City of Pismo Beach, California

Comprehensive
Annual Financial Report

For the Fiscal Year Ended June 30, 2016



Cover photograph reflects the City of Pismo Beach Pier and sunset after the rain
Photo credit – Vivian Krug

City Council

Mayor	Edward Waage
Mayor Pro Tempore	Erik Howell
Council Member	Sheila Blake
Council Member	Marcia Guthrie
Council Member	Mary Ann Reiss

Executive Management Team

City Manager	James R. Lewis
Administrative Services Director	Nadia Feeser
City Clerk	Erica Inderlied
Community Development Director	Jeff Winklepleck
Fire Battalion Chief	Paul Lee
Management Services Director	Debra Garcia
Police Chief	Jake Miller
Public Works Director/City Engineer	Benjamin Fine
Conference & Visitors Bureau	Gordon Jackson

Year End Audit / Financial Statement Team

Administrative Services Director	Nadia Feeser
Finance Manager	Susan West-Jones
Accountant	Vanessa Garris
Accounting Technician	Kristin Bennet
Accounting Clerk	Jana Etteddgue
Accounting Clerk	Jacque Risenhoover
Office Assistant II	Diana Federico

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Fiscal Year Ended June 30, 2016

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Introductory Section

Administrative Services Department
760 Mattie Road
Pismo Beach CA 93449
Phone: 805-773-4655 Fax: 805-773-7065

December 15, 2016

To the Honorable Mayor,
Members of the City Council, and
Citizens of the City of Pismo Beach

REPORT PURPOSE AND ORGANIZATION

It is our pleasure to present to you the Comprehensive Annual Financial Report (CAFR) of the City of Pismo Beach, California for the fiscal year ended June 30, 2016. The City follows a policy of preparing a complete set of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) after the end of each fiscal year. This report is published to fulfill that policy for the fiscal year ended June 30, 2016. It is the fifteenth year the City has prepared a CAFR.

Management of the City of Pismo Beach assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive frame-work of internal control that the City has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the City's financial statements are free of material misstatements.

Audited Financial Statements

The City's financial statements have been audited by Glenn Burdette, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2016 are free of material misstatement. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified independent auditor's report that the City of Pismo Beach's financial statements for the fiscal year ended June 30, 2016 are fairly presented in conformity with GAAP. The independent auditor's report is located at the front of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The MD&A complements this letter of transmittal and should be read in conjunction with it. The City's MD&A immediately follows the independent auditor's report.

Report Organization

This report is organized in three sections: introductory, financial, and statistical.

1. The *Introductory* section includes this transmittal memorandum and general information on the City's government structure and the services provided. It includes a list of principal officials, an organizational chart, and the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting.

2. The *Financial* section contains the independent auditor's report on the financial statement audit, the Management Discussion & Analysis (MD&A), basic financial statements, Required Supplementary Information; and combining and individual fund presentations and supplementary information.

3. The *Statistical* section includes selected financial and demographic information.

PROFILE OF THE CITY OF PISMO BEACH

The City of Pismo Beach was incorporated in 1946. The City is located on the Central Coast of California about 200 miles north of Los Angeles. The City is visited annually by a substantial number of tourists seeking to enjoy the area's moderate climate, ocean views and sunsets, fine restaurants, and the relaxing atmosphere unique to coastal communities. The City's downtown core area and hotel areas are anchored by the City-owned Pier extending into the Pacific Ocean. The City is home to about 8,181 individuals, and most of the City is residential with a continuing trend of new homes being built with spectacular ocean views.

Form of Government

The City operates under a council-manager form of government. Policy making and legislative authority are vested in the City Council consisting of the elected Mayor and four other elected Council members. The Council is responsible, among other matters, for passing ordinances, adopting the City budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the daily operations of the City, and for appointing other employees and otherwise managing daily operations of the City. The Mayor is elected for two year terms, and the Council is elected for four year staggered terms, with two members elected every two years.

City Services

The City provides a full range of municipal services including fire and police protection, construction and maintenance of City streets, storm drains, bridges, and similar infrastructure-type assets, park maintenance, community recreation activities and public facilities. In terms of business-type activities, the City provides water, wastewater, parking, pier, and transit services through the operation of its enterprises.

Budget Process and Budgetary Control

The City's biennial budget serves as the foundation for the City of Pismo Beach's financial planning and control system. All departments of the City submit requests for appropriations to the City Manager. The City Manager uses these requests as a starting point for developing a proposed budget. The City Manager presents a proposed budget to the City Council every two years. The Council holds public hearings on the proposed budget and then ultimately adopts a formal budget. The budget is adopted by fund, department, and object. The Council periodically reviews the City's actual financial activity in relationship to the original budget, and as necessary, amends the original budget to reflect changing conditions during the fiscal year.

ECONOMIC CONDITION

Long-Term Financial Planning

The City incorporates long-term financial planning into its budget process in several ways.

- First, the City has established a set of financial policies that were reviewed by the City Council and Executive Management Team in April 2015 during the development of the two-year budget and confirmed by the Council on June 2, 2015. These policies establish goals for the allocation of public resources in the manner best suited to the efficient provision of services to citizens and visitors present within the City. Some of these policies call for maintaining adequate cash reserves and providing on-going maintenance of infrastructure and buildings, which are vital to sound fiscal management. In addition, on April 7, 2015, the City Council passed Ordinance No. O-2015-003 adopting fiscal policies for General Fund Committed Fund Balances.

- Second, the Council undertakes a strategic planning process to establish goals and priorities for the organization after taking into account public input. Specifically, the Council engaged the community at a public hearing and by soliciting ideas and input through a variety of means. Additionally, the employees were able to collaborate by department to share their thoughts on what investments should be made. Based on this input, the City Council adopted six major City goals, five other important objectives, and 10 as resources permit objectives.

- Third, the City maintains a five year operating projection for the General Fund and the Water and Wastewater Enterprise Funds. The General Fund projection is updated quarterly and shared with Council annually. These projections allow management to see what the future could look like given a set of assumptions and is evaluated in the context of whether decisions are sustainable over the long term.

- Fourth, the City has a ten-year long-range capital planning process that helps drive annual capital funding decisions as well as periodic bond issues for larger investments.

- Fifth, the City successfully negotiated three-year labor contracts with its two unions, Service Employees International Union (SEIU) and the Police Officers Association (POA), and its non-represented full-time and temporary part-time employees for FY 2016-17 through FY 2018-19. These three-year contracts lock in personnel costs and assists in long-term budgeting and planning.

- Finally, Implementation of Governmental Accounting Standards Board (GASB) 68 is included in this year's financial statements and provides additional transparency on long-term pension obligations in the annual financial report.

The general fund's budget to actual comparison, a major governmental type fund under the reporting standards, is presented as required supplementary information in a separate section of this report immediately following the notes to the financial statements. For the City's other governmental-type funds, a budget to actual comparison schedule is presented as optional information in the section of this report containing combining financial statements and individual fund schedules.

Economic Condition and Outlook

The City's economy is largely driven by visitors and businesses serving visitors. Some of these businesses include hotels, motels, and recreation vehicle parks, which contribute transient occupancy tax (TOT) revenues to the City that make up 40% of the City's General Fund revenues. TOT revenues are equal to 10% of the rent charged by all lodging businesses for a person exercising occupancy for 30 consecutive calendar days or less. These revenues increased by $518 thousand, or 5.96%, in FY 2016

compared to FY 2015. The City remains a top tourist destination, especially for California residents, and is expected to continue to draw more visitors. More airline routes to San Luis Obispo Regional Airport, three new Pismo Beach hotels, and the City's classic California pier and beach are all major attractions that increase lodging stays.

Property related tax revenues make up 20% of the City's General Fund revenues. Assessed values in the City increased by 6.47%. Single Family Residential full value sales have rebounded from the Great Recession lows during 2010-2012. The average price for a single family residential home reached $933 thousand, an increase over the $867 thousand price by 7.50%. In addition, the City experienced the largest increase of multifamily housing units permitted for construction in FY 2015-16 compared to the rest of the San Luis Obispo County. However, in response to the drought, the City enacted a three-tiered system of building restrictions during FY 2015-16. The first tier is currently in effect, which limits development on vacant parcels and places restrictions on redevelopment. The redevelopment of an existing property may be permitted if the owner can show that water consumption would be equal or less than the current property's water consumption. This will likely lead to a slowdown in new construction and redevelopment. For the short term, this will allow current supply to remain flat and demand to increase, further driving up property values in the City.

Other businesses that support visitors include a variety of restaurants, the Pismo Beach Prime Outlet Center for retail purchases of general consumer goods, and fuel service stations. Additionally, hardware and building supplies stores, grocery stores, and drug stores are supported by visitors and local residential growth in the area. All these businesses contribute sales and use tax revenues to the City, which makes up 19% of the City's General Fund revenues. FY 2016 sales and use tax revenues included a one-time $373 thousand payment from the State to reflect the end of the State's "triple-flip" and true-up of sales tax revenues based on the timing of the receipts and distribution of those receipts to cities. For background on the "triple-flip", in March 2004, California voters approved Proposition 57, the California Economic Recovery Bond Act, which authorized bonds to close the State's budget deficit. To guarantee bond repayment, the state confiscated 0.25% of local sales tax revenues, which was backfilled with property tax revenues from county property tax revenues each January and May. The State's "triple-flip" borrowing of local taxes ended on January 1, 2016, resulting in the one-time true-up payment. Taxable sales are expected to continue to grow by about 3.0% per year according to the City's sales tax consultant and up to 6.0% per year according to Beacon Economics projection for California State taxable sales.

The national economic forecast looks positive, with national gross domestic product projected to increase around 2.80% per year over the next two years according to Beacon Economics. Consumer spending has improved, incomes are rising, and unemployment is low. The California State economic forecast is positive as well, with low unemployment, and positive growth in taxable sales, home prices and sales, population, and personal income. San Luis Obispo's economic forecast reflects expansion of leisure and hospitality as a driving force, reflecting growth in restaurants and hotels, both key factors for the City of Pismo Beach.

One major impact to the County and to the City of Pismo Beach is the Pacific Gas and Electric (PG&E) Diablo Canyon Nuclear Power Plan (Diablo) closure in 2025. Based on preliminary research, the estimated cumulative impact loss during 2017 to 2025 on the City of Pismo Beach government is $867 thousand, of which $839 thousand is in the General Fund and $28 thousand is in the Lodging Business Improvement District (LBID) Fund. The ongoing impact is estimated to be a $227 thousand per year loss to the City of Pismo Beach government, of which $222 thousand is in the General Fund and $6 thousand is in the Lodging Business Improvement District (LBID) Fund. There are many variables and assumptions associated with these fiscal impacts, which are likely to change. The largest components of this loss is in the City's unitary property tax revenues and the TOT and LBID Assessment revenue loss. The City is expected to receive $767 thousand from PG&E in the form of an Economic Development Fund to mitigate this financial loss.

Relevant Financial Policies

The City of Pismo Beach has adopted a comprehensive set of financial policies to provide guidance for all fiscal activities and resource allocation decisions as defined in the Adopted Budget and Purchasing Policy. In addition, the City Council approved or adopted several other fiscal policies including:

- City's Investment Policy, adopted most recently in August 2016
- Adopted an ordinance to amend the City's Municipal Code to add details on committed fund balances, including the General Fund Reserve, the General Fund City Facility Reserve, and the Risk Management Reserve policies in April 2015
- Capital Assets Policies and Procedures, effective on July 1, 2014 as part of the City's Purchasing Policy.

The following policies are particularly relevant to the City's financial performance in FY 2016.

General Fund Reserve: Establish and maintain a General Fund reserve of 23% of budgeted expenditures in the General Fund. The City maintained a General Fund reserve of 23% of budgeted operating expenditures and did not use any of these reserves.

Risk Management Reserve: Establish and maintain a Risk Management Reserve to be used for unanticipated risk management costs, funded with $50 thousand per year, up to $250,000. The City maintained a reserve of $150 thousand in FY 2016 and did not use any of these reserves.

Fiscal Management: Annually consider reduction of long-term debt as a use of revenues. In FY 2014, the City Council established a $1 million Debt/Pension Reduction reserve to consider reduction of long-term debt or pension liability. The Debt/Pension Reduction Reserve was made up of one-time savings from prior year expenditures and additional unanticipated revenues. A large portion of the one-time savings came from salary and benefit savings due to vacancies. Based on a reduced payroll, the contributions to the CalPERS pension costs were less in previous years and have not reduced the pension liability balance as much as anticipated. Contributing this Reserve to reducing the CalPERS pension liability uses prior year personnel savings and pays off the personnel unfunded liability costs.
On March 17, 2015, the City Council approved a $1 million payment to CalPERS to reduce the City's unfunded pension liability costs. This payment reduces the City's unfunded pension costs by an estimated $670 thousand and reduces the annual ongoing contribution of approximately $200 thousand per year to CalPERS starting in FY 2018-19.

Infrastructure: Contribute from the General Fund annually for the improvement of infrastructure. The City contributed to various infrastructure improvements in FY 2016, including: street paving; purchasing land for parking on Shell Beach Road; City Hall improvements; and Shell Beach tennis court improvements.

Economic Development: Achieve organized, sustainable community development for the citizens of Pismo Beach by providing a diverse economic base while preserving our scenic beauty, small town charm, and historical assets. The City contributed various funds in FY 2016 for the implementation of the Downtown Strategic Plan; the Price House Historical Park improvements; the Shell Beach Streetscape Phase 1 project; and parking lot improvements at Dinosaur Caves Park.

Projects Accomplished in FY 2016

Pismo Beach is an active and vibrant community, with a municipal government that is proactive and prepared to respond to changing community needs. Even with a small staff, the City has accomplished many projects in FY 2016. The following list highlights some of the most significant accomplishments in FY 2016.

Infrastructure Maintenance and Beautification
- ✓ Street paving as part of the third phase of the City's Pavement Management System
- ✓ Adding Price House Historical Park as the City's newest park, including major improvements to the park
- ✓ Shell Beach Streetscape Phase I design and planning work
- ✓ Purchasing land on Shell Beach Road for parking
- ✓ Chapman Estate Americans with Disability Act (ADA) Improvements
- ✓ Design work to replace the Bello Bridge
- ✓ Planning work towards the Regional Groundwater Sustainability Plan for a recycled water facility
- ✓ Completion of the utility box art project in Downtown area

Housing, Health, and Safety
- ✓ Risk Management focus on the Americans with Disabilities Act (ADA) including completion of update to ADA Transition plan and ADA corrections including sidewalk and curb ramp updates
- ✓ Risk Management focus on Risk Assessment corrections including work to update the City's bluff tops with appropriate signs and fencing
- ✓ Replaced and moved the Fire radio channel and transceiver
- ✓ Installed a backup generator at City Hall
- ✓ Adoption of the triennial Building Code update

Preservation of essential services and fiscal health
- ✓ Increased the General Fund Reserve from 22% to 23%
- ✓ Contributed $50 thousand to the Risk Management Reserve for a total balance of $150 thousand to fund unanticipated general liability and workers' compensation costs
- ✓ Fully funded the General Fund Reserve, the General Fund City Facility Reserve, and the Risk Management Reserve
- ✓ Implemented a new Recycled Water Development Impact Fee to support the proposed recycled water facility
- ✓ Standardized the City's computer software programs, implemented a redundant fiber internet solution, replaced the City's phone system, replaced the City's copiers and printers, and made significant progress on the replacement and implementation of the City's financial system
- ✓ Updated insurance for earthquake and flood coverage of key City infrastructure to reduce risk exposure
- ✓ Negotiations completed with all bargaining units for new three-year agreements

Economic Development
- ✓ Implementation of the Downtown Strategic Plan, incorporating downtown visioning and revitalization efforts
- ✓ Updated the City's visitor guide
- ✓ Acceptance of the Downtown parking study
- ✓ Approval of the Chapman Estate Strategic Plan

Community Awareness and Communication
- ✓ Police Department's Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA) Reaccreditation with Gold Standard
- ✓ Target Hazard Awareness Program-Designed new signs and implemented additional patrols for prevention at Pismo Beach and the Bluffs/Cave Landing reducing risk to public health and safety

FY 2017 Major Initiatives

As we look to the future, we are fiscally healthy and have the largest General Fund financial reserve we have ever had, our City employee culture is positive, collaborative and employee relations are excellent, we enjoy beneficial working relationships with the private sector and our community partners, the

community's economy is growing healthily, and outside investment is coming in. We enjoy the trust of the citizenry as evidenced by the half-cent sales tax being renewed by over 71% of voters, the highest percentage of any sales tax measure countywide that was considered on the 2015 ballot. Finally, the local, state, and federal economy has recovered with interest rates at historic lows, residential and commercial valuations are high, and consumer and investor confidence have improved. THE TIME IS NOW to capitalize on all of these factors and make very strategic investments in our community that will further enhance our quality of life and make us more sustainable in the future. While the time is now to make major investments, the City continues to set aside some of the savings from prior years and a portion of new revenues into reserves. The Time is Now to make major investments in areas that will impact our community for many years to come. Specifically, these investments are outlined in more detail below.

The Time Is Now to Protect Our Clean Water Supply While Making it More Sustainable

The FY 2017 budget makes significant strides towards protecting our clean water while discovering ways to make it more sustainable. Pismo Beach is being proactive to ensure clean water is available now and for the future, including:

- Investing in strategic planning efforts with neighboring communities included in the Northern Cities Management Area
- Seeking funding for and beginning the planning and design of a reclaimed water system

The Time is Now to Further Enhance Our Neighborhoods and Protect Quality of Life

The FY 2017 budget includes strategic investments into our future, including:

- Beginning implementation of the Shell Beach streetscape phase 1 to provide a more walkable community, a more attractive community and a more vibrant business environment
- Creating additional commercial and visitor serving parking opportunities in Shell Beach
- Developing standards for Shell Beach residential and commercial development that will protect the feel and character of the area
- Revising the General Plan Circulation Element to ensure efficient access throughout the community via a variety of transportation types
- Involving the public in a planning process to discuss ways that the former City Hall building on Bello Street can be used and identifying what elements are historically significant to the community
- Investing in new equipment and amenities for City parks

The Time is Now to Invest in Economic Development

The FY 2017 budget includes efforts to promote our City to our residents and visitors, including:

- Implementing a comprehensive downtown revitalization and planning process looking at land use, parking, circulation, retail uses, streetscape and public amenities aimed at transforming downtown into the cultural, social and economic center of the community
- Implementing Pier area improvements that are sensitive to parking needs
- Working with new hotel developments to ensure they incorporate well into downtown and leverage their investment to attract additional retailers and restaurants
- Working with the Land Conservancy to ensure a successful Pismo Preserve opening that creates an accessible entry for residents and visitors while being complimentary to the neighborhood

The Time is Now to Preserve and Enhance City Resources

Finally, FY 2017 budget also invests in and protects City resources, including:

- Improving opportunities for employee education and training that result in more efficient, resourceful, and entrepreneurial operations
- Continuing to enhance the environment and culture at City facilities to improve employee morale, development, and creativity
- Repairing the City's landmark pier and looking at ways to provide additional options to enhance the space
- Implementing technology to support continuous operations for emergency operations and online payment systems and implementing the City's IT Strategic Plan for security, agenda management, and record retention
- Continuing replacement of mission critical public safety vehicles, including the replacement of the 1997 Fire Engine at Station 63, to ensure the City's fleet is in good working order and maintenance costs remain low
- Pursuing continued options to conserve water and reduce electricity use at City facilities

AWARD AND ACKNOWLEDGMENTS

Award for Excellence in Financial Reporting

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pismo Beach for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. In order to receive this award, the City published an easily readable and efficiently organized CAFR. This report satisfies both U.S. generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a one-year period only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Administrative Services Department. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and the Members of the City Council, and the Executive Management Team for their continued support for maintaining the highest standards of professionalism in the management of the City of Pismo Beach's financial affairs.

Respectfully submitted,



James R. Lewis
City Manager



Nadia Feeser
Administrative Services Director

City Council

Mayor	Edward Waage
Mayor Pro Tempore	Erik Howell
Council Member	Sheila Blake
Council Member	Marcia Guthrie
Council Member	Mary Ann Reiss

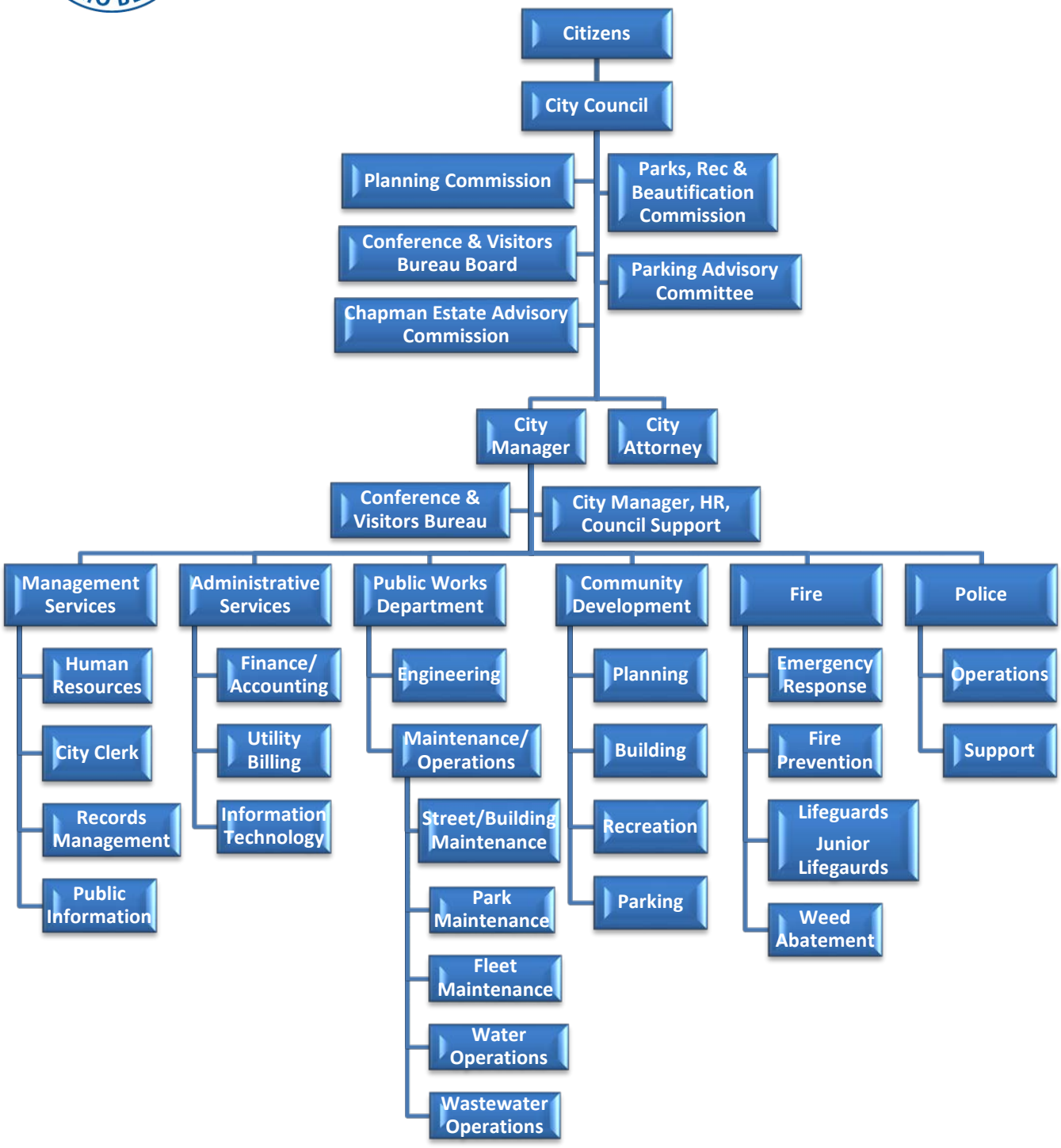
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City Manager	James R. Lewis
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Office Assistant II	Diana Federico

City of Pismo Beach
Organizational Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pismo Beach
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Financial Section

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GLENN BURDETTE
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

The Honorable Mayor and Members of the City Council
City of Pismo Beach, California
Pismo Beach, 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 the City of Pismo Beach, California, (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents.

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

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

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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 as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 14, the budgetary information, the Schedule of Funding Progress for Other Post-Employment Benefits, the Schedule of Employer Contributions for Other Post-Employment Benefits, the Schedule of City's Proportionate Share of the Net Pension Liability and Related Rations, and the Schedule of Plan Contributions on pages 68 through 73 be presented to supplement the basic financial statements. Such information, although not a basic part of the financial statements, is required by the Government 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 fund statements and schedules on pages 79 through 107, the other schedules on pages 108 through 111 and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the other 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 statement. 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 fund statements and schedules and the other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016, 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.

Glenn Burdette Attest Corporation
San Luis Obispo, California

December 15, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Pismo Beach's comprehensive annual financial report presents a narrative overview and analysis of the City's financial activities during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the City's transmittal letter (in the Introductory Section) and the audited financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The following outlines financial highlights for the year:

- The City's total net position increased by about $10.04 million over the course of this year's operations after conducting all City operations and programs. The assets of the City exceeded its liabilities by about $96.45 million at the end of the 2016 fiscal year. Of that amount, $28.57 million (the unrestricted net position) may be used to meet the City's ongoing obligations and operating expenses for the next fiscal year.

- Overall City-wide revenues from all governmental and business-type activities increased by about $905,000 compared to the 2015 fiscal year. The increase in revenues was primarily in charges for services of approximately $240,000, Transient Occupancy Taxes at $518,000, and $270,000 in Property Tax revenues.

- Transient Occupancy Tax Revenues increased by $0.52 million in 2016 to $9.20 million.

- The City's total expense for all programs in the 2016 fiscal year decreased by about $0.79 million compared to the 2015 fiscal year.

- The General Fund reported a fund balance of $19.11 million at the end of the 2016 fiscal year; a 22.19 percent increase over the end of the 2015 fiscal year.

- The City also ended the 2016 fiscal year with $16.09 million reported in the proprietary enterprise funds (the amount of the net position available for use both restricted and unrestricted but excluding the net investment in capital assets).

- The City's other nonmajor governmental funds ended the 2016 fiscal year with about $5.71 million available for special purposes.

- Implemented a new financial system, Springbrook/Accela. As of the end of fiscal year 2015-16, we were live with the General Ledger, Accounts Payable, Purchase Orders, and Fixed Assets.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements are comprised of three components: Government-wide Financial Statements, Fund Financial Statements, and Notes to the Financial Statements. This report also contains required supplementary information and a section containing combining statements and schedules for nonmajor governmental funds and proprietary funds.

Government-wide Financial Statements provide both long-term and short-term information about the City's overall financial status.

Fund Financial Statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

- G*overnmental fund* statements tell how *general government* services like public safety, general government, community services, public works, and streets were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as the City's water, wastewater, parking, pier and transit systems.

Notes to the Financial Statements explain the information in the financial statements and provide more detailed data.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1
Major Features of City of Pismo Beach's Government-Wide and Fund Financial Statements

		Fund Statements	
	Government-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government	The activities of the City that are not proprietary or fiduciary, such as police, fire, streets, general government, and community services	Activities the City operates similar to private businesses: the water, wastewater, parking, pier and transit systems
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position Statement of revenues expenses, and changes in net position Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies.

The two government-wide statements report the City's net position and how it has changed.

The **Statement of Net Position** presents information on all the City's assets and liabilities. The Net Position – the difference between the City's assets and liabilities – is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The **Statement of Activities** includes all of the current year's revenues and expenses regardless of when cash is received or paid. This shows how the government's net assets changed during the most recent fiscal year.

Both government-wide financial statements of the City are reported in two categories:

- *Governmental activities* – All of the City's basic services are included here, such as general government, police, fire, streets, public works, and community services. Property taxes, sales taxes, transient occupancy taxes, special and other taxes, user charges and fees and state, local and federal grants help to finance these activities.

- *Business-Type activities* - The City charges fees to customers to help cover the costs of certain services. The City's water, wastewater, parking, pier and transit enterprises are reported here.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law, such as the State Gas Tax Fund and Transportation Development Act / Local Transportation and Transit Funds.

- The City Council establishes other funds to control and manage money for particular purposes, such as the Capital Project Fund.

- Some funds are maintained to demonstrate that the City is properly using certain specific fees for their intended purpose, such as the Impact Fee Funds.

- Other funds are maintained for similar purposes but in addition demonstrate the City's ability to repay its long-term debt obligations, such as the revenue bonds.

The City has two kinds of funds:

- *Governmental funds* – The City's basic services are included in governmental funds, which focus on (1) how cash and other financial *assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term view* that helps you in determining whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.

- *Proprietary funds* - The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions reported as business-type activities in the government-wide financial statements: the City's water, wastewater, parking, pier and transit operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. For example, the City uses an internal service fund to account for its fleet of vehicles. Because these services predominately benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide statements, only in more detail. The proprietary fund statements provide separate information for the City's water and wastewater operations, both of which are considered to be major funds of the City. The vehicle internal service fund is presented in a separate column alongside the totals for the City's proprietary enterprise funds.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position. The City's *combined* net position increased about $10.04 million between fiscal years 2015 and 2016.

Table A-1
City of Pismo Beach's Net Position

(in millions of dollars)	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2016	2015	2016	2015	2016	2015	2015-2016
Current and other assets	$34.47	$28.06	$18.33	$15.84	$52.80	$43.90	20.27%
Capital assets and other noncurrent assets	45.35	44.97	31.21	32.08	76.56	77.05	-0.64%
Total assets	**$79.82**	**73.03**	**49.54**	**47.92**	**129.36**	**120.95**	**6.95%**
Deferred Outflows	2.44	2.36	0.71	0.67	3.15	3.03	3.96%
Long-term liabilities	15.25	15.23	12.61	12.92	27.86	28.15	-1.03%
Other liabilities	3.70	3.40	1.35	1.29	5.05	4.69	7.68%
Total liabilities	**18.95**	**18.63**	**13.96**	**14.21**	**32.91**	**32.84**	**0.21%**
Deferred Inflows	1.25	2.66	0.18	0.35	1.43	3.01	-52.49%
Net position							
Investment in capital assets	40.90	39.25	20.01	20.13	60.91	59.38	2.58%
Restricted	6.70	4.18	1.99	1.50	8.69	5.68	52.99%
Unrestricted	14.46	10.67	14.11	12.40	28.57	23.07	23.84%
Total net position	**$62.06**	**$54.10**	**36.11**	**34.03**	**98.17**	**$88.13**	**11.39%**

Net position of the City's governmental and business-type activities increased 11.39 percent to $98.17 million. About 62 percent of the net assets of the City are represented by the City's net investment in its capital assets such as buildings, land, equipment, street systems, and facilities. The remaining 38 percent is essentially represented by cash, investments, and receivables. About 85 percent of the City's total liabilities are represented by long-term obligations including revenue bonds, state revolving fund loans in the Wastewater Fund, employee compensated absences, and self-insured portions of claims.

Changes in Net Position

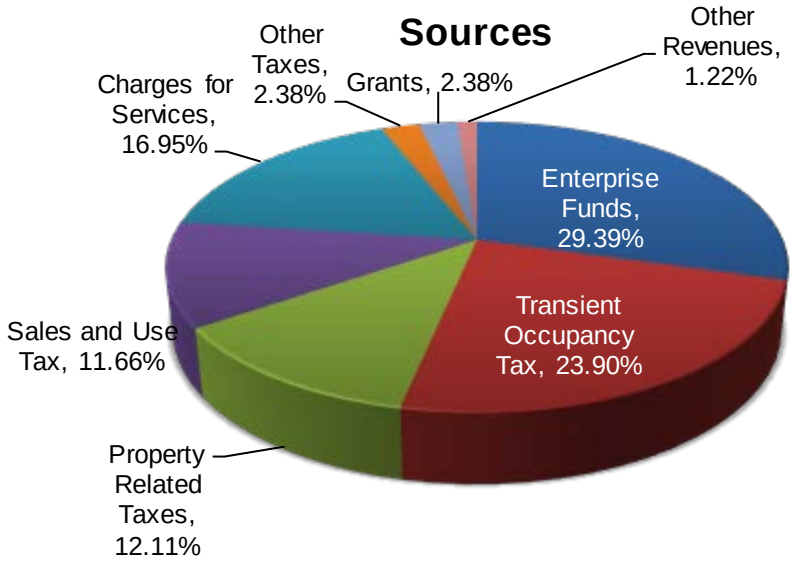
Revenues: The City's 2016 total revenues of about $38.48 million were about $0.90 million higher than revenues in 2015, a 2.39 percent increase. (See Table A-2.) About 53 percent of the City's revenue comes from some type of taxes including property, sales, transient occupancy taxes (the hotel tax) and other taxes. The rest comes from fees charged for services; state, local and federal aid; and contributions.

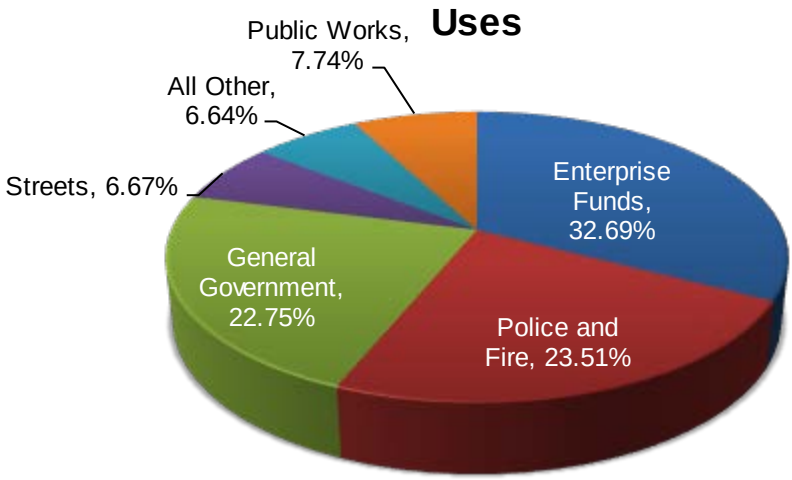
Expenses: The total cost of all programs and services in 2016 was about $28.44 million and included a wide range of services such as police and fire protection, streets, public works, general administration, community services, water, wastewater and pier operations.

Table A-2
Changes in the City of Pismo Beach's Net Position

(in millions of dollars)	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2016	2015	2016	2015	2016	2015	2015-2016
Revenues							
Program revenues							
Charges for services	$6.52	$5.45	$10.01	$10.88	16.54	$16.33	1.35%
Operating grants and contributions	0.74	1.01			0.74	1.01	-28.71%
Capital grants and contributions	0.18	0.23	0.03		0.21	0.23	-8.70%
General revenues							
Transient occupancy taxes	9.20	8.68			9.20	8.68	5.99%
Property, sales and other taxes	10.06	9.78	1.27	1.28	11.33	11.06	2.44%
Other	0.47	0.27			0.47	0.27	74.07%
Total revenues	**27.17**	**25.42**	**11.31**	**12.16**	**38.48**	**37.58**	**2.39%**
Expenses							
General government	6.47	8.31			6.47	8.31	-22.14%
Public safety	6.69	5.65			6.69	5.65	18.41%
Streets	1.90	3.25			1.90	3.25	-41.54%
Public works	2.20	1.75			2.20	1.75	25.71%
Community services	1.75	1.84			1.75	1.84	-4.89%
Water			5.41	4.79	5.41	4.79	12.94%
Wastewater			3.22	2.90	3.22	2.90	11.03%
Other	0.13	0.16	0.67	0.58	0.80	0.74	8.11%
Total expenses	**19.14**	**20.96**	**9.30**	**8.27**	**28.44**	**29.23**	**-2.70%**
Excess (deficiency) before transfers	8.03	4.46	2.01	3.89	10.04	8.35	20.24%
Transfers	(0.07)	(0.70)	0.07	0.70	-	-	
Increase in net position	**7.96**	**3.76**	**2.08**	**4.59**	**10.04**	**8.35**	**20.24%**
Net position, beginning of year	**$54.10**	**63.63**	**$34.03**	**31.08**	**88.13**	**94.71**	**-6.95%**
Prior year restatement		(13.29)		(1.64)	-	(14.93)	-100.00%
Net position, beginning of year, as restated	**54.10**	**50.34**	**34.03**	**29.44**	**88.13**	**79.78**	**10.47%**
Net position, end of year	**$62.06**	**$54.10**	**$36.11**	**$34.03**	**$98.17**	**$88.13**	**11.39%**

The sources of the City's major types of revenue and the areas where such resources are used is shown below in summary graphic form (governmental and business type activities):





Governmental Activities

Revenues from all governmental activities in the 2016 fiscal year increased by about $1.75 million compared to the 2015 fiscal year. The primary increase was from charges for services at $1.09 million. Transient occupancy taxes increased by $0.52 million from the previous year. Property, sales, and other taxes also increased by $0.28 million from 2015.

The City's primary source of revenue comes from some kind of tax. About 71 percent of all City revenues in Governmental Activities come from taxes such as property, sales, transient occupancy and other taxes.

Because the City of Pismo Beach is a tourist community, about 34 percent of all governmental activities revenues come from transient occupancy taxes (the local hotel tax). Local hotel tax revenues came in higher than 2015 by 5.99 percent or $0.52 million. Sales tax revenues, including the Half-Cent Transactions Sales and Use Tax revenues, came in 0.27 percent lower than 2015. Sales tax revenues excluding the Half-Cent Sales Tax revenues, came in $0.23 million higher than 2015. Half-Cent Sales Tax revenues came in 14.21 percent lower by $0.24 million compared to 2015. This decrease was primarily from a one-time adjustment for a misallocation of $267,000 received in 2015 and not in 2016.

The majority of the City's governmental-activities operating expenses are incurred to provide police protection and fire protection services with these two departments accounting for about 35 percent of the City's total 2016 governmental operating expenses. Public works costs including maintenance of buildings, parks, and other City facilities account for about 11 percent of the City's total 2016 governmental operating expenses. Another 10 percent of the City's 2016 governmental activities operating expenses were incurred to provide street improvements throughout Pismo Beach. A variety of cultural and recreation services including Planning making up 9 percent of operating expenses, and the remaining 34 percent was spent on general administration and other expenses.

When all operations were concluded, the governmental activities function generated a $7.96 million increase in net position for 2016 compared to a $3.76 million increase in 2015.

Table A-3 represents the cost of each of the City's governmental activities largest programs – administration or general government, public safety, community services, and streets.

Table A-3
Cost of City of Pismo Beach's Programs

(in millions of dollars)	Total Cost of Services		Percentage Change
	2016	2015	2015-2016
General government	6.47	8.31	-22.14%
Public safety	6.69	5.65	18.41%
Streets	1.90	3.25	-41.54%
Public works	2.20	1.75	25.71%
Community services	1.75	1.84	-4.89%
All other	0.13	0.16	-15.77%
Total	**$ 19.14**	**$ 20.96**	**-8.68%**

The cost of *all programs* this year was $19.14 million, compared to $20.96 million in fiscal year 2015.

While users and contributors funded about $7.44 million of the costs of the City's governmental activity programs through related program revenues, the City still had to make up the short fall from general revenues such as taxes and this short fall was about $11.70 million. Major sources of program revenues were:

- Those who directly benefited from or used the programs ($6.54 million), or
- Other governments and organizations that subsidized certain programs with grants and contributions (about $0.90 million).

The City paid for the $11.70 million "public benefit" portion out of the $19.74 million in general revenues such as property taxes, transient occupancy taxes, sales taxes, and with other tax revenues and investment earnings.

Overall, 2016 total cost of services is showing a decrease of 8.68 percent compared to 2015. Expenses decreased primarily in the Streets, General Government, and Community Services categories. Expenses increased in the Public Works and Public Safety categories.

Business-Type Activities

The City's business-type activities (primarily water and wastewater) were responsible for about $2.08 million increase in net position for 2016, compared to 2015. Revenues in total decreased in 2016 by $0.85 million. Revenues for basic water services charges decreased by 4.8 percent or $161,372 in 2016, primarily as a result of a decrease in consumption. Revenues for basic sewer services charges increased by 2.43 percent or $106,644 in 2016. Parking Kiosk revenues increased by 7.17 percent or $40,596 in 2016.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported a *combined* fund balance of $27.57 million, about $5.76 million higher than the last fiscal year. Revenues increased by $1.70 million, most of which were in the Housing In-Lieu Fee Fund; and expenditures decreased by $1.42 million from the previous year, most of which were primarily in General Government, Streets and Highways, and Community Services.

The City's General Fund operations generated about $5.87 million more in revenues than was spent on governmental activities. From this excess, the City transferred a total of $2.6 million out of the General Fund and into other funds. About $1.59 million was transferred out to capital projects, $438,681 of those transfers went to the debt service funds for the revenue bonds, another $407,572 was transferred to the vehicle replacement internal service fund and information technology internal service fund, and another $171,670 was transferred out to the Pier fund, and $2,200 was transferred to the Public Financing Authority (PFA) fund. At year end, the City's General Fund had a fund balance of about $19.11 million, an increase of $3.47 million from the prior year of $15.64 million. Of the $19.11 million, about $4.46 million was designated for unanticipated emergencies and $8.57 million was designated for capital projects. The increase in fund balance was the result of higher revenues in Licenses and Permits of $.32 million, transient occupancy revenues of $.52 million, and Property Tax revenues of $.27 million.

In addition, the City's non-major governmental funds ended the 2016 fiscal year with a combined fund balance of $5.71 million. Of this $5.71 million, $199,571 can be used for debt service, $2.02 million in Special Revenue Funds, and the remaining $3.48 million is set aside for impact fee and capital projects. The Debt Service Funds consist of Pismo Beach Public Financing Authority and Completed Assessment District Funds. The Special Revenue Funds consist of the State Gas Tax Fund, the Local Transportation Street Fund, the Lodging Business Improvement District Fund, the PEG Fund (Public Education Government Access), the Noncapital Grant Fund, and the Chapman Estate Fund. The Capital Project Fund types consist primarily of the Capital Projects Fund, where the City tracks all revenues and expenditures for Governmental Fund capital projects, the Park Development Fund, the Public Facilities Fund, the Circulation Improvement Fund, the Impact Fees Fund, Developer Impact Fees Fund, and Underground Utility Fund.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the City budget several times. These budget amendments fall into three categories: changes made during the year for unanticipated revenues and costs; increases in appropriations to prevent budget overruns; and carry over budgets for capital projects. Even with these adjustments, actual General Fund expenditures were $9.14 million less than final budget amounts. Budget amendments that occurred in revenues during the year include an increase of $0.53 million in General Fund revenues of various categories.

General Fund revenues that came in higher than original estimates include licenses and permits by $533,535, Interest Earnings by $88,325, and Business Taxes by $14,000. The increase in developer related revenues were the direct result of the economy coming out of the recession. Revenues that came in lower than budget estimates were Transient Occupancy Taxes, Sales Taxes, and Property Taxes.

The General Fund expenditures that exceeded budget estimates were in non-departmental retiree medical. The retiree medical account came in over budget as a result of more people retiring from the City of Pismo Beach than originally estimated when preparing the budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, the City had invested $75.15 million in a broad range of capital assets, including land, vehicles, equipment, the City Pier, water and wastewater system, streets, and other capital assets. (See Table A-4.) This amount represents a net change (including additions and deductions) of about $490,000 or a 0.65 percent decrease from the previous year.

Table A-4
Pismo Beach's Capital Assets

(net of depreciation, in millions of dollars)	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2016	2015	2016	2015	2016	2015	2015-2016
Land and right of ways	$12.03	$12.03	$0.38	$0.38	$12.41	$12.41	0.00%
Construction in progress	3.24	2.64	1.63	1.93	4.87	4.57	6.56%
Buildings	5.53	5.53	0.33	0.33	5.86	5.86	0.00%
Capacity rights			1.04	1.04	1.04	1.04	0.00%
Machinery and equipment	2.59	2.53	2.68	2.68	5.27	5.21	4.80%
Vehicles	4.47	4.29			4.47	4.29	-0.23%
Improvements	9.98	9.69			9.98	9.69	2.99%
Tanks, wells, and system			11.45	11.03	11.45	11.03	5.80%
Pipelines\collection system			32.11	32.11	32.11	32.11	0.00%
Pier			2.14	1.92	2.14	1.92	0.00%
Infrastructure-streets	47.21	46.02			47.21	46.02	2.59%
Accumulated depreciation	(41.11)	(39.17)	(20.55)	(19.34)	(61.66)	(58.51)	5.38%
Total	**$43.94**	**$43.56**	**$31.21**	**$32.08**	**$75.15**	**$75.64**	**-0.65%**

This year's major capital asset changes included:

- *Implemented a new Fixed Asset Module within our new financial system, Springbrook which provides a greater accuracy for tracking assets and depreciation*
- *Completed and capitalized the Wadsworth Storm Drain Project totaling $1,107,041*
- *Telemetry System Upgrade Project totaling $1,108,599*
- *Completed and capitalized the Price House Historical Park Parking Lot/Waterline Project totaling $268,760*
- *Disposed of $215,000 in old Motor Vehicles and Equipment in the Motor Vehicle Fund and other Govt Funds*

Additional information on capital assets of the City can be found starting on page 43 of the notes to the financial statements.

Long - Term Debt

At the end of fiscal 2016, the City had $4.96 million in revenue bonds that were issued in 2012 by the Public Financing Authority to advance refund the 2004 revenue bonds, Series A. The obligation bears interest at rates of 2 to 5 percent and is payable in semi-annual installments each June and December through 2033. The 2012 revenue bonds are being retired from Wastewater Enterprise revenues.

At the end of fiscal 2016, the City had $3.04 million in revenue bonds issued in 2007. The 2007 revenue bonds are being retired from General Fund revenues. The State Revolving Loans had outstanding balances of $6.13 million, which included $5.53 million for the Wastewater Treatment Loan, $120,156 for the Park/Cypress Interceptor Loan, and $481,810 for the Pismo Oaks Lift Station Loan. The outstanding debt for the State Revolving Loans was reduced by $545,310 during the fiscal year. The loans are being retired from Wastewater Fund revenues. Additional information on the City's long-term debt can be found starting on page 43 of the notes to the financial statements.

Under previous arrangements, the City was self-insured for the first $300,000 for each worker's compensation claim and $50,000 for each general liability claim. The City's General Fund pays all insurance related costs.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

For the 2017 fiscal year, the following list of items will affect the General Fund:

- General Fund Reserve will be increased over five years to 25 percent of operating budget expenditures.
- Maintain Risk Management Reserve of $150,000 from the General Fund.
- Maintain reserves for Building Depreciation Fund from the General Fund.
- Update the City's Service Fees based on various indices and update the cost allocation across funds based on a comprehensive fee study and Council approval.
- In 2017, all Impact Fees will be adjusted according to various indices for the designated month and area as indicated by Council Ordinance or Resolution.
- In 2017, the City will continue to fund the CalPERS Retiree Benefit Trust and is estimated to contribute $280,000.
- Finalize implementation of all other modules in Springbrook, our new financial system.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Administrative Services Department, City of Pismo Beach, 760 Mattie Road, Pismo Beach, California, 93449, 805-773-4655.

City of Pismo Beach
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and investments	$ 31,873,492	$ 15,047,345	$ 46,920,837
Taxes receivable	2,101,402		2,101,402
Accounts receivable	144,080	1,886,480	2,030,560
Due from other governments	238,123		238,123
Accrued interest receivable	17,887	13,152	31,039
Prepayments	91,815	1,379,374	1,471,189
Total current assets	34,466,799	18,326,351	52,793,150
Noncurrent assets:			
Deposits	130,394		130,394
Note and interest receivable	1,281,699		1,281,699
Prepaid claims, judgements and fines	2,644		2,644
Capital assets not being depreciated	15,266,700	2,009,155	17,275,855
Capital assets being depreciated, net	28,673,710	29,204,309	57,878,019
Total noncurrent assets	45,355,147	31,213,464	76,568,611
Total assets	79,821,946	49,539,815	129,361,761
Deferred Outflows of Resources			
Unamortized loss on refunding		234,166	234,166
Pension related	2,439,210	480,695	2,919,905
Total deferred outflows of resources	2,439,210	714,861	3,154,071

The accompanying notes are an integral part of these financial statements.

City of Pismo Beach
Statement of Net Position, Continued
June 30, 2016
Page 2

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	$ 1,604,715	$ 257,435	$ 1,862,150
Accrued liabilities	772,475	94,086	866,561
Compensated absences	13,200	10,300	23,500
Deposits	964,038	180,430	1,144,468
Accrued interest payable	10,078	54,116	64,194
Unearned revenue	20,747		20,747
Bonds and loans	325,000	760,152	1,085,152
Total current liabilities	3,710,253	1,356,519	5,066,772
Noncurrent liabilities:			
Compensated absences	363,344	39,007	402,351
Other post employment benefit liability	38,000		38,000
Bonds and loans	2,715,000	10,675,781	13,390,781
Net pension liability	12,130,135	1,892,419	14,022,554
Total noncurrent liabilities	15,246,479	12,607,207	27,853,686
Total liabilities	18,956,732	13,963,726	32,920,458
Deferred Inflows of Resources			
Pension related	1,245,840	184,377	1,430,217
Net Position			
Net investment in capital assets	40,900,410	20,011,697	60,912,107
Restricted for:			
Debt service	199,571		199,571
Capital projects	2,735,280	1,989,793	4,725,073
Affordable housing	1,643,390		1,643,390
Community development	530,912		530,912
Public safety	219,145		219,145
Streets	1,374,260		1,374,260
Unrestricted	14,455,616	14,105,083	28,560,699
Total net position	$ 62,058,584	$ 36,106,573	$ 98,165,157

The accompanying notes are an integral part of these financial statements.

City of Pismo Beach
Statement of Activities
Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General government	$ 6,471,325	$ 1,996,898	$ 49,353	$
Public safety:				
Police protection	4,441,759	99,422	186,848	
Fire protection	2,246,401	110,111		
Streets	1,896,223	232,322	428,463	179,020
Community services	1,753,938	808,849	55,841	
Public works	2,202,063	1,910,067	14,537	
Redevelopment and housing	5,172	1,366,649		
Interest on long-term debt	129,590			
Total governmental activities	19,146,471	6,524,318	735,042	179,020
Business-type activities:				
Water	5,411,932	4,709,473		26,475
Wastewater	3,218,792	4,633,274		5,375
Transit	8,915	10,539		
Pier	74,525	15,904		
Parking	584,809	644,922		
Total business-type activities	9,298,973	10,014,112	-	31,850
General revenues and transfers:				
Property taxes				
Sales taxes				
Special water taxes				
Transient occupancy taxes				
Other taxes				
Franchise taxes				
Unrestricted investment earnings				
Other revenue				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Prior year restatement				
Net position, beginning of year, as restated				
Net position, end of year				

The accompanying notes are an integral part of these financial statements.

Net Revenues (Expenses) and Changes in Net Position		
Governmental Activities	**Business-type Activities**	**Total**
$ (4,425,074)	$	$ (4,425,074)
(4,155,489)		(4,155,489)
(2,136,290)		(2,136,290)
(1,056,418)		(1,056,418)
(889,248)		(889,248)
(277,459)		(277,459)
1,361,477		1,361,477
(129,590)		(129,590)
(11,708,091)	-	(11,708,091)
	(675,984)	(675,984)
	1,419,857	1,419,857
	1,624	1,624
	(58,621)	(58,621)
	60,113	60,113
-	746,989	746,989
4,662,304		4,662,304
4,485,779		4,485,779
	1,266,322	1,266,322
9,199,947		9,199,947
370,686		370,686
544,924		544,924
397,199		397,199
74,243		74,243
(71,219)	71,219	-
19,663,863	1,337,541	21,001,404
7,955,772	2,084,530	10,040,302
53,804,135	34,106,997	87,911,132
298,677	(84,954)	213,723
54,102,812	34,022,043	88,124,855
$ 62,058,584	$ 36,106,573	$ 98,165,157

City of Pismo Beach
Balance Sheet – Governmental Funds
June 30, 2016

	General	Housing in Lieu	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	$19,042,046	$ 2,742,911	$ 6,427,352	$ 28,212,309
Taxes receivable	1,970,912		130,490	2,101,402
Accounts receivable	109,922		33,889	143,811
Due from other governments			238,123	238,123
Accrued interest receivable	10,999	194,873	5,502	211,374
Prepayments	91,815			91,815
Note receivable		1,086,826		1,086,826
Total assets	$ 21,225,694	$ 4,024,610	$ 6,835,356	$ 32,085,660
Liabilities, Deferred Inflows of Resources and Fund Balance				
Liabilities:				
Accounts payable	$ 467,494	$	$ 1,027,431	$ 1,494,925
Accrued liabilities	759,973		628	760,601
Deposits	866,863		97,175	964,038
Unearned revenue	18,861		1,886	20,747
Total liabilities	2,113,191	-	1,127,120	3,240,311
Deferred inflows of resources:				
Unavailable revenue, note receivable		1,279,394		1,279,394
Fund balance:				
Nonspendable	37,292	1,086,826		1,124,118
Restricted for:				
Capital project funding			1,643,283	1,643,283
Streets and highways			1,374,260	1,374,260
Community development			245,771	245,771
Affordable housing		1,643,390		1,643,390
Community business development			285,141	285,141
Park development			1,091,997	1,091,997
Public safety			219,145	219,145
Debt service			199,571	199,571
Committed for:				
City facility reserve	500,000			500,000
General fund reserve	4,456,101			4,456,101
Capital project funding	8,570,409	15,000	26,923	8,612,332
Risk management reserve	150,000			150,000
Assigned			622,145	622,145
Unassigned	5,398,701			5,398,701
Total fund balance	19,112,503	2,745,216	5,708,236	27,565,955
Total liabilities, deferred inflows of resources and fund balance	$ 21,225,694	$ 4,024,610	$ 6,835,356	$ 32,085,660

The accompanying notes are an integral part of these financial statements.

City of Pismo Beach
Reconciliation of the Balance Sheet of Governmental Funds
to the Government-wide Statement of Net Position
June 30, 2016

Total fund balance - governmental funds		$ 27,565,955
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not current financial resources and, therefore, are not reported in the governmental funds. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. Net capital assets relating to governmental activities consisted of:		
Capital assets at estimated historical cost	$ 80,555,284	
Accumulated depreciation	(38,346,379)	
		42,208,905
Deposits with insurance pools used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. In the statement of net position, these deposits are reported as noncurrent assets.		130,394
Deferred outflows of resources related to pensions reported in the Statement of Net Position		2,439,210
Long-term receivables used in governmental activities are not current financial resources and, therefore, are reported as deferred inflows of resources in the governmental funds. In the statement of net position, long-term receivables are reported as noncurrent assets.		1,279,394
Net other post employment benefit liability is not a current financial resource and, therefore, is not reported in the governmental funds. In the statement of net position, net other post employment benefit liability is reported as a noncurrent liability.		(38,000)
Interest on long-term debt is not recognized in the governmental funds until the period in which it matures and is paid. In the government-wide statements, it is recognized in the period that it is incurred. The liability for unmatured interest payable at year-end was:		(10,078)
Long-term liabilities are not current liabilities and, therefore, are not reported in the governmental funds. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consisted of:		
Refunding revenue bonds	$ (3,040,000)	
Compensated absences	(367,188)	
Claims	2,644	
		(3,404,544)

The accompanying notes are an integral part of these financial statements.

City of Pismo Beach
Reconciliation of the Balance Sheet of Governmental Funds
to the Government-wide Statement of Net Position, Continued
June 30, 2016
Page 2

Net pension liability is not a current financial resource and, therefore, is not reported in the governmental funds. In the statement of net position, net pension liability is reported as a noncurrent liability.	$(12,130,135)
Deferred inflows of resources related to pensions reported in the Statement of Net Position	(1,245,840)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because the internal service fund is presumed to benefit governmental activities, assets and liabilities of the internal service fund are reported with governmental activities in the statement of net position. Net position for the internal service fund was:	5,263,323
Total net position - governmental activities	$ 62,058,584

The accompanying notes are an integral part of these financial statements.

City of Pismo Beach
Statement of Revenues, Expenditures, and
Changes in Fund Balance – Governmental Funds
Fiscal Year Ended June 30, 2016

	General	Housing in Lieu	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	$ 4,662,304	$	$	$ 4,662,304
Sales taxes	4,485,779			4,485,779
Transient occupancy taxes	9,199,947			9,199,947
Other taxes	912,732			912,732
Licenses and permits	1,917,806			1,917,806
Fines and forfeits	56,439			56,439
Subventions and grants	120,592		819,281	939,873
Interest and rents	376,053	8,625	35,219	419,897
Charges for services	216,928	1,366,649	1,004,912	2,588,489
Special assessments			919,798	919,798
Miscellaneous	953,945	4,805	402	959,152
Total revenues	22,902,525	1,380,079	2,779,612	27,062,216
Expenditures:				
Current:				
General government	5,304,720		892,499	6,197,219
Public safety	7,265,142		13,015	7,278,157
Highways and streets	551,895		133,974	685,869
Community services	1,414,147		107,943	1,522,090
Public works	2,255,214			2,255,214
Housing		5,172		5,172
Capital outlay	239,566		2,079,930	2,319,496
Debt service:				
Principal			310,000	310,000
Interest and fiscal charges			130,881	130,881
Total expenditures	17,030,684	5,172	3,668,242	20,704,098
Excess of revenues over (under) expenditures	5,871,841	1,374,907	(888,630)	6,358,118
Other Financing Sources (Uses):				
Transfers in	208,116		2,031,759	2,239,875
Transfers out	(2,610,023)		(232,007)	(2,842,030)
Total other financing sources (uses)	(2,401,907)	-	1,799,752	(602,155)
Net change in fund balance	3,469,934	1,374,907	911,122	5,755,963
Fund balance, beginning of year	15,642,569	1,370,309	4,797,114	21,809,992
Fund balance, end of year	$ 19,112,503	$ 2,745,216	$ 5,708,236	$ 27,565,955

The accompanying notes are an integral part of these financial statements.

City of Pismo Beach
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Government-wide Statement of Activities
Fiscal Year Ended June 30, 2016

Total net change in fund balance - governmental funds		$ 5,755,963
Amounts reported for governmental activities in the statement of activities are different because:		
Changes in long-term receivables do not provide current financial resources and are not reported in the governmental funds.		34,178
Changes in deposits with insurance pools do not provide current financial resources and are not reported in the governmental funds.		(20,537)
Costs of capital assets are reported as expenditures in the governmental funds in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the year was:		
Capitalized expenditures for capital outlay - governmental funds	$ 2,324,677	
Depreciation expense	(1,856,193)	
		468,484
Changes in the net other post employment benefit (OPEB) liability due to plan changes and changes in actuarial assumptions do not provide current financial resources and are not reported in the governmental funds.		46,000
Interest on long-term debt is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The difference between interest expense paid and interest accrued was:		1,291
Repayments of long-term debt are recognized as expenditures in the governmental funds. In the government-wide statements, repayments of long-term liabilities are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		310,000
Compensated absences are measured by the amounts paid during the period in the governmental funds. In the statement of activities, compensated absences are measured by the amounts earned. The differences between compensated absences paid and compensated absences earned was:		16,280
Decreases in actuarially determined claim liabilities for uninsured claims do not provide current financial resources and are not reported in the governmental funds.		(52,425)

The accompanying notes are an integral part of these financial statements.

City of Pismo Beach
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds
to the Government-wide Statement of Activities, Continued
Fiscal Year Ended June 30, 2016
Page 2

Pension expense recorded as an expenditure in governmental funds but recorded as a deferred outflow of resources on the statement of activities is:	$ 1,141,578
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because the internal service fund is presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase in the internal service fund was:	254,960
Total change in net position - governmental activities	$ 7,955,772

The accompanying notes are an integral part of these financial statements.

City of Pismo Beach
Statement of Fund Net Position – Proprietary Funds
June 30, 2016

	Enterprise Funds				
	Water	Wastewater	Other Enterprise Funds	Totals	Governmental Activities - Internal Service Funds
Assets					
Current assets:					
Cash and investments	$ 7,047,746	$ 5,814,349	$ 2,185,250	$ 15,047,345	$ 3,661,183
Accounts receivable	738,139	1,137,015	11,326	1,886,480	269
Accrued interest receivable	5,173	6,678	1,301	13,152	1,386
Prepayments	1,379,374			1,379,374	
Total current assets	9,170,432	6,958,042	2,197,877	18,326,351	3,662,838
Noncurrent assets:					
Capital assets:					
Land	129,591	214,759	33,425	377,775	
Construction in progress	40,696	1,448,267	142,417	1,631,380	
Improvements and buildings	7,914,010			7,914,010	45,236
Vehicles				-	4,450,581
Distribution and collection systems	8,551,973	29,944,076		38,496,049	
Parking equipment and metering systems			158,038	158,038	
Pier			2,142,553	2,142,553	
Capacity rights	1,044,264			1,044,264	
Total capital assets	17,680,534	31,607,102	2,476,433	51,764,069	4,495,817
Less accumulated depreciation	(8,240,535)	(10,931,511)	(1,378,559)	(20,550,605)	(2,764,312)
Capital assets, net of accumulated depreciation	9,439,999	20,675,591	1,097,874	31,213,464	1,731,505
Total noncurrent assets	9,439,999	20,675,591	1,097,874	31,213,464	1,731,505
Total assets	18,610,431	27,633,633	3,295,751	49,539,815	5,394,343
Deferred outflows of resources					
Unamortized loss on refunding		234,166		234,166	
Pension related	187,455	245,867	47,373	480,695	
Total deferred outflow of resources	187,455	480,033	47,373	714,861	-

The accompanying notes are an integral part of these financial statements.

City of Pismo Beach
Statement of Fund Net Position – Proprietary Funds, Continued
June 30, 2016
Page 2

	Enterprise Funds				
	Water	Wastewater	Other Enterprise Funds	Totals	Governmental Activities - Internal Service Funds
Liabilities					
Current liabilities:					
Accounts payable	$ 157,070	$ 48,954	$ 51,411	$ 257,435	$ 109,790
Accrued liabilities	40,783	40,216	13,087	94,086	11,874
Compensated absences	3,705	5,806	789	10,300	1,500
Deposits	180,430			180,430	
Accrued interest payable		54,116		54,116	
Current portion of bonds and loans		760,152		760,152	
Total current liabilities	381,988	909,244	65,287	1,356,519	123,164
Noncurrent liabilities:					
Compensated absences	15,031	23,976		39,007	7,856
Loans		5,576,379		5,576,379	
Bonds, net of current portion		5,099,402		5,099,402	
Net pension liability	737,983	967,935	186,501	1,892,419	
Total noncurrent liabilities	753,014	11,667,692	186,501	12,607,207	7,856
Total liabilities	1,135,002	12,576,936	251,788	13,963,726	131,020
Deferred inflows of resources					
Pension related	71,901	94,305	18,171	184,377	
Net Position					
Net investment in capital assets	9,439,999	9,473,824	1,097,874	20,011,697	1,731,505
Restricted for capital improvements		1,989,793		1,989,793	
Unrestricted	8,150,984	3,978,808	1,975,291	14,105,083	3,531,818
Total net position	$ 17,590,983	$ 15,442,425	$ 3,073,165	$ 36,106,573	$ 5,263,323

The accompanying notes are an integral part of these financial statements.

City of Pismo Beach
Statement of Revenues, Expenses
and Changes in Fund Net Position – Proprietary Funds
Fiscal Year Ended June 30, 2016

	Enterprise Funds				
	Water	Wastewater	Other Enterprise Funds	Totals	Governmental Activities - Internal Service Funds
Operating revenues:					
Sales of water	$ 3,201,546	$	$	$ 3,201,546	$
Service fees	1,402,074	4,487,103	601,077	6,490,254	994,635
Miscellaneous	2,659	104,402	49,348	156,409	41,609
Total operating revenues	4,606,279	4,591,505	650,425	9,848,209	1,036,244
Operating expenses:					
Salaries and benefits	751,331	910,341	276,571	1,938,243	232,308
Purchased power	141,723	234,741		376,464	-
Services and supplies	1,267,514	1,068,635	346,667	2,682,816	850,598
Customer accounting	42,063	42,054		84,117	
Joint operating expenses	2,686,170			2,686,170	
Depreciation and amortization	523,131	676,173	45,011	1,244,315	298,953
Total operating expenses	5,411,932	2,931,944	668,249	9,012,125	1,381,859
Operating income (loss)	(805,653)	1,659,561	(17,824)	836,084	(345,615)
Nonoperating revenues (expenses)					
Property and special taxes	1,266,322			1,266,322	
Interest and investment revenue	103,194	41,769	20,940	165,903	69,639
Interest expense		(286,848)		(286,848)	
Total nonoperating revenues (expenses)	1,369,516	(245,079)	20,940	1,145,377	69,639
Income (loss) before transfers and capital contributions	563,863	1,414,482	3,116	1,981,461	(275,976)
Transfers:					
Transfers in			171,670	171,670	532,169
Transfers out	(46,807)	(52,132)	(1,512)	(100,451)	(1,233)
Total transfers	(46,807)	(52,132)	170,158	71,219	530,936
Capital contributions:					
Public improvements	26,475	5,375		31,850	
Total capital contributions	26,475	5,375	-	31,850	-
Change in net position	543,531	1,367,725	173,274	2,084,530	254,960
Net position, beginning of year	17,080,793	14,120,508	2,905,696	34,106,997	5,008,363
Prior year restatements	(33,341)	(45,808)	(5,805)	(84,954)	
Net position, beginning of year, as restated	17,047,452	14,074,700	2,899,891	34,022,043	5,008,363
Net position, end of year	$ 17,590,983	$ 15,442,425	$ 3,073,165	$ 36,106,573	$ 5,263,323

The accompanying notes are an integral part of these financial statements.

City of Pismo Beach
Statement of Cash Flows – Proprietary Funds
Fiscal Year Ended June 30, 2016

	Enterprise Funds				
	Water	Wastewater	Other Enterprise Funds	Totals	Governmental Activities - Internal Service Fund
Cash flows from operating activities:					
Receipts from customers	$ 4,620,173	$ 4,488,983	$ 666,543	$ 9,775,699	$
Payments to suppliers for goods and services	(3,724,047)	(879,531)	(334,307)	(4,937,885)	(773,708)
Payments to other funds for services	(346,872)	(458,789)	(7,918)	(813,579)	
Payments from other funds for services				-	1,037,425
Payments to employees for wages and benefits	(660,523)	(826,221)	(218,941)	(1,705,685)	(230,060)
Net cash provided by (used in) operating activities	(111,269)	2,324,442	105,377	2,318,550	33,657
Cash flows from noncapital financing activities:					
Property and special taxes	1,266,322			1,266,322	
Transfers from other funds			171,670	171,670	532,169
Transfers to other funds	(46,807)	(52,132)	(1,512)	(100,451)	(1,233)
Net cash provided by noncapital financing activities	1,219,515	(52,132)	170,158	1,337,541	530,936
Cash flows from capital and related financing activities:					
Payments on long-term debt principal		(760,569)		(760,569)	
Interest paid on long-term debt		(270,458)		(270,458)	
Purchases of capital assets	(157,507)	(54,251)	(142,417)	(354,175)	(226,608)
Net cash used in capital and related financing activities	(157,507)	(1,085,278)	(142,417)	(1,385,202)	(226,608)
Cash flows from investing activities:					
Interest on investments	100,426	37,963	20,237	158,626	68,493
Net cash provided by investing activities	100,426	37,963	20,237	158,626	68,493
Net change in cash and cash equivalents	1,051,165	1,224,995	153,355	2,429,515	406,478
Cash and investments, beginning of year	5,996,581	4,589,354	2,031,895	12,617,830	3,254,705
Cash and investments, end of year	$ 7,047,746	$ 5,814,349	$ 2,185,250	$ 15,047,345	$ 3,661,183

The accompanying notes are an integral part of these financial statements.

City of Pismo Beach
Statement of Cash Flows – Proprietary Funds, Continued
Fiscal Year Ended June 30, 2016
Page 2

	Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Wastewater	Other Enterprise Funds	Totals	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ (805,653)	$ 1,659,561	$ (17,824)	$ 836,084	$ (345,615)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	523,131	676,173	45,011	1,244,315	298,953
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:					
Accounts receivable	(25,951)	(102,522)	16,118	(112,355)	1,181
Prepayments	57,951		2,140	60,091	
Deferred outflow of resources - pensions	(56,621)	(66,118)	(24,594)	(147,333)	
Accounts payable	(3,697)	5,679	397	2,379	75,271
Accrued liabilities	12,297	1,431	1,904	15,632	1,619
Compensated absences	(1,869)	(4,433)	(7,434)	(13,736)	2,248
Deposits	39,845			39,845	
Net pension liability	179,209	200,244	89,214	468,667	
Deferred inflow of resources - pensions	(29,911)	(45,573)	445	(75,039)	
Net cash provided by (used in) operating activities	$ (111,269)	$ 2,324,442	$ 105,377	$ 2,318,550	$ 33,657
Noncash investing, capital or financing activities:					
Contributed capital assets	$ 26,475	$ 5,375	$	$	$

The accompanying notes are an integral part of these financial statements.

City of Pismo Beach
Statements of Fiduciary Net Position
June 30, 2016

	Retired Employees Health Care Plan	San Luis Obispo County Tourism Fund
Assets		
Cash and cash equivalents	$	$ 47,421
Accounts receivable		129,585
Investments at fair value:		
California Employer's Retiree Benefit Trust Program pooled investments	1,844,493	
Total assets	$ 1,844,493	$ 177,006
Liabilities		
Deferred revenue	$	$ 1,886
Due to other governmental agencies		175,120
Total liabilities	$ -	$ 177,006
Net Position		
Held in trust for other post employment benefits	$ 1,844,493	$ -

The accompanying notes are an integral part of these financial statements.

City of Pismo Beach
Statements of Changes in Fiduciary Net Position
Fiscal Year Ended June 30, 2016

	Retired Employees Health Care Plan
Additions:	
Contributions:	
Employer	$ 234,000
Investment income:	
Net appreciation in fair value of investments	19,441
Total additions	253,441
Deductions:	
Administration	1,362
Total deductions	1,362
Net change	252,079
Net position held in trust for other post employment benefits:	
Beginning of year	1,592,414
End of year	$ 1,844,493

The accompanying notes are an integral part of these financial statements.

Note 1: Summary of Significant Accounting Policies

Description of the Reporting Entity

The City of Pismo Beach (the City) is a municipal corporation governed by an elected Mayor and four City Council members. The accompanying financial statements present the City (the Primary government) and its component units, entities for which the government is considered financially accountable.

The City of Pismo Beach Public Financing Authority (the Authority) and the Public Facilities Corporation (the Corporation) are legally separate corporate entities for which the City is financially accountable and they are governed by the elected City Council. The Authority and Corporation were formed to provide a method of financing public improvements. The City has identified the Authority and the Corporation as blended component units in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, amended by GASB Statements No. 39 and 61, and they have been included in the accompanying financial statements. The Authority and the Corporation do not separately issue financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the City and its component units. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and wastewater function and other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, transient occupancy taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

> G*eneral Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> *Housing in Lieu Fund* is a special revenue fund used to account for affordable housing. The main revenue source is an in lieu fee paid by developers at 5% of assessed valuation of building permits.

Note 1: Summary of Significant Accounting Policies (Continued)

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

The City reports the following major proprietary funds:

Water Fund accounts for the operations of the City's water treatment and distribution system.

Wastewater Fund accounts for the operation of the City's wastewater treatment plant and collection facilities.

Additionally, the City has established an internal service fund which is used to account for the City's vehicle fleet and technology equipment and services provided to other City departments on a cost reimbursement basis.

The City has established a fiduciary fund that is a private-purpose trust fund to account for assets held in trust for retired employees' health care. The City has also established a second fiduciary fund to collect and record the San Luis Obispo County tourism tax of which 98% is remitted to the County and 2% remains with the City and is transferred to the general fund after collection.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for the enterprise and internal service funds include the costs of sales and services, administration costs and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities, and Net Position or Fund Balance

Cash and Investments
The City is authorized by its most recent investment policy to invest in the State of California Local Agency Investment Fund, U.S. Treasury bonds, bills, and notes, obligations issued by US Government agencies, corporate bonds, negotiable certificates of deposit, commercial paper, and time deposits and savings and demand accounts.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

Investments for the City are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Fair Value Measurement
As defined in GASB Statement No. 72, *Fair Value Measurement and Application*, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City uses valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.
GASB Statement No. 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 — Observable inputs, other than Level 1 prices, for the asset or liability, either directly or indirectly;
Level 3 — Unobservable inputs for the asset or liability.

For fiscal year ended June 30, 2016, the application of valuation techniques applied to the City's financial statements has been consistent.

Receivables and Payables
Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

All trade and property tax receivables are not shown net of an allowance for uncollectibles.

Property taxes are levied as of March 1 on property values assessed as of the same date. State statutes provide that the property tax rate be limited generally to 1% of market value, be levied by only the County, and be shared by applicable jurisdictions. The County of San Luis Obispo collects the taxes and distributes them to taxing jurisdictions on the basis of assessed valuations subject to voter-approved debt. Property taxes are due on November 1 and March 1, and become delinquent on December 10 and April 10. The City receives property taxes pursuant to an arrangement with the County known as the "Teeter Plan". Under the

Note 1: Summary of Significant Accounting Policies (Continued)

plan, the County assumes responsibility for the collection of delinquent taxes and pays the full allocation to the City. The City recognizes property tax revenues in the fiscal year in which they are due to the City.

Inventories and Prepayments
The City has no significant inventories. All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when used or consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepayments in the governmental funds are accounted for using the consumption method.

Capital Assets
Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 ($50,000 for infrastructure type assets) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. Property, plant, and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	10 - 50
Public domain infrastructure	50
System infrastructure	15 - 60
Vehicles and equipment	5 - 10

Compensated Absences and Other Post-Employment Benefit Obligation
It is the government's policy to permit employees to accumulate earned but unused vacation benefits. There is a liability for unpaid accumulated vacation since the City does have a policy to pay employees for unused vacation when they separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured and have not been paid when due, for example, as a result of employee resignations and retirements.

Other post-employment benefit asset, such as that related to retiree medical benefit plans, is accrued in the government-wide financial statements based upon actuarial and other plan information.

Note 1: Summary of Significant Accounting Policies (Continued)

Long-term Liabilities
In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund statement of net position.

Net Pension Liability
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 reports provided by the California Public Employees' Retirement System (CalPERS) plans (Plans). 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 the 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.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's CalPERS Plans and additions to/deductions from the Plans' 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 benefit terms. Investments are reported at fair value. Projected earnings on pension investments are recognized as a component of pension expense.

Fund Balances – Governmental Funds
Fund balances for governmental funds are reported in classifications based primarily on the extent to which the City is bound to honor constraints about the specific purposes for which amounts in those funds can be spent. These classifications include (1) non-spendable, (2) restricted, (3) committed, (4) assigned and (5) unassigned amounts.

> *Non-spendable fund balance* includes amounts that cannot be spent because they are either (a) not spendable in form such as inventories, prepaid items and certain long-term receivables or (b) legally or contractually required to be maintained intact.
>
> *Restricted fund balance* includes amounts where constraints placed on the use of resources are externally imposed by grantors, contributors, other governments or by laws and regulations.

Note 1: Summary of Significant Accounting Policies (Continued)

Committed fund balance includes amounts that can only be used for a specific purpose pursuant to constraints imposed by formal action of the City's highest level of decision making authority which includes City Resolutions or legislation. It also includes contractual obligations for which existing amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same action it employed previously to commit those amounts.

Assigned amounts are fund balance amounts constrained by the City's intent to be used for a specific purpose. Such intent should be expressed by the City Manager or Director of Administrative Services to assign amounts to be used.

Unassigned amounts are the residual amounts reported in the general fund.

When expenditures are incurred for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available, the City considers restricted amounts to have been spent first. When expenditures are incurred for which any class of unrestricted fund balance could be used, the City considers committed amounts would be reduced first, followed by assigned, and then unassigned amounts.

The City maintains three reserves as part of their committed fund balance. The General Fund Reserve (GFR), City Facility Reserve (CFR) and Risk Management Reserve (RMR) are established by the City as stabilization arrangements. The GFR policy requires that a minimum balance of 25% of the general fund operating expenditure budget be maintained in any given year and is to be used for emergencies, economic downturns, decreased revenues, capital acquisitions and cash flow needs and emergency opportunities as defined by the policy. As of June 30, 2016 the balance in the GFR was $4,456,101. The CFR policy requires that $500,000 be set aside for improvements to city buildings and facilities particularly if funds are not available in a given fiscal year due to emergencies, economic downturn, decreased revenues or cash flow needs as defined by the policy. As of June 30, 2016 the balance in the CFR was $500,000. The RMR policy requires that $50,000 be set aside each year up to $250,000 to fund general liability and worker's compensation costs over 10% of the adopted budget for risk management costs, legal costs, judgments, or to avoid judgments. As of June 30, 2016 the balance in the RMR was $150,000.

Reconciliation of Government-wide and Fund Financial Statements

A reconciliation between total fund balance of the governmental funds and total net position of the governmental activities as reported in the government-wide statement of net position is presented on pages 20 through 21.

A reconciliation between total net change in fund balance of the governmental funds and total change in net position of governmental activities as reported in the government-wide statement of activities is presented on pages 23 through 24.

Note 1: Summary of Significant Accounting Policies (Continued)

There are no differences between total net position of the proprietary funds and total net position of the business-type activities as reported in the government-wide statement of net position.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Appropriations lapse at fiscal year-end. The appropriated budget is prepared by fund, function and department. The City Manager may make transfers of appropriations within a department. Transfers between departments and other changes require City Council approval. The legal level of control is the department and fund level. The Council made supplemental appropriations during the fiscal year. Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year end are reported as a reservation of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Subsequent Events

Events subsequent to June 30, 2016, have been evaluated through December 15, 2016, which is the date that the financial statements were available to be issued. Management did not identify any subsequent events that required disclosure.

Note 2: Cash and Investments

At June 30, 2016, cash and investments consisted of the following:

Cash	$ 4,850,744
Investments	42,070,093
Total cash and investments	$ 46,920,837

Custodial Credit Risk – Deposits

Custodial credit risk - deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Deposits with financial institutions, including certificates of deposit, totaled $14,903,559 at June 30, 2016 and were insured or collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Note 2: Cash and Investments (Continued)

For custodial credit risk associated with deposits, the City policy is to follow the California Government Code which requires California financial institutions to secure the City's deposits by pledging government securities as collateral. The market value of the pledged securities must equal 110% of the City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes equal to 150% of the City's deposits.

Investment Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Investments classified in Level 2 of the fair value hierarchy are valued using quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based pricing valuations for which all significant assumptions are observable or can be corroborated by observable market data.

The following is a summary of the fair value measurements as of June 30, 2016:

	Fair Value	Significant Other Observable Inputs (Level 2)
Investments classified by fair value hierarchy		
Negotiable certificates of deposit	$ 10,052,815	$ 10,052,815
US Government Agency Obligations	6,006,986	6,006,986
Corporate bonds	1,533,205	1,533,205
Total investments by fair value hierarchy	$ 17,593,006	$ 17,593,006
Investments not subject to fair value hierarchy		
State Local Agency Investment Fund	$ 24,477,087	
Total investments not subject to fair value hierarchy	$ 24,477,087	
Total investments measured at fair value	$ 42,070,093	

Local Agency Investment Fund

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Cost Section 16429 under the oversight of the Treasurer of the State of California. LAIF management calculates the fair value and cost of the entire LAIF pool. The City adjusts its cost basis invested in LAIF to fair value based upon this ratio. The fair value of the City's position in the pool is the same as the value of the pool share. The balance available for withdrawal on demand is based on accounting records maintained by LAIF, which are recorded on an amortized cost basis. At June 30, 2016 LAIF had a weighted average maturity of 167 days.

Note 2: Cash and Investments (Continued)

Custodial Credit Risk – Investments

Custodial credit risk – investments is the risk that in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. All of the City's investments in securities are insured or registered and held by a counterparty in the City's name in accordance with the City's policies. The City's investment policy specifies that securities are to be held by a third party, other than the counterparty, in the City's name, whenever possible.

Interest Rate Risk

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to securities having a maturity date of five years or less at the date of purchase.

At June 30, 2016, maturities were as follows for the City's investments:

Liquidity	Amount
FY 2016-17	$ 25,457,800
FY 2017-18	955,312
FY 2018-19	1,049,779
FY 2019-20	3,018,692
FY 2020-21	11,588,510
Total investments	$ 42,070,093

Concentration of Credit Risk

The City's policies in the Investment Management Plan provide guidelines (by type of investment vehicle that limits either the dollar amount, the percent of the portfolio or the maturity term) for diversifying the investment portfolio so that potential losses on individual securities will be minimized. Investments in US Government Agency Obligations represent 14% of the City's investments at June 30, 2016. These U.S government-sponsored enterprise agency securities are not explicitly guaranteed by the U.S. government.

Note 2: Cash and Investments (Continued)

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer or backer. The City's policy is to mitigate this risk by investing in investment grade securities and by diversifying the investment portfolio so that the failure of any one issuer does not unduly harm the investment portfolio.

At June 30, 2016, credit risk ratings were as follows for the City's investments:

	Rating	Fair Value
State Local Agency Investment Fund (LAIF)	Unrated	$ 24,477,087
Negotiable certificates of deposit	Unrated	10,052,815
US Government Agency Obligations	Aaa	6,006,986
Non-US corporate bonds	AA-	1,017,680
US corporate bonds	AA+	515,525
Total investments		$ 42,070,093

Note 3: Accounts Receivable

At June 30, 2016, accounts receivable consisted of the following:

	General	Housing in Lieu	Other Nonmajor Governmental Funds	Internal Service	Total Governmental Activities
Governmental activities:					
Taxes receivable	$ 1,970,912	$	$ 130,490	$	$ 2,101,402
Accounts receivable	109,922		33,889	269	144,080
Accrued interest receivable	10,999		5,502	1,386	17,887
Due from other governments			238,123		238,123
Total accounts receivable	$ 2,091,833	$ -	$ 408,004	$ 1,655	$ 2,501,492

	Water	Wastewater	Other Enterprise Funds	Total Business-Type Activities
Business-type activities:				
Accounts receivable	$ 738,139	$ 1,137,015	$ 11,326	$ 1,886,480
Accrued interest receivable	5,173	6,678	1,301	13,152
Total accounts receivable	$ 743,312	$ 1,143,693	$ 12,627	$ 1,899,632

Note 4: Note Receivable

In 2012, the City entered into a note receivable agreement for a loan in the amount of $1,657,235 for the development of affordable housing. The loan bears interest at 3% per annum. Principal and interest are due and payable in full in 2066. The loan is secured by a deed of trust and a regulatory agreement. At June 30, 2016, the current principal balance and accrued interest on the note receivable was $1,279,394.

Note 5: Capital Assets

Capital assets activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Additions	Transfers/ Deductions	Balance June 30, 2016
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 6,957,295	$	$	$ 6,957,295
Rights of way - street system	5,068,528			5,068,528
Construction in progress	1,681,620	1,673,317	(114,060)	3,240,877
Total capital assets not being depreciated	13,707,443	1,673,317	(114,060)	15,266,700
Capital assets being depreciated:				
Buildings	5,531,963			5,531,963
Machinery and equipment	2,348,265	264,115	(22,481)	2,589,899
Vehicles	4,470,982	174,806	(177,548)	4,468,240
Improvements	9,685,479	278,560	19,651	9,983,690
Infrastructure - street system	46,984,400	146,569	79,641	47,210,610
Total capital assets being depreciated	69,021,089	864,050	(100,737)	69,784,402
Accumulated depreciation:				
Buildings	(2,648,367)	(78,596)		(2,726,963)
Machinery and equipment	(1,537,009)	(150,925)	20,487	(1,667,447)
Vehicles	(2,640,925)	(298,426)	181,306	(2,758,045)
Improvements	(3,730,059)	(448,103)	14,768	(4,163,394)
Infrastructure - street system	(28,615,748)	(1,179,095)		(29,794,843)
Total accumulated depreciation	(39,172,108)	(2,155,145)	216,561	(41,110,692)
Total capital assets being depreciated, net	29,848,981	(1,291,095)	115,824	28,673,710
Net capital assets, governmental activities	$ 43,556,424	$ 382,222	$ 1,764	$ 43,940,410

Note 5: Capital Assets (Continued)

	Balance June 30, 2015	Additions	Transfers/ Deductions	Balance June 30, 2016
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 377,775			$ 377,775
Construction in progress	1,932,626	236,231	(537,477)	1,631,380
Total capital assets not being depreciated	2,310,401	236,231	(537,477)	2,009,155
Capital assets being depreciated:				
Buildings	333,726			333,726
Capacity rights	1,044,264			1,044,264
Tanks, wells and improvements	10,802,879	151,943	494,244	11,449,066
Equipment	2,675,224			2,675,224
Pipelines and collection system	32,110,081			32,110,081
Pier	2,142,553			2,142,553
Total capital assets being depreciated	49,108,727	151,943	494,244	49,754,914
Accumulated depreciation:				
Buildings	(333,726)			(333,726)
Capacity rights	(887,626)	(52,213)		(939,839)
Tanks, wells and improvements	(5,980,371)	(450)	34,601	(5,946,220)
Equipment	(945,688)	(20,175)		(965,863)
Pipelines and collection system	(9,927,916)	(1,146,642)		(11,074,558)
Pier	(1,265,564)	(24,835)		(1,290,399)
Total accumulated depreciation	(19,340,891)	(1,244,315)	34,601	(20,550,605)
Total capital assets being depreciated, net	29,767,836	(1,092,372)	528,845	29,204,309
Net capital assets, business-type activities	$ 32,078,237	$ (856,141)	$ (8,632)	$ 31,213,464

Note 5: Capital Assets (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	$ 50,609
Public safety	182,226
Community services	425,262
Infrastructure - streets	1,198,622
Vehicles - internal service fund	298,426
Total depreciation, governmental activities	$ 2,155,145
Business-type activities:	
Water	$ 523,131
Wastewater	676,174
Parking	20,175
Pier	24,835
Total depreciation, business-type activities	$ 1,244,315

Total interest expense for business-type activities was $286,848 for the year ended June 30, 2016 and the total amount thereof that was capitalized was $26,361.

Note 6: Long-Term Debt

The City's internal service fund predominately serves the governmental funds. Accordingly, long-term liabilities of the internal service fund are included in governmental activities in the statement of net position. At June 30, 2016, compensated absences of the internal service fund were $9,356.

For the governmental activities, claims and judgments and compensated absences are generally liquidated by the General fund. See Note 11 for further discussion on claims liability.

Note 6: Long-Term Debt (Continued)

Long-term debt activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016	Due Within One Year
Governmental activities:					
Revenue refunding bonds	$ 3,350,000	$	$ (310,000)	$ 3,040,000	$ 325,000
Compensated absences	390,576	23,200	(37,232)	376,544	13,200
Claims	49,781	21,101	(73,526)	(2,644)	
Total long-term debt, governmental activities	$ 3,790,357	$ 44,301	$ (420,758)	$ 3,413,900	$ 338,200
Business-type activities:					
Compensated absences	$ 63,043	$ 3,040	$ (16,776)	$ 49,307	$ 10,300
Revenue refunding bonds	5,155,000		(195,000)	4,960,000	205,000
Unamortized bond premium	364,661		(20,259)	344,402	
State revolving loans	6,676,841		(545,310)	6,131,531	555,152
Total long-term debt, business-type activities	$ 12,259,545	$ 3,040	$ (777,345)	$ 11,485,240	$ 770,452

2007A Lease Revenue Refunding Bonds

In 2007, the Authority issued lease revenue refunding bonds (2007A bonds) in the amount of $5,185,000 to advance refund and retire prior revenue bonds. The Authority entered into a lease arrangement with the City wherein the City is obligated to make all debt service payments on the 2007A bonds. The transactions between the Authority and the City have been eliminated from these financial statements. The debt is reported within the governmental activities and related debt service payments are reported within the General fund. The 2007A bonds are secured by a covenant of the City to make provisions in its annual budget to provide for funding the retirement of principal and payment of interest. The bonds maturing on or after December 1, 2018 are subject to redemption prior to maturity as specified in the bond resolution. The 2007A bonds bear interest at rates from 3.5 to 5%. Principal and interest are payable in semi-annual installments each June 1 and December 1 through 2025.

Note 6: Long-Term Debt (Continued)

At June 30, 2016, future minimum principal and interest payments on the 2007A bonds were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2017	$ 325,000	$ 120,931	$ 445,931
2018	335,000	108,906	443,906
2019	355,000	96,344	451,344
2020	365,000	82,854	447,854
2021	380,000	68,254	448,254
2022-2025	1,280,000	119,733	1,399,733
Total	$ 3,040,000	$ 597,022	$ 3,637,022

State Revolving Fund Loans

The City entered into an agreement with the State Water Resources Control Board for a $10,154,284 loan with an effective interest rate of approximately 1.8% for the purpose of financing wastewater system improvements.

At June 30, 2016, future minimum principal and imputed interest payments on this loan payable were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2017	$ 509,561	$ 99,698	$ 609,259
2018	518,749	90,511	609,260
2019	528,102	81,158	609,260
2020	537,623	71,636	609,259
2021	547,317	61,943	609,260
2022-2026	2,888,213	158,084	3,046,297
Total	$ 5,529,565	$ 563,030	$ 6,092,595

The City entered into a second agreement with the State Water Resources Control Board for a $231,904 loan with an effective interest rate of approximately 1.8% for the purpose of financing additional improvements.

Note 6: Long-Term Debt (Continued)

At June 30, 2016, future minimum principal and imputed interest payments on this loan payable were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2017	$ 12,371	$ 2,275	$ 14,646
2018	12,605	2,041	14,646
2019	12,844	1,802	14,646
2020	13,087	1,559	14,646
2021	13,335	1,311	14,646
2022-2025	55,914	2,672	58,586
Total	$ 120,156	$ 11,660	$ 131,816

The City also entered into third agreement with the State Water Resources Control Board for an additional $847,763 loan with an effective interest rate of approximately 1.8% for the purpose of financing additional improvements.

At June 30, 2016, future minimum principal and imputed interest payments on this loan payable were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2017	$ 33,220	$ 8,687	$ 41,907
2018	33,819	8,088	41,907
2019	34,428	7,478	41,906
2020	35,049	6,857	41,906
2021	35,681	6,226	41,907
2022-2026	188,290	21,243	209,533
2027-2029	121,323	4,400	125,723
Total	$ 481,810	$ 62,979	$ 544,789

The City has pledged future wastewater system revenues, net of specified operating expenses, to repay the State Revolving Fund Loans. Proceeds from the loans were used to complete a major upgrade to the City's wastewater treatment plant and related facilities. The loans are payable solely from wastewater customer net revenues and are payable through 2026. For the year ended June 30, 2016, principal and imputed interest paid and total system net revenues were $665,812 and $2,335,734, respectively.

Note 6: Long-Term Debt (Continued)

Wastewater Refunding Revenue Bonds, Series 2012

In 2012, the Authority issued revenue refunding bonds (2012 bonds) in the amount of $5,710,000 to advance refund the 2004 revenue bonds, series A. The Authority entered into a lease arrangement with the City wherein the City is obligated to make all debt service payments on the 2012 bonds. The transactions between the Authority and the City have been eliminated from these financial statements and the debt and related debt service payments are reported within the Wastewater fund. The 2012 bonds bear interest at rates of 2.0 to 5%. Principal and interest are payable in semi-annual installments each June 30 and December 30 through 2033.

At June 30, 2016, future minimum principal and imputed interest payments on the 2012 bonds were as follows:

For the Year Ending June 30,	Principal	Interest	Total
2017	$ 205,000	$ 185,263	$ 390,263
2018	215,000	176,863	391,863
2019	220,000	168,163	388,163
2020	235,000	159,063	394,063
2021	240,000	148,363	388,363
2022-2026	1,405,000	545,871	1,950,871
2027-2031	1,680,000	267,110	1,947,110
2032-2034	760,000	26,017	786,017
Total	$ 4,960,000	$ 1,676,713	$ 6,636,713

In the statement of net position, the 2012 bonds include the related unamortized premium which is being amortized and charged to expense over the term of the 2012 bonds. At June 30, 2016, the unamortized premium was $344,402.

The City has also pledged future wastewater system revenues, net of specified operating expenses, to repay the 2012 bonds. The bonds are payable solely from wastewater customer net revenues. For the year ended June 30, 2016, principal and interest paid and total customer net revenues were $387,288 and $2,335,734, respectively.

The advance refunding resulted in a difference $289,264 between the reacquisition price and the net carrying value of the old debt. This loss on refunding is reported as a deferred outflow of resources in the statement of net position and is being amortized to expense through 2033. The City completed the refunding to reduce its total debt service payments over the next 21 years by $991,751 and to obtain an economic gain of $800,743 (difference between the present values of the old and the new debt service payments).

Note 7: Other Post-Employment Benefits (OPEB)

Plan Description

The City administers the City's Retired Employees Healthcare Plan (the Plan), a single employer defined benefit healthcare plan. The Plan provides medical insurance benefits to eligible retirees and their spouses. City resolutions and agreements assign the authority to establish and amend benefit provisions to the City. Separate financial statements of the Plan are not issued by the City. A separate other post-employment benefits (OPEB) trust has been established by the City.

Funding Policy

The contribution requirements of Plan members and the City are established by and may be amended by the City. The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the City Council. For the year ended June 30, 2016, the City contributed $162,005 for current year premiums (100% of total premiums) and $234,000 to prefund benefits and pay down a portion of the implied subsidy. Plan members receiving benefits contributed no amounts of the total premiums.

Annual OPEB Cost and Net OPEB Obligation (Asset)

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation (asset):

Annual required contribution (ARC)	$ 372,000
Interest on net OPEB obligation	(1,000)
Adjustment to annual required contributions	-
Annual OPEB cost	371,000
Contributions made	(325,000)
Change in net OPEB obligation	46,000
Net OPEB asset, beginning of year	(8,000)
Net OPEB obligation, end of year	$ 38,000

Note 7: Other Post-Employment Benefits (OPEB) (Continued)

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation (asset) for the last three years were as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	% of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2016	$ 371,000	$ 325,000	87.6%	$ 38,000
6/30/2015	$ 359,000	$ 323,000	90.0%	$ (8,000)
6/30/2014	$ 213,000	$ 234,000	109.9%	$ (44,000)

Funding Status and Funding Progress

The funded status of the Plan as of June 30, 2015, the Plan's most recent actuarial valuation, was as follows:

Actuarial accrued liability	$ 4,336,000
Actuarial value of plan assets	1,573,000
Unfunded actuarial accrued liability (UAAL)	$ 2,763,000
Funded ratio	36.28%
Covered payroll	$ 5,967,000
UAAL as a percentage of covered payroll	46.30%

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

Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) includes 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 reduce the effects of short term volatility in actuarial liabilities and the actuarial value of plan assets, consistent with the long-term perspective of the calculations.

Note 7: Other Post-Employment Benefits (OPEB) (Continued)

In the June 30, 2015 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 6.75% investment rate of return which is a blended rate of the expected long-term invested returns on plan assets and on the employers own investments calculated based on the funded level of the plan at the valuation date, a general inflation rate of 3%, and an annual health care cost trend of 7.5 to 7.8% initially, reduced to an ultimate rate of 5% after eight years. The UAAL is being amortized as a level percentage of projected payroll over 24 years, the remaining amortization period as of June 30, 2016. The amortization period is closed.

Note 8: Interfund Receivables, Payables and Transfers

There were no interfund receivables and payables at June 30, 2016. Interfund transfers for the year ended June 30, 2016 were as follows:

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	$ 208,116	$ 2,610,023
Capital Projects Fund	1,590,878	
Other Governmental Funds:		
State Gas Tax Fund		149,714
Noncapital Grants Fund		24,132
Impact Fee Fund		58,161
City of Pismo Beach Public Financing Authority Fund	440,881	
Enterprise Funds:		
Water Fund		46,807
Wastewater Fund		52,132
Other Enterprise Funds:		
Pier Fund	171,670	
Parking Fund		1,512
Internal Service Funds	532,169	1,233
Total interfund transfers	$ 2,943,714	$ 2,943,714

The primary purpose of interfund transfers is to move unrestricted fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including capital outlay expenditures. Interfund transfers were made from the General Fund to the City of Pismo Beach Public Financing Authority Fund as debt service principal and interest payments become due. Interfund transfers were made from various funds to the Internal Service Fund for vehicle replacement contributions.

Note 9: Public Employees Retirement System

General Information about the Pension Plans

Plan Descriptions
The City contributes to the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer public employee defined benefit pension plan. All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Plans. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by the State statute and City ordinance. CalPERS issues publicly available financial reports that include the financial statements and required supplementary information for the CalPERS. 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.

The City participates in the Safety and Miscellaneous CalPERS cost sharing multiple-employer plans. The Safety plans consists of Fire Tier 1; Fire Tier 2; Police Tier 1, Police Tier 2, and Police PEPRA. The Miscellaneous plans consist of Tier 1, Tier 2 and PEPRA.

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.

While the City's Safety and Miscellaneous plan are not closed to new entrants, the component option of Safety Fire Tier 1, Safety Police Tier 1, and Miscellaneous Tier 1 are closed to new entrants. Classic members, as defined by CalPERS, entering the City's plans would enter the Tier 2 plans, and New Members, as defined by CalPERS, would enter the PEPRA plans.

Note 9: Public Employees Retirement System (Continued)

The Plan's provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Safety - Fire	
	Tier 1	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55
Monthly benefits, as a % of eligible compensation	2.0%	2.0% to 2.7%
Required employee contribution rates	9%	9%
Required employer contribution rates	13.813%	11.500%
Final average compensation period	3-Year Average	3-Year Average

	Safety - Police		
	Tier 1	Tier 2	PEPRA
Hire date	Prior to January 1, 2013	On or after December 17, 2012	On or after January 1, 2013
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50 - 55
Monthly benefits, as a % of eligible compensation	3.0%	3.0%	2.0% to 2.7%
Required employee contribution rates	12%	12%	12%
Required employer contribution rates	18.524%	15.630%	11.150%
excludes employer share paid by employee	-3.00%	-3.00%	-0.50%
Final average compensation period	Single Highest Year	3-Year Average	3-Year Average

	Miscellaneous		
	Tier 1	Tier 2	PEPRA
Hire date	Prior to January 1, 2013	On or after December 17, 2012	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.0%	1.0% to 2.5%
Required employee contribution rates	8%	8%	8%
Required employer contribution rates	9.671%	6.710%	6.240%
excludes employer share paid by employee	0.00%	-1.00%	-1.75%
Final average compensation period	Single Highest Year	3-Year Average	3-Year Average

Note 9: Public Employees Retirement System (Continued)

Contributions

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.

For the year ended June 30, 2016, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety
Contributions - employer	$ 1,715,407	$ 687,175

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

As of June 30, 2016, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Miscellaneous	Safety	Total
Plan's Proportionate Share of the Net Pension Liability	$ 6,684,633	$ 7,337,921	$ 14,022,554

The City's net position 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, 2015, 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, 2014 rolled forward to June 30, 2015 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2014 and 2015 was as follows:

Proportionate share	Miscellaneous	Safety
Percentage share at 6/30/2014	0.25233%	0.18584%
Percentage share at 6/30/2015	0.24366%	0.17809%
Change - Increase/(Decrease)	-0.00867%	-0.00775%

Note 9: Public Employees Retirement System (Continued)

For the year ended June 30, 2016, the City recognized pension expense of $1,141,578. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	All Plans	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,787,700	$
Differences between actual and expected experience	45,852	(90,399)
Changes in assumptions		(849,583)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	187,855	(62,043)
Net differences between projected and actual earnings on pension plan investments		(428,192)
Adjustment due to difference in proportions	898,498	
Total	$ 2,919,905	$ (1,430,217)

Pension contributions subsequent to the measurement dates of $1,787,700 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

All Plans	
Measurement Period Ended June 30	Amount
2016	$ (246,187)
2017	(262,390)
2018	(326,087)
2019	536,652
Total	$ (298,012)

Note 9: Public Employees Retirement System (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service (1)
Post Retirement Benefit Increase	(2)
Mortality	(3)

(1) Depending on age, service, and type of employment
(2) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter
(3) Derived using CalPERS' Membership Data for all Funds

The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. All other actuarial assumptions used in the June 30, 2014 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. More information on this table and assumptions can be found in the Experience Study report on CalPERS' website under Forms and Publications.

Change in Assumptions

According to Paragraph 68 of GASB 68, the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65% for each Plan. 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 mostly 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 ran out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is

Note 9: Public Employees Retirement System (Continued)

not necessary. The long term expected discount rate of 7.65% 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.

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. Using historical returns of all the funds' asset classes, expected compound 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 the 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 rates of return are net of administrative expenses.

	All Plans		
Asset Class	**New Strategic Allocation**	**Real Return Years 1 - 10** (a)	**Real Return Years 11+** (b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Liquidity	2.00%	4.50%	5.09%
Other	2.00%	-0.55%	-1.05%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

Note 9: Public Employees Retirement System (Continued)

Sensitivity 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 one percentage point lower or one percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.65%	6.65%
Net Pension Liability	$ 11,210,596	$ 11,765,208
Current Discount Rate	7.65%	7.65%
Net Pension Liability	$ 6,684,633	$ 7,337,921
1% Increase	8.65%	8.65%
Net Pension Liability	$ 2,947,925	$ 3,707,628

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

Payable to the Pension Plan

At June 30, 2016, the City reported a payable of $0 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2016.

Note 10: Jointly Governed Organizations and Operating Agreements

Jointly governed organizations are legal entities or other organizations that result from a contractual arrangement and that are owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility.

The City is a participant in the following organizations:

South County Area Transit and San Luis Obispo Regional Transit Authority

The City is a member of South County Area Transit and San Luis Obispo Regional Transit Authority, which were formed to provide fixed route and regional transit services within the member cities and the County. The City's obligation to these entities is limited to the assignment of a portion of its Local Transportation Fund allocations to the joint powers agencies.

Note 10: Jointly Governed Organizations and Operating Agreements (Continued)

San Luis Obispo Council of Governments

The San Luis Obispo Council of Governments (SLOCOG) was formed in 1968 through a joint powers agreement among the incorporated cities and the County of San Luis Obispo. It acts as the regional transportation planning agency for the county and is the metropolitan planning organization and the congestion management agency for the region. The City's obligation to this entity is limited to the assignment of a portion of its Local Transportation Fund allocations to the agency.

The City has the following water treatment and supply agreements:

Water Treatment and Facilities Agreement

The City has an agreement with the San Luis Obispo County Flood Control and Water Conservation District (the District) wherein the District and the Central Coast Water Authority (the Water Authority) constructed and operate a joint water treatment facility and water conveyance system. The Water Authority financed the facility and system by selling revenue bonds, and in 1997, issued $198 million in refunding revenue bonds. In 2006, the Water Authority issued refunding bonds to take advantage of lower market interest rates. The agreement is a take-or-pay obligation, and the City is obligated to pay amounts specified in the agreement whether or not water is treated or delivered. The amounts paid by the City are pledged by the Water Authority for repayment of the Water Authority's debt obligations. The City recorded these payments as operating expenses of $67,789 and $1,271,001 to the District and Water Authority, respectively, in its Water Fund.

Water Supply Agreement

The City has entered into a water supply agreement with the District for the purpose of obtaining additional water for municipal purposes. The City is obligated to make payments even if the City fails or refuses to accept water deliveries. The District's source for such additional water supplies is the California State Water Project (SWP). The SWP has constructed facilities to extend the California Aqueduct to the Central Coast and to the facilities owned by the Water Authority. The City has recorded as long-term prepayments in its Water Fund payments made under this agreement while the SWP expansion was under construction and prior to its ability to convey water under the arrangement. These prepayments are being amortized to expense as operating expenses over the term of the agreement.

Note 10: Jointly Governed Organizations and Operating Agreements (Continued)

Lopez Dam Agreement

The City has entered into a Lopez Dam agreement with the District related to the Lopez Dam storage reservoir, water treatment plant, main conduits, and related facilities built for the primary purpose of providing a municipal water supply to cities in the County. This agreement is also a take-or-pay arrangement and the City is obligated to make payments regardless of water deliveries. In 2000, voters in Zone 3 of the District, authorized the District to issue $13.2 million in general obligation bonds to provide funds to construct seismic improvements to the Lopez Dam and facilities. The District is to receive such tax revenues under the voter approved arrangement and is to also receive payments from the City and other participating governments in amounts sufficient to pay debt service on the bonds and related operating and capital costs. The City recorded these payments of $1,347,379 as expenses in its Water Fund.

Note 11: Risk Management

Self-Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries insurance. The City, due to the costs of available coverage, participated as a member in the Central Coast Cities Self-Insurance Fund (CCCSIF) through June 30, 2003 for general liability insurance and through June 30, 2004 for workers compensation insurance. Thereafter, the City joined the California Joint Powers Insurance Authority (California JPIA). The California JPIA provides general liability insurance to the City with a $50 million per occurrence and $50 million per year aggregate limit and workers compensation insurance with statutory benefits and $10 million employer's liability coverage. The risk of loss is transferred to the California JPIA. The City is subject to retrospective premium adjustments under the arrangement. Claims liabilities in the governmental funds are generally liquidated by the General Fund.

The City is responsible for payment of its respective claims that were outstanding with the CCCSIF at the time the City elected to insure with the California JPIA. The uninsured risk for these claims, referred to as tail-end claims, retained by the City was $300,000 per incident for workers compensation claims, $50,000 per incident for general liability claims, and $5,000 per property damage claim. The CCCSIF periodically obtains actuarial studies and valuations of the tail-end claim liabilities, and the City reports such estimated amounts payable as claim liabilities in the statement of net position.

Liabilities of the City are reported in the statement of net position for the governmental activities when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation,

Note 11: Risk Management (Continued)

changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors.

The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Settlements have not exceeded coverage for each of the past three fiscal years.

Self-Insurance activity as of and for the year ended June 30, 2016 is summarized as follows:

Interest earnings	$ 564
Claims expense	$ (21,101)
Estimated liability for reported claims and settlement expenses	$ (127,750)
Assets on deposit	130,394
Estimated unpaid claims asset at June 30, 2016	$ 2,644

Changes in the balances of claims liabilities during the past two fiscal years were as follows:

Estimated unpaid claims liabilities at June 30, 2014	$ (199,209)
Claim payments and related expenditures reimbursement	(25,619)
Change in estimated claims liability for year ended June 30, 2015	13,109
Interest earnings	450
Deposits	161,488
Estimated unpaid claims liabilities at June 30, 2015	(49,781)
Claim payments and related expenditures reimbursement	(21,101)
Change in estimated claims liability for year ended June 30, 2016	72,962
Interest earnings	564
Estimated unpaid claims asset at June 30, 2016	$ 2,644

Note 12: Commitments and Contingencies

Litigation

The City is involved in litigation incurred in the normal course of conducting City business. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Note 12: Commitments and Contingencies (Continued)

Grants and Allocations

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Construction and Other Significant Commitments

Construction and other significant commitments as of June 30, 2016, including encumbrances outstanding at year-end, were as follows:

General fund	$	469,626
Special revenue funds		299,374
Capital project funds		2,794,056
Enterprise funds		1,329,428
Internal service funds		345,224
Total	$	5,237,708

Long term construction contracts are billed and paid on a percentage of completion basis by construction phase.

Note 13: New Accounting Pronouncements

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of Statement No. 72 are effective for fiscal years beginning after June 15, 2015. Implementation of this statement resulted in additional fair value measurement disclosures. See Note 2 to Financial Statements for further discussion.

Note 13: New Accounting Pronouncements (Continued)

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. The provisions of Statement No. 73 are effective for fiscal years beginning after June 15, 2015. Implementation of this statement did not have a material impact on the City's financial statements.

In June 2015, GASB issued Statement No. 74*, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which establishes financial reporting standards for state and local governmental OPEB plans—defined benefit OPEB plans and defined contribution OPEB plans—that are administered through trusts or equivalent arrangements. The provisions of Statement No. 74 are effective for fiscal years beginning after June 15, 2016. Management has not yet determined the impact of this Statement on its financial statements.

Additionally, in June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. Statement No. 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions of Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Management has not yet determined the impact of this Statement on its financial statements.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles. The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The provisions of Statement No. 76 are effective for fiscal years beginning after June 15, 2015. Implementation of this statement did not have a material impact on the City's financial statements.

Note 13: New Accounting Pronouncements (Continued)

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The provisions of Statement No. 77 are effective for fiscal years beginning after December 15, 2015. Management has not yet determined the impact of this Statement on its financial statements.

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. Statement No. 78 addresses a practice issue regarding the scope and applicability of Statement No. 68 for pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The provisions of Statement No. 78 are effective for fiscal years beginning after December 15, 2015. Management has not yet determined the impact of this Statement on its financial statements.

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. The provisions of Statement No. 79 are effective for reporting periods beginning after June 15, 2016. Management has not yet determined the impact of this Statement on its financial statements.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. Statement No. 80 amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The provisions of Statement No. 80 are effective for fiscal years beginning after December 15, 2015. Management has not yet determined the impact of this Statement on its financial statements.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. Statement No. 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. The Statement also provides additional recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The provisions of Statement No. 81 are effective for fiscal years beginning after December 15, 2016. Management has not yet determined the impact of this Statement on its financial statements.

In March 2016, GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Note 13: New Accounting Pronouncements (Continued)

The provisions of Statement No. 82 are effective for fiscal years beginning after June 15, 2016. Management has not yet determined the impact of this Statement on its financial statements.

In November 2016, GASB issued Statement No. 83, Capital Asset Retirement Obligations. Statement No. 83 provides financial statement users with information about asset retirement obligations that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. The provisions of Statement No. 83 are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the impact of this Statement on its financial statements.

Note 14: Restatement of Beginning Net Position

During 2016, a prior year restatement was recorded to properly restate deferred inflows of resources related to pensions that had been amortized during the year ended June 30, 2015 rather than amortized during the measurement period ending June 30, 2015. The effect was to increase deferred inflows of resources related to pensions and decrease beginning net position by $656,520 for Governmental Activities and $84,954 for Business-Type Activities for the year ended June 30, 2016.

In addition, the City identified certain capital assets that had been previously recorded as contributions but should have been capitalized and depreciated as part of Governmental Activities. The effect, in the year ended June 30, 2015, was to understate capital assets and understate net position. This resulted in a prior year restatement to increase net position and increase capital assets in the current year by $955,197.

Required Supplementary Information Section

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City of Pismo Beach
Budgetary Comparison Schedule – General Fund
Budgetary Basis
Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance - beginning of year	$ 15,642,569	$ 15,642,569	$ 15,642,569	$ -
Resources (inflows):				
Property taxes	4,496,068	4,713,388	4,662,304	(51,084)
Sales taxes	4,503,053	4,503,053	4,485,779	(17,274)
Transient occupancy taxes	8,749,331	8,949,331	9,199,947	250,616
Other taxes	812,963	812,963	912,732	99,769
License and permits	1,384,271	1,384,271	1,917,806	533,535
Fines and forfeits	75,000	75,000	56,439	(18,561)
Interest and rents	256,794	256,794	376,054	119,260
Intergovernmental	198,180	198,573	120,592	(77,981)
Charges for services	160,392	160,392	216,926	56,534
Miscellaneous	804,100	825,600	953,946	128,346
Transfers in	264,400	353,780	208,116	(145,664)
Amounts available for charges to appropriations	37,347,121	37,875,714	38,753,210	877,496
Charges to appropriations:				
General Government:				
City Council	285,311	285,586	273,758	11,828
Administration	451,030	424,312	408,501	15,811
City Clerk	285,180	300,820	283,873	16,947
Human Resources	306,626	325,656	319,943	5,713
Legal	222,300	293,876	261,543	32,333
Conference and Visitors Bureau	579,710	577,200	573,586	3,614
Finance	789,178	805,811	751,995	53,816
Nondepartmental - other	1,891,355	1,819,665	1,400,485	419,180
Nondepartmental - capital outlay	541,360	541,360	239,566	301,794
Nondepartmental - retiree medical	370,300	387,300	396,005	(8,705)
Facilities maintenance	905,413	912,634	635,031	277,603

See notes to required supplementary information.

City of Pismo Beach
Budgetary Comparison Schedule – General Fund, Continued
Budgetary Basis
Fiscal Year Ended June 30, 2016
Page 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Public Safety:				
Police	$ 5,326,893	$ 5,232,386	$ 4,948,543	$ 283,843
Fire	2,367,109	2,062,489	2,053,538	8,951
Weed Abatement	14,500	21,095	20,920	175
Lifeguards	274,662	264,866	242,141	22,725
Public Works:				
Park maintenance	1,042,153	1,051,036	949,979	101,057
Community Services:				
Building	744,992	750,002	726,483	23,519
Planning	1,157,348	1,090,068	809,245	280,823
Recreation	433,403	526,448	464,168	62,280
Engineering	694,724	726,229	719,486	6,743
Streets:				
Maintenance and construction	657,660	602,820	551,895	50,925
Transfers out	9,705,264	9,782,050	2,610,023	7,172,027
Total charges to appropriations	29,046,471	28,783,709	19,640,707	9,143,002
Fund balance - end of year	$ 8,300,650	$ 9,092,005	$ 19,112,503	$ 10,020,498

See notes to required supplementary information.

City of Pismo Beach
Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Housing In Lieu Fund
Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Charges for services	$ 20,000	$ 20,000	$ 1,366,649	$ 1,346,649
Interest	1,600	1,600	8,625	7,025
Miscellaneous			4,805	4,805
Total revenues	21,600	21,600	1,380,079	1,358,479
Expenditures:				
Housing	5,172	5,172	5,172	-
Total expenditures	5,172	5,172	5,172	-
Excess(deficiency) of revenues over (under) expenditures	16,428	16,428	1,374,907	1,358,479
Other financing sources (uses):				
Transfers out	(15,000)	(15,000)		15,000
Total other financing sources (uses)	(15,000)	(15,000)	-	15,000
Net change in fund balance	1,428	1,428	1,374,907	1,373,479
Fund balance - beginning of year	1,370,309	1,370,309	1,370,309	-
Fund balance - end of year	$ 1,371,737	$ 1,371,737	$ 2,745,216	$ 1,373,479

See notes to required supplementary information.

City of Pismo Beach
Schedule of Funding Progress for
Other Post-Employment Benefits (OPEB)
June 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2015	$ 1,573,000	$ 4,336,000	$ 2,763,000	36.28%	$ 5,967,000	46.30%
6/30/2013	$ 1,153,000	$ 2,670,000	$ 1,517,000	43.18%	$ 6,153,000	24.65%
6/30/2011	$ 837,000	$ 2,243,000	$ 1,406,000	37.32%	$ 6,529,000	21.53%

See notes to required supplementary information.

City of Pismo Beach
Schedule of the City's Proportionate Share of the Net Pension Liability
And Related Ratios as of the Measurement Date
June 30, 2016 *

	Miscellaneous		Safety	
Fiscal Year	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Measurement Date	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Employer's Proportion of the Net Pension Liability	0.24366%	0.25233%	0.17809%	0.18584%
Employer's Proportionate Share of the Net Pension Liability	$ 6,684,633	$ 6,236,321	$ 7,337,921	$ 6,971,092
Employer's Covered-Employee Payroll	$ 4,536,614	$ 4,300,887	$ 2,137,977	$ 2,181,088
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	147.35%	145.00%	343.22%	319.62%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	79.89%	81.15%	77.27%	78.83%

* Fiscal year 2015 was the first year of implementation. Information is required only for measurement periods for which GASB 68 is applicable.

See notes to required supplementary information.

City of Pismo Beach
Schedule of Plan Contributions
June 30, 2016 *

	Miscellaneous			Safety		
Fiscal Year	6/30/2016	6/30/2015	6/30/2014	6/30/2016	6/30/2015	6/30/2014
Actuarially determined contribution	$ 811,650	$ 715,407	$ 830,445	$ 976,050	$ 687,175	$ 733,719
Contributions in relation to the actuarially determined contributions	(811,650)	(1,715,407)	(830,445)	(976,050)	(687,175)	(733,719)
Contribution deficiency (excess)	$ -	$ (1,000,000)	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 4,440,847	$ 4,536,614	$ 4,300,887	$ 1,994,072	$ 2,137,977	$ 2,181,088
Contributions as a percentage of covered-employee payroll	18.28%	37.81%	19.31%	48.95%	32.14%	33.64%

* Fiscal year 2015 was the first year of implementation. Information is required only for measurement periods for which GASB 68 is applicable. Contributions paid as of June 30, 2016 are deferred to June 30, 2017.

See notes to required supplementary information.

City of Pismo Beach
Notes to Required Supplementary Information
June 30, 2016

Note 1: Budgetary Comparison Schedule – General Fund

Explanations of differences between budgetary inflows and outflows and revenues and expenditures under the modified accrual basis of accounting in accordance with generally accepted accounting principles are as follows:

Sources/inflows of resources:		
Actual "amounts available for charges to appropriations" from budgetary comparison schedule:	$	38,753,210
Differences - budgetary basis to GAAP:		
Fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.		(15,642,569)
Transfers in from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.		(208,116)
Total General Fund revenues as reported in the statement of revenues, expenditures and changes in fund balance - governmental funds	$	22,902,525
Uses/outflows of resources:		
Actual "total charges to appropriations" from the budgetary comparison schedule	$	19,640,707
Differences - budgetary basis to GAAP:		
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes		(2,610,023)
Total General Fund expenditures as reported in the statement of revenues, expenditures and changes in fund balance - governmental funds	$	17,030,684

Note 2: Excess of Expenditures Over Appropriations

In the General Fund, expenditures exceeded appropriations as follows:

		Variance with Final Budget (Negative)
General Government:		
Nondepartmental - retiree medical	$	(8,705)

Expenditures did not exceed appropriations in the Housing In Lieu Fund.

Note 3: Schedule of the City's Proportionate Share of the Net Pension Liability

The Plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The Plan's proportionate share of aggregate contributions is based on the Plan's proportion of fiduciary net position as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

Note 4: Schedule of Plan Contributions

Change in Benefit Terms. The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact.

Change in Assumptions. The discount rate was changed from 7.5% (net of administrative expense in 2014) to 7.65% as of the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

Supplementary Information Section

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City of Pismo Beach
Nonmajor Governmental Funds - Overview
June 30, 2016

The City maintains the following nonmajor governmental funds:

Special Revenue Funds

State Gas Tax Fund is used to account for revenues allocated by the State of California and restricted as to use for only street and highway purposes.

Local Transportation Streets Fund is used to account for revenues allocated under the Transportation Development *Act and restricted in use for street related purposes.*

Public Education Grant (PEG) Fund is used to account for fees collected from cable television operators in the City limits that are set aside for Government cable access.

Noncapital Grants Fund is used to account for specific grant revenues allocated to the City for operational programs and activities.

Local Business Improvement Fund is used to account for monies raised to promote City lodging businesses.

Chapman House Estate Fund is used to account for the fees collected and maintenance costs for the Chapman Estate.

Capital Projects Funds

Public Facilities Fund is used to account for resources restricted for the financing of improvements to public facilities.

Park Development Fund is used to account for the financing of major improvements to City parks and related facilities.

Circulation Improvement Fund is used to account for impact fees to be used for major improvements to the City's street and highway infrastructures.

Capital Projects Fund is used to accumulate resources for use in financing major capital improvement projects.

Impact Fees Fund is used to account for impact fees restricted for use in making major capital improvements to different types of City facilities.

Developer Impact Fees Fund is used to account for impact fees to be used for specific development related capital projects.

Underground Utility Fund is used to account for fees collected from developers for the purpose of converting overhead utilities to underground utilities.

Debt Service Funds

City of Pismo Beach Public Financing Authority Fund is used to account for the accumulation of monies for payment of principal and interest on the 2007A Lease Revenue Refunding Bonds.

Indio/El Portal Assessment District, Visalia Assessment District, and *Reassessment Districts Fund*s are used to account for special assessments levied and collected for payment of principal and interest on assessment bonds.

City of Pismo Beach
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds		
	State Gas Tax	Local Transportation Streets	Public Education Grant
Assets			
Cash and investments	$ 452,673	$ 814,789	$ 73,307
Taxes receivable			
Accounts receivable		1,686	2,879
Due from other governments			
Accrued interest receivable	620	923	86
Total assets	$ 453,293	$ 817,398	$ 76,272
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$	$	$ 1,827
Accrued liabilities			
Deposits			
Deferred revenue			
Total liabilities	-	-	1,827
Fund balance:			
Restricted for:			
Future capital project funding			
Streets and highways	453,293	817,398	
Community development			74,445
Community business promotion			
Park development			
Public safety			
Debt service			
Committed for capital projects			
Assigned for:			
Capital projects			
Future contingencies			
Total fund balance	453,293	817,398	74,445
Total liabilities and fund balance	$ 453,293	$ 817,398	$ 76,272

Special Revenue Funds			Capital Projects Funds			
Noncapital Grants	Local Business Improvement	Chapman House Estate	Public Facilities	Park Development	Circulation Improvement	Capital Projects
$ 189,606	$ 448,940	$ 172,394	$ 820	$ 1,485,787	$ 103,447	$ 747,385
	130,490					
29,324						
						238,123
215	499	207	1	1,159	122	
$ 219,145	$ 579,929	$ 172,601	$ 821	$ 1,486,946	$ 103,569	$ 985,508
$	$ 292,274	$ 1,275		$ 6,761	$	$ 725,294
	628					
				155		
	1,886					
-	294,788	1,275	-	6,916	-	725,294
					103,569	
		171,326				
	285,141					
				1,091,997		
219,145						
				26,923		
				361,110		260,214
			821			
219,145	285,141	171,326	821	1,480,030	103,569	260,214
$ 219,145	$ 579,929	$ 172,601	$ 821	$ 1,486,946	$ 103,569	$ 985,508

Continued

City of Pismo Beach
Combining Balance Sheet – Nonmajor Governmental Funds, Continued
June 30, 2016
Page 2

	Capital Projects Funds		
	Impact Fees	Developer Impact Fees	Underground Utility
Assets			
Cash and investments	$ 1,567,305	$ 156,141	$ 15,420
Taxes receivable			
Accounts receivable			
Due from other governments			
Accrued interest receivable	1,248	183	6
Total assets	$ 1,568,553	$ 156,324	$ 15,426
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$	$	$
Accrued liabilities			
Deposits		97,020	
Deferred revenue			
Total liabilities	-	97,020	-
Fund balance:			
Restricted for:			
Future capital project funding	1,568,553	59,304	15,426
Streets and highways			
Community development			
Community business promotion			
Park development			
Public safety			
Debt service			
Committed for capital projects			
Assigned for:			
Capital projects			
Future contingencies			
Total fund balance	1,568,553	59,304	15,426
Total liabilities and fund balance	$ 1,568,553	$ 156,324	$ 15,426

Debt Service Funds				
City of Pismo Beach Public Financing Authority	Indio / El Portal Assessment District	Visalia Assessment District	Reassessment Districts	Total Nonmajor Governmental Funds
$	$ 540	$ 94,422	$ 104,376	$ 6,427,352
				130,490
				33,889
				238,123
		110	123	5,502
$ -	$ 540	$ 94,532	$ 104,499	$ 6,835,356
$	$	$	$	$ 1,027,431
				628
				97,175
				1,886
-	-	-	-	1,127,120
				1,643,283
				1,374,260
				245,771
				285,141
				1,091,997
				219,145
	540	94,532	104,499	199,571
				26,923
				621,324
				821
-	540	94,532	104,499	5,708,236
$ -	$ 540	$ 94,532	$ 104,499	$ 6,835,356

City of Pismo Beach
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance – Nonmajor Governmental Funds
Fiscal Year Ended June 30, 2016

	Special Revenue		
	State Gas Tax	Local Transportation Streets	Public Education Grant
Revenues:			
Subventions and grants	$ 179,020	$ 180,325	$ 2,879
Charges for services			
Special assessments			
Miscellaneous			
Interest	3,017	4,402	422
Total revenues	182,037	184,727	3,301
Expenditures:			
Current:			
General government			
Public safety			
Highways and streets		1,442	
Community services			3,528
Capital outlay			
Debt service:			
Principal			
Interest and fiscal charges			
Total expenditures	-	1,442	3,528
Excess (deficiency) of revenues over (under) expenditures	182,037	183,285	(227)
Other financing sources (uses):			
Transfers in			
Transfers out	(149,714)		
Total other financing sources (uses)	(149,714)	-	-
Net change in fund balance	32,323	183,285	(227)
Fund balance, beginning of year	420,970	634,113	74,672
Fund balance, end of year	$ 453,293	$ 817,398	$ 74,445

Special Revenue				Capital Projects		
Noncapital Grants	Local Business Improvement	Chapman House Estate	Public Facilities	Park Development	Circulation Improvement
$ 159,635	$	$	$	$	$
		1,200		576,808	
	919,798				
		402			
982	2,397	713	5	9,177	594
160,617	922,195	2,315	5	585,985	594
	892,499				
13,015					
		97,966		5,516	
				346,655	
13,015	892,499	97,966	-	352,171	-
147,602	29,696	(95,651)	5	233,814	594
(24,132)					
(24,132)	-	-	-	-	-
123,470	29,696	(95,651)	5	233,814	594
95,675	255,445	266,977	816	1,246,216	102,975
$ 219,145	$ 285,141	$ 171,326	$ 821	$ 1,480,030	$ 103,569

Continued

City of Pismo Beach
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance – Nonmajor Governmental Funds, Continued
Fiscal Year Ended June 30, 2016
Page 2

	Capital Projects	Capital Projects		
	Capital Projects	Impact Fees	Developer Impact Fees	Underground Utility
Revenues:				
Subventions and grants	$ 282,422	$	$	$ 15,000
Charges for services		426,904		
Special assessments				
Miscellaneous				
Interest	71	11,374	897	23
Total revenues	282,493	438,278	897	15,023
Expenditures:				
Current:				
General government				
Public safety				
Highways and streets	132,532			
Community services		933		
Capital outlay	1,733,275			
Debt service:				
Principal				
Interest and fiscal charges				
Total expenditures	1,865,807	933	-	-
Excess (deficiency) of revenues over (under) expenditures	(1,583,314)	437,345	897	15,023
Other financing sources (uses):				
Transfers in	1,590,878			
Transfers out		(58,161)		
Total other financing sources (uses)	1,590,878	(58,161)	-	-
Net change in fund balance	7,564	379,184	897	15,023
Fund balance, beginning of year	252,650	1,189,369	58,407	403
Fund balance, end of year	$ 260,214	$ 1,568,553	$ 59,304	$ 15,426

Debt Service				
City of Pismo Beach Public Financing Authority	Indio / El Portal Assessment District	Visalia Assessment District	Reassessment Districts	Total Nonmajor Governmental Funds
$	$	$	$	$ 819,281
				1,004,912
				919,798
				402
	4	542	599	35,219
-	4	542	599	2,779,612
				892,499
				13,015
				133,974
				107,943
				2,079,930
310,000				310,000
130,881				130,881
440,881	-	-	-	3,668,242
(440,881)	4	542	599	(888,630)
440,881				2,031,759
				(232,007)
440,881	-	-	-	1,799,752
-	4	542	599	911,122
-	536	93,990	103,900	4,797,114
$ -	$ 540	$ 94,532	$ 104,499	$ 5,708,236

City of Pismo Beach
Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Gas Tax Fund
Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental	$ 193,934	$ 193,934	$ 179,020	$ (14,914)
Interest			3,017	3,017
Total revenues	193,934	193,934	182,037	(11,897)
Excess (deficiency) of revenues over (under) expenditures	193,934	193,934	182,037	(11,897)
Other financing sources (uses):				
Transfers out	(606,724)	(606,724)	(149,714)	457,010
Total other financing sources (uses)	(606,724)	(606,724)	(149,714)	457,010
Net change in fund balance	(412,790)	(412,790)	32,323	445,113
Fund balance - beginning of year	420,970	420,970	420,970	-
Fund balance - end of year	$ 8,180	$ 8,180	$ 453,293	$ 445,113

City of Pismo Beach
Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Local Transportation Streets Fund
Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental	$ 205,044	$ 205,044	$ 180,325	$ (24,719)
Miscellaneous	2,500	2,500		(2,500)
Interest			4,402	4,402
Total revenues	207,544	207,544	184,727	(22,817)
Expenditures:				
Highways and streets	6,443	6,443	1,442	5,001
Total expenditures	6,443	6,443	1,442	5,001
Excess(deficiency) of revenues over (under) expenditures	201,101	201,101	183,285	(17,816)
Other financing sources (uses):				
Transfers out	(801,143)	(801,143)		801,143
Total other financing sources (uses)	(801,143)	(801,143)	-	801,143
Net change in fund balance	(600,042)	(600,042)	183,285	783,327
Fund balance - beginning of year	634,113	634,113	634,113	-
Fund balance - end of year	$ 34,071	$ 34,071	$ 817,398	$ 783,327

City of Pismo Beach
Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Public Education Grant Fund
Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Subventions and grants	$	$	$ 2,879	$ 2,879
Interest			422	422
Total revenues	-	-	3,301	3,301
Expenditures:				
Community development	3,500	3,500	3,528	(28)
Total expenditures	3,500	3,500	3,528	(28)
Excess(deficiency) of revenues over (under) expenditures	(3,500)	(3,500)	(227)	3,273
Net change in fund balance	(3,500)	(3,500)	(227)	3,273
Fund balance - beginning of year	74,672	74,672	74,672	-
Fund balance - end of year	$ 71,172	$ 71,172	$ 74,445	$ 3,273

City of Pismo Beach
Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Noncapital Grants Fund
Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Subventions and grants	$ 100,000	$ 115,693	$ 159,635	$ 43,942
Interest			982	982
Total revenues	100,000	115,693	160,617	44,924
Expenditures:				
Public safety	15,693	15,693	13,015	2,678
Total expenditures	15,693	15,693	13,015	2,678
Excess(deficiency) of revenues over (under) expenditures	84,307	100,000	147,602	47,602
Other financing sources (uses):				
Transfers out	(194,120)	(194,120)	(24,132)	169,988
Total other financing sources (uses)	(194,120)	(194,120)	(24,132)	169,988
Net change in fund balance	(109,813)	(94,120)	123,470	217,590
Fund balance - beginning of year	95,675	95,675	95,675	-
Fund balance - end of year	$ (14,138)	$ 1,555	$ 219,145	$ 217,590

City of Pismo Beach
Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Local Business Improvement Fund
Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Charges for services:				
Special assessments	$ 874,933	$ 875,259	$ 919,798	$ 44,539
Interest			2,397	2,397
Total revenues	874,933	875,259	922,195	46,936
Expenditures:				
Community promotion	959,138	959,018	892,499	66,519
Total expenditures	959,138	959,018	892,499	66,519
Excess (deficiency) of revenues over (under) expenditures	(84,205)	(83,759)	29,696	113,455
Net change in fund balance	(84,205)	(83,759)	29,696	113,455
Fund balance - beginning of year	255,445	255,445	255,445	-
Fund balance - end of year	$ 171,240	$ 171,686	$ 285,141	$ 113,455

City of Pismo Beach
Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Chapman House Estate
Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Charges for services:				
Charges for services	$ 1,200	$ 1,200	$ 1,200	$ -
Interest			713	713
Miscellaneous			402	402
Total revenues	1,200	1,200	2,315	1,115
Expenditures:				
Professional services	118,787	118,787	97,966	20,821
Capital Outlay	17,770	17,770		17,770
Total expenditures	136,557	136,557	97,966	38,591
Excess (deficiency) of revenues over (under) expenditures	(135,357)	(135,357)	(95,651)	39,706
Net change in fund balance	(135,357)	(135,357)	(95,651)	39,706
Fund balance - beginning of year	266,977	266,977	266,977	-
Fund balance - end of year	$ 131,620	$ 131,620	$ 171,326	$ 39,706

City of Pismo Beach
Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Public Facilities Fund
Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Interest	$	$	$ 5	$ 5
Total revenues			5	5
Excess(deficiency) of revenues over (under) expenditures	-	-	5	5
Net change in fund balance	-	-	5	5
Fund balance - beginning of year	816	816	816	-
Fund balance - end of year	$ 816	$ 816	$ 821	$ 5

City of Pismo Beach
Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Park Development Fund
Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Charges for services	$ 30,000	$ 30,000	$ 576,808	$ 546,808
Interest			9,177	9,177
Total revenues	30,000	30,000	585,985	555,985
Expenditures:				
Community development	335,203	335,203	5,516	329,687
Capital outlay	350,000	350,000	346,655	3,345
Total expenditures	685,203	685,203	352,171	333,032
Excess (deficiency) of revenues over (under) expenditures	(655,203)	(655,203)	233,814	889,017
Other financing sources (uses):				
Transfers out	(55,000)	(55,000)		55,000
Total other financing sources (uses)	(55,000)	(55,000)	-	55,000
Net change in fund balance	(710,203)	(710,203)	233,814	944,017
Fund balance - beginning of year	1,246,216	1,246,216	1,246,216	-
Fund balance - end of year	$ 536,013	$ 536,013	$ 1,480,030	$ 944,017

City of Pismo Beach
Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Capital Outlay Fund
Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental		$ 2,546,700	$ 282,422	$ (2,264,278)
Miscellaneous			71	71
Total revenues	-	2,546,700	282,493	(2,264,207)
Expenditures:				
Highways and streets	1,648,662	1,648,662	132,532	1,516,130
Capital outlay	9,749,891	9,844,177	1,733,275	8,110,902
Total expenditures	11,398,553	11,492,839	1,865,807	9,627,032
Excess(deficiency) of revenues over (under) expenditures	(11,398,553)	(8,946,139)	(1,583,314)	7,362,825
Other financing sources (uses):				
Transfers in	8,659,278	8,695,874	1,590,878	(7,104,996)
Total other financing sources (uses)	8,659,278	8,695,874	1,590,878	(7,104,996)
Net change in fund balance	(2,739,275)	(250,265)	7,564	257,829
Fund balance - beginning of year	252,650	252,650	252,650	-
Fund balance - end of year	$ (2,486,625)	$ 2,385	$ 260,214	$ 257,829

City of Pismo Beach
Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Circulation Improvement Fund
Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Interest	$	$	$ 594	$ 594
Total revenues	-	-	594	594
Excess (deficiency) of revenues over (under) expenditures	-	-	594	594
Other financing sources (uses):				
Transfers out	(75,000)	(75,000)		75,000
Total other financing sources (uses)	(75,000)	(75,000)	-	75,000
Net change in fund balance	(75,000)	(75,000)	594	75,594
Fund balance - beginning of year	102,975	102,975	102,975	-
Fund balance - end of year	$ 27,975	$ 27,975	$ 103,569	$ 75,594

City of Pismo Beach
Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Impact Fees Fund
Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Charges for services	$	$	$ 426,904	$ 426,904
Interest	3,000	3,000	11,374	8,374
Total revenues	3,000	3,000	438,278	435,278
Expenditures:				
Community Development	933	933	933	-
Total expenditures	933	933	933	-
Excess (deficiency) of revenues over (under) expenditures	2,067	2,067	437,345	435,278
Other financing sources (uses):				
Transfers out	(405,762)	(405,762)	(58,161)	347,601
Total other financing sources (uses)	(405,762)	(405,762)	(58,161)	347,601
Net change in fund balance	(403,695)	(403,695)	379,184	782,879
Fund balance - beginning of year	1,189,369	1,189,369	1,189,369	-
Fund balance - end of year	$ 785,674	$ 785,674	$ 1,568,553	$ 782,879

City of Pismo Beach
Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Developer Impact Fees Fund
Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Interest	$	$	$ 897	$ 897
Total revenues	-	-	897	897
Excess (deficiency) of revenues over (under) expenditures			897	897
Net change in fund balance	-	-	897	897
Fund balance - beginning of year	58,407	58,407	58,407	-
Fund balance - end of year	$ 58,407	$ 58,407	$ 59,304	$ 897

City of Pismo Beach
Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Underground Utility Fund
Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Subventions and grants	$	$	$ 15,000	$ 15,000
Interest			23	23
Total revenues	-	-	15,023	15,023
Excess (deficiency) of revenues over (under) expenditures			15,023	15,023
Net change in fund balance	-	-	15,023	15,023
Fund balance - beginning of year	403	403	403	-
Fund balance - end of year	$ 403	$ 403	$ 15,426	$ 15,023

City of Pismo Beach
Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
City of Pismo Beach Public Financing Authority Fund
Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Loan interest	$ 128,681	$ 128,681	$	$ (128,681)
Loan proceeds	310,000	310,000		(310,000)
Total revenues	438,681	438,681	-	(438,681)
Expenditures:				
Debt service:				
Principal	310,000	310,000	310,000	-
Interest and fees	128,681	128,681	130,881	(2,200)
Total expenditures	438,681	438,681	440,881	(2,200)
Excess (deficiency) of revenues over (under) expenditures	-	-	(440,881)	(440,881)
Other financing sources (uses):				
Transfers in			440,881	440,881
Total other financing sources (uses)	-	-	440,881	440,881
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	$ -	$ -	$ -	$ -

City of Pismo Beach
Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Indio/El Portal Assessment District Fund
Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Interest	$	$	$ 4	$ 4
Total revenues	-	-	4	4
Excess (deficiency) of revenues over (under) expenditures	-	-	4	4
Other financing sources (uses):				
Transfers out			-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	4	4
Fund balance - beginning of year	536	536	536	-
Fund balance - end of year	$ 536	$ 536	$ 540	$ 4

City of Pismo Beach
Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Visalia Assessment District Fund
Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Interest	$	$	$ 542	$ 542
Total revenues	-	-	542	542
Excess (deficiency) of revenues over (under) expenditures	-	-	542	542
Other financing sources (uses):				
Transfers out	(85,000)	(85,000)	-	85,000
Total other financing sources (uses)	(85,000)	(85,000)	-	85,000
Net change in fund balance	(85,000)	(85,000)	542	85,542
Fund balance - beginning of year	93,990	93,990	93,990	-
Fund balance - end of year	$ 8,990	$ 8,990	$ 94,532	$ 85,542

City of Pismo Beach
Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Reassessment Districts Fund
Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Interest	$	$	$ 599	$ 599
Total revenues	-	-	599	599
Excess (deficiency) of revenues over (under) expenditures	-	-	599	599
Other financing sources (uses):				
Transfers out	(91,829)	(91,829)	-	91,829
Total other financing sources (uses)	(91,829)	(91,829)	-	91,829
Net change in fund balance	(91,829)	(91,829)	599	92,428
Fund balance - beginning of year	103,900	103,900	103,900	-
Fund balance - end of year	$ 12,071	$ 12,071	$ 104,499	$ 92,428

City of Pismo Beach
Nonmajor Proprietary Funds – Overview
June 30, 2016

The City maintains the following nonmajor proprietary funds:

Transit Fund is used to account for financial operations of the City's subsidized transit system.

Pier Fund is used to account for operations and maintenance of the City's pier located on the ocean front in downtown Pismo Beach.

Parking Fund is used to account for parking revenues, downtown parking pay stations and metering equipment, and related maintenance and operations.

City of Pismo Beach
Combining Statement of Fund Net Position – Nonmajor Proprietary Funds
June 30, 2016

	Enterprise			
	Transit	Pier	Parking	Total Nonmajor Enterprise Funds
Assets				
Current assets:				
Cash and investments	$ 8,992	$ 36,102	$ 2,140,156	$ 2,185,250
Accounts receivable		1,104	10,222	11,326
Accrued interest receivable	9		1,292	1,301
Total current assets	9,001	37,206	2,151,670	2,197,877
Capital assets:				
Land		33,425		33,425
Construction in progress		142,417		142,417
Equipment			158,038	158,038
Pier		2,142,553		2,142,553
Total capital assets	-	2,318,395	158,038	2,476,433
Less accumulated depreciation		(1,290,400)	(88,159)	(1,378,559)
Net capital assets	-	1,027,995	69,879	1,097,874
Total assets	9,001	1,065,201	2,221,549	3,295,751
Deferred Outflows of Resources				
Deferred pensions			47,373	47,373
Liabilities				
Current liabilities:				
Accounts payable	2,064	40,812	8,535	51,411
Accrued liabilities			13,087	13,087
Compensated absences			789	789
Total current liabilities	2,064	40,812	22,411	65,287
Noncurrent liabilities:				
Net pension liability			186,501	186,501
Total liabilities	2,064	40,812	208,912	251,788
Deferred inflows of resources				
Deferred pensions			18,171	18,171
Net Position				
Net investment in capital assets		1,027,995	69,879	1,097,874
Unrestricted	6,937	(3,606)	1,971,960	1,975,291
Total net position	$ 6,937	$ 1,024,389	$ 2,041,839	$ 3,073,165

City of Pismo Beach
Combining Statement of Revenues, Expenses and
Changes in Fund Net Position – Nonmajor Proprietary Funds
Fiscal Year Ended June 30, 2016

	Enterprise			Total Nonmajor Enterprise Funds
	Transit	Pier	Parking	
Operating revenues:				
Parking fees	$	$	$ 601,077	$ 601,077
Other operating revenues	10,515	15,904	22,929	49,348
Total operating revenues	10,515	15,904	624,006	650,425
Operating expenses:				
Salaries and benefits			276,571	276,571
Maintenance and operations	8,915	49,690	288,062	346,667
Depreciation and amortization		24,835	20,176	45,011
Total operating expenses	8,915	74,525	584,809	668,249
Operating income (loss)	1,600	(58,621)	39,197	(17,824)
Nonoperating revenues (expenses):				
Interest and investment revenue	24		20,916	20,940
Total nonoperating revenues (expenses)	24	-	20,916	20,940
Net income (loss) before transfers	1,624	(58,621)	60,113	3,116
Transfers:				
Transfers in		171,670		171,670
Transfers out			(1,512)	(1,512)
Total transfers	-	171,670	(1,512)	170,158
Change in net position	1,624	113,049	58,601	173,274
Net position - beginning of year	5,313	911,340	1,989,043	2,905,696
Prior year restatement			(5,805)	(5,805)
Net position, beginning of year as restated	5,313	911,340	1,983,238	2,899,891
Net position - end of year	$ 6,937	$ 1,024,389	$ 2,041,839	$ 3,073,165

City of Pismo Beach
Combining Statement of Cash Flows – Nonmajor Proprietary Funds
Fiscal Year Ended June 30, 2016

	Enterprise			
	Transit	Pier	Parking	Total Nonmajor Enterprise Funds
Cash flows from operating activities:				
Receipts from customers	$ 10,515	$ 15,727	$ 640,301	$ 666,543
Payments to suppliers for goods and services	(10,609)	(20,842)	(310,774)	(342,225)
Payments to employees for wages and benefits			(218,941)	(218,941)
Net cash provided by (used in) operating activities	(94)	(5,115)	110,586	105,377
Cash flows from noncapital financing activities:				
Transfers from other funds		171,670		171,670
Transfers to other funds			(1,512)	(1,512)
Net cash provided by (used in) noncapital financing	-	171,670	(1,512)	170,158
Cash flows from capital financing activities:				
Purchases of capital assets		(142,417)		(142,417)
Net cash used in capital financing activities	-	(142,417)	-	(142,417)
Cash flows from investing activities:				
Interest on investments, net	20		20,217	20,237
Net cash provided by (used in) investing activities	20	-	20,217	20,237
Net change in cash and cash equivalents	(74)	24,138	129,291	153,355
Cash and cash equivalents - beginning of year	9,066	11,964	2,010,865	2,031,895
Cash and cash equivalents - end of year	$ 8,992	$ 36,102	$ 2,140,156	$ 2,185,250
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 1,600	$ (58,621)	$ 39,197	$ (17,824)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense		24,835	20,176	45,011
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
Receivables		(177)	16,295	16,118
Prepayments			2,140	2,140
Deferred outflows of resources - pensions			(24,594)	(24,594)
Accounts payable	(1,694)	28,848	(26,757)	397
Accrued liabilities			1,904	1,904
Compensated absences			(7,434)	(7,434)
Pension liability			89,214	89,214
Deferred inflows of resources - pensions			445	445
Net cash provided by (used in) operating activities	$ (94)	$ (5,115)	$ 110,586	$ 105,377

City of Pismo Beach
Comparative Schedule of Capital Assets
By Source
June 30, 2016

	2016	2015
Capital assets used in government-wide activities:		
Land	$ 6,957,295	$ 6,957,295
Buildings	5,531,963	5,531,963
Improvements	9,983,690	9,685,479
Equipment	2,785,107	2,543,472
Vehicles - internal service	4,273,032	4,275,775
Infrastructure - street system:		
Right of way	5,068,528	5,068,528
Pavement system	41,794,194	41,567,984
Medians	73,232	73,232
Curbs and gutters	521,095	521,095
Sidewalks	313,961	313,961
Traffic signals	229,723	229,723
Street lights	1,212,168	1,212,168
Highway 101 interchange	2,726,214	2,726,214
Bridges	26,829	26,829
Infrastructure - beach stairways	313,194	313,194
Construction in progress	3,240,877	1,681,620
Total capital assets used in government-wide activities	$ 85,051,102	$ 82,728,532
Investment in capital assets from:		
General fund	$ 2,227,080	$ 2,042,216
Contributions from developers	7,422,736	7,348,370
Special revenue funds	3,624,354	3,624,354
Internal service fund	4,495,816	4,446,755
Capital projects fund	67,281,116	65,266,837
Total investment in capital assets used in government-wide activities	$ 85,051,102	$ 82,728,532

City of Pismo Beach
Schedule of Changes in Capital Assets
By Source
June 30, 2016

	Right of Way and Land	Infrastructure	Buildings	Equipment, Vehicles, Improvements, and CIP	Total Cost
Government-wide capital assets June 30, 2015	$ 12,025,823	$ 46,984,400	$ 5,531,963	$ 18,186,346	$ 82,728,532
Add:					
Expenditures from:					
Capital projects		226,210		2,410,449	2,636,659
Internal service					-
Deduct:					
Retired/transferred				(314,089)	(314,089)
Government-wide capital assets June 30, 2016	$ 12,025,823	$ 47,210,610	$ 5,531,963	$ 20,282,706	$ 85,051,102

City of Pismo Beach
Schedule of Capital Assets
By Function and Activity
June 30, 2016

Function and Activity	Right of Way and Land	Infrastructure	Buildings	Equipment, Vehicles, Improvements, and CIP	Total Cost
General government:					
General operations	$ 319,942	$	$ 1,747,590	$ 1,780,024	$ 3,847,556
Public safety	5,566		2,844,973	2,587,249	5,437,788
Parks and recreation	4,376,379		939,400	7,219,381	12,535,160
Street system and CIP	5,068,529	42,727,919		8,661,832	56,458,280
Community development				34,220	34,220
Beach stairway		4,482,691			4,482,691
Open space	2,255,407				2,255,407
Total capital assets	$ 12,025,823	$ 47,210,610	$ 5,531,963	$ 20,282,706	$ 85,051,102

City of Pismo Beach
Schedule of Changes in Capital Assets
By Function and Activity
June 30, 2016

Function and Activity	Balance June 30, 2015	Additions	Transfers/ Deductions	Balance June 30, 2016
General government:				
General operations	$ 3,692,145	$ 160,435	$ (5,024)	$ 3,847,556
Public safety	5,422,081	218,007	(202,300)	5,437,788
Parks and recreation	12,238,587	304,821	(8,248)	12,535,160
Streets and CIP	54,637,621	1,819,884	775	56,458,280
Community development		34,220		34,220
Beach stairway	4,482,691			4,482,691
Open space	2,255,407			2,255,407
Total capital assets	$ 82,728,532	$ 2,537,367	$ (214,797)	$ 85,051,102

Statistical Section

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City of Pismo Beach
Statistical Section - Overview
June 30, 2016

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

Financial Trends – Schedules 1-4

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

Revenue Capacity – Schedules 5-8F

These schedules contain information to help assess the City's most significant local revenue source, the revenues realized from the local transient occupancy tax. The City has also elected to provide revenue capacity information about property tax revenues, sales tax revenues, water enterprise revenues, and service fees of its wastewater enterprise.

Debt Capacity – Schedules 9-13

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

Demographic and Economic Information – Schedules 14-16

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

Operating Information – Schedules 17-18

These schedules contain service and infrastructure data to help understand how the information in the City's financial report relates to services the City provides and the activities it performs.

Bond Issue Continuing Disclosure – Schedules 19-21

These schedules contain continuing disclosure information for bond issuance.

Schedule 1
City of Pismo Beach
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	For the Fiscal Year Ended June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Net investment in capital assets	$ 31,385,546	$ 34,470,555	$ 40,830,144	$ 44,259,898	$ 42,143,882	$ 41,532,098	$ 41,657,581	$ 40,197,149	$ 39,251,227	$ 40,900,410
Restricted	10,340,434	8,989,440	7,506,507	5,552,350	5,502,365	4,580,838	3,157,166	4,861,886	4,184,820	6,702,558
Unrestricted	10,323,815	11,113,495	10,862,199	9,844,952	12,818,923	14,033,568	15,577,727	18,566,914	10,069,411	14,455,616
Total governmental activities net position	$ 52,049,795	$ 54,573,490	$ 59,198,850	$ 59,657,200	$ 60,465,170	$ 60,146,504	$ 60,392,474	$ 63,625,949	$ 53,505,458	$ 62,058,584
Business-type activities:										
Net investment in capital assets	$ 14,936,177	$ 14,395,737	$ 14,913,641	$ 14,846,635	$ 14,555,227	$ 14,168,786	$ 18,715,142	$ 18,963,130	$ 20,129,677	$ 20,011,697
Restricted	780,233	867,618	964,062	996,529	1,006,954	1,046,950	979,157	482,957	1,501,066	1,989,793
Unrestricted	5,275,531	6,512,589	9,239,666	9,635,848	10,172,270	11,754,782	9,608,168	11,634,062	12,561,208	14,105,083
Total business-type activities net position	$ 20,991,941	$ 21,775,944	$ 25,117,369	$ 25,479,012	$ 25,734,451	$ 26,970,518	$ 29,302,467	$ 31,080,149	$ 34,191,951	$ 36,106,573
Primary government (City wide totals):										
Net investment in capital assets	$ 46,321,723	$ 48,866,292	$ 55,743,785	$ 59,106,533	$ 56,699,109	$ 55,700,884	$ 60,372,723	$ 59,160,279	$ 59,380,904	$ 60,912,107
Restricted	11,120,667	9,857,058	8,470,569	6,548,879	6,509,319	5,627,788	4,136,323	5,344,843	5,685,886	8,692,351
Unrestricted	15,599,346	17,626,084	20,101,865	19,480,800	22,991,193	25,788,350	25,185,895	30,200,976	22,630,619	28,560,699
Total primary government net position	$ 73,041,736	$ 76,349,434	$ 84,316,219	$ 85,136,212	$ 86,199,621	$ 87,117,022	$ 89,694,941	$ 94,706,098	$ 87,697,409	$ 98,165,157

Note:
FY 2015 balances were adjusted for a prior year restatement recorded in FY 2016.

Schedule 2
City of Pismo Beach
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	For The Fiscal Year Ended June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental activities:										
General government	$ 2,856,244	$ 3,379,303	$ 3,880,596	$ 4,572,394	$ 4,599,550	$ 5,510,343	$ 6,053,693	$ 5,860,017	$ 8,310,400	$ 6,478,517
Police	4,412,843	4,533,502	5,184,560	4,370,052	5,015,781	5,220,437	5,276,282	4,949,673	3,556,827	4,415,960
Fire	1,568,265	1,621,824	1,665,396	1,749,148	1,674,882	1,697,174	1,743,101	2,020,895	2,094,768	2,300,397
Public works	785,851	878,172	1,408,778	756,867	1,059,384	860,974	1,863,593	1,870,369	1,752,177	2,191,332
Streets	2,191,893	2,679,287	1,543,671	1,965,141	2,505,562	2,649,438	3,063,624	2,668,703	3,254,806	1,894,967
Community Services	2,408,546	2,479,015	3,655,274	2,773,862	2,628,374	2,929,011	1,802,310	1,983,046	1,848,006	1,730,536
Redevelopment and Housing	99,146	195,906	694,471	992,959	413,839	97,790	1,000	500	4,700	5,172
Interest on long-term debt	332,231	344,477	249,067	198,015	186,256	175,533	161,092	151,162	140,806	129,590
Total governmental activities expenses	14,655,019	16,111,486	18,281,813	17,378,438	18,083,628	19,140,700	19,964,695	19,504,365	20,962,490	19,146,471
Business-type activities:										
Water	3,363,195	3,485,116	3,408,747	4,465,850	4,722,232	4,346,199	4,293,748	4,438,880	4,790,817	5,411,932
Wastewater	3,041,583	2,823,572	2,713,322	2,940,176	3,161,602	3,022,147	2,991,561	3,332,885	2,892,629	3,218,792
Pier	82,661	93,591	198,006	107,074	287,367	111,824	91,199	80,406	206,484	74,525
Parking	-	-	229,037	265,889	299,100	284,659	364,146	326,696	370,458	584,809
Transit	1,848	2,297	2,274	6,077	6,532	8,740	8,755	10,762	8,615	8,915
Total business-type activities expenses	6,489,287	6,404,576	6,551,386	7,785,066	8,476,833	7,773,569	7,749,409	8,189,629	8,269,003	9,298,973
Total City government expenses	$ 21,144,306	$ 22,516,062	$ 24,833,199	$ 25,163,504	$ 26,560,461	$ 26,914,269	$ 27,714,104	$ 27,693,994	$ 29,231,493	$ 28,445,444

Continued

Schedule 2
City of Pismo Beach
Changes in Net Position, Continued
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Page 2

	For The Fiscal Year Ended June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	$ 285,598	$ 363,937	$ 349,405	$ 1,020,708	$ 1,301,669	$ 1,462,725	$ 1,561,512	$ 1,762,469	$ 1,951,778	$ 1,996,898
Police protection	254,371	198,014	193,897	126,702	167,006	115,155	119,945	134,343	114,191	99,422
Fire protection	55,216	10,024	60,672	25,136	10,886	10,576	28,251	48,104	137,922	110,111
Public works	-	-	-	-	-	-	859,602	1,511,764	1,598,614	1,924,604
Streets	444,420	404,988	414,064	146,656	22,992	144,198	11,151	33,950	182,728	232,322
Community Services	1,286,228	1,271,359	1,579,236	1,049,444	650,435	1,135,056	232,068	838,828	747,979	808,849
Redevelopment and Housing	253,407	264,851	156,920	91,804	5,098	86,264	5,507	66,410	711,956	1,366,649
Operating grants and contributions	756,024	1,041,554	640,334	475,389	446,036	692,373	758,435	653,736	1,014,648	720,505
Capital grants and contributions	1,447,217	858,709	5,306,814	676,094	1,683,554	1,333,881	245,533	303,229	231,893	179,020
Total governmental activities program revenues	4,782,481	4,413,436	8,701,342	3,611,933	4,287,676	4,980,228	3,822,004	5,352,833	6,691,709	7,438,380
Business-type activities:										
Charges for services:										
Water	$ 2,748,466	$ 3,064,099	$ 3,375,620	$ 3,101,850	$ 3,391,156	$ 3,711,537	$ 3,459,033	$ 3,920,594	$ 3,817,994	$ 4,709,473
Wastewater	2,911,775	3,012,292	3,186,444	3,110,960	3,323,502	3,537,357	3,572,531	3,848,743	5,065,797	4,633,274
Pier	20,037	16,845	13,918	17,654	15,113	13,361	14,024	14,105	14,925	15,904
Parking	-	-	649,184	693,461	521,227	567,892	515,675	551,567	566,370	644,922
Transit	977	960	-	3	(3)	-	6,505	8,103	18,016	10,539
Operating grants and contributions	12,000	7,238	1,602	-	-	-	-	-	-	-
Capital grants and contributions	5,980	163,964	1,167,565	-	-	31,700	-	-	-	31,850
Total business-type activities programs revenues	5,699,235	6,265,398	8,394,333	6,923,928	7,250,995	7,861,847	7,567,768	8,343,112	9,483,102	10,045,962
Total City government program revenues	$ 10,481,716	$ 10,678,834	$ 17,095,675	$ 10,535,861	$ 11,538,671	$ 12,842,075	$ 11,389,772	$ 13,695,945	$ 16,174,811	$ 17,484,342

Continued

Schedule 2
City of Pismo Beach
Changes in Net Position, Continued
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Page 3

	For The Fiscal Year Ended June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net Revenues (Expenses):										
Governmental activities	$ (9,872,538)	$ (11,698,050)	$ (9,580,471)	$ (13,766,505)	$ (13,795,952)	$ (14,160,472)	$ (16,142,691)	$ (14,151,532)	$ (14,270,781)	$ (11,708,091)
Business-type activities	(790,052)	(139,178)	1,842,947	(861,138)	(1,225,838)	88,278	(181,641)	153,483	1,214,099	746,989
Total City government	$ (10,662,590)	$ (11,837,228)	$ (7,737,524)	$ (14,627,643)	$ (15,021,790)	$ (14,072,194)	$ (16,324,332)	$ (13,998,049)	$ (13,056,682)	$ (10,961,102)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Taxes:										
Property taxes	$ 3,449,754	$ 3,660,083	$ 3,910,044	$ 3,846,298	$ 3,803,530	$ 3,763,419	$ 4,015,999	$ 4,193,186	$ 4,392,370	$ 4,662,304
Incremental property taxes	626,984	648,468	760,156	334,095	346,178	172,829	-	-	-	-
Sales taxes	2,375,881	2,402,092	2,813,264	3,136,677	3,379,575	3,511,091	3,905,814	4,104,284	4,497,958	4,485,779
Transient occupancy taxes	5,912,443	6,175,013	5,906,838	5,779,601	6,269,608	6,931,197	7,279,501	7,988,237	8,682,119	9,199,947
Other taxes	733,950	751,763	759,922	710,977	707,450	778,402	848,095	863,698	890,811	915,610
Unrestricted grants and contributions	51,793	-	-	-	-	-	-	-	-	-
Investment earnings	302,603	321,612	341,644	394,594	272,846	233,627	137,101	142,180	205,281	397,199
Miscellaneous	-	36,559	25,049	32,205	44,214	-	-	-	64,428	74,243
Transfers	34,772	226,155	(311,086)	(9,592)	(219,479)	143,770	26,409	93,422	(696,140)	(71,219)
Extraordinary item - RDA	-	-	-	-	-	(1,692,529)	-	-	-	-
Total governmental activities	13,488,180	14,221,745	14,205,831	14,224,855	14,603,922	13,841,806	16,212,919	17,385,007	18,036,827	19,663,863
Business-type activities										
Special Water Taxes	1,125,162	1,149,336	1,187,392	1,213,189	1,261,798	1,291,559	1,543,588	1,717,621	2,672,840	1,266,322
Transfers	(34,772)	(226,155)	311,086	9,592	219,479	(143,770)	(26,409)	(93,422)	696,140	71,219
Total business-type activities	1,090,390	923,181	1,498,478	1,222,781	1,481,277	1,147,789	1,517,179	1,624,199	3,368,980	1,337,541
Total City government	$ 14,578,570	$ 15,144,926	$ 15,704,309	$ 15,447,636	$ 16,085,199	$ 14,989,595	$ 17,730,098	$ 19,009,206	$ 21,405,807	$ 21,001,404

Continued

Schedule 2
City of Pismo Beach
Changes in Net Position, Continued
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Page 4

	For The Fiscal Year Ended June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Change in net position:										
Governmental activities	$ 3,615,642	$ 2,523,695	$ 4,625,360	$ 458,350	$ 807,970	$ (318,666)	$ 70,228	$ 3,233,475	$ 3,766,046	$ 7,955,772
Business-type activities	300,338	784,003	3,341,425	361,643	255,439	1,236,067	1,335,538	1,777,682	4,583,079	2,084,530
Total City government	$ 3,915,980	$ 3,307,698	$ 7,966,785	$ 819,993	$ 1,063,409	$ 917,401	$ 1,405,766	$ 5,011,157	$ 8,349,125	$ 10,040,302

Note:
FY 2015 balances were adjusted for a prior year restatement recorded in FY 2016.

Schedule 3
City of Pismo Beach
Fund Balance, Governmental Funds
Last Ten Fiscal Years

	For the Fiscal Year Ended June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund:										
Reserved	$ 412,243	$ 327,779	$ 830,542	$ 1,171,483	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	6,897,149	7,856,880	8,058,030	8,345,169	-	-	-	-	-	-
Nonspendable	-	-	-	-	768,088	462,005	965,312	88,805	37,096	37,292
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	190,575	141,756	204,139	9,592,749	8,258,692	13,676,510
Assigned	-	-	-	-	7,265,958	7,665,163	6,103,064	-	-	-
Unassigned	-	-	-	-	714,379	2,141,222	3,361,546	4,825,898	7,346,781	5,398,701
Total general fund	7,309,392	8,184,659	8,888,572	9,516,652	8,939,000	10,410,146	10,634,061	14,507,452	15,642,569	19,112,503
All other governmental funds:										
Reserved	1,185,985	1,121,665	606,929	606,763	-	-	-	-	-	-
Unreserved reported in:										
Special revenue funds	4,696,475	5,292,650	4,423,051	1,640,880	-	-	-	-	-	-
Capital projects funds	5,114,969	2,991,373	3,051,831	3,752,951	-	-	-	-	-	-
Debt service funds	354,902	101,390	105,231	117,314	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	1,657,235	1,697,235	1,121,826	1,086,826	1,086,826
Restricted	-	-	-	-	5,502,365	2,856,132	3,135,353	4,201,623	4,184,820	6,702,558
Committed	-	-	-	-	126,295	-	-	288,953	895,777	41,923
Assigned	-	-	-	-	368,032	276,240	236,068	-	-	622,145
Unassigned	-	-	-	-	-	(1,639,658)	(1,635,422)	(426,563)	-	-
Total all other governmental funds	11,352,331	9,507,078	8,187,042	6,117,908	5,996,692	3,149,949	3,433,234	5,185,839	6,167,423	8,453,452
Total all governmental funds	$ 18,661,723	$ 17,691,737	$ 17,075,614	$ 15,634,560	$ 14,935,692	$ 13,560,095	$ 14,067,295	$ 19,693,291	$ 21,809,992	$ 27,565,955

Notes:

Fund balance reporting changes in FY 2011, per GASB 54.

FY 2012-2014 were adjusted in FY 2015 for an error in reporting nonspendable fund balance.

Schedule 4
City of Pismo Beach
Revenues, Expenditures and Changes in Fund Balance, Governmental Funds and Debt Service Ratio
Last Ten Fiscal Years
(In Rounded Thousands of Dollars)
(Modified Accrual Basis of Accounting)

	For The Fiscal Year Ended June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Taxes	$ 13,099	$ 13,637	$ 14,150	$ 13,456	$ 14,506	$ 15,157	$ 16,369	$ 17,136	$ 18,463	$ 19,261
Licenses and permits	972	950	1,231	872	477	886	814	1,355	1,594	1,918
Fines and forfeits	139	149	137	100	97	82	64	67	68	56
Charges for services	1,083	1,029	904	951	873	1,147	320	1,168	1,887	2,588
Special assessments	35	16	-	411	624	686	728	799	868	920
Intergovernmental	2,054	1,138	1,487	1,247	2,190	1,984	1,129	927	1,188	940
Investment earnings & rent	850	826	724	447	332	269	261	289	393	420
Other revenues	29	669	64	41	12	110	616	1,414	894	959
Total revenues	18,261	18,414	18,697	17,525	19,111	20,321	20,301	23,155	25,355	27,062
Expenditures:										
General government	3,114	3,392	3,624	4,635	4,801	4,860	5,926	5,488	7,795	6,197
Public safety	5,898	6,074	6,317	6,445	6,574	6,792	6,856	6,823	6,693	7,278
Parks										
Planning and Public Works	3,524	4,077	4,950	4,772	4,187	5,659	3,791	4,160	5,824	4,468
Recreation										
Capital outlay	1,754	5,197	1,941	2,369	3,258	3,115	2,508	436	1,370	2,320
Debt service:										
Payment to escrow agent	26	-	-	-	-	-	-	-	-	-
Costs of issuance	212	-	-	-	-	-	-	-	-	-
Principal	225	130	260	280	250	270	275	290	300	310
Interest	243	340	259	200	187	176	162	152	142	131
Total expenditures	14,996	19,210	17,351	18,701	19,257	20,872	19,518	17,349	22,124	20,704

Continued

Schedule 4
City of Pismo Beach
Revenues, Expenditures and Changes in Fund Balance, Governmental Funds
and Debt Service Ratio, Continued
Last Ten Fiscal Years
(In Rounded Thousands of Dollars)
(Modified Accrual Basis of Accounting)
Page 2

	For The Fiscal Year Ended June 30									
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Excess of revenues over(under) expenditures	3,265	(796)	1,346	(1,176)	(146)	(551)	783	5,806	3,231	6,358
Other Financing Sources(Uses):										
Proceeds from borrowing	5,185	130	-	-	-	-	-	-	-	-
Payments to escrow agent	(4,045)	-	-	-	-	-	-	-	-	-
Early redemption of bonds	-	-	1,438	-	-	-	-	-	-	-
Transfers in	2,592	4,962	1,769	2,862	2,689	2,686	2,825	825	3,430	2,240
Transfers out	(2,956)	(5,265)	(2,292)	(3,127)	(3,242)	(2,819)	(3,101)	(1,099)	(4,544)	(2,842)
Total other financing sources(uses)	776	(173)	915	(265)	(553)	(133)	(276)	(274)	(1,114)	(602)
Extraordinary item:										
Dissolution of RDA	-	-	-	-	-	(692)	-	-	-	-
Net change in fund balance	$ 4,041	$ (969)	$ 2,261	$ (1,441)	$ (699)	$ (1,376)	$ 507	$ 5,532	$ 2,117	$ 5,756
Debt service as a percentage of noncapital expenditures	3.73%	3.47%	3.49%	3.03%	2.81%	2.58%	2.64%	2.68%	2.18%	2.46%

Schedule 5
City of Pismo Beach
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(In Thousands of Dollars)

Fiscal Year	Assessed Taxable Values			Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Real Property	Personal Property	Totals			
2006-2007	2,009,954	38,802	2,048,756	1.00%	5,080,316	40.33%
2007-2008	2,219,577	41,672	2,261,249	1.00%	5,608,474	40.32%
2008-2009	2,381,414	37,444	2,418,858	1.00%	6,007,026	40.27%
2009-2010	2,400,005	37,086	2,437,091	1.00%	6,052,993	40.26%
2010-2011	2,389,311	37,245	2,426,556	1.00%	6,026,485	40.26%
2011-2012	2,364,711	36,417	2,401,128	1.00%	5,963,802	40.26%
2012-2013	2,374,635	36,736	2,411,371	1.00%	5,989,068	40.26%
2013-2014	2,454,598	39,670	2,494,268	1.00%	6,193,166	40.27%
2014-2015	2,561,760	38,802	2,600,562	1.00%	6,459,831	40.26%
2015-2016	2,729,930	38,748	2,768,678	1.00%	6,880,179	40.24%

Source: SLO County Assessors Office, and HDL Reports. Amounts for Fiscal years 2006 through 2007 adjusted to data from HDL reports in Fiscal year 2008.

Schedule 6
City of Pismo Beach
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rates per $100 of Assessed Value)

	Direct Rate			Overlapping Rates		
Fiscal Year	Basic Rate	General Obligation Debt Rate	Total	School Districts	Special Districts	Total
2006-2007	1.00%	0.00%	1.00%	0.0193%	0.0124%	1.0317%
2007-2008	1.00%	0.00%	1.00%	0.0285%	0.0119%	1.0404%
2008-2009	1.00%	0.00%	1.00%	0.0285%	0.0119%	1.0404%
2009-2010	1.00%	0.00%	1.00%	0.0285%	0.0119%	1.0404%
2010-2011	1.00%	0.00%	1.00%	0.0291%	0.0126%	1.0417%
2011-2012	1.00%	0.00%	1.00%	0.0298%	0.0127%	1.0425%
2012-2013	1.00%	0.00%	1.00%	0.0395%	0.0139%	1.0534%
2013-2014	1.00%	0.00%	1.00%	0.0399%	0.0139%	1.0538%
2014-2015	1.00%	0.00%	1.00%	0.0409%	0.0139%	1.0548%
2015-2016	1.00%	0.00%	1.00%	0.0409%	0.0327%	1.0736%

Note:
The direct property tax rates can only be changed with specific voter approval.

Source: HDL Reports.

Schedule 7
City of Pismo Beach
Principal Property Tax Payers – Top Ten
Last Ten Fiscal Years
(Dollar Amounts in Thousands)

2016

Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Martin Resorts, Inc.	$ 34,772	1	1.26%
Prime Outlets of Pismo Beach	29,576	2	1.07%
Pismo Beach Mobilehome Park	27,500	3	0.99%
Core Pismo, LLC	24,238	4	0.88%
Spalding G. Wathen, Inc.	19,893	5	0.72%
Castleblack Pismo Beach	17,300	6	0.62%
Heron Crest Development	16,033	7	0.58%
Cliffs Resort, LLC	15,291	8	0.55%
Pismo Coast Plaza, LLC	15,227	9	0.55%
Henry F. Myers Trust	13,679	10	0.49%
Total	$ 213,509		7.71%

2015

Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Martin Resorts, Inc.	$ 34,109	1	1.31%
Prime Outlets of Pismo Beach	29,050	2	1.12%
Pismo Beach Mobilehome Park	25,854	3	0.99%
Core Pismo, LLC	23,723	4	0.91%
Spalding G. Wathen, Inc.	20,329	5	0.78%
Heron Crest Development	15,719	6	0.60%
Cliffs Resort, LLC	15,011	7	0.58%
Pismo Coast Plaza, LLC	14,929	8	0.57%
Henry F. Myers Trust	13,197	9	0.51%
Castleblack Pismo Beach	11,819	10	0.45%
Total	$ 203,740		7.83%

2014

Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Martin Resorts, Inc.	$ 33,959	1	1.36%
Prime Outlets of Pismo Beach	28,919	2	1.16%
Pismo Beach Mobilehome Park	24,645	3	0.99%
Core Pismo, LLC	23,620	4	0.95%
Spalding G. Wathen, Inc.	21,058	5	0.84%
Heron Crest Development	15,648	6	0.63%
Cliffs Resort, LLC	14,948	7	0.60%
Pismo Coast Plaza, LLC	14,862	8	0.60%
K Partners Pismo Beach LP	11,773	9	0.47%
Pismo Development Group, LLC	10,610	10	0.43%
Total	$ 200,042		8.02%

2013

Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Martin Resorts, Inc.	$ 33,311	1	1.38%
Prime Outlets of Pismo Beach	27,485	2	1.14%
Spalding G. Wathen	23,600	3	0.98%
Pismo Beach Mobilehome Park	22,778	4	0.94%
Core Pismo, LLC	19,335	5	0.80%
Heron Crest Development	15,341	6	0.64%
Cliffs Resort, LLC	14,675	7	0.61%
Pismo Coast Plaza LLC	13,532	8	0.56%
Kingfisher Canyon Development	12,068	9	0.50%
K Partners Pismo Beach LP	11,798	10	0.49%
Total	$ 193,923		8.04%

2012

Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Martin Resorts, Inc.	$ 32,676	1	1.36%
Prime Outlets of Pismo Beach	27,068	2	1.13%
Spalding G. Wathen	23,888	3	0.99%
Pismo Beach Mobilehome Park	22,827	4	0.95%
Core Pismo, LLC	19,335	5	0.81%
Heron Crest Development	15,041	6	0.63%
Cliffs Resort, LLC	14,406	7	0.60%
Pismo Coast Plaza LLC	13,335	8	0.56%
Kingfisher Canyon Development	12,108	9	0.50%
K Partners Pismo Beach LP	11,524	10	0.48%
Total	$ 192,208		8.00%

2011

Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Martin Resorts, Inc.	$ 33,751	1	1.39%
Prime Outlets of Pismo Beach	26,867	2	1.11%
Pismo Beach Mobilehome Park	24,243	3	1.00%
Spalding G. Wathen	23,710	4	0.98%
Core Pismo, LLC	22,575	5	0.93%
Heron Crest Development	14,928	6	0.62%
Cliffs Resort, LLC	14,306	7	0.59%
Pismo Coast Plaza LLC	13,262	8	0.55%
Kingfisher Canyon Development	12,197	9	0.50%
K Partners Pismo Beach LP	11,343	10	0.47%
Total	$ 197,182		8.13%

Continued

Schedule 7
City of Pismo Beach
Principal Property Tax Payers – Top Ten, Continued
Last Ten Fiscal Years
(Dollar Amounts in Thousands)
Page 2

2010				2009			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Martin Resorts, Inc.	$ 33,829	1	1.39%	Martin Resorts, Inc.	$ 33,184	1	1.37%
Prime Outlets of Pismo Beach	26,930	2	1.11%	Prime Outlets of Pismo Beach	25,203	2	1.04%
Pismo Beach Mobilehome Park	23,904	3	0.98%	Spalding G. Wathen	23,300	3	0.96%
Spalding G. Wathen	23,766	4	0.98%	Core Pismo, LLC	22,290	4	0.92%
Core Pismo, LLC	22,716	5	0.93%	Pismo Beach Mobilehome Park	22,026	5	0.91%
Heron Crest Development	14,964	6	0.61%	Heron Crest Development	15,141	6	0.63%
Cliffs Resort, LLC	14,338	7	0.59%	Cliffs Resort, LLC	14,176	7	0.59%
Pismo Coast Plaza LLC	13,285	8	0.55%	Pismo Coast Plaza LLC	13,093	8	0.54%
MP Pismo Investments LLC	11,628	9	0.48%	175 Pomeroy, LLC	12,000	9	0.50%
K Partners Pismo Beach LP	11,366	10	0.47%	Pismo Hotel Properties	11,173	10	0.46%
Total	$ 196,726		8.07%	Total	$ 191,586		7.92%

2008				2007			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Second Horizon Group	$ 24,531	1	1.08%	Prime Outlets of Pismo Beach	$ 24,052	1	1.17%
Pismo Coast Plaza	12,905	2	0.57%	Pismo Coast Plaza LLC	12,720	2	0.62%
Pacplaza Properties LP	7,807	3	0.35%	Pacplaza Properties LP	7,654	3	0.37%
Pismo Medical Campus	6,386	4	0.28%	Pismo Medical Campus LLC	6,261	4	0.31%
Pismo Hotel Properties	6,367	5	0.28%	Martin Resorts, Inc.	30,692	5	1.50%
921 Oak Park Investors	4,714	6	0.21%	921 Oak Park Investors	4,622	6	0.23%
Nicholas J. & Kathleen Tompkins	4,110	7	0.18%	Nicholas J. & Kathleen Tompkins	4,029	7	0.20%
Osh Properties LLC	3,953	8	0.17%	Osh Properties LLC	3,876	8	0.19%
Coastal Surgical Specialists	3,336	9	0.15%	Five Cities Company Brand LLC	3,279	9	0.16%
Spalding G. Wathen	22,843	10	1.01%	Coastal Surgical Specialists	2,826	10	0.14%
Total	$ 96,952		4.29%	Total	$ 100,011		4.88%

Schedule 8
City of Pismo Beach
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied For The Fiscal Year	Collected Within The Fiscal Year of The Levy	
		Amount	Percentage of Levy
2006-2007	3,449,754	3,449,754	100.00%
2007-2008	3,660,083	3,660,083	100.00%
2008-2009	3,910,044	3,910,044	100.00%
2009-2010	3,494,959	3,494,959	100.00%
2010-2011	3,803,530	3,803,530	100.00%
2011-2012	3,763,419	3,763,419	100.00%
2012-2013	4,015,999	4,015,999	100.00%
2013-2014	4,193,186	4,193,186	100.00%
2014-2015	4,392,370	4,392,370	100.00%
2015-2016	4,662,304	4,662,304	100.00%

Note:
Property taxes are levied and collected pursuant to an arrangement commonly referred to as the Teeter Plan. Under the Teeter Plan, the County allocates and remits to the City the full amount of each years tax levy, and the County then retains any delinquencies as collected by the County. Amount for 2010 is less the Prop 1A Loan in the amount of $351,339.

Source: City of Pismo Beach Tax Collection records and San Luis Obispo County Assessor records.

Schedule 8 A
City of Pismo Beach
Sales Tax Revenue Base Data
Last Ten Fiscal Years

Fiscal Year	Revenue Base City-Wide Retail Sales Subject to Tax	Total Retail Sales Tax Rate	City Direct Tax Rate	City Transaction Tax Rate	Revenue Recognized By the City
2006-2007	217,126,100	7.25%	1.00%	0.00%	2,375,881
2007-2008	194,413,600	7.25%	1.00%	0.00%	2,402,092
2008-2009	206,556,700	8.25%	1.00%	0.50%	2,813,264
2009-2010	190,984,200	8.25%	1.00%	0.50%	3,136,677
2010-2011	192,386,300	8.25%	1.00%	0.50%	3,379,575
2011-2012	214,465,200	7.25%	1.00%	0.50%	3,511,091
2012-2013	248,116,800	7.50%	1.00%	0.50%	3,905,814
2013-2014	268,253,800	7.50%	1.00%	0.50%	4,104,284
2014-2015	275,456,400	7.50%	1.00%	0.50%	4,497,958
2015-2016	284,997,500	7.50%	1.00%	0.50%	4,485,779

Note:
The City's direct retail sales tax rate is established pursuant to the City's Municipal Code. Any increase in the City's direct tax rate requires voter approval. Transaction Tax approved by voters in June 2008, effective October 1, 2008.

Source: Revenue Base Information provided by HDL Major Categories Report.
Revenue information provided by City of Pismo Beach records.

Schedule 8 B
City of Pismo Beach
Principal Sales Tax Generators by Industry – Revenue Base Concentration Data
Last Ten Calendar Years
(Dollar Amounts in Thousands)

2015

Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Restaurants	$ 72,750	1	25.71%
Apparel Stores	71,817	2	25.38%
All Other Outlets	49,201	3	17.39%
Other Retail Stores	48,925	4	17.29%
Service Stations	30,285	5	10.70%
Food Stores	9,968	6	3.52%
Total	$ 282,946		100.00%

2014

Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Apparel Stores	$ 71,978	1	26.63%
Restaurants	69,669	2	25.78%
All Other Outlets	43,395	3	16.05%
Other Retail Stores	43,576	4	16.12%
Service Stations	33,236	5	12.30%
Food Stores	8,441	6	3.12%
Total	$ 270,295		100.00%

2013

Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Apparel Stores	$ 71,206	1	27.16%
Restaurants	64,935	2	24.77%
All Other Outlets	42,265	3	16.12%
Other Retail Stores	41,472	4	15.82%
Service Stations	35,189	5	13.42%
Food Stores	7,079	6	2.70%
Total	$ 262,146		100.00%

2012

Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Apparel Stores	$ 67,849	1	27.81%
Restaurants	62,097	2	25.45%
All Other Outlets	37,449	3	15.35%
Service Stations	36,562	4	14.99%
Other Retail Stores	35,322	5	14.48%
Food Stores	4,702	6	1.93%
Total	$ 243,981		100.00%

2011

Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Apparel Stores	$ 61,565	1	26.28%
Restaurants	57,679	2	24.62%
All Other Outlets	37,975	3	16.21%
Other Retail Stores	35,564	4	15.18%
Service Stations	35,324	5	15.08%
Food Stores	6,141	6	2.62%
Total	$ 234,248		100.00%

2010

Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Apparel Stores	$ 55,754	1	26.10%
Restaurants	54,620	2	25.57%
Other Retail Stores	33,954	3	15.89%
All Other Outlets	33,419	4	15.64%
Service Stations	29,592	5	13.85%
Food Stores	6,290	6	2.94%
Total	$ 213,629		100.00%

Continued

Schedule 8 B
City of Pismo Beach
Principal Sales Tax Generators by Industry – Revenue Base Concentration Data, Continued
Last Ten Calendar Years
(Dollar Amounts in Thousands)
Page 2

2009				2008			
Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars	Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Apparel Stores	$ 53,872	1	25.60%	Restaurants	$ 53,925	1	23.26%
Restaurants	52,780	2	25.08%	Apparel Stores	49,684	2	21.43%
Other Retail Stores	36,424	3	17.31%	Other Retail Stores	47,795	3	20.61%
All Other Outlets	34,497	4	16.39%	All Other Outlets	40,151	4	17.32%
Service Stations	26,254	5	12.47%	Service Stations	33,186	5	14.31%
Food Stores	6,642	6	3.16%	Food Stores	7,115	6	3.07%
							0.00%
Total	$ 210,469		100.00%	Total	$ 231,856		100.00%

2007				2006			
Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars	Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Restaurants	$ 56,464	1	24.36%	Restaurants	$ 55,300	1	24.51%
Apparel Stores	48,512	2	20.93%	Other Retail Stores	47,451	2	21.03%
Other Retail Stores	45,519	3	19.63%	Apparel Stores	45,492	3	20.16%
All Other Outlets	41,877	4	18.06%	All Other Outlets	41,631	4	18.45%
Service Stations	32,011	5	13.81%	Service Stations	28,205	5	12.50%
Food Stores	7,452	6	3.21%	Food Stores	7,555	6	3.35%
Total	$ 231,835		100.00%	Total	$ 225,634		100.00%

Source: HDL Reports. Changed years from fiscal to calendar in FY 2011 report.
Amounts reflect changes in reporting by HDL to reflect fewer differentiated Categories.

Schedule 8 B-1
City of Pismo Beach
Principal Sales Tax Payers – Top 25
Last Ten Fiscal Years
(In Alphabetical Order)

Fiscal Year Ended June 30			
2016	**2015**	**2014**	**2013**
Arco	Arco	Arco	7 Eleven
Brads Restaurant	Brads Restaurant	Brads Restaurant	Arco
California Fresh	California Fresh	California Fresh	Bass Outlet
Calvin Klein	Calvin Klein	Calvin Klein	Brads Restaurant
Cliffs at Shell Beach	Cliffs at Shell Beach	Cliffs at Shell Beach	Calvin Klein
Coach	Coach	Coach	Cliffs at Shell Beach
Cool Cat Café	Cool Cat Café	Cracked Crab	Coach
Cracked Crab	Cracked Crab	CVS Pharmacy	Cracked Crab
CVS Pharmacy	CVS Pharmacy	Dolphin Bay Hotel & Lido Rest.	CVS Pharmacy
Dolphin Bay Hotel & Lido Rest.	Dolphin Bay Hotel & Lido Rest.	McLintocks	Dolphin Bay Hotel & Lido Rest.
McLintocks	McLintocks	Five Cities Chevron	Five Cities Chevron
Five Cities Chevron	Five Cities Chevron	Giuseppes Cucina	Giuseppes Cucina
Giuseppes Cucina	Giuseppes Cucina	Miller 76	McLintocks
Miller 76	Miller 76	Nike Retail	Miller 76
Nike Retail	Nike Retail	Orchard Supply Hardware #1	Nike Retail
Orchard Supply Hardware	Orchard Supply Hardware	Orchard Supply Hardware #2	Orchard Supply Hardware
Oshkosh B Gosh	Oshkosh B Gosh	Oshkosh B Gosh	Oshkosh B Gosh
Ralph Lauren	Ralph Lauren	Ralph Lauren	Panchos Surf Shop
Rite Aid	Rite Aid	Ross	Ralph Lauren
Ross	Ross	Shell	Ross
Shell	Shell	Sky River RV	Shell
Sky River RV	Sky River RV	Splash Café	Sky River RV
Splash Café	Splash Café	Spyglass Shell	Splash Café
Spyglass Shell	Spyglass Shell	Vans	Spyglass Shell
Ventana Grill	Ventana Grill	Ventana Grill	Ventana Grill

Continued

Schedule 8 B-1
City of Pismo Beach
Principal Sales Tax Payers – Top 25
Last Ten Fiscal Years
(In Alphabetical Order)
Page 2

Fiscal Year Ended June 30			
2012	**2011**	**2010**	**2009**
7 Eleven	7 Eleven	7 Eleven	7 Eleven
Arco	Arco	Arco	Arco
Bass Outlet	Bass Outlet	Bass Outlet	Bass Outlet
Brads Restaurant	Brads Restaurant	Brads Restaurant	Brads Restaurant
Cliffs at Shell Beach	Cliffs at Shell Beach	Calvin Klein	Cliffs at Shell Beach
Coach	Cracked Crab	Cliffs at Shell Beach	Cracked Crab
Cracked Crab	CVS Pharmacy	Cracked Crab	Dolphin Bay Hotel & Lido Rest.
CVS Pharmacy	Five Cities Chevron	CVS Pharmacy	Five Cities Chevron
Five Cities Chevron	Giuseppes Cucina	Five Cities Chevron	Giuseppes Cucina
Giuseppes Cucina	McDonalds	Giuseppes Cucina	Jones New York
McLintocks	McLintocks	McLintocks	McLintocks
Miller 76	Miller 76	Miller 76	Miller 76
Nike Retail	Nike Retail	Nike Retail	Orchard Supply Hardware
Orchard Supply Hardware	Orchard Supply Hardware	Orchard Supply Hardware	Oshkosh B Gosh
Oshkosh B Gosh	Oshkosh B Gosh	Oshkosh B Gosh	Pacific Sunwear Outlet
Panchos Surf Shop	Pacific Coast RV	Pacific Sunwear Outlet	Panchos Surf Shop
Pierside Restaurant	Panchos Surf Shop	Panchos Surf Shop	Pismo RV Outlet
Polo Ralph Lauren	Polo Ralph Lauren	Pismo RV Outlet	Polo Ralph Lauren
Ross	Rite Aid	Polo Ralph Lauren	Rite Aid
Scolaris	Ross	Rite Aid	Ross
Shell	Scolaris	Ross	Scolaris
Sky River RV	Shell	Scolaris	Shelter Cove Lodge
Splash Café	Splash Café	Splash Café	Splash Café
Spyglass Shell	Spyglass Shell	Spyglass Shell	Spyglass Shell
Ventana Grill	Ventana Grill	Valley Convenience Stores	Valley Convenience Stores

Continued

Schedule 8 B-1
City of Pismo Beach
Principal Sales Tax Payers – Top 25
Last Ten Fiscal Years
(In Alphabetical Order)
Page 3

Fiscal Year Ended June 30	
2008	**2007**
7 Eleven	7 Eleven
Arco	Arco
Brads Restaurant	Brad's Restaurant
Cliffs at Shell Beach	Central Coast Oil
Cracked Crab	Cliffs At Shell Beach
Five Cities Chevron	Five Cities Chevron
Giuseppes Cucina	Giuseppe's Cucina
Longs Drug	Longs Drug
F McLintocks	F McLintocks
Miller's Unocal	Miller's Unocal
Orchard Supply Hardware	Orchard Supply Hardware
Oshkosh B Gosh	Oshkosh B Gosh
Pacific Sunwear Outlet	Pacific Sunwear Outlet
Pancho's Surf Shop	Pancho's Surf Shop
Pierside Seafood	Pierside Seafood
Polo Ralph Lauren	Polo Ralph Lauren
Ross	Ross
Scolari's	Scolari's
Shelter Cove Lodge	Shell Beach Motel
Splash Café	Splash Café
Spyglass Shell	Trailer Hitch RV Center
Trailer Hitch RV Center	Valley Convenience Stores
Valley Convenience Stores	Van Heusen Direct
Van Heusen Direct	Westinghouse Electric
Yanagi Sushi & Grill	Yanagi Sushi & Grill

Note: Principal Sales Tax payers provided by HDL.

Schedule 8 C
City of Pismo Beach
Transient Occupancy Tax Revenue Base Data
Last Ten Fiscal Years

Fiscal Year	Revenue Base: Room Revenues Subject to Tax	City Direct Tax Rate	Revenue Recognized By the City
2006-2007	59,124,431	10.00%	5,912,443
2007-2008	61,750,130	10.00%	6,175,013
2008-2009	59,068,380	10.00%	5,906,838
2009-2010	57,795,945	10.00%	5,779,594
2010-2011	62,696,071	10.00%	6,269,607
2011-2012	69,311,970	10.00%	6,931,197
2012-2013	72,795,011	10.00%	7,279,501
2013-2014	79,882,370	10.00%	7,988,237
2014-2015	86,821,190	10.00%	8,682,119
2015-2016	91,999,470	10.00%	9,199,947

Note:
The transient occupancy tax can only be changed by approval of the voters, and the rate was increased in 1992.

Source: Revenue information provided by City of Pismo Beach records.

Schedule 8 D
City of Pismo Beach
Principal Transient Occupancy Tax Payers and Other Data
Last Ten Fiscal Years

Fiscal Year	City-Wide Occupancy Rate	Average Daily Room Rates	Transient Occupancy Tax Revenues In Dollars Concentration By Hotel Size Based on Number of Rooms Number Hotels 50 or More Rooms	Number Hotels Under 50 Rooms
2006-2007	No Data	No Data	$ 4,678,552 16	$ 645,499 14
2007-2008	No Data	No Data	$ 5,234,272 18	$ 392,052 14
2008-2009	No Data	No Data	$ 4,681,899 16	$ 643,383 16
2009-2010	No Data	No Data	$ 4,864,506 17	$ 340,365 14
2010-2011	No Data	No Data	$ 5,286,868 17	$ 375,674 15
2011-2012	No Data	No Data	$ 5,867,792 17	$ 417,423 15
2012-2013	No Data	No Data	$ 6,165,294 17	$ 411,261 15
2013-2014	No Data	No Data	$ 6,754,657 17	$ 418,059 12
2014-2015	69.1%	$ 142	$ 7,260,482 17	$ 558,564 14
2015-2016	68.2%	$ 152	$ 7,711,023 17	$ 591,172 13

			Transient Occupancy Tax Revenues In Dollars Concentration By Size RV Park/Vacation Rentals Based on Number of Units Number Units 50 or More	Number Units Under 50
2007-2008	No Data	No Data	$ 493,617 4	$ 55,072 9
2008-2009	No Data	No Data	$ 524,140 5	$ 165,081 11
2009-2010	No Data	No Data	$ 407,793 4	$ 166,931 12
2010-2011	No Data	No Data	$ 419,010 4	$ 188,055 15
2011-2012	No Data	No Data	$ 434,233 4	$ 211,749 15
2012-2013	No Data	No Data	$ 446,792 4	$ 256,154 15
2013-2014	No Data	No Data	$ 570,224 5	$ 245,297 17
2014-2015	69.1%	$ 142	$ 759,673 7	$ 103,400 14
2015-2016	68.2%	$ 152	$ 511,432 4	$ 386,320 22

Note:
Data prior to FY 2015 not available for City-Wide Occupancy Rate and Average Daily Room Rates.
Occupancy Rate and Average Daily Room Rates are combined for hotels, RV Park, and Vacation Rentals.
Data for Motels/Hotels separated from RV Park/Vacation Rentals in 2007 and 2008.

Schedule 8 D-1
City of Pismo Beach
Principal Transient Occupancy Tax Payers – Top Ten
Last Ten Fiscal Years
(In Alphabetical Order)

Fiscal Year Ended June 30			
2016	**2015**	**2014**	**2013**
Cliffs of Shell Beach	Cliffs of Shell Beach	Cliffs of Shell Beach	Cliffs of Shell Beach
Cottage Inn	Dolphin Bay Hotel	Cottage Inn	Cottage Inn
Dolphin Bay Hotel	Island Hospitality	Dolphin Bay Hotel	Dolphin Bay Hotel
Island Hospitality	Kon Tiki Motel	Hilton Garden Inn	Hilton Garden Inn
Kon Tiki Motel	Oxford Suites	Kon Tiki Motel	Kon Tiki Motel
Pismo Coast Village	Pismo Coast Village	Pismo Coast Village	Pismo Coast Village
Pismo Lighthouse Suites	Pismo Lighthouse Suites	Pismo Lighthouse Suites	Pismo Lighthouse Suites
Sandcastle Inn	Sandcastle Inn	Sandcastle Inn	Sandcastle Inn
Seacrest Motel	Seacrest Motel	Seacrest Motel	Seacrest Motel
Shorecliff Inn	Shorecliff Inn	Shorecliff Inn	Shorecliff Inn

Fiscal Year Ended June 30			
2012	**2011**	**2010**	**2009**
Cliffs of Shell Beach	Cliffs of Shell Beach	Cliffs of Shell Beach	Cliffs of Shell Beach
Cottage Inn	Cottage Inn	Cottage Inn	Cottage Inn
Dolphin Bay Hotel	Dolphin Bay Hotel	Dolphin Bay Hotel	Dolphin Bay Hotel
Hilton Garden Inn	Kon Tiki Motel	Kon Tiki Motel	Kon Tiki Motel
Kon Tiki Motel	Oxford Suites Resort	Oxford Suites Resort	Oxford Suites Resort
Pismo Coast Village	Pismo Coast Village	Pismo Coast Village	Pismo Coast Village
Pismo Lighthouse Suites	Pismo Lighthouse Suites	Pismo Lighthouse Suites	Pismo Lighthouse Suites
Sandcastle Inn	Sandcastle Inn	Sandcastle Inn	Sandcastle Inn
Seacrest Motel	Seacrest Motel	Seacrest Motel	Seaventure Motel
Shorecliff Inn	Shorecliff Inn	Shorecliff Inn	Shorecliff Inn

Fiscal Year Ended June 30	
2008	**2007**
Cliffs of Shell Beach	Cliffs of Shell Beach
Cottage Inn	Cottage Inn
Kon Tiki Motel	Kon Tiki Motel
Oxford Suites Resort	Oxford Suites Resort
Pismo Coast Village	Pismo Coast Village
Pismo Lighthouse Suites	Pismo Lighthouse Suites
Sandcastle Inn	Sandcastle Inn
Seacrest Motel	Seacrest Motel
Seaventure Motel	Seaventure Motel
Shorecliff Inn	Shorecliff Inn

Source: Principal Transient Occupancy Tax Payers provided by City of Pismo Beach records.

Schedule 8 E
City of Pismo Beach
Water and Sewer Rates for Single Family Residents
Last Ten Fiscal Years

	Water		Sewer	
Fiscal Year	Monthly Base Rate	Rate Per 1000 Gallons	Monthly Base Rate	Rate Per 1000 Gallons*
2006-2007	12.29	1.45	28.48	-
2007-2008	13.37	1.64	29.54	-
2008-2009	14.60	1.94	31.74	-
2009-2010	15.26	2.11	36.72	-
2010-2011	15.95	2.30	39.49	-
2011-2012	16.29	2.35	40.32	-
2012-2013	16.29	2.35	40.32	-
2013-2014	12.17	2.49	36.88	-
2014-2015	12.72	2.60	38.92	-
2015-2016	13.29	2.72	41.07	-

Source: City of Pismo Beach Financial System Rate Records
*Sewer rate is based on Fixed Rate only. In 2013-2014, rates changed per rate study completed in August 2013.

Schedule 8 F
City of Pismo Beach
Principal Water and Wastewater Payers – Revenue Base Concentration Data
Last Ten Fiscal Years

Water Revenue Concentration Data

Fiscal Year	Class of Customer: Single Family	Non-Residential	Construction	City	Irrigation	Totals
	Revenue in Dollars and Number of Customers					
2006-2007	$ 700,337	$ 646,592	$ 11,874	$	$	$ 1,358,803
	3,656	712	37			4,405
2007-2008	$ 823,615	$ 632,329	$ 12,099	$ 26,338	$ 90,631	$ 1,585,012
	3,676	645	38	71	122	4,552
2008-2009	$ 919,105	$ 602,872	$ 11,012	$ 55,832	$ 197,665	$ 1,786,486
	3,689	626	30	71	124	4,540
2009-2010	$ 927,856	$ 612,810	$ 9,635	$ 49,126	$ 173,885	$ 1,773,312
	3,696	639	24	72	127	4,558
2010-2011	$ 948,979	$ 668,959	$ 4,722	$ 53,741	$ 198,223	$ 1,874,624
	3,702	642	18	82	125	4,569
2011-2012	$ 1,065,941	$ 729,416	$ 4,989	$ 59,911	$ 213,392	$ 2,073,649
	3,706	647	27	81	123	4,584
2012-2013	$ 1,055,078	$ 767,291	$ 13,103	$ 75,576	$ 217,164	$ 2,128,212
	3,719	646	26	80	125	4,596
2013-2014	$ 1,062,275	$ 888,085	$ 12,402	$ 100,766	$ 306,762	$ 2,370,290
	3,733	641	27	83	130	4,614
2014-2015	$ 1,090,870	$ 914,283	$ 14,231	$ 106,819	$ 283,457	$ 2,409,660
	3,772	641	91	82	132	4,718
2015-2016	$ 938,624	$ 864,692	$ 19,798	$ 81,589	$ 212,697	$ 2,117,400
	3,900	640	35	80	132	4,787

Wastewater Revenue Concentration Data

Fiscal Year	Class of Customer: Residential	Other Residential	Hotel/Motel	Commercial	Other	Totals
	Revenue in Dollars and Number of Customers					
2006-2007	$ 858,962	$ 235,162	$ 390,110	$ 552,668	$ 128,591	$ 2,165,493
	3,646	291	39	246	11	4,233
2007-2008	$ 956,004	$ 252,967	$ 418,120	$ 538,780	$ 136,430	$ 2,302,301
	3,667	300	38	244	26	4,275
2008-2009	$ 1,075,481	$ 279,018	$ 401,835	$ 538,316	$ 154,115	$ 2,448,765
	3,681	325	38	246	35	4,325
2009-2010	$ 1,166,657	$ 286,706	$ 383,347	$ 540,874	$ 128,250	$ 2,505,834
	3,692	326	38	263	32	4,351
2010-2011	$ 1,269,866	$ 299,033	$ 400,072	$ 551,518	$ 130,805	$ 2,651,294
	3,695	322	38	263	33	4,351
2011-2012	$ 1,369,613	$ 313,537	$ 421,547	$ 566,462	$ 130,161	$ 2,801,320
	3,699	323	38	271	33	4,364
2012-2013	$ 1,397,950	$ 319,937	$ 434,845	$ 578,342	$ 158,153	$ 2,889,227
	3,712	326	37	268	34	4,377
2013-2014	$ 1,261,612	$ 297,433	$ 497,113	$ 591,462	$ 192,830	$ 2,840,450
	3,728	325	37	269	35	4,394
2014-2015	$ 1,230,586	$ 295,567	$ 534,754	$ 619,649	$ 183,333	$ 2,863,889
	3,767	325	37	270	48	4,447
2015-2016	$ 1,327,511	$ 311,572	$ 524,691	$ 596,869	$ 184,362	$ 2,945,005
	3,895	324	37	270	36	4,562

Schedule 8 F-1
City of Pismo Beach
Principal Water Sale Purchasers – Top Ten
Last Ten Fiscal Years
(In Alphabetical Order)

Fiscal Years Ended June 30

2016	2015	2014	2013
Cliffs Shell Beach	Cliffs Shell Beach	City of Pismo Beach	City of Pismo Beach
Dolphin Bay Hotel, Inc.	Dolphin Bay Hotel, Inc.	Cliffs Shell Beach	Cliffs Shell Beach
Motel 6 Inc.	Kon Tiki	Dolphin Bay Hotel, Inc.	Hilton Garden Inn
Oxford Suites Resort	Motel 6 Inc.	Hilton Garden Inn	Judkins Middle School-LMUSD
Pismo Coast Village, Inc.	Oxford Suites Resort	Motel 6 Inc.	Motel 6 Inc.
Pismo Lighthouse Suites	Pismo Coast Village, Inc.	Pismo Coast Village, Inc.	Oxford Suites Resort
Pismo Mobile Hm Pk	Pismo Lighthouse Suites	Pismo Lighthouse Suites	Pismo Lighthouse Suites
Quality Inn	Pismo Mobile Hm Pk	Pismo Mobile Hm Pk	Pismo Mobile Hm Pk
Seacrest Resort	Seacrest Resort	Shorecliff Lodge	Seacrest Resort
Shorecliff Lodge	Shorecliff Lodge	Toucan I HOA	Shorecliff Lodge

Fiscal Years Ended June 30

2012	2011	2010	2009
Cliffs Shell Beach	Cliffs of Shell Beach-Hotel	Cliffs of Shell Beach-Hotel	Baycliff Homeowner's Assc
Hacienda Del Pismo	Motel 6 Inc.	Cliffs of Shell Beach-Restaurant	Cliffs of Shell Beach
Kon Tiki	Oxford Suites Resort	Judkins Middle School-LMUSD	Judkins Middle School-LMUSD
Motel 6 Inc.	Pismo Mobile Hm Pk	Motel 6 Inc.	Motel 6 Inc.
Oxford Suites Resort	Pismo Lighthouse Suites	Oxford Suites Resort	Oxford Suites Resort
Pismo Mobile Hm Pk	Rose Garden Inn	Pismo Mobile Hm Pk	Pismo Dunes Travel
Pismo Lighthouse Suites	Seacrest Motel	Pismo Lighthouse Suites	Pismo Lighthouse Suites
Quality Inn - Pismo Beach	Shell Beach School-LMUSD	Rose Garden Inn	Pismo Mobile Hm Pk
Seacrest Resort	Shorecliff Lodge	Seacrest Motel	Shell Beach School-LMUSD
Shorecliff Lodge	Sunset Palisades HOA	Shorecliff Lodge	Shorecliff Lodge

Fiscal Years Ended June 30

2008	2007
Cliffs of Shell Beach	Baycliff Homeowner's Assc
Hacienda Del Pismo	Cliffs of Shell Beach
Judkins Middle School-LMUSD	Hacienda Del Pismo
Motel 6 Inc.	Kon Tiki
Oxford Suites Resort	Motel 6
Pismo Lighthouse Suites	Oxford Suites
Pismo Mobile Hm Pk	Pismo Lighthouse Suites
Shell Beach School-LMUSD	Pismo Mobile Hm Pk
Shorecliff Lodge	Seacrest Motel
Sunset Palisades HOA	Shorecliff Lodge

Schedule 9
City of Pismo Beach
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Dollars in Thousands except for Per Capita)

	Governmental Activities					Business-Type Activities							From CAFR	
Fiscal Year	General Obligation Bonds	Lease Revenue Bonds	Special Assessment Bonds	Tax Allocation Bonds	Capital Lease Obligations	Capital Lease Obligations	Lease Revenue Bonds	Unamortized Bond Premium	State of California and Other Loans	Total City Debt	City Debt as Percentage of Personal Income	Total City Debt Per Capita	Population	Per Capita Personal Income
2006-2007	-	5,185	85	1,515	-	-	7,145	-	9,945	23,875	9.06%	2,794	8,545	30,835
2007-2008	-	5,160	60	1,465	100	-	6,985	-	9,744	23,514	8.86%	2,733	8,603	30,835
2008-2009	-	4,985	30	-	-	57	6,825	-	9,752	21,649	8.11%	2,500	8,660	30,835
2009-2010	-	4,735	-	-	-	12	6,655	-	9,263	20,665	7.70%	2,374	8,704	30,835
2010-2011	-	4,485	-	-	-	-	6,480	-	8,765	19,730	5.45%	2,577	7,655	47,262
2011-2012	-	4,215	-	-	-	-	5,710	-	8,255	18,180	4.79%	2,369	7,675	49,459
2012-2013	-	3,940	-	-	-	-	5,535	-	7,739	17,214	5.02%	2,231	7,717	44,456
2013-2014	-	3,650	-	-	-	-	5,345	385	7,212	16,592	5.26%	2,153	7,705	40,940
2014-2015	-	3,350	-	-	-	-	5,155	365	6,677	15,547	5.10%	2,022	7,688	39,672
2015-2016	-	3,040	-	-	-	-	4,960	344	6,132	14,476	4.94%	1,769	8,181	35,852

Schedule 10
City of Pismo Beach
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Lease Revenue Bonds	Tax Allocation Bonds	Total		
2006-2007	-	5,185,000	1,515,000	6,700,000	0.34%	784.08
2007-2008	-	5,160,000	1,465,000	6,625,000	0.30%	770.08
2008-2009	-	4,985,000	-	4,985,000	0.21%	575.64
2009-2010	-	4,735,000	-	4,735,000	0.19%	544.00
2010-2011	-	4,485,000	-	4,485,000	0.18%	585.89
2011-2012	-	4,215,000	-	4,215,000	0.18%	549.19
2012-2013	-	3,940,000	-	3,940,000	0.16%	510.56
2013-2014	-	3,650,000	-	3,650,000	0.15%	473.72
2014-2015	-	3,350,000	-	3,350,000	0.13%	435.74
2015-2016	-	3,040,000	-	3,040,000	0.11%	371.59

Note:
Debt service on the lease revenue bonds and tax allocation bonds is financed by the use of general governmental financial resources available in the general fund and special revenue funds of the City. Assessed Taxable Value of Real Property provided by Cal Muni and HDL. Tax Allocation Bonds retired early in Fiscal Year 2009.

Schedule 11
City of Pismo Beach
Direct and Overlapping Governmental Activities Debt
June 30, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
OVERLAPPING DEBT REPAID WITH PROPERTY TAXES:			
San Luis Obispo County Certificates of Participation	$ 27,005,005	6.088%	$ 1,644,065
San Luis Obispo County Pension Obligations	100,489,398	6.088%	6,117,795
San Luis Obispo Community College District Certificates of Participation	7,630,000	6.063%	462,607
Lucia Mar Unified School District Certificates of Participation	7,730,000	17.884%	1,382,433
TOTAL OVERLAPPING DEBT REPAID WITH PROPERTY TAXES			$ 9,606,900
OVERLAPPING TAX AND ASSESSMENT DEBT:			
San Luis Obispo County Flood Control and Water Conservation District, Zone No. 3	8,760,000	32.216%	2,822,122
San Luis Obispo Community College District	75,000,000	6.063%	4,547,250
San Luis Coastal Unified School District	50,000,000	3.561%	1,780,500
Lucia Mar Unified School District	26,310,417	17.884%	4,705,355
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			$ 13,855,227
CITY DIRECT DEBT - GOVERNMENTAL ONLY:			
City of Pismo Beach General Fund Obligations	3,040,000	100.00%	$ 3,040,000
TOTAL DIRECT DEBT			**$ 3,040,000**
TOTAL OVERLAPPING DEBT			**$ 23,462,127**
TOTAL DIRECT AND OVERLAPPING DEBT			**$ 26,502,127**

Schedule 12
City of Pismo Beach
Legal Debt Margin Information
Last Ten Fiscal Years

Fiscal Year	Debt Limit	Total Debt Applicable To Limit	Total Debt Applicable To Limit as Percentage of Debt Limit
2006-2007	76,827,129	-	0%
2007-2008	84,765,446	-	0%
2008-2009	90,707,179	-	0%
2009-2010	91,390,902	-	0%
2010-2011	90,995,113	-	0%
2011-2012	90,038,272	-	0%
2012-2013	90,426,011	-	0%
2013-2014	93,534,313	-	0%
2014-2015	97,520,366	-	0%
2015-2016	103,825,445	-	0%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value	$	2,768,678,531
Conversion Percentage (25%)		25%
Adjusted Assessed Valuation		692,169,633
Debt Limit Percentage (15%)		15%
Debt Limit		103,825,445
Less debt applicable to limit:		
General obligation bonds		-
Total debt applicable to limit		-
Legal debt margin	$	103,825,445
Total debt applicable to the limit as a percentag		0%

Note:

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 15% of market value. Effective with the 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 for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the State. Debt Limit Calculation determined by Property Assessed Value multiplied by 25%, which is the conversion percentage dating back to the time that the legal debt margin was enacted by the State of California. The adjusted value is then multiplied by 15% which is the Legal Debt Limit of Gross Valuation provided by the State of California.

Source: California Municipal Statistics

Schedule 13
City of Pismo Beach
Pledged Revenue Coverage
Last Ten Fiscal Years

	Special Assessment Bonds				
			Debt Service		
Fiscal Year	Special Assessment Collections	Capital Impact Fees	Principal	Interest	Coverage
2006-2007	34,762	-	25,000	6,523	1.10
2007-2008	15,938	-	25,000	4,866	0.53
2008-2009	-	-	30,000	3,030	-
2009-2010	-	-	-	-	-
2010-2011	-	-	-	-	-
2011-2012	-	-	-	-	-
2012-2013	-	-	-	-	-
2013-2014	-	-	-	-	-
2014-2015	-	-	-	-	-
2015-2016	-	-	-	-	-

	2004 Revenue Bonds						
					Debt Service		
	Wastewater Service Revenues	Capital Impact Fees	Less Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2006-2007	2,595,967	-	2,249,798	346,169	155,000	297,305	0.77
2007-2008	2,784,458	-	1,677,462	1,106,996	160,000	293,472	2.44
2008-2009	2,966,726	-	1,620,054	1,346,672	160,000	291,005	2.99
2009-2010	3,037,459	-	1,853,902	1,183,557	170,000	285,535	2.60
2010-2011	3,224,548	-	1,909,617	1,314,931	175,000	282,330	2.88
2011-2012	3,518,213	-	1,912,039	1,606,174	175,000	262,174	3.67
2012-2013	3,571,850	-	1,909,756	1,662,094	-	-	-
2013-2014	3,841,522	-	2,370,387	1,471,135	-	-	-
2014-2015	-	-	-	-	-	-	-
2015-2016	-	-	-	-	-	-	-

Note:
Wastewater revenues include service fees only. Data for wastewater shown in fiscal 2005 and thereafter when proceeds of State of California SRF loan first were drawn down.
Operating expenses exclude depreciation and amortization.

	State of California Wastewater Construction Loan-WWTP						
					Debt Service		
	Wastewater Service Revenues	Capital Impact Fees	Less Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2006-2007	2,595,967	-	2,249,798	346,169	426,178	183,081	0.57
2007-2008	2,784,458	-	1,677,462	1,106,996	433,862	175,398	1.82
2008-2009	2,966,726	-	1,620,054	1,346,672	461,684	167,575	2.14
2009-2010	3,037,459	-	1,853,902	1,183,557	449,648	159,612	1.94
2010-2011	3,224,548	-	1,909,617	1,314,931	457,755	151,505	2.16
2011-2012	3,518,213	-	1,912,039	1,606,174	466,008	143,251	2.64
2012-2013	3,571,850	-	1,909,756	1,662,094	474,410	134,849	2.73
2013-2014	3,841,522	-	2,370,387	1,471,135	482,964	126,295	2.41
2014-2015	5,039,175	-	1,895,224	3,143,951	491,672	117,588	5.16
2015-2016	4,591,505		2,255,771	2,335,734	500,537	108,723	3.83

Continued

Schedule 13
City of Pismo Beach
Pledged Revenue Coverage, Continued
Last Ten Fiscal Years
Page 2

	State of California Wastewater Construction Loan-Park/Cypress Project						
	Wastewater Service Revenues	Capital Impact Fees	Less Operating Expenses	Net Available Revenue	Debt Service		
					Principal	Interest	Coverage
2006-2007	2,595,967	-	2,249,798	346,169	10,009	4,638	23.63
2007-2008	2,784,458	-	1,677,462	1,106,996	10,209	4,438	75.58
2008-2009	2,966,726	-	1,620,054	1,346,672	10,413	4,234	91.94
2009-2010	3,037,459	-	1,853,902	1,183,557	10,621	4,025	80.81
2010-2011	3,224,548	-	1,909,617	1,314,931	10,834	3,814	89.77
2011-2012	3,518,213	-	1,912,039	1,606,174	12,433	2,214	109.66
2012-2013	3,571,850	-	1,909,756	1,662,094	11,271	3,375	113.48
2013-2014	3,841,522	-	2,370,387	1,471,135	11,694	2,952	100.45
2014-2015	5,039,175	-	1,895,224	3,143,951	11,916	2,731	214.65
2015-2016	4,591,505	-	2,255,771	2,335,734	12,141	2,505	159.48

	State of California Wastewater Construction Loan-Pismo Oaks Lift Station Project						
	Wastewater Service Revenues	Capital Impact Fees	Less Operating Expenses	Net Available Revenue	Debt Service		
					Principal	Interest	Coverage
2007-2008	2,784,458	-	1,677,462	1,106,996	-	-	-
2008-2009	2,966,726	-	1,620,054	1,346,672	-	-	-
2009-2010	3,037,459	-	1,853,902	1,183,557	29,319	12,588	28.24
2010-2011	3,224,548	-	1,909,617	1,314,931	29,948	11,959	31.38
2011-2012	3,518,213	-	1,912,039	1,606,174	30,950	10,957	38.33
2012-2013	3,571,850	-	1,909,756	1,662,094	31,020	10,887	39.66
2013-2014	3,841,522	-	2,370,387	1,471,135	31,486	10,421	35.10
2014-2015	5,039,175	-	1,895,224	3,143,951	32,054	9,853	75.02
2015-2016	4,591,505	-	2,255,771	2,335,734	32,631	9,275	55.74

Note:
For all State of CA SRF Loans, Wastewater revenues include service fees only.
Operating expenses exclude depreciation and amortization.

	2012 Revenue Bonds						
	Wastewater Service Revenues	Capital Impact Fees	Less Operating Expenses	Net Available Revenue	Debt Service		
					Principal	Interest	Coverage
2011-2012	3,518,213	-	1,912,039	1,606,174	-	-	-
2012-2013	3,571,850	-	1,909,756	1,662,094	175,000	211,089	4.30
2013-2014	3,841,522	-	2,370,387	1,471,135	190,000	202,813	3.75
2014-2015	5,039,175	-	1,895,224	3,143,951	190,000	198,063	8.10
2015-2016	4,591,505	-	2,255,771	2,335,734	195,000	192,288	6.03

Note:
Wastewater revenues include service fees only.
Operating expenses exclude depreciation and amortization.
No Debt Service paid in FY 11-12 as 2004 Bonds were refunded by this issue.

Schedule 14
City of Pismo Beach
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2006-2007	8,642	351,150,386	40,633	4.00%
2007-2008	8,582	369,197,640	43,020	4.40%
2008-2009	8,580	373,847,760	43,572	5.90%
2009-2010	8,677	363,071,711	41,843	9.20%
2010-2011	8,704	403,656,704	46,376	10.40%
2011-2012	7,675	379,597,825	49,459	9.50%
2012-2013	7,717	343,066,952	44,456	6.20%
2013-2014	7,705	315,442,700	40,940	5.30%
2014-2015	7,688	304,998,336	39,672	4.50%
2015-2016	8,181	293,305,212	35,852	3.70%

Source:
California Labor Market Info. Data Library as of Nov of each year.
Per Capita Personal Income based on Census Data.
FY 2006 to FY 2011 Adjusted to reflect updated information.

Schedule 15
City of Pismo Beach
Principal Employers – Top Ten
Last Eight Fiscal Years

Fiscal Year Ended June 30, 2016

Employer	Number Employees	Rank	Percentage of Total City Employment
The Cliff's of Shell Beach	235	1	5.88%
Dolphin Bay Resort	178	2	4.45%
Martin Resorts	135	3	3.38%
Keller-Williams	110	4	2.75%
City of Pismo Beach	89	5	2.23%
Sea Venture	85	6	2.13%
U.S. Postal Service	82	7	2.05%
Brad's Restaurant	70	8	1.75%
McClintock's	65	9	1.63%
Pismo Coast Village	65	10	1.63%
Total	1,114		27.85%

Fiscal Year Ended June 30, 2015

Employer	Number Employees	Rank	Percentage of Total City Employment
Martin Resorts	260	1	6.50%
The Cliff's of Shell Beach	243	2	6.08%
Dolphin Bay Resort	191	3	4.78%
Keller-Williams	106	4	2.65%
City of Pismo Beach	89	5	2.23%
Sea Venture	85	6	2.13%
Brad's Restaurant	79	7	1.98%
U.S. Postal Service	75	8	1.88%
McClintock's	71	9	1.78%
Steamer's	62	10	1.55%
Total	1,261		31.53%

Fiscal Year Ended June 30, 2014

Employer	Number Employees	Rank	Percentage of Total City Employment
The Cliff's of Shell Beach	220	1	4.40%
Dolphin Bay Resort	197	2	3.94%
U.S. Postal Service	105	3	2.10%
Keller-Williams	98	4	1.96%
Brad's Restaurant	85	5	1.70%
City of Pismo Beach	85	6	1.70%
Sea Venture	73	7	1.46%
McClintock's	66	8	1.32%
Steamer's	53	9	1.06%
Shore Cliff Lodge	50	10	1.00%
Total	1,032		20.64%

Fiscal Year Ended June 30, 2013

Employer	Number Employees	Rank	Percentage of Total City Employment
The Cliff's of Shell Beach	222	1	4.53%
Dolphin Bay Resort	195	2	3.98%
U.S. Postal Service	102	3	2.08%
Keller-Williams	92	4	1.88%
City of Pismo Beach	86	5	1.76%
Brad's Restaurant	75	6	1.53%
Sea Venture	70	7	1.43%
McClintock's	68	8	1.39%
Steamer's	62	9	1.27%
Shore Cliff Lodge	49	10	1.00%
Total	1,021		20.84%

Fiscal Year Ended June 30, 2012

Employer	Number Employees	Rank	Percentage of Total City Employment
The Cliff's of Shell Beach	213	1	4.44%
Dolphin Bay Resort	180	2	3.75%
Keller-Williams	90	3	1.88%
City of Pismo Beach	85	4	1.77%
U.S. Postal Service	82	5	1.71%
McClintock's	70	6	1.46%
Steamer's	68	7	1.42%
Sea Venture	67	8	1.40%
Brad's Restaurant	60	9	1.25%
Shore Cliff Lodge	49	10	1.02%
Total	964		20.08%

Fiscal Year Ended June 30, 2011

Employer	Number Employees	Rank	Percentage of Total City Employment
The Cliff's of Shell Beach	160	1	3.48%
Dolphin Bay Resort	110	2	2.39%
Keller-Williams	110	3	2.39%
City of Pismo Beach	88	4	1.91%
U.S. Postal Service	78	5	1.70%
McClintock's	76	6	1.65%
Brad's Restaurant	65	7	1.41%
Sea Venture	64	8	1.39%
Steamer's	60	9	1.30%
Shore Cliff Lodge	45	10	0.98%
Total	856		18.61%

Continued

Schedule 15
City of Pismo Beach
Principal Employers – Top Ten, Continued
Last Eight Fiscal Years
Page 2

Fiscal Year Ended June 30, 2010				Fiscal Year Ended June 30, 2009			
Employer	Number Employees	Rank	Percentage of Total City Employment	Employer	Number Employees	Rank	Percentage of Total City Employment
The Cliff's of Shell Beach	160	1	3.52%	The Cliff's of Shell Beach	158	1	3.43%
McClintock's	125	2	2.75%	City of Pismo Beach	131	2	2.85%
Keller-Williams	107	3	2.36%	Keller-Williams	121	3	2.63%
Steamer's	100	4	2.20%	Martin Resorts	106	4	2.30%
Brad's Restaurant	90	5	1.98%	Dolphin Bay Resort	105	5	2.28%
City of Pismo Beach	90	6	1.98%	McClintock's	83	6	1.80%
Shore Cliff Lodge	85	7	1.87%	U.S. Postal Service	80	7	1.74%
Sea Venture	80	8	1.76%	Brad's Restaurant	57	8	1.24%
U.S. Postal Service	75	9	1.65%	Sea Venture	56	9	1.22%
Pelican Point Restaurant	75	10	1.65%	Steamer's	52	10	1.13%
Total	987		21.74%	Total	949		20.63%

Fiscal Year Ended June 30, 2008				Fiscal Year Ended June 30, 2007			
Employer	Number Employees	Rank	Percentage of Total City Employment	Employer	Number Employees	Rank	Percentage of Total City Employment
The Cliff's of Shell Beach	204	1	4.43%	Martin Resorts	203	1	4.41%
Martin Resorts	183	2	3.98%	The Cliff's	200	2	4.35%
City of Pismo Beach	128	3	2.78%	City of Pismo Beach	125	3	2.72%
Keller-Williams	102	4	2.22%	Keller-Williams	110	4	2.39%
U.S. Postal Service	100	5	2.17%	McClintock's	92	5	2.00%
McClintock's	84	6	1.83%	United Staffing Associates	88	6	1.91%
Sea Venture	77	7	1.67%	Sea Venture	86	7	1.87%
Brad's Restaurant	57	8	1.24%	Brad's Restaurant	75	8	1.63%
Steamer's	57	9	1.24%	U.S. Postal Service	75	9	1.63%
United Staffing Associates	54	10	1.17%	Steamer's	64	10	1.39%
Total	1,046		22.74%	Total	1,118		24.30%

Note:
Source: City of Pismo Beach provided information by contacting employers for all years except 2010.
HDL provided the information for 2010. Employment information from State of Ca website.

Schedule 16
City of Pismo Beach
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

	Full-Time Equivalent Employees as of June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function/Program										
General government:										
Administration	4	4	4	4	4	4	4	4	4	4
Human Resources	1	1	1	1	1	1	1	1	1	1
City Council	5	5	5	5	5	5	5	5	5	5
City Attorney - Contract	1	1	1	1	1	1	1	1	1	1
CVB	2	2	2	2	2	2	2	2	2	2
Administrative Services	7	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	6
Information Technology	-	-	-	-	-	-	-	1	1	1
Public safety:										
Police	34.00	34.00	34.00	34.00	34.00	33.00	33.00	34.00	34.00	35.00
Parking	-	-	-	-	-	-	-	-	-	1.00
Community Development:										
Planning	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60
Building	4.10	4.10	4.10	4.10	4.10	4.20	4.20	4.10	4.10	4.10
Recreation	1.70	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
RDA	0.10	0.10	0.10	0.10	0.10	-	-	-	-	-
Parking	-	1.00	1.00	1.00	1.00	1.00	1.00	1.10	1.10	-
Public Works/Engineering:										
Engineering	4.95	3.70	3.70	3.70	3.70	3.70	3.70	3.60	3.60	3.60
Streets and Govt Bldgs	7.23	4.78	4.78	4.78	4.78	4.78	4.78	3.03	3.03	3.03
Park Maintenance/Fac.	7.52	7.52	7.52	7.52	7.52	7.52	7.52	7.32	7.32	7.32
Water:										
Treatment and distribution	4.63	6.25	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00
Billing	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.50	0.50	0.50
Wastewater:										
Collection and treatment	8.58	7.78	8.05	8.05	8.05	8.05	8.05	8.10	8.10	8.10
Billing	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.50	0.50	0.50
Motor Vehicle Operations:										
Motor Vehicle Operations	2.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
Totals	100.46	95.98	96.00	96.00	96.00	94.00	94.00	94.00	94.00	95.00

Source: City of Pismo Beach payroll records.

Schedule 17
City of Pismo Beach
Operating Indicators by Function/Program
Last Ten Fiscal Years

	For The Fiscal Year Ended June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function/Program:										
Police:										
Physical arrest	963	978	1,081	953	998	875	974	1,001	1,328	1,238
Traffic violations	1,371	1,451	2,129	2,398	2,490	2,199	1,612	2,590	2,044	1,382
Fire:										
Emergency responses	1,161	1,202	1,343	890	1,081	1,022	1,084	1,175	1,265	1,528
Fires extinguished	37	38	20	22	19	22	25	16	21	26
Building:										
Building permits issued	222	298	214	210	177	213	246	209	290	205
Other permits issued	500	609	460	552	471	455	436	478	956	551
Public works:										
Miles streets resurfaced	-	3.15	2.62	38.00	4.10	6.03	6.08	-	-	-
Parks and Recreation:										
Number of facility rentals	125	148	1,179	302	187	255	274	216	240	258
Number of class admissions	1,983	2,100	1,681	1,540	3,000	1,500	2,000	2,000	3,000	3,500
Water:										
Number new connections	15	40	39	15	59	20	21	5	20	221
Daily average water production in MGD	1.98	2.04	1.91	1.76	1.71	1.78	1.84	1.91	1.64	1.47
Daily average water consumption in MGD	1.79	1.80	1.73	1.55	1.48	1.59	1.63	1.72	1.52	1.27
Wastewater:										
Number new connections	9	30	39	18	4	6	7	33	53	109
Daily average treatment in millions gallons(MGD)	1.21	1.21	1.21	1.13	1.08	1.14	1.07	1.07	1.01	0.95

Note:
Park and Recreation information unavailable prior to fiscal year 2006.
Water and Wastewater connections data not able to locate prior to 2006.

Source: City of Pismo Beach Departments

Schedule 18
City of Pismo Beach
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	For The Fiscal Year Ended June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function/Program:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	6	6	6	6	6	6	6	6	6	6
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Engines	2	2	2	2	3	3	3	3	3	3
Public works:										
Miles of streets	37	37	37	38	38	46	46	46	46	46
Streetlights	757	757	757	757	757	828	828	828	828	842
Traffic signals	3	3	3	3	3	3	3	3	3	3
Parks and recreation:										
Community centers	2	2	2	2	2	2	2	2	2	2
Parks	18	18	18	18	18	18	18	18	18	18
Park acreage	205	205	205	205	205	205	205	205	205	205
Water:										
Miles of mains	53	53	54	54	54	55	55	56	56	56
Number connections	4,458	4,713	4,698	4,684	4,757	4,777	4,777	4,819	4,839	5,060
Maximum plant capacity in millions gallons	2.16	2.16	2.16	2.16	2.16	2.16	2.16	2.16	2.16	2.16
Wastewater:										
Miles of sewers	39	39	40	40	40	40	40	40	40	40
Number connections	4,191	4,233	4,336	4,354	4,363	4,366	4,367	4,400	4,453	4,562
Maximum plant capacity in millions gallons	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90

Note:
Source: City of Pismo Beach Departments.

Schedule 19

City of Pismo Beach
Continuing Disclosure Annual Report Information for Fiscal Year 2015-16

$5,185,000
PISMO BEACH PUBLIC FINANCING AUTHORITY
(SAN LUIS OBISPO COUNTY, CALIFORNIA)
SERIES 2007A LEASE REVENUE REFUNDING BONDS
(CITY HALL REFUNDING PROJECT)

Content of Annual Reports

(i) Audited financial statements of the City:
This exhibit is attached to the City's audited financial statements.

(ii) Operating data, including the following information with respect to the City's preceding Fiscal Year (to the extent not included in the audited financial statements described in paragraph (a) above):

(a) Outstanding indebtedness and lease obligations;
Please see information in the audited financial statements.

(b) General fund budget and actual results;
Please see information in the audited financial statements.

(c) Assessed valuations; and
Please see information in the audited financial statements.

(d) Largest local secured taxpayers.
Please see information in the audited financial statements.

Reporting of Significant Events

There were no significant events that occurred during the Fiscal Year ended June 30, 2016. According to the Continuing Disclosure Certificate, significant events include:

1. principal and interest payment delinquencies.
2. non-payment related defaults.
3. modifications to rights of Bondholders.
4. optional, contingent or unscheduled bond calls.
5. defeasances.
6. rating changes.
7. adverse tax opinions or events affecting the tax-exempt status of the Bonds.
8. unscheduled draws on the debt service reserves reflecting financial difficulties.
9. unscheduled draws on the credit enhancements reflecting financial difficulties.
10. substitution of the credit or liquidity providers or their failure to perform.
11. release, substitution or sale of property securing repayment of the Bonds.

Schedule 20
City of Pismo Beach
Continuing Disclosure Annual Report Information for Fiscal Year 2015-16

$5,710,000
PISMO BEACH PUBLIC FINANCING AUTHORITY
(City of Pismo Beach, California)
SERIES 2012 WASTEWATER REFUNDING REVENUE BONDS
(Wastewater Project of 2004)

Content of Annual Reports

(i) Audited financial statements of the City:

This exhibit is attached to the City's audited financial statements.

(ii) information with respect to the City's wastewater enterprise (the "Wastewater Enterprise") showing:

(a) Annual wastewater service structure and pricing, together with adopted rates in a format comparable to Table 6 of the Official Statement for the prior Fiscal Year:

BI-MONTHLY FIXED RATES
BASED ON WATER METER SIZE

Meter Size (In Inches)	2016
5/8"	$24.18
3/4"	$34.08
1"	$53.88
1 ½"	$103.37
2"	$162.78
3"	$301.40
4"	$499.40
6"	$1,192.44

BI-MONTHLY RESIDENTIAL
FIXED CONSUMPTION CHARGES[1]

Customer Classification	2016
Single Family	$57.95
Multifamily	$39.08
Mobile Home	$34.97

[1] Apartments, Multifamily and Mobile Home are charged by the dwelling unit.

Schedule 20
City of Pismo Beach
Continuing Disclosure Annual Report Information for Fiscal Year 2015-16
$5,710,000
PISMO BEACH PUBLIC FINANCING AUTHORITY
(City of Pismo Beach, California)
SERIES 2012 WASTEWATER REFUNDING REVENUE BONDS
(Wastewater Project of 2004)

BI-MONTHLY VARIABLE CONSUMPTION CHARGES[2]

Customer Classification	2016
Commercial	$5.89
Dual Residential/Restaurant	$8.96
Dual Residential/Commercial	$5.68
Grocery	$11.87
Hotel	$5.49
Hotel w/ Rest.	$9.00
School w/Cafeteria	$5.88
School	$4.26
Shopping Center	$6.04
Shopping Center w/Restaurant	$9.07
Trailer/RV	$3.97
Service Station	$5.42
Restaurant/Bakery	$12.22
Municipal	$5.89

[2] Charge based on water consumption (dollars per hundred cubic feet of water billed for each two-month billing period).

Schedule 20
City of Pismo Beach
Continuing Disclosure Annual Report Information for Fiscal Year 2015-16
$5,710,000
PISMO BEACH PUBLIC FINANCING AUTHORITY
(City of Pismo Beach, California)
SERIES 2012 WASTEWATER REFUNDING REVENUE BONDS
(Wastewater Project of 2004)
Page 3

(a) Largest ten users of the Wastewater Enterprise, based on annual billings for the prior fiscal year (largest customer based on water consumption):

Ten Largest Wastewater Customers by Revenue
FY 2015-16

	Customer Name	Sewer Revenues	% of Total
1	Pismo Beach Mobile Home Park	$ 56,188.15	1.37%
2	Cliff's Shell Beach	$ 58,684.80	1.43%
3	Pismo Coast Village	$ 46,855.85	1.14%
4	Oxford Suites Hotel	$ 42,422.23	1.03%
5	Shorecliff Lodge	$ 35,178.40	0.86%
6	Quality Inn	$ 35,551.96	0.86%
7	Motel 6	$ 34,933.59	0.85%
8	Dolphin Bay	$ 34,671.30	0.84%
9	Seacrest Resort	$ 32,873.60	0.80%
10	Pismo Lighthouse Suites	$ 32,978.82	0.80%
	Total	$ 410,338.70	9.98%
	Other Customers	$ 3,702,997.30	90.02%
	Total Revenues	$ 4,113,336.00	100.00%

(b) Any additional indebtedness incurred during the prior Fiscal Year which is payable from revenues of the Wastewater Enterprise on a parity with the Bonds:

Please see information in the audited financial statements.

(c) Debt Service Coverage Projections for the Series 2012 Wastewater Refunding Revenue Bonds:

Historical Operating Results and Debt Service Coverage

	Audited FY 2015-16
Gross Revenues	
Charges for Services	$ 4,487,103
Miscellaneous	$ 104,402
Interest and Investment Revenue	$ 41,769
Total Gross Revenues	$ 4,633,274
Operating Expenses[3]	
Salaries and Benefits	$ 910,341
Purchased Power	$ 234,741
Customer Accounting	$ 42,054
Services and Supplies	$1,068,635
Total Operating Expenses	$2,255,771
Net Revenues	*$2,377,503*
Total Debt Service	
2004 State Loan-WWTP	$ 609,259
2006 State Loan-Park/Cypress	$ 14,646
2008 State Loan-Pismo Oaks	$ 41,907
2012 Wastewater Refunding Bonds	$ 387,288
Total Debt Service	$1,053,100
Debt Service Coverage	2.26

[3] Excludes depreciation, amortization, loss on capital assets, and debt service expenses.

Reporting of Significant Events

There were no significant events that occurred during the Fiscal Year ended June 30, 2016. According to the Continuing Disclosure Certificate, significant events include:

(i) Principal and interest payment delinquencies;
(ii) Non-payment related defaults, if material;
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
(v) Substitution of credit or liquidity providers, or their failure to perform;
(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
(vii) Modifications to rights of security holders, if material;
(viii) Optional, contingent or unscheduled bond calls, if material;
(ix) Defeasances;
(x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
(xi) Rating changes;
(xii) Bankruptcy, insolvency, receivership or similar event of the City;
(xiii) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Schedule 21
City of Pismo Beach
Continuing Disclosure for Water Enterprise Fund
For Fiscal Year 2015-2016

Table 1: Ten Largest Customers of Water Enterprise

	Customer Name	Consumption	Water Revenues	% of Total
1	Pismo Beach Mobile Home Park	10,542	$ 42,114.73	1.32%
2	Cliff's Shell Beach	10,360	$ 36,403.86	1.14%
3	Pismo Coast Village	9,907	$ 39,914.88	1.25%
4	Oxford Suites Hotel	7,115	$ 26,742.51	0.84%
5	Shorecliff Lodge	6,172	$ 21,742.29	0.68%
6	Quality Inn	6,090	$ 22,207.89	0.69%
7	Motel 6	5,972	$ 21,825.66	0.68%
8	Dolphin Bay	5,771	$ 22,041.20	0.69%
9	Seacrest Resort	5,603	$ 20,569.24	0.64%
10	Pismo Lighthouse Suites	5,407	$ 20,972.64	0.66%
	Total	72,939	$ 274,534.90	8.58%
	Other Customers		$ 2,927,011.10	91.42%
	Total Revenues		$ 3,201,546.00	100.00%

Table 2: Changes in the Service Area and Customer Base for Water Enterprise/Statement of Connections and Sales Revenues for Water Enterprise

Customer Base & Water Sales Revenue	
Customer Base	**Number of Customers**
Residential	3,772
Apartments	321
Commercial/Industrial	378
Other	247
Total All Customers	4,718
Water Sales Revenue	$3,201,546

Schedule 21
City of Pismo Beach
Continuing Disclosure for Water Enterprise Fund, Continued
For Fiscal Year 2015-2016
Page 2

Table 3: Rates and Charges for Water Deliveries for Fiscal Year Most Recently Concluded

Water Service Rates	
Minimum Monthly Service Charge: $13.60	
Additional Charge per 100 Cubic Feet of Water Used: $2.72 0-10; $3.36 11-20; $3.97 21-35; $5.43 Over 35	
Water Set-up Fee per Account: $60.00	
48 Hour Door Hanger Fee: $35.00	
Re-connection Fees:	During Business Hours: $80.00
	After Hours: $184

Table 4: In addition to the above information, please provide the following:

Additional Information	
Number for actual water deliveries : 1,644 Acre Feet	
Impact Fees/Utility Tax:	
Type: Water Tax	Revenue Received: $1,266,322
Type: Impact Fees	Revenue Received: $1,291,436

Schedule 21
City of Pismo Beach
Continuing Disclosure for Water Enterprise Fund, Continued
For Fiscal Year 2015-2016
Page 3

FISCAL YEAR 2016 WATER ENTERPRISE FUND OPERATING RESULTS

The following table is a summary of operating results of the water system of the City for FY 2015/16. These results have been derived from the City's financial statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the City's auditor.

REVENUES	**June 30, 2016**
Water Service Charge	$3,201,546
State Water Impact Fee	1,291,436
Interest	103,194
Assessments	1,266,322
Other Reveues	113,297
TOTAL REVENUES:	**$5,975,795**
OPERATING EXPENSES	
Administration and General	793,394
*Lopez Contract Payments [1]	1,214,635
Operations & Maintenance	1,267,514
Utilities	141,723
TOTAL OPERATING EXPENSES:	**3,417,266**
NET REVENUES	**2,558,529**
State Water Payments	1,471,535
Total Contract Payments	1,471,535
Coverage Ratio:	**1.74**
Available for Capital improvements and other purposes	**$1,086,994**

[1] The Lopez obligation was previously reported as parity debt in the 1996 Revenue Bond official statement. The City has determined that this is not a debt obligation but is instead a contract obligation. Therefore, the amount is presented as an operating expense.



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