valuation Date:	June 30, 2012
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	For details, see June 30, 2012 funding valuation report
Remaining amortization period	15 years
Assets valuation method	Actuarial value of assets
Inflation	2.75%
Salary Increases	Varies by entry age and service
Investment rate of return	7.50% net of pension plan investment and
Retirement age	The probabilities of retirement are based on the 2010
Mortality	The probabilities of mortality are based on the 2010

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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, 2015

	<u>Special Revenue Funds</u>			
	<u>Gas Tax</u>	<u>TransNet</u>	<u>Sundry Grants</u>	<u>Public Safety</u>
Assets:				
Cash and investments	\$ 1,592,544	\$ 157,215	\$ 30,400	\$ 290,226
Accounts, grants, and taxes receivable	-	-	84,264	-
Total Assets	<u>\$ 1,592,544</u>	<u>\$ 157,215</u>	<u>\$ 114,664</u>	<u>\$ 290,226</u>
Liabilities, Deferred inflows of resources and Fund Balances:				
Liabilities:				
Accounts payable	\$ 14,924	\$ 96,736	\$ 103	\$ -
Unearned revenues	-	-	14,910	-
Deposits payable	-	-	-	-
Due to other funds	-	-	83,116	-
Total Liabilities	<u>14,924</u>	<u>96,736</u>	<u>98,129</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Total Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	1,577,620	60,479	16,535	290,226
Assigned	-	-	-	-
Total Fund Balances	<u>1,577,620</u>	<u>60,479</u>	<u>16,535</u>	<u>290,226</u>
Total Liabilities, Deferred inflows of resources and Fund Balances	<u>\$ 1,592,544</u>	<u>\$ 157,215</u>	<u>\$ 114,664</u>	<u>\$ 290,226</u>

CITY OF CORONADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Library	Community Development Block Grant	Affordable Housing	Coronado Tidelands
Assets:				
Cash and investments	\$ 262,009	\$ -	\$ 937,699	\$ 2,168,628
Accounts, grants, and taxes receivable	1,063	8,125	-	80,650
Total Assets	\$ 263,072	\$ 8,125	\$ 937,699	\$ 2,249,278
Liabilities, Deferred inflows of resources and Fund Balances:				
Liabilities:				
Accounts payable	\$ 4,190	\$ -	\$ -	\$ 35,377
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	43,226
Due to other funds	-	8,125	-	-
Total Liabilities	4,190	8,125	-	78,603
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Total Deferred inflows of resources	-	-	-	-
Fund Balances:				
Restricted	258,882	-	937,699	2,170,675
Assigned	-	-	-	-
Total Fund Balances	258,882	-	937,699	2,170,675
Total Liabilities, Deferred inflows of resources and Fund Balances	\$ 263,072	\$ 8,125	\$ 937,699	\$ 2,249,278

CITY OF CORONADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	
	Coronado Tourism Improvement District	Capital Improvement Fund	A.B. Fry Trust	Harlow Memorial Rose Garden Trust
Assets:				
Cash and investments	\$ 210	\$ 3,643,660	\$ 5,978	\$ 9,461
Accounts, grants, and taxes receivable	-	53,367	-	-
Total Assets	\$ 210	\$ 3,697,027	\$ 5,978	\$ 9,461
Liabilities, Deferred inflows of resources and Fund Balances:				
Liabilities:				
Accounts payable	\$ 210	\$ 191,067	\$ -	\$ -
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	2,183	-	-
Total Liabilities	210	193,250	-	-
Deferred inflows of resources:				
Unavailable revenues	-	1,184	-	-
Total Deferred inflows of resources	-	1,184	-	-
Fund Balances:				
Restricted	-	-	5,978	9,461
Assigned	-	3,502,593	-	-
Total Fund Balances	-	3,502,593	5,978	9,461
Total Liabilities, Deferred inflows of resources and Fund Balances	\$ 210	\$ 3,697,027	\$ 5,978	\$ 9,461

CITY OF CORONADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>Permanent Funds</u>		
	<u>Reynolds Endowment</u>	<u>Pauline Freedman Bequest</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and investments	\$ 28,908	\$ 34,808	\$ 9,161,746
Accounts, grants, and taxes receivable	-	-	227,469
Total Assets	<u>\$ 28,908</u>	<u>\$ 34,808</u>	<u>\$ 9,389,215</u>
Liabilities, Deferred inflows of resources and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ 1,445	\$ 344,052
Unearned revenues	-	-	14,910
Deposits payable	-	-	43,226
Due to other funds	-	-	93,424
Total Liabilities	<u>-</u>	<u>1,445</u>	<u>495,612</u>
Deferred inflows of resources:			
Unavailable revenues	-	-	1,184
Total Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,184</u>
Fund Balances:			
Restricted	28,908	33,363	5,389,826
Assigned	-	-	3,502,593
Total Fund Balances	<u>28,908</u>	<u>33,363</u>	<u>8,892,419</u>
Total Liabilities, Deferred inflows of resources and Fund Balances	<u>\$ 28,908</u>	<u>\$ 34,808</u>	<u>\$ 9,389,215</u>

CITY OF CORONADO

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	Gas Tax	TransNet	Sundry Grants	Public Safety
Revenues:				
Intergovernmental	\$ 681,820	\$ 275,000	\$ 145,704	\$ 68,778
Charges for services	-	24,273	-	-
Use of money and property	8,142	351	150	1,396
Miscellaneous	-	-	-	-
Total Revenues	689,962	299,624	145,854	70,174
Expenditures:				
Current:				
Public safety	-	-	41,985	46,190
Culture and leisure	-	-	-	-
Construction and maintenance	338,183	119,976	-	-
Capital outlay	286,596	207,873	87,409	36,603
Total Expenditures	624,779	327,849	129,394	82,793
Excess (Deficiency) of Revenues Over (Under) Expenditures	65,183	(28,225)	16,460	(12,619)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(6,600)	(3,300)	-	-
Total Other Financing Sources (Uses)	(6,600)	(3,300)	-	-
Net Change in Fund Balances	58,583	(31,525)	16,460	(12,619)
Fund Balances, Beginning of Year	1,519,037	92,004	75	302,845
Fund Balances, End of Year	\$ 1,577,620	\$ 60,479	\$ 16,535	\$ 290,226

CITY OF CORONADO

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Library	Community Development Block Grant	Affordable Housing	Coronado Tidelands
Revenues:				
Intergovernmental	\$ -	\$ 215,970	\$ 175,000	\$ -
Charges for services	43,899	-	-	-
Use of money and property	1,021	-	4,628	1,324,139
Miscellaneous	63,373	8,325	-	-
Total Revenues	108,293	224,295	179,628	1,324,139
Expenditures:				
Current:				
Public safety	-	-	-	-
Culture and leisure	149,501	-	-	-
Construction and maintenance	-	-	-	797,366
Capital outlay	-	151,345	-	-
Total Expenditures	149,501	151,345	-	797,366
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,208)	72,950	179,628	526,773
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	(600)
Total Other Financing Sources (Uses)	-	-	-	(600)
Net Change in Fund Balances	(41,208)	72,950	179,628	526,173
Fund Balances, Beginning of Year	300,090	(72,950)	758,071	1,644,502
Fund Balances, End of Year	\$ 258,882	\$ -	\$ 937,699	\$ 2,170,675

CITY OF CORONADO

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	
	Coronado Tourism Improvement District	Capital Improvement Fund	A.B. Fry Trust	Harlow Memorial Rose Garden Trust
Revenues:				
Intergovernmental	\$ -	\$ 58,988	\$ -	\$ -
Charges for services	-	-	-	-
Use of money and property	-	-	32	53
Miscellaneous	109	3,160	-	-
Total Revenues	109	62,148	32	53
Expenditures:				
Current:				
Public safety	-	-	-	-
Culture and leisure	-	-	-	2,950
Construction and maintenance	-	18,908	-	-
Capital outlay	-	1,207,305	-	-
Total Expenditures	-	1,226,213	-	2,950
Excess (Deficiency) of Revenues Over (Under) Expenditures	109	(1,164,065)	32	(2,897)
Other Financing Sources (Uses):				
Transfers in	-	1,212,400	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	1,212,400	-	-
Net Change in Fund Balances	109	48,335	32	(2,897)
Fund Balances, Beginning of Year	(109)	3,454,258	5,946	12,358
Fund Balances, End of Year	\$ -	\$ 3,502,593	\$ 5,978	\$ 9,461

CITY OF CORONADO

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Permanent Funds		Total Governmental Funds
	Reynolds Endowment	Pauline Freedman Bequest	
Revenues:			
Intergovernmental	\$ -	\$ -	\$ 1,621,260
Charges for services	-	-	68,172
Use of money and property	156	239	1,340,307
Miscellaneous	-	195	75,162
Total Revenues	156	434	3,104,901
Expenditures:			
Current:			
Public safety	-	-	88,175
Culture and leisure	-	30,645	183,096
Construction and maintenance	-	-	1,274,433
Capital outlay	-	-	1,977,131
Total Expenditures	-	30,645	3,522,835
Excess (Deficiency) of Revenues Over (Under) Expenditures	156	(30,211)	(417,934)
Other Financing Sources (Uses):			
Transfers in	-	-	1,212,400
Transfers out	-	-	(10,500)
Total Other Financing Sources (Uses)	-	-	1,201,900
Net Change in Fund Balances	156	(30,211)	783,966
Fund Balances, Beginning of Year	28,752	63,574	8,108,453
Fund Balances, End of Year	\$ 28,908	\$ 33,363	\$ 8,892,419

CITY OF CORONADO

BUDGETARY COMPARISON SCHEDULE

GAS TAX

YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,519,037	\$ 1,519,037	\$ 1,519,037	\$ -
Resources (Inflows):				
Intergovernmental	682,000	682,000	681,820	(180)
Use of money and property	3,700	3,700	8,142	4,442
Amounts Available for Appropriations	2,204,737	2,204,737	2,208,999	4,262
Charges to Appropriation (Outflow):				
Public services	423,727	423,727	338,183	85,544
Capital outlay	1,256,890	1,246,890	286,596	960,294
Transfers out	-	-	6,600	(6,600)
Total Charges to Appropriations	1,680,617	1,670,617	631,379	1,039,238
Budgetary Fund Balance, June 30	\$ 524,120	\$ 534,120	\$ 1,577,620	\$ 1,043,500

CITY OF CORONADO

BUDGETARY COMPARISON SCHEDULE

TRANSNET

YEAR ENDED JUNE 30, 2015

	<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	\$ 92,004	\$ 92,004	\$ 92,004	\$ -
Resources (Inflows):				
Intergovernmental	558,000	558,000	275,000	(283,000)
Charges for services	-	-	24,273	24,273
Use of money and property	100	100	351	251
Amounts Available for Appropriations	650,104	650,104	391,628	(258,476)
Charges to Appropriation (Outflow):				
Public services	136,246	136,246	119,976	16,270
Capital outlay	1,052,429	1,052,429	207,873	844,556
Transfers out	-	-	3,300	(3,300)
Total Charges to Appropriations	1,188,675	1,188,675	331,149	857,526
Budgetary Fund Balance, June 30	\$ (538,571)	\$ (538,571)	\$ 60,479	\$ 599,050

CITY OF CORONADO

BUDGETARY COMPARISON SCHEDULE
 SUNDRY GRANTS
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 75	\$ 75	\$ 75	\$ -
Resources (Inflows):				
Intergovernmental	191,304	191,304	145,704	(45,600)
Use of money and property	-	-	150	150
Amounts Available for Appropriations	191,379	191,379	145,929	(45,450)
Charges to Appropriation (Outflow):				
Police	103,895	103,895	41,985	61,910
Capital outlay	87,409	87,409	87,409	-
Total Charges to Appropriations	191,304	191,304	129,394	61,910
Budgetary Fund Balance, June 30	\$ 75	\$ 75	\$ 16,535	\$ 16,460

CITY OF CORONADO

**BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 302,845	\$ 302,845	\$ 302,845	\$ -
Resources (Inflows):				
Intergovernmental	33,500	33,500	68,778	35,278
Use of money and property	900	900	1,396	496
Amounts Available for Appropriations	337,245	337,245	373,019	35,774
Charges to Appropriation (Outflow):				
Police	59,000	59,000	46,190	12,810
Capital outlay	54,000	54,000	36,603	17,397
Total Charges to Appropriations	113,000	113,000	82,793	30,207
Budgetary Fund Balance, June 30	\$ 224,245	\$ 224,245	\$ 290,226	\$ 65,981

CITY OF CORONADO

BUDGETARY COMPARISON SCHEDULE
 LIBRARY
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 300,090	\$ 300,090	\$ 300,090	\$ -
Resources (Inflows):				
Charges for services	55,000	55,000	43,899	(11,101)
Use of money and property	900	900	1,021	121
Miscellaneous	14,300	14,300	63,373	49,073
Amounts Available for Appropriations	370,290	370,290	408,383	38,093
Charges to Appropriation (Outflow):				
Library	175,080	175,080	149,501	25,579
Total Charges to Appropriations	175,080	175,080	149,501	25,579
Budgetary Fund Balance, June 30	\$ 195,210	\$ 195,210	\$ 258,882	\$ 63,672

CITY OF CORONADO

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (72,950)	\$ (72,950)	\$ (72,950)	\$ -
Resources (Inflows):				
Intergovernmental	-	-	215,970	215,970
Miscellaneous	-	-	8,325	8,325
Amounts Available for Appropriation	<u>(72,950)</u>	<u>(72,950)</u>	<u>151,345</u>	<u>224,295</u>
Charges to Appropriation (Outflow):				
Capital outlay	215,665	215,665	151,345	64,320
Total Charges to Appropriations	<u>215,665</u>	<u>215,665</u>	<u>151,345</u>	<u>64,320</u>
Budgetary Fund Balance, June 30	<u>\$ (288,615)</u>	<u>\$ (288,615)</u>	<u>\$ -</u>	<u>\$ 288,615</u>

CITY OF CORONADO

BUDGETARY COMPARISON SCHEDULE
 CORONADO TIDELANDS
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,644,502	\$ 1,644,502	\$ 1,644,502	\$ -
Resources (Inflows):				
Use of money and property	1,263,100	1,263,100	1,324,139	61,039
Miscellaneous	-	-	-	-
Amounts Available for Appropriations	2,907,602	2,907,602	2,968,641	61,039
Charges to Appropriation (Outflow):				
Public services	866,408	866,408	797,366	69,042
Transfers out	-	-	600	(600)
Total Charges to Appropriations	866,408	866,408	797,966	68,442
Budgetary Fund Balance, June 30	\$ 2,041,194	\$ 2,041,194	\$ 2,170,675	\$ 129,481

CITY OF CORONADO

BUDGETARY COMPARISON SCHEDULE
 CORONADO TOURISM IMPROVEMENT DISTRICT
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (109)	\$ (109)	\$ (109)	\$ -
Resources (Inflows):				
Taxes	573,300	573,300	-	(573,300)
Miscellaneous	-	-	109	109
Amounts Available for Appropriations	573,191	573,191	-	(573,191)
Charges to Appropriation (Outflow):				
City Manager	573,300	573,300	-	573,300
Total Charges to Appropriations	573,300	573,300	-	573,300
Budgetary Fund Balance, June 30	\$ (109)	\$ (109)	\$ -	\$ 109

CITY OF CORONADO

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,454,258	\$ 3,454,258	\$ 3,454,258	\$ -
Resources (Inflows):				
Intergovernmental	-	-	58,988	58,988
Developer participation	-	-	-	-
Miscellaneous	-	-	3,160	3,160
Transfers in	1,094,000	1,212,400	1,212,400	-
Amounts Available for Appropriations	4,548,258	4,666,658	4,728,806	62,148
Charges to Appropriation (Outflow):				
Public services	96,892	96,892	18,908	77,984
Capital outlay	5,028,527	5,207,427	1,207,305	4,000,122
Total Charges to Appropriations	5,125,419	5,304,319	1,226,213	4,078,106
Budgetary Fund Balance, June 30	\$ (577,161)	\$ (637,661)	\$ 3,502,593	\$ 4,140,254

CITY OF CORONADO

**BUDGETARY COMPARISON SCHEDULE
HARLOW MEMORIAL ROSE GARDEN TRUST
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 12,358	\$ 12,358	\$ 12,358	\$ -
Resources (Inflows):				
Use of money and property	-	-	53	53
Amounts Available for Appropriation	12,358	12,358	12,411	53
Charges to Appropriation (Outflow):				
Library	4,000	4,000	2,950	1,050
Total Charges to Appropriations	4,000	4,000	2,950	1,050
Budgetary Fund Balance, June 30	\$ 8,358	\$ 8,358	\$ 9,461	\$ 1,103

CITY OF CORONADO

BUDGETARY COMPARISON SCHEDULE
 PAULINE FREEDMAN BEQUEST
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 63,574	\$ 63,574	\$ 63,574	\$ -
Resources (Inflows):				
Use of money and property	-	-	239	239
Miscellaneous	-	-	195	195
Amounts Available for Appropriations	63,574	63,574	64,008	434
Charges to Appropriation (Outflow):				
Library	31,247	31,247	30,645	602
Total Charges to Appropriations	31,247	31,247	30,645	602
Budgetary Fund Balance, June 30	\$ 32,327	\$ 32,327	\$ 33,363	\$ 1,036

CITY OF CORONADO

**COMBINING STATEMENT OF NET POSITION
ALL AGENCY FUNDS
JUNE 30, 2015**

	<u>Agency Fund</u>	<u>Coronado Healthy Children's</u>	<u>CTID</u>	<u>Totals</u>
Assets:				
Pooled cash and investments	\$ 79,227	\$ 284,514	\$ 50,110	\$ 413,851
Total Assets	\$ 79,227	\$ 284,514	\$ 50,110	\$ 413,851
Liabilities:				
Accounts payable	\$ 77	\$ 105,914	\$ 50,110	\$ 156,101
Deposits payable	79,150	-	-	79,150
Due to other governments	-	178,600	-	178,600
Total Liabilities	\$ 79,227	\$ 284,514	\$ 50,110	\$ 413,851

CITY OF CORONADO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2015

	Balance 7/1/2014	Additions	Deductions	Balance 6/30/2015
<u>Agency Fund</u>				
Assets:				
Pooled cash and investments	\$ 16,813	\$ 168,309	\$ 105,895	\$ 79,227
Total Assets	\$ 16,813	\$ 168,309	\$ 105,895	\$ 79,227
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 84,132	\$ 84,055	\$ 77
Deposits payable	16,813	169,018	106,681	79,150
Total Liabilities	\$ 16,813	\$ 253,150	\$ 190,736	\$ 79,227
<u>Coronado Healthy Children's Initiative</u>				
Assets:				
Pooled cash and investments	\$ 326,590	\$ 330,590	\$ 372,666	\$ 284,514
Total Assets	\$ 326,590	\$ 330,590	\$ 372,666	\$ 284,514
Liabilities:				
Accounts payable	\$ 147,990	\$ 330,591	\$ 372,667	\$ 105,914
Due to other governments	178,600	330,590	330,590	178,600
Total Liabilities	\$ 326,590	\$ 661,181	\$ 703,257	\$ 284,514
<u>CTID</u>				
Assets:				
Pooled cash and investments	\$ -	\$ 50,110	\$ -	\$ 50,110
Total Assets	\$ -	\$ 50,110	\$ -	\$ 50,110
Liabilities:				
Accounts payable	\$ -	\$ 50,110	\$ -	\$ 50,110
Total Liabilities	\$ -	\$ 50,110	\$ -	\$ 50,110
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 343,403	\$ 549,009	\$ 478,561	\$ 413,851
Total Assets	\$ 343,403	\$ 549,009	\$ 478,561	\$ 413,851
Liabilities:				
Accounts payable	\$ 147,990	\$ 464,833	\$ 456,722	\$ 156,101
Deposits payable	16,813	169,018	106,681	79,150
Due to other governments	178,600	330,590	330,590	178,600
Total Liabilities	\$ 343,403	\$ 964,441	\$ 893,993	\$ 413,851

CITY OF CORONADO

**SUPPORTING SCHEDULE OF EXPENSES BY DIVISION
STORM DRAIN ENTERPRISE FUND
YEAR ENDED JUNE 30, 2015**

	<u>Operations</u>	<u>NPDES Compliance</u>	<u>Total</u>
OPERATING EXPENSES:			
Operations:			
Personnel services	\$ 39,997	\$ 369,985	\$ 409,982
Utilities	23,451	-	23,451
Maintenance and repairs	23,231	60,007	83,238
Administration	3,348	27,561	30,909
Contract services	20,771	269,797	290,568
Depreciation	207,823	-	207,823
Amortization	205,350	-	205,350
Total Operating Expenses	<u>523,971</u>	<u>727,350</u>	<u>1,251,321</u>
NON-OPERATING EXPENSES			
Interest expense	<u>73,649</u>	<u>34,698</u>	<u>108,347</u>
Total Non-Operating Expenses	<u>73,649</u>	<u>34,698</u>	<u>108,347</u>
TOTAL EXPENSES	<u>\$ 597,620</u>	<u>\$ 762,048</u>	<u>\$ 1,359,668</u>

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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**

	2006	2007	2008	2009
Governmental activities:				
Net investment in capital assets	\$71,249,519	\$71,798,747	\$71,121,776	\$75,377,755
Restricted	22,581,484	15,758,071	21,179,344	25,039,493
Unrestricted	(21,829,910)	(18,088,878)	(6,332,886)	(9,434,601)
Total governmental activities net position	<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	\$23,933,523	\$31,829,534	\$32,172,011	\$32,246,814
Restricted	309,028	312,313	309,386	308,257
Unrestricted	17,695,538	10,572,613	10,114,328	9,740,720
Total business-type activities net position	<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	\$95,183,042	\$103,628,281	\$103,293,787	\$107,624,569
Restricted	22,890,512	16,070,384	21,488,730	25,347,750
Unrestricted	(4,134,372)	(7,516,265)	3,781,442	306,119
Total primary government net position	<u>\$113,939,182</u>	<u>\$112,182,400</u>	<u>\$128,563,959</u>	<u>\$133,278,438</u>

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

2010	2011	2012	2013	2014	2015
\$66,364,036	\$69,736,412	\$121,291,074	\$119,100,233	\$117,186,363	\$116,205,185
19,798,356	17,354,463	13,896,922	15,124,191	16,272,773	15,034,923
(5,577,020)	90,385	61,543,192	63,666,986	77,954,474	75,817,464
<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>	<u>\$207,057,572</u>
\$31,971,269	\$31,843,098	\$32,700,749	\$32,145,734	\$31,788,279	\$36,386,056
309,924	370,501	370,500	362,875	364,325	-
9,290,208	8,715,680	7,091,441	6,824,050	6,225,082	7,247,527
<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>	<u>\$43,633,583</u>
\$98,335,305	\$101,579,510	\$153,991,823	\$151,245,967	\$148,974,642	\$152,591,241
20,108,280	17,724,964	14,267,422	15,487,066	16,637,098	15,034,923
3,713,188	8,806,065	68,634,633	70,491,036	84,179,556	83,064,991
<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>	<u>\$250,691,155</u>

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

TABLE 2

	Fiscal Year				
	2006	2007	2008	2009	2010
EXPENSES:					
Governmental activities:					
General Government	\$ 6,358,297	\$ 6,287,909	\$ 7,487,938	\$ 7,106,835	\$ 6,254,738
Public Safety	13,114,599	13,450,560	15,379,868	15,900,846	16,852,105
Construction and Maintenance	6,929,368	8,282,074	8,335,927	7,431,491	7,621,963
Planning and Building Services	2,337,615	3,768,864	2,327,450	2,350,733	2,396,214
Housing	-	-	-	-	-
Tidelands	-	-	-	-	-
Culture and Leisure	7,617,924	7,631,552	6,760,715	7,210,351	7,828,714
Redevelopment	24,078,289	18,617,465	5,951,373	12,868,307	7,749,621
Transportation	524,613	180,282	166,203	257,578	1,119,770
Interest on long-term debt	6,698,240	7,985,746	9,209,339	8,834,971	8,739,545
Total governmental activities expenses	<u>67,658,945</u>	<u>66,204,452</u>	<u>55,618,813</u>	<u>61,961,112</u>	<u>58,562,670</u>
Business-type activities:					
Wastewater	3,554,338	4,131,862	4,822,978	4,329,311	5,293,312
Golf	3,027,773	2,463,820	2,535,984	2,652,380	2,615,495
Storm Drain	861,386	919,911	1,092,367	1,084,267	978,258
Total business-type activities expenses	<u>7,443,497</u>	<u>7,515,593</u>	<u>8,451,329</u>	<u>8,065,958</u>	<u>8,887,065</u>
Total primary government expenses	<u>75,102,442</u>	<u>73,720,045</u>	<u>64,070,142</u>	<u>70,027,070</u>	<u>67,449,735</u>
PROGRAM REVENUES:					
Governmental activities:					
Charges for services:					
General government	1,031,836	1,013,988	1,913,061	2,737,294	1,212,868
Public safety	1,475,156	1,494,310	1,979,241	1,848,608	1,986,739
Construction and maintenance	1,324,375	2,284,943	1,509,316	68,757	80,376
Planning and building services	517,703	631,907	1,297,633	1,240,777	954,580
Housing	-	-	-	-	-
Tidelands	-	-	-	-	-
Culture and leisure	2,084,209	2,852,174	2,484,032	2,588,212	2,692,236
Transportation	35,495	11,209	56,692	246,927	245,138
Operating grants and contributions	572,498	722,894	3,530,617	1,517,919	1,996,763
Capital grants and contributions	4,734,728	4,340,274	4,931,335	3,188,897	1,228,833
Total governmental activities program revenues	<u>11,776,000</u>	<u>13,351,699</u>	<u>17,701,927</u>	<u>13,437,391</u>	<u>10,397,533</u>
Business type activities:					
Charges for services:					
Wastewater	4,514,016	4,464,624	4,599,167	4,500,736	4,852,703
Golf	3,074,764	2,403,365	2,453,314	2,322,614	2,485,668
Storm Drain	599,276	551,951	561,545	558,728	554,394
Capital grants and contributions	-	-	-	-	-
Total business type activities program revenues	<u>8,188,056</u>	<u>7,419,940</u>	<u>7,614,026</u>	<u>7,382,078</u>	<u>7,892,765</u>
Total primary government program revenues	<u>19,964,056</u>	<u>20,771,639</u>	<u>25,315,953</u>	<u>20,819,469</u>	<u>18,290,298</u>

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Net revenues (expenses):					
Governmental activities	(55,882,945)	(52,852,753)	(37,916,886)	(48,523,721)	(48,165,137)
Business-type activities	744,559	(95,653)	(837,303)	(683,880)	(994,300)
Total net revenue (expenses)	<u>(55,138,386)</u>	<u>(52,948,406)</u>	<u>(38,754,189)</u>	<u>(49,207,601)</u>	<u>(49,159,437)</u>
GENERAL REVENUE AND OTHER CHANGES IN NET ASSETS:					
Governmental Activities:					
Taxes:					
Property Taxes	15,486,986	17,270,604	18,721,615	19,890,646	20,388,360
Sales and use taxes	2,473,995	2,733,353	2,718,146	2,671,278	2,434,673
Transient occupancy taxes	8,714,097	9,066,467	10,175,686	8,492,359	7,623,458
Tax increment	11,310,899	12,550,252	13,865,003	15,285,226	10,700,033
Franchise & Other taxes	1,971,631	1,388,420	1,320,879	1,264,916	1,283,177
Use of Money and Property	3,949,255	5,908,480	7,396,574	5,629,071	3,396,954
Gain on disposal of capital assets	5,427,747	-	-	-	-
Other	1,328,072	1,402,024	219,277	304,638	771,260
Extraordinary gain and special items	-	-	-	-	-
Transfers	-	-	-	-	-
Total governmental activities	<u>50,662,682</u>	<u>50,319,600</u>	<u>54,417,180</u>	<u>53,538,134</u>	<u>46,597,915</u>
Business type activities:					
Use of Money and Property	518,300	872,024	704,160	449,513	176,885
Gain on sale of capital assets	-	-	-	805	-
Other	-	-	37,577	-	93,025
Extraordinary gain and special items	-	-	-	-	-
Transfers	-	-	-	-	-
Total business type activities	<u>518,300</u>	<u>872,024</u>	<u>741,737</u>	<u>450,318</u>	<u>269,910</u>
Total primary government	<u>51,180,982</u>	<u>51,191,624</u>	<u>55,158,917</u>	<u>53,988,452</u>	<u>46,867,825</u>
Changes in net position					
Government activities	(5,220,263)	(2,533,153)	16,500,294	5,014,413	(1,567,222)
Business-type activities	744,559	(95,653)	(95,566)	(233,562)	(724,390)
Total primary government	<u>\$ (4,475,704)</u>	<u>\$ (2,628,806)</u>	<u>\$ 16,404,728</u>	<u>\$ 4,780,851</u>	<u>\$ (2,291,612)</u>

CHANGES IN NET POSITION

TABLE 2
(Continued)

	Fiscal Year				
	2011	2012	2013	2014	2015
EXPENSES:					
Governmental activities:					
General Government	\$ 7,275,657	\$ 8,681,035	\$ 9,858,855	\$ 9,556,425	\$ 10,216,886
Public Safety	17,770,095	17,295,703	17,985,358	16,690,039	18,206,809
Construction and Maintenance	6,891,876	7,978,819	9,096,381	7,316,660	7,672,654
Planning and Building Services	2,785,408	1,477,242	1,884,181	1,504,159	1,898,035
Housing	-	937,088	316,829	346,510	345,684
Tidelands	-	-	-	-	910,470
Culture and Leisure	7,712,588	10,392,899	9,383,173	8,537,869	7,960,184
Redevelopment	7,709,241	2,086,220	-	-	-
Transportation	365,972	166,989	149,139	172,114	178,076
Interest on long-term debt	8,754,047	3,268,671	1,313	1,928	993
Total governmental activities expenses	<u>59,264,884</u>	<u>52,284,666</u>	<u>48,675,229</u>	<u>44,125,704</u>	<u>47,389,791</u>
Business-type activities:					
Wastewater	4,897,242	4,713,603	5,098,978	5,178,414	5,584,621
Golf	2,721,296	2,781,782	3,282,119	3,186,013	3,136,398
Storm Drain	1,144,343	1,184,354	1,086,571	1,015,595	1,359,668
Total business-type activities expenses	<u>8,762,881</u>	<u>8,679,739</u>	<u>9,467,668</u>	<u>9,380,022</u>	<u>10,080,687</u>
Total primary government expenses	<u>68,027,765</u>	<u>60,964,405</u>	<u>58,142,897</u>	<u>53,505,726</u>	<u>57,470,478</u>
PROGRAM REVENUES:					
Governmental activities:					
Charges for services:					
General government	1,273,611	1,433,633	1,670,353	663,566	1,634,874
Public safety	1,812,612	1,946,631	2,392,406	2,435,992	1,226,901
Construction and maintenance	67,294	57,346	74,088	64,059	27,433
Planning and building services	1,107,328	840,636	1,195,851	1,455,130	1,582,416
Housing	-	454,523	395,645	415,690	376,923
Tidelands	-	-	-	-	1,313,307
Culture and leisure	3,336,808	3,117,628	3,857,380	3,971,855	3,761,653
Transportation	76,783	48,814	17,041	145,737	18,527
Operating grants and contributions	6,493,025	2,412,854	1,822,333	1,628,079	2,243,153
Capital grants and contributions	884,371	3,229,148	1,115,995	468,816	342,636
Total governmental activities program revenues	<u>15,051,832</u>	<u>13,541,213</u>	<u>12,541,092</u>	<u>11,248,924</u>	<u>12,527,823</u>
Business type activities:					
Charges for services:					
Wastewater	4,408,455	4,393,139	4,391,249	4,790,582	5,620,922
Golf	2,690,413	2,710,735	2,829,920	3,062,117	3,003,543
Storm Drain	552,798	551,665	556,556	568,300	573,055
Capital grants and contributions	-	-	-	-	-
Total business type activities program revenues	<u>7,651,666</u>	<u>7,655,539</u>	<u>7,777,725</u>	<u>8,420,999</u>	<u>9,197,520</u>
Total primary government program revenues	<u>22,703,498</u>	<u>21,196,752</u>	<u>20,318,817</u>	<u>19,669,923</u>	<u>21,725,343</u>

CHANGES IN NET POSITION

TABLE 2
(Continued)

	Fiscal Year				
	2011	2012	2013	2014	2015
Net revenues (expenses):					
Governmental activities	(44,213,052)	(38,743,453)	(36,134,137)	(32,876,780)	(34,861,968)
Business-type activities	(1,111,215)	(1,024,200)	(1,689,943)	(959,023)	(883,167)
Total net revenue (expenses)	<u>(45,324,267)</u>	<u>(39,767,653)</u>	<u>(37,824,080)</u>	<u>(33,835,803)</u>	<u>(35,745,135)</u>
GENERAL REVENUE AND OTHER CHANGES IN NET ASSETS:					
Governmental Activities:					
Taxes:					
Property Taxes	20,399,652	21,081,690	22,442,077	23,186,424	24,557,604
Sales and use taxes	2,651,969	2,746,600	2,986,179	3,258,208	3,493,272
Transient occupancy taxes	8,320,109	8,902,884	10,366,260	12,442,925	13,763,729
Tax increment	14,735,901	8,182,488	-	-	-
Franchise & Other taxes	1,591,312	1,255,747	1,220,132	1,476,654	1,606,790
Use of Money and Property	3,191,902	2,912,378	687,615	645,280	118,868
Gain on disposal of capital assets	-	-	-	-	-
Other	200,236	233,311	481,134	237,572	74,564
Extraordinary gain and special items	-	109,238,474	-	-	21,868,662
Transfers	-	-	(889,038)	70,500	68,300
Total governmental activities	<u>51,091,081</u>	<u>154,553,572</u>	<u>37,294,359</u>	<u>41,317,563</u>	<u>65,551,789</u>
Business type activities:					
Use of Money and Property	143,371	86,264	26,291	60,921	66,018
Gain on sale of capital assets	2,671	8,508	40,393	800	2,250
Other	323,051	162,839	1,000	12,829	2,504,661
Extraordinary gain and special items	-	-	-	-	7,102,369
Transfers	-	-	889,038	(70,500)	(68,300)
Total business type activities	<u>469,093</u>	<u>257,611</u>	<u>956,722</u>	<u>4,050</u>	<u>9,606,998</u>
Total primary government	<u>51,560,174</u>	<u>154,811,183</u>	<u>38,251,081</u>	<u>41,321,613</u>	<u>75,158,787</u>
Changes in net position					
Government activities	6,878,029	115,810,119	1,160,222	8,440,783	30,689,821
Business-type activities	(642,122)	(766,589)	(733,221)	(954,973)	8,723,831
Total primary government	<u>\$ 6,235,907</u>	<u>\$ 115,043,530</u>	<u>\$ 427,001</u>	<u>\$ 7,485,810</u>	<u>\$ 39,413,652</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
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
2014-2015	24,557,604	3,493,272	13,763,729	-	1,606,790	43,421,395

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

	2006	2007	2008	2009	2010
General fund:					
Reserved	\$ 33,722,809	\$ 78,471,611	\$ 37,782,769	\$ 43,393,993	\$ 48,573,793
Unreserved	37,124,818	416,333	47,538,127	45,090,732	43,477,872
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	<u>70,847,627</u>	<u>78,887,944</u>	<u>85,320,896</u>	<u>88,484,725</u>	<u>92,051,665</u>
All other governmental funds:					
Reserved	60,419,490	44,501,696	11,155,472	12,501,722	8,923,606
Unreserved, reported in:					
Special revenue funds	5,009,361	(3,330,452)	2,407,040	3,065,909	3,229,110
Debt service funds	(33,188,560)	(26,575,033)	(14,979,005)	(16,914,603)	(22,766,802)
Capital projects funds	(421,859)	11,058	23,142,957	12,472,063	9,743,488
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>31,818,432</u>	<u>14,607,269</u>	<u>21,726,464</u>	<u>11,125,091</u>	<u>(870,598)</u>
Total Governmental funds	<u>\$ 102,666,059</u>	<u>\$ 93,495,213</u>	<u>\$ 107,047,360</u>	<u>\$ 99,609,816</u>	<u>\$ 91,181,067</u>

FUND BALANCES OF GOVERNMENTAL FUNDS

TABLE 4
(CONTINUED)

	2011	2012	2013	2014	2015
General fund:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	43,657,114	6,377,975	6,943,163	7,232,670	4,130,959
Restricted	241,117	210,848	195,264	210,558	210,294
Committed	10,076,000	10,316,000	10,629,000	11,047,000	11,068,000
Assigned	6,603,730	13,073,680	15,413,121	19,334,284	24,015,402
Unassigned	32,788,055	36,387,600	34,927,045	39,983,327	36,870,315
Total general fund	<u>93,366,016</u>	<u>66,366,103</u>	<u>68,107,593</u>	<u>77,807,839</u>	<u>76,294,970</u>
All other governmental funds:					
Reserved	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable	6,461	3,461	3,461	3,461	-
Restricted	17,109,885	13,716,648	14,928,927	16,062,215	14,824,629
Committed	3,452,907	-	-	-	-
Assigned	(29,309,906)	2,614,073	2,840,145	3,465,428	5,080,752
Unassigned	-	-	-	(84,229)	-
Total all other governmental funds	<u>(8,740,653)</u>	<u>16,334,182</u>	<u>17,772,533</u>	<u>19,446,875</u>	<u>19,905,381</u>
Total Governmental funds	<u>\$ 84,625,363</u>	<u>\$ 82,700,285</u>	<u>\$ 85,880,126</u>	<u>\$ 97,254,714</u>	<u>\$ 96,200,351</u>

Notes:

(1) In FY 2010-11 the City implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned. FY 2009-10 fund balances have recharacterized to comply with GASB 54 in order to facilitate year-to-year comparisons.

(2) Substantial increases or decreases in fund balance components are explained in the Management Discussion and Analysis (MD&A).

**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
TABLE 5**

	Fiscal Year				
	2006	2007	2008	2009	2010
REVENUES:					
Taxes	\$ 39,479,106	\$ 42,871,094	\$ 46,703,352	\$ 47,520,599	\$ 42,253,794
Licenses and permits	948,078	773,324	912,230	735,650	725,780
Intergovernmental	5,281,701	5,567,247	7,576,879	2,599,632	2,313,021
Charges for current services	3,090,246	3,533,973	3,509,405	4,202,179	3,919,919
Fines and forfeitures	448,996	418,679	464,459	415,125	418,210
Use of money and property	4,983,579	7,045,755	7,056,277	5,301,481	3,069,683
Miscellaneous	6,266,773	315,946	507,831	436,101	582,407
Contributions	-	-	-	-	-
Reimbursements	8,947,991	5,952,313	4,463,487	3,963,999	1,705,449
Total revenues	<u>69,446,470</u>	<u>66,478,331</u>	<u>71,193,920</u>	<u>65,174,766</u>	<u>54,988,263</u>
EXPENDITURES:					
Current:					
General government	4,313,448	5,252,850	6,061,859	5,633,280	4,848,985
Public safety	12,735,420	13,351,847	14,512,463	14,922,767	15,869,549
Construction and maintenance	6,682,660	6,843,054	8,847,490	7,814,503	7,418,371
Planning and building services	2,311,968	3,621,709	7,456,240	14,280,442	9,351,113
Housing	-	-	-	-	-
Culture and leisure	5,293,139	6,168,911	5,512,926	5,926,166	6,417,267
Transportation	506,852	354,581	148,203	239,578	1,110,590
Capital outlay	55,331,767	33,436,246	4,839,270	12,635,667	7,119,740
Debt service:					
Bond issue costs	2,446,350	46,413	-	-	-
Principal retirement	2,298,160	453,046	2,499,858	2,660,403	2,893,552
Interest and fiscal charges	6,514,696	7,944,520	8,564,314	8,499,504	8,387,845
Total Expenditures	<u>98,434,460</u>	<u>77,473,177</u>	<u>58,442,623</u>	<u>72,612,310</u>	<u>63,417,012</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(28,987,990)</u>	<u>(10,994,846)</u>	<u>12,751,297</u>	<u>(7,437,544)</u>	<u>(8,428,749)</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	66,482,892	27,584,445	6,436,520	7,712,320	2,917,177
Operating transfers out	(66,482,892)	(27,584,445)	(6,436,520)	(7,712,320)	(2,917,177)
Other debts issued	-	-	-	-	-
Bond proceeds	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>65,467,215</u>	<u>1,824,000</u>	<u>800,850</u>	<u>-</u>	<u>-</u>
Extraordinary gain/(loss)	-	-	-	-	-
Special item	-	-	-	-	-
NET CHANGE IN FUND BALANCES	<u>\$ 36,479,225</u>	<u>\$ (9,170,846)</u>	<u>\$ 13,552,147</u>	<u>\$ (7,437,544)</u>	<u>\$ (8,428,749)</u>
Debt service as a percentage of noncapital expenditures	26.12%	19.17%	20.64%	18.61%	20.04%

CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Continued)

	Fiscal Year				
	2011	2012	2013	2014	2015
REVENUES:					
Taxes	\$ 47,560,389	\$ 42,196,478	\$ 36,955,936	\$ 40,312,411	\$ 43,621,796
Licenses and permits	822,253	934,905	1,148,998	1,271,528	1,179,376
Intergovernmental	2,086,995	1,576,582	1,320,397	1,183,971	1,952,355
Charges for current services	4,516,753	6,180,957	5,229,524	5,331,693	5,514,599
Fines and forfeitures	366,149	383,248	460,751	409,897	369,467
Use of money and property	2,715,191	1,985,988	1,994,428	2,204,071	2,377,227
Miscellaneous	4,951,353	761,152	527,807	264,395	284,122
Contributions	-	-	-	11,277	-
Reimbursements	1,122,103	2,421,424	2,064,680	1,374,495	1,612,238
Total revenues	<u>64,141,186</u>	<u>56,440,734</u>	<u>49,702,521</u>	<u>52,363,738</u>	<u>56,911,180</u>
EXPENDITURES:					
Current:					
General government	5,925,435	6,963,814	8,373,019	8,153,760	6,502,813
Public safety	23,076,457	16,241,268	16,977,316	16,703,497	23,013,782
Construction and maintenance	6,812,318	6,914,294	8,317,718	7,108,606	8,877,623
Planning and building services	10,026,834	3,606,323	1,873,196	1,552,343	1,652,353
Housing	-	808,126	187,017	216,698	219,782
Culture and leisure	6,236,505	6,352,874	7,924,276	7,030,910	6,844,804
Transportation	365,972	143,343	149,139	151,825	-
Capital outlay	6,884,183	5,953,244	1,944,467	2,876,626	4,417,857
Debt service:					
Bond issue costs	-	-	-	-	-
Principal retirement	2,988,030	3,091,769	22,629	45,011	45,946
Interest and fiscal charges	8,381,156	5,077,407	1,313	1,928	993
Total Expenditures	<u>70,696,890</u>	<u>55,152,462</u>	<u>45,770,090</u>	<u>43,841,204</u>	<u>51,575,953</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,555,704)</u>	<u>1,288,272</u>	<u>3,932,431</u>	<u>8,522,534</u>	<u>5,335,227</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	3,747,804	9,671,623	1,234,229	1,591,108	1,293,500
Operating transfers out	(3,747,804)	(9,671,623)	(2,123,267)	(1,520,608)	(1,225,200)
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>(752,590)</u>	<u>70,500</u>	<u>68,300</u>
Extraordinary gain/(loss)	-	(3,213,350)	0	0	0
Special item	-	0	0	0	(6,457,890)
NET CHANGE IN FUND BALANCES	<u>\$ (6,555,704)</u>	<u>\$ (1,925,078)</u>	<u>\$ 3,179,841</u>	<u>\$ 8,593,034</u>	<u>\$ (1,054,363)</u>
Debt service as a percentage of noncapital expenditures	17.82%	16.60%	0.05%	0.11%	0.10%

**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>	<u>Recreational</u>
2006	3,844,233,340	649,970,925	14,039,804	-	8,763,927	16,780,439
2007	4,262,713,420	681,076,611	11,751,135	-	8,939,197	17,701,516
2008	4,646,145,960	742,475,862	12,190,153	-	9,035,580	20,056,489
2009	4,990,884,122	873,643,119	12,433,952	-	9,301,391	21,688,925
2010	5,266,255,573	893,416,843	12,682,627	-	9,487,415	28,114,698
2011	5,315,567,267	892,258,375	12,652,565	-	9,364,109	34,212,600
2012	5,439,624,267	830,189,531	13,506,317	-	9,265,806	37,280,122
2013	5,474,652,490	1,050,144,359	13,776,437	-	10,444,363	41,630,528
2014	5,620,861,698	1,074,712,726	15,215,436	-	10,531,938	54,574,962
2015	5,966,251,521	1,105,765,812	14,115,750	-	10,502,491	50,582,167

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

NOTE:

(1) In 1978, the voters of the State of California passed Proposition 13, which limited property taxes to a total minimum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is re-assessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available, with respect to the actual market value of taxable property, and is subject to the limitations described above.

ASSESSED VALUE OF TAXABLE PROPERTY

TABLE 6
(Continued)

<u>Fiscal Year</u>	<u>Vacant Land</u>	<u>SBE *</u> <u>Nonunitary</u>	<u>Unsecured</u>	<u>Totals</u>	<u>Total</u> <u>Direct Rate</u>
2006	28,569,398	2,808	114,706,926	4,677,067,567	0.84806%
2007	32,814,785	3,761	116,138,704	5,131,139,129	0.86182%
2008	37,470,660	-	103,332,001	5,570,706,705	0.87322%
2009	25,971,342	-	115,715,895	6,049,638,746	0.88303%
2010	27,981,395	-	117,619,267	6,355,557,818	0.88563%
2011	23,584,213	-	134,156,701	6,421,795,830	0.88533%
2012	37,400,515	-	142,877,174	6,510,143,732	0.88765%
2013	32,886,671	-	136,089,919	6,759,624,767	0.89772%
2014	18,501,322	-	131,842,410	6,926,240,492	0.30765%
2015	34,137,599	-	132,985,657	7,314,340,997	0.30767%

* State Board of Equalization

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

TABLE 7

Fiscal Year	County Base	South Bay School Bond	School District	Community College District	Sweetwater High Bond	Total Direct & Overlapping Rate	City's Share of 1% Levy Per Prop 13	Redevelopment Rate	Total Direct Rate
2006	1.00000	0.01693	0.02109	0.01505	0.02252	1.07559	0.26235	1.00000	0.84806
2007	1.00000	0.01571	0.01921	0.01405	0.02016	1.06913	0.26235	1.00000	0.86182
2008	1.00000	0.01498	0.01801	0.01253	0.04711	1.09263	0.26235	1.00000	0.87322
2009	1.00000	0.01579	0.01657	0.01320	0.04621	1.09177	0.26235	1.00000	0.88303
2010	1.00000	0.04624	0.01588	0.03442	0.05580	1.15234	0.26235	1.00000	0.88563
2011	1.00000	0.04754	0.01668	0.03635	0.05517	1.15574	0.26235	1.00000	0.88533
2012	1.00000	0.04885	0.01692	0.03308	0.06079	1.15964	0.26235	1.00000	0.88765
2013	1.00000	0.04838	0.01206	0.03753	0.05862	1.15659	0.02038	-	0.89772
2014	1.00000	0.07671	0.01197	0.03675	0.05823	1.18366	0.02038	-	0.30765
2015	1.00000	0.07631	0.01199	0.03582	0.05407	1.17819	0.02038	-	0.30767

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

NOTES:

- (1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.
- (3) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ration figures.
- (4) Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

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

Taxpayer	2015		2006	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
BSK Del Partners LLC	\$ 587,672,894	8.03%	-	0.00%
CNL Hotel del Partners LO	-	0.00%	359,824,924	7.69%
PR III Broadstone Coronado LLC	161,500,000	2.21%	-	0.00%
Coronado Commonwealth Apartments Inc	-	0.00%	-	0.00%
Host Hotels and Resorts LP	84,667,598	1.16%	90,077,400	1.93%
51st ST and 8th Avenue Corporation	81,007,331	1.11%	-	0.00%
Coronado Commonwealth Apartments Inc	-	0.00%	80,688,633	1.73%
Host Marriott LP	-	0.00%	60,750,000	1.30%
San Diego Family Housing LLC	-	0.00%	24,995,953	0.53%
Jeff and Sharon Stevens	24,714,060	0.34%	-	0.00%
Pref Coronado Plaza LLC	21,500,000	0.29%	-	0.00%
Hotel del Partners LP	18,805,126	0.26%	-	0.00%
Boden Family Investments II LLC	17,546,848	0.24%	-	0.00%
James T. Nathan and Tally Johnson	15,016,425	0.21%	-	0.00%
Invercor 901 LLC	12,372,476	0.17%	-	0.00%
Prudential Company-Generation Capital	-	0.00%	12,323,000	0.26%
SCP Coronado	-	0.00%	10,380,918	0.22%
Port Coronado Associates	-	0.00%	10,303,000	0.22%
Regatta Nay LLC	-	0.00%	9,614,214	0.21%
Paul A. Swerdlove Trust	-	0.00%	8,677,298	0.19%
Principal Taxpayers' Totals	\$ 1,024,802,758	14.01%	\$ 667,635,340	14.27%
City Totals	\$ 7,314,340,997		\$ 4,677,067,567	

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>
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%
2015	\$20,557,361	\$20,543,444	99.9%	\$4,319	\$20,547,763	100.0%

Source: Finance Section, City of Coronado Administrative Services

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

<u>Fiscal Year</u>	<u>Revenue Bond Debt</u>	<u>Capital Lease</u>	<u>Population (1)</u>	<u>Debt per Capita</u>	<u>Number of Units (2)</u>	<u>Debt per Unit</u>
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	114,287	23,176	155	11,755	306
2014	3,280,000	69,276	23,419	143	11,562	290
2015	-	23,330	23,369	1	11,562	2

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

CITY OF CORONADO

**COMPUTATION OF OVERLAPPING BONDED DEBT
JUNE 30, 2015
TABLE 11**

	Total Debt 6/30/15	% Applicable (1)	Estimated Share of Debt 6/30/15
<u>Direct Debt:</u>			
City of Coronado	\$ -	100.000%	\$ - (2)
<u>Overlapping Tax And Assessment Debt:</u>			
Southwestern Community College District	222,649,345	16.265%	36,116,326
Coronado Unified School District	10,470,000	100.000%	10,470,000
Sweetwater Union High School District	336,119,415	0.002%	6,722
South Bay Union School District	34,345,071	0.017%	5,839
Total Overlapping Tax and Assessment Debt			46,598,887
<u>Overlapping General Fund Debt:</u>			
San Diego County General Fund Obligations	351,670,000	1.746%	6,140,158
San Diego County Pension Obligations	682,615,180	1.746%	11,918,461
San Diego County Superintendent of Schools Obligations	14,732,500	1.746%	257,229
Southwestern Community College District Certificates of Participation	1,070,000	16.265%	174,036
Coronado Unified School District Certificates of Participation	8,420,000	100.000%	8,420,000
Sweetwater Union High School District General Fund Obligations	42,165,000	0.002%	843
Total Overlapping General Fund Debt			26,910,727
COMBINED TOTAL DEBT			73,509,614 (2)

(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, 2015
TABLE 12

Net assessed value of all taxable property	\$ 7,314,340,997
Conversion percentage	<u>25.00%</u>
Adjusted assessed valuation	1,828,585,249
Debt limit percentage	<u>15.00%</u>
Debt limit	274,287,787
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 274,287,787</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 provides for 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
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
2015 *	538,520	-	-	-

Source: City of Coronado Administrative Services Department

* Bond was defeased in 2014

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

Calendar Year	Population (1)	% Change	Per Capita Personal Income (2)	Labor Force (3)	Unemployment Rate (4)
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%
2015	23,369	-0.2%	48,367	8,400	2.7%

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 of report.

**PRINCIPAL EMPLOYERS (By Employee Size)
LAST NINE FISCAL YEARS
TABLE 15**

Taxpayer	2006	2007	2008
U.S. Navy (North Island Naval Air Station, et al) Military & Civilian	11,000 - 14,999	11,000 - 14,999	11,000 - 14,999
Hotel Del Coronado	1,000 - 4,999	1,000 - 4,999	1,000 - 4,999
Loews Hotels Coronado Bay Resort	500 - 999	500 - 999	500 - 999
Sharp Coronado Hospital	500 - 999	500 - 999	500 - 999
Coronado Unified School District	249-600	249-600	249-600
Marriott-Coronado Island	250-499	250-499	250-499
City of Coronado	250-499	250-499	250-499
Nascent Wine Co. Inc	-	-	-
Hair by Kelly	-	-	-
Village Elementary School	-	-	-
Peohe's Restaurant	100-249	100-249	100-249
BAE Systems (marine equip. & supplies)	100-249	100-249	100-249
Realty Executives	-	-	-

Source: City of Coronado and ReferenceUSA

TABLE 15
(Continued)

2009	2010	2011	2012	2013	2014	2015
11,000 - 14,999	11,000 - 14,999	11,000 - 14,999	11,000 - 14,999	11,000 - 14,999	11,000 - 14,999	11,000 - 14,999
1,000 - 4,999	1,000 - 4,999	1,000 - 4,999	1,000 - 4,999	1,000 - 4,999	1,000 - 4,999	1,000 - 4,999
500 - 999	500 - 999	500 - 999	500 - 999	500 - 999	500 - 999	500 - 999
500 - 999	500 - 999	500 - 999	500 - 999	500 - 999	500 - 999	500 - 999
250-600	-	-	250 - 499	250 - 499	250 - 499	250 - 499
250-499	250-499	250-499	250 - 499	250 - 499	250 - 499	250 - 499
250-499	250-499	250-499	250 - 499	250 - 499	250 - 499	250 - 499
-	-	-	-	-	-	-
-	250-499	250-499	-	-	-	100 - 249
-	100-249	100-249	-	-	-	-
100-249	100-249	100-249	100 - 249	100 - 249	100 - 249	100 - 249
100-249	100-249	100-249	100 - 249	100 - 249	100 - 249	100 - 249
-	-	-	50-99	50-99	50-99	-

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

<u>Function</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>	<u>2015</u>
General government	19	20	21	21	19	19	21	21	21	21
Planning & Building Services	10	10	10	10	11	11	11	11	11	11
Public safety	100	100	100	100	100	100	100	100	105	105
Culture and Leisure	39	39	40	40	40	40	42	42	45	45
Construction & Maintenance	<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>	<u>51</u>
Total	221	222	224	224	223	223	226	225	233	233

Source: City Personnel Authorization and Compensation Plan

**OPERATING INDICATORS BY FUNCTION
TEN FISCAL YEARS
TABLE 17**

	Fiscal Year				
	2006	2007	2008	2009	2010
Public Safety:					
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
Construction and Maintenance (a):					
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
Planning and Building:					
Building permits issued	1,133	1,012	1,023	930	1,083
Building inspections	5,555	5,894	5,337	5,026	3,617
Culture and Leisure:					
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
Wastewater/Storm Drain:					
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 2007-08

Source: City of Coronado Operating Departments

TABLE 17
(Continued)

	Fiscal Year				
	2011	2012	2013	2014	2015
Public Safety:					
Felony arrests made	84	93	118	124	130
Misdemeanor arrests made	808	617	688	707	741
Parking citations issued	5,897	7,910	10,603	7,956	7,563
Fire emergency responses	1,908	1,781	1,842	1,853	2,061
Building safety inspections	339	298	297	443	429
Beach lifeguard rescues	232	186	486	280	255
Construction and Maintenance (a):					
Roads re-surfaced (miles)	0.00	2.00	0.10	1.50	0.00
Sidewalks re-surfaced (miles)	0.10	0.10	0.10	0.10	0.00
Alleys re-surfaced (miles)	0.40	0.00	0.00	0.00	0.32
Roads slurry sealed (miles)	0.00	12.00	4.50	3.40	3.85
Planning and Building:					
Building permits issued	1,043	921	866	909	1,074
Building inspections	4,393	5,071	4,755	6,030	7,811
Culture and Leisure:					
Library volumes in collection	162,725	165,067	164,580	165,374	165,843
Library audio-visual items in collection	25,041	26,244	34,439	36,665	38,511
Library items loaned	356,278	352,261	338,348	332,425	276,720
Library user traffic	368,117	368,226	368,062	334,625	324,809
Recreation classes/activities held	802	742	973	1,541	1,341
Pool admissions	34,841	41,382	55,001	60,120	57,648
Facility rentals	762	821	708	846	834
Golf rounds played	94,023	96,141	93,567	93,452	87,730
Wastewater/Storm Drain:					
Residential units	11,203	11,239	11,208	11,208	11,208
Commercial units	570	547	547	547	547
Average daily treatment, estimated (millions/gallons)	2.7	2.7	2.7	2.7	2.7

(a) Projects completed and capitalized during the fiscal year

(b) Data not available prior to FY 2007-08

Source: City of Coronado Operating Departments

**CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
TABLE 18**

	2006	2007	Fiscal Year 2008	2009	2010
Public Safety:					
Number of police stations	1	1	1	1	1
Number of fire stations	2	2	2	2	2
Construction and Maintenance:					
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
Culture and Leisure:					
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
Wastewater:					
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

TABLE 18
(Continued)

	2011	2012	Fiscal Year 2013	2014	2015
Public Safety:					
Number of police stations	1	1	1	1	1
Number of fire stations	2	2	2	2	2
Construction and Maintenance:					
Streets (miles)	40.3	40.3	40.4	40.4	40.4
Sidewalks (miles)	34.3	34.3	34.3	34.3	34.3
Alleys (miles)	9.9	9.9	9.9	9.9	9.9
Streetlights	348	348	348	348	348
Culture and Leisure:					
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)	9.8	9.8	9.8	9.8	9.8
Skatepark	1.0	1.0	1.0	1.0	1.0
Wastewater:					
Sanitary sewers (miles)	45.8	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

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