2018 CAFR

FOR FISCAL YEAR ENDED JUNE 30, 2018



CITY OF PISMO BEACH, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Pismo Beach Pier on Opening Day Clam Festival October 20, 2018

CITY OF PISMO BEACH, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2018

Prepared By:

Administrative Services Department

Introductory Section

City of Pismo Beach, California
Comprehensive Annual Financial Report
Year Ended June 30, 2018

TABLE OF CONTENTS

		PAGE
I	**INTRODUCTORY SECTION**	
	Table of Contents	i - iii
	Letter of Transmittal	iv - xiv
	List of Principal Officials	xv
	Organizational Chart	xvi
	Government Finance Officers Association Certificate of Achievement	xvii
II	**FINANCIAL SECTION**	
	Independent Auditors' Report	1 - 3
	Management's Discussion and Analysis	4 - 15
	Basic Financial Statements:	
	Government-wide Financial Statements:	
	Statement of Net Position	16 - 17
	Statement of Activities	18 - 19
	Fund Financial Statements:	
	Balance Sheet - Governmental Funds	20
	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	21
	Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	22
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	23
	Statement of Net Position - Proprietary Funds	24 - 27
	Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	28 - 29
	Statement of Cash Flows - Proprietary Funds	30 - 33
	Statement of Fiduciary Net Position - Fiduciary Fund	34
	Statement of Changes in Fiduciary Net Position - Fiduciary Funds	35
	Notes to Financial Statements	36 - 73
	Required Supplementary Information:	
	Budgetary Comparison Schedule - General Fund	74
	Budget and Actual Schedule - Housing In-Lieu Special Revenue Fund	75
	Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date - CalPERS Pension Plan	76
	Schedule of Plan Contributions - CalPERS Pension Plan	77
	Schedule of Changes in the Net OPEB Liability and Related Ratios	78
	Schedule of Contributions - OPEB	79
	Notes to Required Supplementary Information	80 - 81

TABLE OF CONTENTS - Continued

	PAGE
Supplementary Schedules:	
Non-major Governmental Funds:	82 - 83
Combining Balance Sheet	84 - 87
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	88 - 91
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
State Gas Tax Fund	92
Local Transportation Streets Fund	93
Public Education Grant Fund	94
Noncapital Grants Fund	95
Local Business Improvement Fund	96
Chapman House Estate Fund	97
Public Facilities Fund	98
Park Development Fund	99
Circulation Improvement Fund	100
Capital Projects Fund	101
Impact Fees Fund	102
Developer Impact Fees Fund	103
Underground Utility Fund	104
City of Pismo Beach Public Financing Agency Fund	105
Indio/El Portal Assessment District Fund	106
Visalia Assessment District Fund	107
Reassessment District	108
Non-major Proprietary Funds	109
Combining Statement of Fund Net Position	110
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	111
Combining Statement of Cash Flows	112 - 113
Other Schedules	
Comparative Schedule of Capital Assets by Source	114
Schedule of Changes in Capital Assets by Source	115
Schedule of Capital Assets by Function and Activity	116
Schedule of Changes in Capital Assets by Function and Activity	117
III STATISTICAL SECTION	
Financial Trends Information:	
Net Position by Component	118 - 119
Changes in Net Position	120 - 123
Fund Balances of Governmental Funds	124 - 125
Changes in Fund Balance of Governmental Funds	126 - 127
Revenue Capacity Information:	
Assessed Value and Estimated Actual Value of Taxable Property	128
Direct and Overlapping Property Tax Rates	129
Principal Property Taxpayers	130 - 131
Property Tax Levies and Collections	132

TABLE OF CONTENTS - Continued

		PAGE
III	**STATISTICAL SECTION - Continued**	
	Revenue Capacity Information: - Continued	
	Sales Tax Revenue Base Data	133
	Principal Sales Tax Generators by Industry - Revenue Base Concentration Data	134 - 135
	Principal Sales Tax Payers - Top 25	136 - 137
	Transient Occupancy Tax Revenue Base Data	138
	Transient Occupancy Tax - Principal Payers and Other Data	139
	Principal Transient Occupancy Tax Payers - Top Ten	140
	Water and Sewer Rates for Single Family Residents	141
	Principal Water and Wastewater Payers	142
	Principal Water Sales Purchasers	143
	Debt Capacity Information:	
	Ratios of Outstanding Debt by Type	144 - 145
	Ratios of General Bonded Debt Outstanding	146
	Direct and Overlapping Governmental Activities Debt	147
	Legal Debt Margin Information	148
	Pledged Revenue Coverage	149 - 150
	Demographic and Economic Statistics Information:	
	Demographic and Economic Statistics	151
	Principal Employers	152 - 153
	Full-time Equivalent City Government Employees by Function	154
	Operating Information:	
	Operating Indicators by Function/Program	155
	Capital Assets Statistics by Function/Program	156
	Bond Issue Continuing Disclosure Information:	
	Series 2012 Wastewater Refunding Revenue Bonds	157 - 161
	Series 2017A Lease Revenue Refunding Bonds	162
	Series 2017B Lease Revenue Refunding Bonds	163
	Continuing Disclosure for Water Enterprise Fund	164 - 166
	Other Independent Auditors' Report	
	Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	167 - 168

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December 17, 2018

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 ending on June 30, 2018. 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 ending on June 30, 2018 and marks the seventeenth 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 Teaman, Ramirez & Smith, Inc., 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 ending on June 30, 2018 are free of material misstatement. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unmodified independent auditor's report that the City of Pismo Beach's financial statements for the fiscal year ending on June 30, 2018 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 Report.

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 8,233 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 and affirmed by the City Council and Executive Management Team every other year during budget development, and most recently on April 4, 2017 during the development of the budget. 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 ongoing maintenance of infrastructure and buildings, which are vital to sound fiscal management.

- Second, the Council undertakes a strategic planning process to establish goals and priorities for the organization that takes into account a long-term vision of the City and incorporates public input. The Council reviews and may modify its long-term vision statement for the City every two years. Additionally, the Council seeks public input in developing the City's goals to meet this vision. This public input process, branded Pismo Voice, included a tri-fold flyer in all utility bills advertising community workshops and directly asks for ideas about priorities, with prepaid postage for return mail to the City. In addition, the City received feedback about priorities from social media outreach efforts, push notifications through the City's website, outreach booths at community events, and several community meetings. The resulting City goals are long-term goals that typically cannot be accomplished in one or two years. As such, City staff develop work plans to implement various stages of those goals and those items are incorporated into the budget.

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

- Finally, all Governmental Accounting Standards Board pronouncements are monitored and implemented into the City's financial statements.

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

U.S. Economy

The U.S. economic outlook is healthy for the next two budget years according to key economic indicators. The California Department of Finance's economic projections indicate that the U.S. economy will continue to grow at a rate of 2.9% to 2.1% in Gross Domestic Product (GDP) growth for the next two calendar years (2019 and 2020), with a higher growth rate in 2019 and a slowing growth rate in 2020. GDP growth between the 2.0% to 3.0% per year is the ideal range. According to the Federal Open Market Committee's November 2018 economic forecast, the unemployment rate is expected to decline further from the current 3.7% unemployment rate and "bottom out in 2020 and begin to edge up in 2021".

A big question about the future of the economy is: How long will the economy continue to expand before there is another recession? The California Legislative Analysts Office states that the current U.S. economy has been expanding since the end of the last recession in June 2009, making it the fourth longest expansion since 1854. Economic expansions typically end due to imbalances in the economy, economic shocks, major changes in the economy, or public policy. Economic expansions have historically become longer due to improved management of U.S. monetary policy, other government policies, better management of business inventories, technological change, and a stable rise in the service sector. The past few U.S. expansions have ended about three years after the economy reached full employment, or 5% unemployment. As unemployment is now at 3.7% and is projected to continue to decline until 2020, and if history repeats itself, the recession could begin in 2021. This means that the current expansion could continue through the next two fiscal years, FY 2019 and FY 2020. Another sign of a recession is the U.S. Treasury inverted yield curve. On December 3, 2018, the yield curve inverted for the first time since 2007. In the most recent recession, the Great Recession starting in 2007, the yield curve first inverted in 2005, years before the Great Recession. As such, the inverted yield curve may signal a pending slowdown. **In summary, the U.S. economic outlook for FY 2019 and FY 2020 is slowing expansion, with very low unemployment and the inverted yield curve signaling a future slowdown is not far off.**

How long will the economy continue to expand before there is another recession?

"…the U.S. economic outlook for FY 2019 and FY 2020 is slowing expansion, with very low unemployment and the inverted yield curve signaling a future slowdown is not far off."

State of California Economy

According to the California Legislative Analysts Office, **the State of California fiscal forecast expects continued growth with some slowing in the pace around 2020.** Job growth is expected to continue to slow down, which is consistent with the pace of national job growth and a limited number of unemployed Californians looking for jobs. Wage and salaries are projected to grow due in large part to record low unemployment as competition among employers for workers is high. This competition typically forces employers to pay higher wages to attract new workers. **Personal income is expected to grow** by 5.7% to 4.2% in the next two years. Overall, the **unemployment rate is projected to remain low** at 4.1% each year for the next two years and is projected to decrease to about 3.7% by 2023, close to the projected national average.

California Housing Trends

Housing price growth is projected to slow. Beginning in the spring of 2018, home prices have experienced less rapid growth than in previous years, slowing by 8.5% in February 2018 compared to February 2017 to 6.5% in September 2018 compared to September 2017. The City anticipates that this trend of slower growth will continue. This slowing in home price growth reflects the rising supply of homes for sale around the County, tighter mortgage lending, and higher interest rates.

California Tourism Trends

The City of Pismo Beach is heavily reliant upon tourism to the City. The City's General Fund (the City's largest and most discretionary fund) is made up of 42% transient occupancy tax revenues, which is a 10% tax on gross rent for stays of 30 or less consecutive days at various lodging properties. In addition, part of the City's sales & use tax revenues come from visitors shopping, dining, buying fuel at service stations, and general consumer goods in Pismo Beach.

The California travel and tourism industry continues to show solid growth. According to Tourism Economics' "California Travel & Tourism Forecast - State" from May 2018, **total visitors to California are expected to grow by about 2.7% in 2019 and 2.4% in 2020**. Estimated total expenditures in California from these visitors is expected to increase by 1.0% in 2019 and 8.2% in 2020. **However, these growth rates demonstrate a slowing of visitors to California compared to 2011 through 2015**, where visitors to California grew by 3.1% to 5.6% per year. Some of the reasons for a slowing

rate of visitors to California include: a decline in Mexican arrivals as a result of US and Mexico tensions, unfriendly immigration policies, a strong U.S. dollar, and risk of protectionism. Domestic travel to California makes up 94% of all California visitors, of which residents from Arizona, Nevada, Oregon, and Washington make up the majority of visits. Total international visitors make up the remaining 6% of California tourists, of which residents from Mexico, China, and Canada make up the top three countries (in decreasing order) of international visitors to California.

City of Pismo Beach Economy

The City of Pismo Beach is subject to the same economic impacts of the U.S. and the State of California. However, Pismo Beach is more reliant upon tourism compared to the average city. The City's primary visitors come from the San Joaquin Valley who visit the City, largely during the summer to escape the extreme heat in the Valley. With these annual visitors, the City enjoys a stable base of visitors. Even as the overall U.S. economy slowly picked up after the Great Recession, Pismo Beach was able to rebound rather quickly due to these more stable visitor revenues. In fact, Pismo Beach continues to lead the way in the County for tourism and hospitality. According to PKF Consulting, RevPAR (or hotel revenue per available room) in Pismo Beach increased by 6.9% during FY 2018, due to average daily room rates increasing by 4.3%, to $163.66, and occupancy rates increasing by 2.4%. However, like the rest of the economy, the City is projecting slowing growth. FY 2019 budgeted General Fund revenues are expected to remain level compared to FY 2018 actual revenues, largely reflecting reduced permit fee revenues based on a slowing of development in the City as the City's vacant parcels move closer to build out. Included in the FY 2019 budgeted revenues are increases in transient occupancy tax revenues to reflect a full year of revenues from two new hotels in the City's downtown area.

City's Response to Economic Issues

In response to these economic issues, the City's FY 2019 Adopted Budget includes conservative revenue projections. Although there are potential areas for economic growth, the City remains wary about the City's past revenue declines in all the major General Fund categories. In addition, the City's Adopted Budget includes measures to maintain the City's strong financial position. The budget includes infrastructure investments and other investments in our community, provides support for our effective team, while setting aside funds for a rainy day in the event of economic challenges.

In addition, the City's Lodging Business Improvement District (LBID) collects 1% of gross lodging revenues and uses those funds to promote the Pismo Beach lodging industry. The City uses these funds to open new tourism markets, focusing on getting the most use out of its funds and creating a unique experience for its visitors. Finally, the City Council and the LBID Advisory Board elected to assess another 1% on gross lodging revenues to support various visitor-service improvements instead of waiting until resources were available.

CalPERS Discount Rate Change

Another large factor impacting the City of Pismo Beach is the City's CalPERS net pension liability of $18 million. The funded status of the City's pension plans is about 70%. This funded rate is good, but a better funding rate would be 80%. CalPERS dramatic investment losses during the Great Recession have contributed to the City's reduced funded rate. At the December 21, 2016 meeting, the CalPERS Board of Administration approved lowering the CalPERS discount rate assumption, the long-term rate of return, from 7.5% to 7.0% over the next three years. In order to continue to provide the same benefit, this means that CalPERS will increase public agency employer contribution costs beginning in FY 2019. The phase-in of the discount rate change approved by the Board for the next three fiscal years is as follows:

Valuation Date	Fiscal Year for Required Contribution	Discount Rate
June 30, 2016	FY 2019	7.375%
June 30, 2017	FY 2020	7.25%
June 30, 2018	FY 2021	7.00%

Lowering the discount rate means plans will see increases in both the normal costs (the cost of pension benefits accruing in one year for active members) and the accrued liabilities (the cost of pension benefits accruing over the life of the plan). These increases will result in higher required employer contributions. In addition, active members hired after January 1, 2013, under the Public Employees' Pension Reform Act (PEPRA) may also see their contribution rates rise.

The benefits of reducing the discount rate include:

- Strengthening long-term sustainability of the fund
- Reducing negative cash flows; additional contributions will help to offset the cost to pay pensions
- Reducing the long-term probability of funded ratios falling below undesirable levels
- Improving the likelihood of CalPERS investments earning our assumed rate of return
- Reducing the risk of contribution increases in the future from volatile investment markets

What is the Fiscal Health of the City of Pismo Beach's Pension Plans?

Every year, CalPERS performs an actuarial study to determine how much the City should contribute based on the most recent valuation of the Plan's funded status. Based on CalPERS actuarial valuation for the fiscal year ending on June 30, 2016, the June 30, 2018 estimated balance of the Miscellaneous Plan tier 1 has an UAL of $9.05 million. Bartel and Associates (Bartel), the City's hired actuarial consultants, calculates that this plan is 70.6% funded based on the estimate June 30, 2018 funded status. The Safety Police Plan UAL is $7.62 million. Bartel calculates that this plan is 70.3% funded.

What is impact of lowering the discount rate on the City's pension plans?

"all plans will increase by 57% in FY 2029 compared to FY 2018, will continue to increase until FY 2032 at its peak, then ramp down until it is paid off in FY 2048…an ongoing increase of $1.26 million by FY 2029…"

Looking into the future, Bartel projects that the fiscal impact to the City for all plans will increase by 57% in FY 2029 compared to FY 2018, will continue to increase until FY 2032 at its peak, then ramp down until it is paid off in FY 2048. This is about a $114 thousand per year increase compared to the previous year, or an ongoing increase of $1.26 million by FY 2029. A $1.26 million ongoing increase in cost is unsustainable and could require the City to either increase taxes or support other ongoing revenue measures or decrease operations in order to support this cost. Further, this amount does not include pension related costs in the CalFIRE contract. The City contracts out fire prevention services to CalFIRE, which is also a member of CalPERS. Those cost will likely increase at the same rate, or faster as safety related plans are generally more costly with higher benefits and lower retirement ages.

<u>City Financial Impact and Proactive Response</u>

The City recognizes that pension costs are rising, which places an increased burden on local taxpayers and the City to come up with funds sufficient to support its pension obligations. Although not in a critical situation compared to several public agencies who are facing large reductions in staff and operating costs or facing bankruptcy, the City continues to look for ways to be proactive and reduce this burden.

<u>What We've Done So Far</u>

So far, the City has taken the following steps:

- ✓ *Maintained level staffing*: The City has maintained level full-time staffing despite increased workloads for development and implementing ambitious goals. This factor has allowed the City to keep pension costs from rising as each new full-time employee is enrolled in CalPERS. Comparing budgeted full-time employees across the County and including Santa Maria, all Cities increased the number of full-time employees (FTEs) in FY 2018 compared to FY 2016 on average by 4.44 FTEs, with the low end an increase of 1.25 FTEs and on the high end 10.00 FTEs. Pismo Beach was the only City in the past two years that actually decreased the number of FTEs by 1.00.

- ✓ *Creation of 2nd and 3rd Tiers with Reduced Benefits for New Employees*: The City of Pismo Beach has taken a proactive approach to handling the increased cost of providing pension benefits to its employees. In 2012, the City successfully negotiated with its employees and labor unions to create a second tier of reduced retirement benefits, including a later retirement age, for new employees to the City of Pismo Beach. With PEPRA in 2013 came a third tier of further reduced benefits and an even later retirement age.

What is the City doing to resolve this issue?

The City Council

- ✓ ***Maintained level staffing***
- ✓ ***Created 2nd and 3rd tiers with reduced benefits for new employees***
- ✓ ***Increased employees contributions***
- ✓ ***Prepaid $1 million of the unfunded pension liability in 2015***
- ✓ ***Prepaid $2 million of the unfunded pension liability in 2018***
- ✓ ***Is a voice for CalPERS pension reform.***

- ✓ *Employees Increase Contributions*: In addition, the total contribution made by the City to CalPERS is made up partially from contributions by the City based on a percentage of payroll from taxpayer and rate payer dollars as well as the employee paying into the system as a percentage of their salary. In 2012, the City successfully negotiated with its employees and labor unions for employees to increase their contribution the full amount of the employees' portion and in some cases, a small part of the City's employer contribution.

- ✓ *Prepaid UAL by $1 Million to Reduce Interest Costs*: On March 17, 2015, the City Council of the City of Pismo Beach unanimously approved a $1 million payment to reduce the City's UAL costs. This payment reduced 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 on July 1, 2018.

- ✓ *Prepaid UAL by $2 Million to Reduce Interest Costs*: On March 6, 2018, the City Council of the City of Pismo Beach unanimously approved a $2 million payment to reduce the City's UAL costs. This payment reduced the City's unfunded pension costs by an estimated $1.41 million and reduces the annual ongoing contribution of approximately $182 thousand per year to CalPERS starting on July 1, 2019.

Finally, **the City Manager is working with the California League of Cities to start discussions about pension reform as the current pension system is not sustainable.** Pismo Beach as well as other leaders in the State are working together to be a voice for pension reform and to take measures to resolve this upcoming crisis.

Nuclear Power Plant Closure

PG&E has publicly announced closure of Diablo Canyon Power Plant (DCPP) after its current U.S. Nuclear Regulatory Commission operating licenses expire in November 2024 and August 2025. PG&E has also publicly stated that the power produced by DCPP's two nuclear reactors is expected to be replaced with investment in a greenhouse-gas-free portfolio of energy efficiency, renewables and energy storage. The proposal is contingent on a number of regulatory actions, including approvals from the California Public Utilities Commission.

Based on preliminary research, the estimated cumulative impact during 2017 to 2025 on the City is approximately $867,000, of which approximately $839,000 impacts the General Fund and $28,000 impacts the Lodging Business Improvement District (LBID) Fund. According to the City, the ongoing impact is estimated to be a $227,000 (approximate) per year loss to the City, of which approximately $222,000 impacts the General Fund and approximately $6,000 impacts the 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 to the City's unitary property tax revenues and to the TOT and LBID Assessment revenue loss. The City does not expect DCPP's closure to have a material impact on the City's finances.

A coalition of seven local cities, including Pismo Beach, joined forces with San Luis Obispo County and the San Luis Coastal Unified School District, saying that PG&E's initial mitigation plans were not enough to help the economy deal with the upcoming plant closure. On September 19, 2018, Governor Brown signed Senate Bill (SB) 1090 based on the coalition's efforts that will give San Luis Obispo County communities $85 million to mitigate the impacts of Diablo Canyon nuclear power plant closing. Of the $85 million settlement, $75 million is to help offset property tax losses by the school district, the county, and 69 other special districts, while the remaining $10 million will be for economic development efforts in the county and cities. PG&E will pay between $37.5 million and $62.5 million toward local emergency planning efforts until all spent fuel is in dry cask storage and the two nuclear reactors are fully decommissioned. SB 1090 will help soften the impact of the plant closure for Pismo Beach.

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:

- Debt Management Policy, a new policy for the City adopted in March 2017
- City's Investment Policy, adopted most recently in January 2018
- 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 2018.

General Fund Reserve: Establish and maintain a General Fund reserve of 25% of budgeted expenditures in the General Fund. The City maintained a General Fund reserve of 25% 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 $200 thousand in FY 2018 and did not use any of these reserves.

Cost Recovery: Establish the level of cost recovery desired from various fees for services. The City Council approved an updated cost allocation model and implemented a phase-in approach of the cost allocation starting in FY 2016 and increasing the recovery in FY 2017 and FY 2018.

Infrastructure: Contribute from the General Fund annually for the improvement of infrastructure. The City contributed to various infrastructure improvements in FY 2018, including: Pismo Pier Rehabilitation project, Chapman House Americans with Disability Act (ADA) improvements, Downtown sidewalk pavers, street paving, and energy efficiency projects.

Public Safety: Provide funding to maintain adequate levels of safety for citizens and visitors of Pismo Beach. The City supported the replacement police officers' body cameras and the implementation of a new community camera program.

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 2018 for the implementation of the Downtown Strategic Plan; the Pismo Beach Pier rehabilitation project; and the Shell Beach Streetscape Phase 1 project.

Projects Accomplished in FY 2018

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 2018. The following list highlights some of the most significant accomplishments in FY 2018.

Infrastructure Maintenance and Beautification
- ✓ Pismo Beach Pier rehabilitation project
- ✓ Street paving as part of the third phase of the City's Pavement Management System
- ✓ Shell Beach Streetscape Phase I design and planning work
- ✓ Design work to replace the Bello Bridge
- ✓ Planning work towards the Regional Groundwater Sustainability Plan for a recycled water facility
- ✓ Installation of new Downtown sidewalk pavers

Housing, Health, and Safety
- ✓ Installation of a pilot recycled water pilot plant
- ✓ Planning and design work towards the recycled water Central Coast Blue project
- ✓ Completed ADA improvements at the Chapman Estate
- ✓ Continue work on the St. Andrews lift station and bluff protection project to support wastewater infrastructure from spilling into the ocean and creating new beach access stairs

Preservation of essential services and fiscal health
- ✓ Increased the General Fund Reserve from 24% to 25%
- ✓ Maintained the Risk Management Reserve for a total balance of $200 thousand to fund unanticipated general liability and workers' compensation costs
- ✓ Fully funded the General Fund Reserve and the General Fund City Facility Reserve
- ✓ Prepaid $2.0 million towards the City's CalPERS unfunded pension liability to save $1.41 million in interest costs over the next 30 years

Economic Development
- ✓ Implementation of the Downtown Strategic Plan, design work on the new Pier Plaza and Pier Plaza Parking lot
- ✓ Continue construction on the Pier Rehabilitation Project
- ✓ Support openings of two new hotels in the Downtown area, one open in 2017 and the other scheduled for 2019

Community Awareness and Communication
- ✓ New and enhanced public outreach program, branded Pismo Voice, used for community outreach

FY 2019 Major Initiatives

The future continues to be very bright for the City of Pismo Beach, its residents, and its visitors. We are building for our future today, we continue to make major investments, and the City continues to set aside some of the savings from prior years and a portion of new revenues into reserves. Continuing to build reserves and maintain certain accumulated fund balances is critical as the City still weighs the cost of ongoing challenges, including rising pension costs, rising risk management costs, high costs of repairing the Pier, development of a sustainable water supply, beginning construction of major capital projects including the Shell Beach Streetscape project, Pier Plaza area, and Price Street, and significant investments in circulation and parking.

BUILDING OUR FUTURE TODAY calls for making major investments in areas that will impact our community for many years to come. Specifically, these investments are outlined in more detail below.

We are Building a More Beautiful Community

The FY 2019 Budget includes strategic investments to revitalize and beautify our community, including:

- Design and architecture of the improvements to the Pier Plaza and Pier parking lot
- Installing new park entrance signs and identification and wayfinding signs
- Installing sidewalk pavers throughout the Downtown core
- Encouraging Downtown businesses to make façade improvements as part of a City incentive program
- Beginning implementation of Shell Beach Streetscape phase 1 to provide a more walkable and attractive community and a more vibrant business environment
- Implementing the Shell Beach Design Guidelines

We are Building a Sustainable Community

The FY 2019 Budget makes significant strides toward the City's sustainability into the future, including the City's water resources, financial resources, human resources, and visitor-serving resources, including:

- Being proactive about protecting our clean water while ensuring clean water is available into the future
- Continuing work on the Regional Groundwater Sustainability Project, including seeking funding for and beginning the planning and design of a regional reclaimed water facility
- Continued maintenance of the Water System, including reservoir maintenance and water booster station improvements
- Improving opportunities for employee education and training that result in more efficient, resourceful, and entrepreneurial operations
- Continuing to enhance the award-winning environment and culture at City facilities to improve employee morale, development, and creativity
- Setting aside substantial financial reserves to prepare for rising costs associated with pension costs, risk management costs, City facility improvements, and a potential recession
- Upgrading and managing the Visitor Information Center and Visitor Information Kiosk to provide a better experience for visitors and residents alike
- Organizing and operating the Clam Festival, Band Review, and July 4th celebration to better reflect the community's heritage and pride and to attract our residents
- Sponsoring major events and new market opportunities for improved tourism that are harmonious with the quality of life in Pismo Beach

We are Building a More Livable Community

The FY 2019 Budget includes investments into building a more livable community for our future, including:

- Developing a site plan, facilities needs assessment, and conceptual design of a new safety center, to include a Fire Station at the Old City Hall and expansion of the Police Station
- Improvements in the St. Jude's tunnel to make it safer and more attractive
- Investing in new equipment and amenities for several City parks
- Replacing the Morro Avenue beach stairway
- Completing the walkway between Ocean Boulevard and Vista Del Mar Avenue, including accessibility improvements
- Installing bluff protection measures along the bluff edge of Ebb Tide Park and Memory Park to relocate City utilities away from the bluff edge
- Installing new heaters at the Pismo Beach Veterans' Hall

- Performing a design and feasibility study to determine the best location for a new public parking lot and parking structure
- Investing in the beach trolley to ensure continued operation
- Working with the Land Conservancy to ensure a successful Pismo Preserve opening that creates an accessible entry for residents and visitors while being complementary to the neighborhood

We are Building a Safer Community

Finally, the FY 2019 Budget also invests in building a safer community for our future, including:

- Implementing technology to support continuous operations for public safety, including new community cameras, replacing Police mobile data computers, and replacing Police body cameras
- Implementing the City's IT Strategic Plan for security, disaster recovery, paperless workflow processes, agenda management, and records retention
- Continuing replacement of mission-critical public safety vehicles to ensure the City's fleet is in good working order and maintenance costs remain low
- Increasing Police bike patrol presence in the Downtown area

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 ending on June 30, 2017. 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

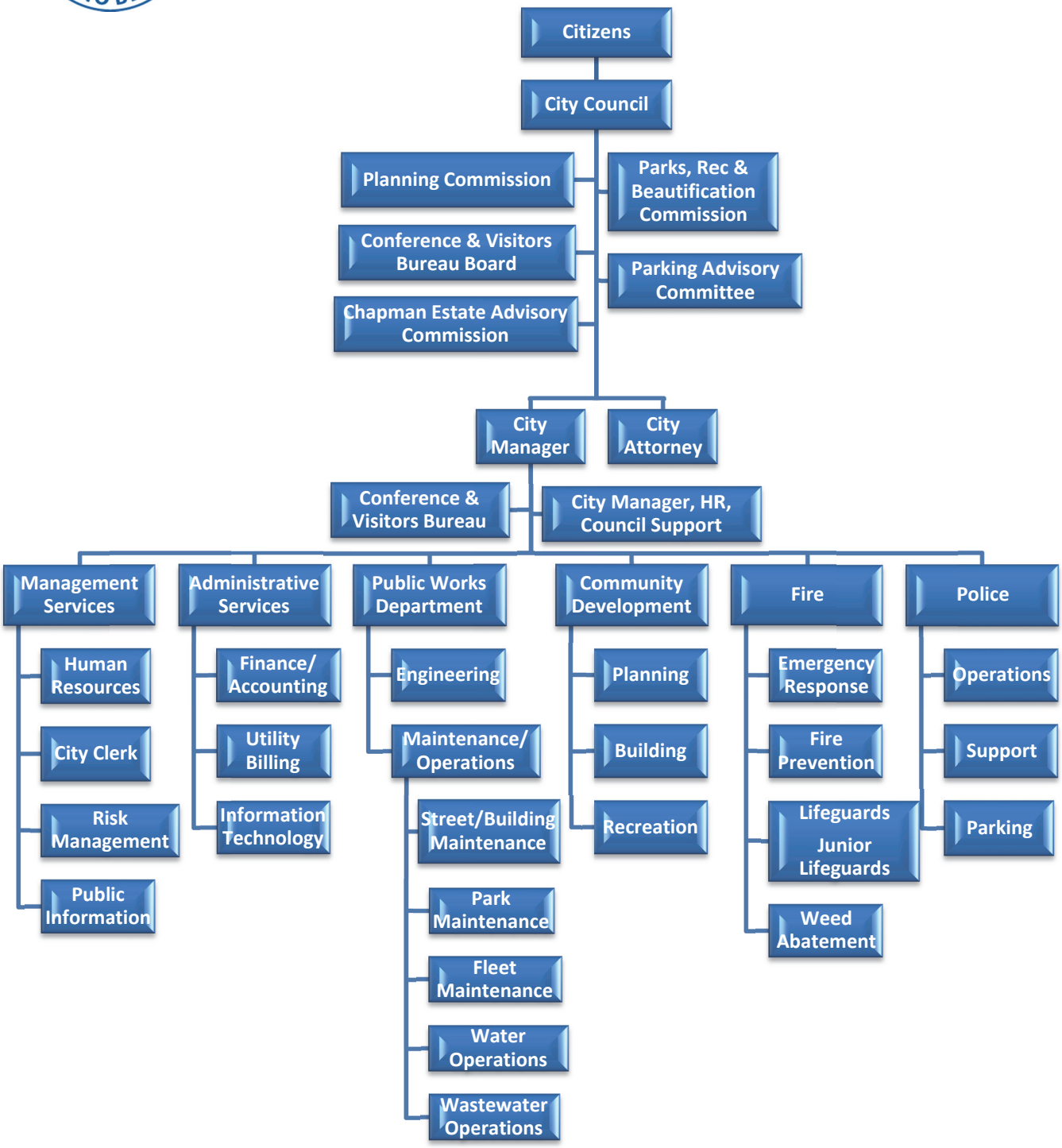
Executive Management Team

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
Accounting Supervisor	Vanessa Garris
Accounting Technician	Kristin Bennet
Accounting Clerk	Jana Etteddgue
Accounting Clerk	Michael Toews
Office Assistant II	Brenda Alvarado

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, 2017

Christopher P. Morrill

Executive Director/CEO



Financial Section

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Pismo Beach, California
Pismo Beach, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pismo Beach, California (the "City") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pismo Beach, California, as of June 30, 2018, 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note 13 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* Our opinion is not modified with respect to this matter.

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 15, and required supplementary information on pages 74 through 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information 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 (supplementary information) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual 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 17, 2018, 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.

Teaman Ramirez & Smith, Inc.

Riverside, California
December 17, 2018

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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, 2018. 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 of Pismo Beach Public Financing Agency issued Series 2017B New Clean Renewable Energy Bonds (CREBs) in December 2017 for the Solar and Energy Storage Project supported by the General Fund and Wastewater Fund. These bonds are privately placed taxable bonds, where the debt service payments are offset by an Internal Revenue Service Subsidy, resulting in a net effective rate of 1.73% for the CREBs.

- The City's total net position increased by about $8.99 million over the course of this year's operations after conducting all City operations and programs. The assets of the City exceeded its liabilities and deferred inflows/outflows of resources by about $114.77 million at the end of the 2018 fiscal year. Of that amount, $32.42 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 $2.01 million compared to the 2017 fiscal year. The increase in revenues was primarily in: capital grants and contributions of $3.28 million; transient occupancy taxes of $0.71 million; and property, sales, and other taxes of $0.59 million.

- Transient Occupancy Tax Revenues increased by $0.71 million in the 2018 fiscal year to $10.04 million, or 7.6%.

- The City's total expense of all programs in the 2018 fiscal year increased by about $3.26 million compared to the 2017 fiscal year.

- The General Fund reported a fund balance of $22.45 million at the end of the 2018 fiscal year; a 4.50 percent increase over the end of the 2017 fiscal year. The General Fund unassigned balance at the end of fiscal year 2018 was $7.17 million.

- The City also ended the 2018 fiscal year with $20.31 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 governmental funds ended the 2018 fiscal year with about $11.45 million available for special purposes.

- The City implemented and completed the conversion to the new business licenses and transient occupancy tax revenue tracking software, Progressive Solutions. This software allows the public to apply for and renew their business license online and pay transient occupancy tax payments online.

- The City prepaid $2.00 million towards the City's California Public Employees Retirement System (CalPERS) unfunded pension liability. This prepayment is projected to save $1,406,189 in interest payments over the next 30 years, with average annual savings of $182,393 starting in fiscal year 2019.

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 non-major 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.

- The *governmental funds* 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 some of 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, deferred outflows, liabilities, and deferred inflows – 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 position 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. The City uses internal service funds to account for its fleet of vehicles and its information technology systems. 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, wastewater, and pier operations, all of which are considered to be major funds of the City. The vehicle internal service fund and information technology internal service fund are 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 $8.99 million between fiscal years 2017 and 2018.

Table A-1

City of Pismo Beach's Net Position

(in millions of dollars)	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2018	2017	2018	2017	2018	2017	2017-2018
Current and other assets	$40.44	$35.85	$23.36	$26.84	$63.79	$62.69	1.76%
Capital assets	48.69	44.69	39.62	32.72	88.31	77.41	14.08%
Other noncurrent assets	1.46	1.73	-	-	1.46	1.73	-15.61%
Total assets	**$90.59**	**$82.27**	**$23.36**	**$26.84**	**$65.25**	**$64.42**	**1.29%**
Deferred Outflows	7.51	4.95	1.30	1.03	8.82	5.98	47.41%
Long-term debt outstanding	29.85	22.46	11.79	12.28	41.64	34.74	19.86%
Other liabilities	3.46	2.50	2.16	1.38	5.62	3.88	44.92%
Total liabilities	**$33.32**	**$24.96**	**$13.95**	**$13.66**	**$47.26**	**$38.62**	**22.37%**
Deferred Inflows	0.30	0.70	0.05	0.09	0.35	0.79	-55.70%
Net position							
Investment in capital	37.03	36.81	29.97	22.28	67.00	59.09	13.39%
Restricted	7.95	6.97	7.40	0.76	15.35	7.73	98.53%
Unrestricted	19.50	17.78	12.92	23.80	32.42	41.58	-22.03%
Total net position	**$64.49**	**$61.56**	**50.28**	**46.84**	**$114.77**	**$108.40**	**5.87%**

Net position of the City's governmental and business-type activities increased 5.87 percent to $114.77 million. About 58 percent of the net position of the City are represented by the City's net investment in its capital assets such as buildings, land, equipment, street systems, and facilities less related debt. The remaining 42 percent is essentially represented by cash, investments, and receivables. About 88 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 fiscal year 2018 total revenues of about $41.76 million were about $2.01 million higher than revenues in fiscal year 2017, a 5.06 percent increase. (See Table A-2.) About 53.5 percent of the City's revenue comes from some type of tax revenue 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.

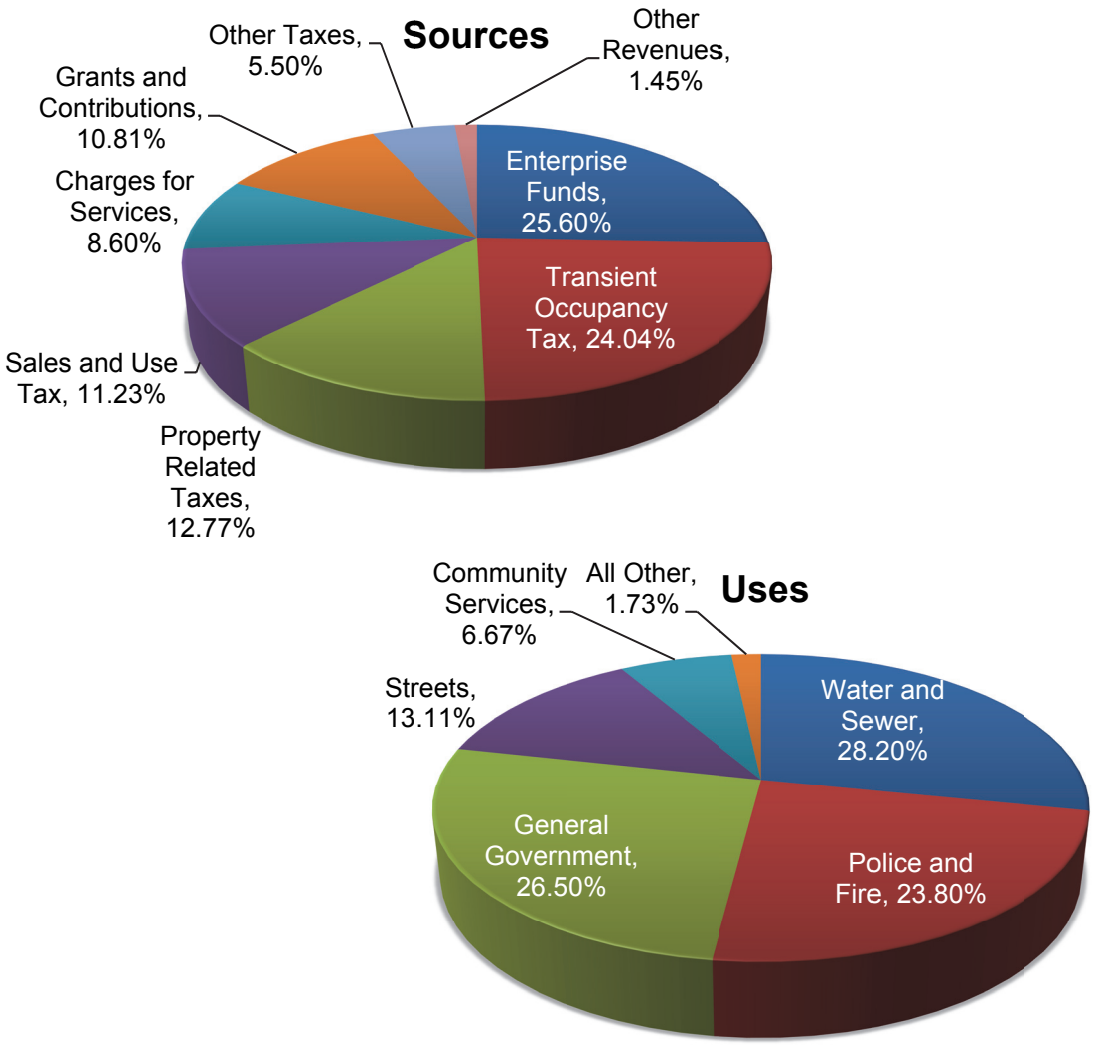
Expenses: The total cost of all programs and services in fiscal year 2018 was about $32.77 million and included a wide range of services such as police and fire protection, streets, public works, general administration, community services, water, wastewater, parking, pier, and the transit operations.

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
	2018	2017	2018	2017	2018	2017	2017-2018
Revenues							
Program revenues							
Charges for services	$3.59	$5.82	$10.69	$11.08	$14.29	$16.90	-15.47%
Operating grants and contributions	0.44	0.49	-	-	0.44	0.49	-10.90%
Capital grants and contributions	4.08	0.80	-	-	4.08	0.80	409.88%
General revenues							
Transient occupancy taxes	10.04	9.33	-	-	10.04	9.33	7.61%
Property, sales and other taxes	11.00	10.53	1.32	1.29	12.32	11.82	4.23%
Other	0.34	0.41	0.26	-	0.60	0.41	47.07%
Total revenues	**$29.49**	**$27.38**	**$12.27**	**$12.37**	**$41.76**	**$39.75**	**5.06%**
Expenses							
General government	8.68	6.19	-	-	8.68	6.19	40.26%
Public safety	7.80	7.65	-	-	7.80	7.65	1.93%
Streets	0.76	2.14	-	-	0.76	2.14	-64.55%
Public works	3.54	2.17	-	-	3.54	2.17	63.04%
Community services	2.18	2.01	-	-	2.18	2.01	8.66%
Water	-	-	5.63	5.13	5.63	5.13	9.69%
Wastewater	-	-	2.99	3.54	2.99	3.54	-15.59%
Other	0.57	0.16	0.63	0.53	1.19	0.69	72.61%
Total expenses	**$23.53**	**$20.32**	**$9.24**	**$9.20**	**$32.77**	**$29.52**	**11.00%**
Excess (deficiency) before transfers/other	5.96	7.06	3.03	3.17	9.00	10.23	-12.06%
Transfers	(0.60)	(7.56)	0.60	7.56	-	-	0.00%
Prior year restatement	(2.44)	-	(0.19)	-	(2.63)	-	100.00%
Increase (decrease) in net position	**$2.92**	**($0.50)**	**$3.45**	**$10.73**	**$6.37**	**10.23**	**-37.74%**
Net position, beginning of year	**$61.57**	**$62.06**	**$46.84**	**$36.11**	**$108.40**	**$98.17**	
Net position, end of year	**$64.49**	**$61.56**	**$50.28**	**$46.84**	**$114.77**	**$108.40**	**5.87%**

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):

Figure A-2
City's Major Revenue Sources and Uses



Governmental Activities

Revenues from all governmental activities in the 2018 fiscal year increased by about $2.11 million compared to the 2017 fiscal year. The primary increase was from capital grants and contributions of $3.28 million. Property, sales, and other taxes increased by $0.47 million from fiscal year 2017. Transient occupancy taxes increased by $0.71 million from the previous year. These increases were offset by decreases in charges for services by $2.23 million and operating grants and contributions by $0.05 million.

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 tax revenues (the local hotel tax). Local hotel tax revenues came in higher than fiscal year 2017 by 7.6 percent or $0.71 million. Sales tax revenues, including the

came in higher than fiscal year 2017 by 7.6 percent or $0.71 million. Sales tax revenues, including the Half-Cent Transactions Sales and Use Tax revenues, came in 5.75 percent higher than fiscal year 2017. Sales and use tax revenues excluding the Half-Cent Sales Tax revenues, came in $176,372 million higher than fiscal year 2017. Half-Cent Sales Tax revenues came in 5.41 percent higher by $80,763 compared to fiscal year 2017.

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 33.15 percent of the City's total fiscal year 2018 governmental operating expenses. Public works costs including maintenance of buildings, parks, and other City facilities account for about 15.4 percent of the City's total fiscal year 2018 governmental operating expenses. Another 9.2 percent of the City's fiscal year 2018 governmental activities operating expenses were incurred to provide community services in Pismo Beach. The remaining 36.9 percent was spent on general administration and other expenses.

When all operations were concluded, the governmental activities function generated a $2.92 million increase in net position for fiscal year 2018 compared to a $491,387 decrease in fiscal year 2017.

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

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

(in millions of dollars)	Total Cost of Services		Percentage Change
	2018	2017	2017-2018
General Government	$8.68	$6.19	40.23%
Public Safety	7.80	7.65	1.96%
Community Services	2.18	2.01	8.46%
Streets	0.76	2.14	-64.49%
Public Works	3.54	2.17	63.13%
All Other	0.57	0.16	256.25%
Total	**$23.53**	**$20.32**	**15.80%**

The cost of *all programs* this year was $23.53 million, compared to $20.32 million in fiscal year 2017.

While users and contributors funded about $8.11 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 $13.96 million. Major sources of program revenues were:

- Other governments and organizations that subsidized certain programs with grants and contributions (about $4.08 million), or
- Those who directly benefited from or used the programs ($3.59 million).

The City paid for the $13.96 million "public benefit" portion out of the $22.96 million in general revenues such as property taxes, transient occupancy taxes, sales taxes, and with other tax revenues and investment earnings.

Overall, fiscal year 2018 total cost of services is showing an increase of 15.8 percent compared to fiscal year 2017. Expenses increased in Public Works, General Government, Community Services, Public Safety, and All Other categories. Expenses decreased in the Streets category.

Business-Type Activities

The City's business-type activities (primarily water, wastewater, parking, and pier) were responsible for about $3.45 million increase in net position for fiscal year ending 2018. Revenues in total decreased in the fiscal year 2018 by $0.10 million. Revenues for basic water services charges increased by 17.68 percent or $591,740 in fiscal year 2018. Revenues for basic sewer services charges increased by 10.06 percent or $440,604 in fiscal year 2018. Parking Kiosk revenues decreased by 2.32 percent or $13,730 in fiscal year 2018.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported a *combined* fund balance of $33.9 million, about $4.05 million higher than the last fiscal year. Revenues decreased by $1.54 million, most of which were in the Licenses and permits category by 63% or $1.52 million; and expenditures decreased by $50,274 from the previous year, most of which were primarily in General Government and Public Safety.

The City's General Fund operations generated about $3.34 million more in revenues than was spent on governmental activities. From this excess, the City transferred a total of $2.37 million out of the General Fund and into other funds. From the $2.37 million in transfers, $552,897 was transferred to the Public Financing Agency Fund (PFA) for debt service, about $1.02 million was transferred out to capital projects, $510,995 was transferred to motor vehicle replacement internal service fund and information technology internal service fund, and the remaining transfers went to the pier operations fund. At year end, the City's General Fund had a fund balance of about $22.45 million, an increase of $0.97 million from the prior year of $21.48 million. Of the $22.45 million, about $5.4 million was designated for unanticipated emergencies and $8.8 million is designated for capital projects. The increase in fund balance was the result of higher revenues in Transient Occupancy Taxes of $709,270 and Property Tax revenues of $279,634.

In addition, the City's non-major governmental funds ended the 2018 fiscal year with a combined fund balance of $11.45 million. Of this $11.45 million, $3.31 million can be used for debt service, $4.83 million in Special Revenue Funds, and the remaining $3.31 million is set aside for impact fee and capital projects. The Debt Service Funds consist of Pismo Beach Public Financing Agency and 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 $13.89 million less than final budget amounts. Budget amendments that occurred in revenues during the year include an increase of $4.34 million in General Fund revenues of various categories.

General Fund revenues that came in higher than original estimates include transient occupancy taxes of $289,861, Property Taxes by $362,260, Interest Earnings by $80,038, and Other Taxes by $117,772.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2018, the City had invested $88.30 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 $10.89 million, or a 14.07 percent increase 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
	2018	2017	2018	2017	2018	2017	2017-2018
Land and right of ways	$12.42	$12.42	$0.38	$0.38	$12.80	$12.80	-0.02%
Construction in progress	2.49	1.15	11.01	4.31	13.50	5.46	147.18%
Buildings	5.53	5.53	0.33	0.33	5.86	5.86	0.00%
Capacity Rights	-	-	-	1.04	-	1.04	-100.00%
Machinery and equipment	2.94	2.80	2.87	2.68	5.80	5.48	5.91%
Vehicles	5.60	4.69	-	-	5.60	4.69	19.32%
Improvements	10.32	9.98	-	-	10.32	9.98	3.40%
Tanks, wells, and system	-	-	12.04	11.45	12.04	11.45	5.17%
Pipelines/collection system	-	-	32.59	32.11	32.59	32.11	1.49%
Pier	-	-	2.14	2.14	2.14	2.14	0.00%
Infrastructure-streets	55.13	51.25	-	-	55.13	51.25	7.56%
Accumulated depreciation	(45.73)	(43.13)	(21.74)	(21.72)	(67.47)	(64.85)	4.03%
Total	**$48.69**	**$44.69**	**$39.61**	**$32.72**	**$88.30**	**$77.41**	**14.07%**

This year's major capital asset changes included:

- *Started construction on the Downtown Pavers Project spending $778,994 in FY 2017-18*
- *Continued construction on the Pier Rehabilitation Project spending $4.2 million*
- *Began work on the Energy Efficient and Solar Project spending $1.1 million*
- *Completed the Addie Street Parking Lot totaling $592,944*

Additional information on capital assets of the City can be found in Note 5 to the financial statements.

Long - Term Debt

The City of Pismo Beach's Public Financing Agency issued Series 2017B New Clean Renewable Energy Bonds (CREBs) in the amount of $4.06 million in in fiscal year 2017-18 for the Solar and Energy Storage Project. These bonds were privately placed taxable bonds, where the debt service payments are offset by an Internal Revenue Service Subsidy, resulting in a net effective rate of 1.73% for the CREBs.

At the end of fiscal 2018, the City has $7.41 million in lease revenue bonds that were issued in 2017 by the Public Financing Agency for the General Fund supported Pier rehabilitation project. The obligation bears interest at rates of 2 to 5 percent and is payable in semi-annual installments each June and December through 2047. The 2017A revenue bonds are being retired from the General Fund.

At the end of fiscal 2018, the City had $4.54 million in lease 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 2018, the State Revolving Loans had outstanding balances of $5.01 million, which included $4.50 million for the Wastewater Treatment Loan, $95,181 for the Park/Cypress Interceptor Loan, and $414,768 for the Pismo Oaks Lift Station Loan. The outstanding debt for the State Revolving Loans was reduced by $565,173 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 in Note 6 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 statement of net position also shows a liability of about $3,677 for estimated claim obligations. The City's General Fund pays all insurance related costs.

Deferred Outflows/Inflows of Resources

A deferred outflow of resources is defined as "a consumption of net position by the government that is applicable to a future reporting period," and a deferred inflow of resources is defined as "an acquisition of net position by the government that is applicable to a future reporting period." It amends the financial statement element classifications of certain items previously reported as assets or liabilities, and reclassifies them as deferred outflows and/or inflows of resources.

The City's Deferred Outflows of resources in the Governmental Activities and Business-Type Activities totaled $8.81 million in fiscal year 2018, with $8.07 million being pension related, $534,785 OPEB related, and $206,614 as unamortized loss on refunding.

The City's Deferred Inflows of resources in the Governmental Activities and Business-Type Activities totaled $351,267, with $290,568 pension related, and $60,699 OPEB related.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

For the 2019 fiscal year, the following list of items will affect the General Fund:

- Future planning for Cal PERS Retirement as it relates to the decrease in investment rate in future years, including potential prepayments towards the City's unfunded pension liability to decrease interest costs over the next 30 years.

- The City Council approve increasing the LBID Assessment from 1% to 2% of Gross Transient Occupancy Receipts effective on January 1, 2019. This additional 1% assessment is allocated for improvements related to the Pier Plaza/Pier Plaza Parking lot upgrade project, pedestrian connections under US interstate 101 at Price Street and Spyglass for entrance into the Pismo Preserve and other access improvements for the Pismo Preserve entrance, Addie Street area improvements, and the Shell Beach Streetscape improvements. These efforts are designed to improve lodging occupancies, RevPAR and transient occupancy tax revenues which benefit all the residents of Pismo Beach.

- Maintain the General Fund Reserve at 25% of operating budget expenditures.

- Increase Risk Management Reserve by $50,000 from $200,000 to $250,000 from the General Fund.

- Maintain $500,000 of reserves for a Facility Reserve 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.

- Conduct a comprehensive study to update all Impact Fees, in addition to updating the current impact fees according to various indices for the designated month and area as indicated by Council Ordinance or Resolution.

- Conduct a water and wastewater rate study to update these rates to support the water and wastewater systems' operations and capital improvement program.

- The City will continue to fund the CalPERS Retiree Benefit Trust and is estimated to contribute $307,000.

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.

BASIC FINANCIAL STATEMENTS

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City of Pismo Beach, California
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	$ 35,224,029	$ 19,500,067	$ 54,724,096
Restricted Cash and Investments	3,203,871	1,059,204	4,263,075
Taxes Receivable	1,737,013		1,737,013
Accounts Receivable, Net	110,498	1,571,738	1,682,236
Due from Other Governments	61,250		61,250
Accrued Interest Receivable	57,278	62,222	119,500
Prepayments	41,262	1,165,198	1,206,460
Total Current Assets	40,435,201	23,358,429	63,793,630
Noncurrent Assets:			
Deposits	118,873		118,873
Note and Interest Receivable	1,344,604		1,344,604
Capital Assets, Not Being Depreciated	14,907,269	11,385,169	26,292,438
Capital Assets, Being Depreciated, Net	33,788,436	28,231,225	62,019,661
Total Noncurrent Assets	50,159,182	39,616,394	89,775,576
Total Assets	90,594,383	62,974,823	153,569,206
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized Loss on Refunding		206,614	206,614
Pension Related	7,022,588	1,052,149	8,074,737
OPEB Related	491,681	43,104	534,785
Total Deferred Outflows of Resources	$ 7,514,269	$ 1,301,867	$ 8,816,136

The accompanying notes are an integral part of this statement.

City of Pismo Beach, California
Statement of Net Position - Continued
June 30, 2018

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable	$ 1,747,228	$ 1,264,016	$ 3,011,244
Accrued Liabilities	573,713	38,723	612,436
Compensated Absences	136,541	15,148	151,689
Deposits	749,996		749,996
Accrued Interest Payable		45,772	45,772
Current Portion Bonds and Loans	257,074	795,374	1,052,448
Total Current Liabilities	3,464,552	2,159,033	5,623,585
Noncurrent Liabilities:			
Compensated Absences	409,623	45,442	455,065
Bonds and Loans, Net of Current Portion	11,404,452	9,059,715	20,464,167
Net Pension Liability	16,226,769	2,523,537	18,750,306
Net OPEB Liability	1,810,741	158,739	1,969,480
Total Noncurrent Liabilities	29,851,585	11,787,433	41,639,018
Total Liabilities	33,316,137	13,946,466	47,262,603
DEFERRED INFLOWS OF RESOURCES			
Pension Related	246,865	43,703	290,568
OPEB Related	55,806	4,893	60,699
Total Deferred Inflows of Resources	302,671	48,596	351,267
NET POSITION			
Net Investment in Capital Assets	37,034,179	29,967,919	67,002,098
Restricted for:			
Debt Service	3,311,265		3,311,265
Capital Projects	797,421	7,396,315	8,193,736
Affordable Housing	2,067,784		2,067,784
Community Development	456,131		456,131
Public Safety	89,439		89,439
Streets	1,231,058		1,231,058
Unrestricted	19,502,567	12,917,394	32,419,961
Total Net Position	$ 64,489,844	$ 50,281,628	$ 114,771,472

The accompanying notes are an integral part of this statement.

City of Pismo Beach, California
Statement of Activities
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities:				
General Government	$ 8,682,523	$ 2,141,024	$ 114,894	$
Public Safety:				
Police Protection	5,524,313	147,488	156,054	
Fire Protection	2,273,823	42,794		
Streets	758,733	7,663	149,056	4,079,117
Community Services	2,184,612	309,107	16,643	
Public Works	3,538,379	851,257		
Redevelopment and Housing	141,952	92,635		
Interest on Long-term Debt	424,283			
Total Governmental Activities	23,528,618	3,591,968	436,647	4,079,117
Business-type Activities:				
Water	5,627,557	4,849,034		
Wastewater	2,988,446	5,047,984		
Transit	7,740	10,000		
Pier	94,835	24,045		
Parking	522,958	763,416		
Total Business-type Activities	9,241,536	10,694,479	-	-
Total Primary Government	$ 32,770,154	$ 14,286,447	$ 436,647	$ 4,079,117
General Revenues:				
Property Taxes				
Sales Taxes				
Special Water Taxes				
Transient Occupancy Taxes				
Other Taxes				
Franchise Taxes				
Unrestricted Investment Earnings				
Gain (Loss) on Sale of Asset				
Other Revenue				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - Beginning of Year				
Prior Period Adjustment				
Net Position - Beginning of Year, As Restated				
Net Position - End of Year				

The accompanying notes are an integral part of this statement.

Net Revenues (Expense) and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (6,426,605)	$	(6,426,605)
(5,220,771)		(5,220,771)
(2,231,029)		(2,231,029)
3,477,103		3,477,103
(1,858,862)		(1,858,862)
(2,687,122)		(2,687,122)
(49,317)		(49,317)
(424,283)		(424,283)
(15,420,886)	-	(15,420,886)
	(778,523)	(778,523)
	2,059,538	2,059,538
	2,260	2,260
	(70,790)	(70,790)
	240,458	240,458
-	1,452,943	1,452,943
$ (15,420,886)	$ 1,452,943	$ (13,967,943)
$ 5,334,500	$	$ 5,334,500
4,689,005		4,689,005
	1,320,604	1,320,604
10,039,921		10,039,921
373,452		373,452
602,907		602,907
306,056	(26,137)	279,919
	240,120	240,120
37,638	46,948	84,586
(601,476)	601,476	-
20,782,003	2,183,011	22,965,014
5,361,117	3,635,954	8,997,071
61,567,197	46,835,073	108,402,270
(2,438,470)	(189,399)	(2,627,869)
59,128,727	46,645,674	105,774,401
$ 64,489,844	$ 50,281,628	$ 114,771,472

The accompanying notes are an integral part of this statement.

City of Pismo Beach, California
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Housing In-Lieu	Other Non-Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	$ 22,887,774	$ 3,408,789	$ 5,303,939	$ 31,600,502
Cash and Investments with Fiscal Agent			3,203,871	3,203,871
Taxes Receivable	1,622,405		114,608	1,737,013
Accounts Receivable	100,500		9,998	110,498
Due from Other Governments			61,250	61,250
Accrued Interest Receivable	30,972	3,599	18,411	52,982
Prepayments	41,262			41,262
Note and Accrued Interest Receivable		1,344,604		1,344,604
Total Assets	$ 24,682,913	$ 4,756,992	$ 8,712,077	$ 38,151,982
LIABILITIES				
Accounts Payable	$ 1,017,159	$	$ 569,724	$ 1,586,883
Accrued Liabilities	568,031		879	568,910
Deposits	646,896		99,423	746,319
Total Liabilities	2,232,086	-	670,026	2,902,112
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Note Receivable		1,344,604		1,344,604
Total Deferred Inflows of Resources	-	1,344,604	-	1,344,604
FUND BALANCES				
Nonspendable	41,262			41,262
Restricted for:				
Capital Project Funding			452,654	452,654
Streets and Highways			1,231,058	1,231,058
Community Development			193,934	193,934
Affordable Housing		2,067,784		2,067,784
Community Business Development			262,197	262,197
Park Development			344,767	344,767
Public Safety			89,439	89,439
Debt Service			3,311,265	3,311,265
Committed for:				
City Facility Reserve	500,000			500,000
General Fund Reserve	5,410,000			5,410,000
Capital Project Funding	8,725,873		721,341	9,447,214
Affordable Housing		1,344,604		1,344,604
Risk Management Reserve	200,000			200,000
Assigned	403,227		1,435,396	1,838,623
Unassigned	7,170,465			7,170,465
Total Fund Balances	22,450,827	3,412,388	8,042,051	33,905,266
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 24,682,913	$ 4,756,992	$ 8,712,077	$ 38,151,982

The accompanying notes are an integral part of this statement.

City of Pismo Beach, California
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2018

Fund Balances of Governmental Funds	$	33,905,266
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		88,725,531
Accumulated Depreciation		(42,489,351)
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.		118,873
Deferred outflows of resources in governmental activities are not financial resources and, therefore, are not reported in governmental funds. Deferred outflows related to pensions and other postemployment benefits (OPEB) consisted of:		7,514,269
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.		1,344,604
Long-term liabilities are not due and payable in the current period 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:		
Lease Revenue Bonds		(11,661,526)
Compensated Absences		(538,761)
Claims (Asset)		(3,677)
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		(16,226,769)
Net OPEB liability is not a current financial resource and, therefore, is not reported in the governmental funds. In the statement of net position, net OPEB liability is reported as a noncurrent liability		(1,810,741)
Deferred inflows of resources in governmental activities are not financial resources and, therefore, are not reported in governmental funds. Deferred inflows related to pensions and other postemployment benefits (OPEB) consisted of:		(302,671)
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:		5,914,797
Net Position of Governmental Activities	$	64,489,844

The accompanying notes are an integral part of this statement.

City of Pismo Beach, California
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2018

	General Fund	Housing In-Lieu	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	$ 5,334,500	$	$	$ 5,334,500
Sales Taxes	4,689,005			4,689,005
Transient Occupancy Taxes	10,039,921			10,039,921
Other Taxes	952,862			952,862
Licenses and Permits	894,703			894,703
Fines and Forfeits	54,580			54,580
Subventions and Grants	93,862		693,116	786,978
Investment Earnings	222,038	40,260	11,152	273,450
Rental Income	200,845			200,845
Charges for Services	316,578	92,635	26,265	435,478
Special Assessments			1,002,474	1,002,474
Miscellaneous	1,094,972		7,194	1,102,166
Total Revenues	23,893,866	132,895	1,740,201	25,766,962
EXPENDITURES				
Current:				
General Government	7,444,550		1,000,554	8,445,104
Public Safety	8,563,850			8,563,850
Highways and Streets	617,735		149,316	767,051
Community Services	1,656,043		154,097	1,810,140
Public Works	2,177,776			2,177,776
Housing		14,353	42,581	56,934
Capital Outlay	86,300		1,926,713	2,013,013
Debt Service:				
Debt Issuance Cost			86,629	86,629
Principal			270,000	270,000
Interest and Fiscal Charges			343,808	343,808
Total Expenditures	20,546,254	14,353	3,973,698	24,534,305
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,347,612	118,542	(2,233,497)	1,232,657
OTHER FINANCING SOURCES (USES)				
Revenue Bonds Issued			4,061,917	4,061,917
Transfers In	320,521		2,663,750	2,984,271
Transfers Out	(2,700,017)		(1,522,108)	(4,222,125)
Total Other Financing Sources (Uses)	(2,379,496)	-	5,203,559	2,824,063
Net Change in Fund Balances	968,116	118,542	2,970,062	4,056,720
Fund Balance, Beginning of Year	21,482,711	3,293,846	5,071,989	29,848,546
Fund Balance, End of Year	$ 22,450,827	$ 3,412,388	$ 8,042,051	$ 33,905,266

The accompanying notes are an integral part of this statement.

City of Pismo Beach, California
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds	$	4,056,720
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.		32,605
Changes in deposits with insurance pools do not provide current financial resources and are not reported in the governmental funds.		(2,397)
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		1,927,995
Depreciation Expense		(2,247,319)
Contributions of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		3,691,644
Repayments of long-term debt is recognized as an expenditure in the governmental funds. In the government-wide statements, repayments of long-term liabilities are reported reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		276,154
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 difference between compensated absences paid and compensated absences earned was:		(113,020)
Changes in actuarially determined claim liabilities for uninsured claims do not provide current financial resources and are not reported in the governmental funds.		(25,809)
Pension and OPEB expense recorded as an expenditure in governmental funds but recorded as a deferred outflow of resources on the statement of activities is:		1,580,992
This issuance of long-term debt provides current financial resources to governmental funds. This transaction, however, has no effect on net position. Proceeds from the issuance on bonds was:		(4,061,917)
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 fund was:		245,469
Change in Net Position of Governmental Activities	$	5,361,117

The accompanying notes are an integral part of this statement.

City of Pismo Beach, California
Statement of Net Position
Proprietary Funds
June 30, 2018

	Enterprise Funds			
	Water	Wastewater	Pier	Other Enterprise Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 9,501,111	$ 7,500,184	$ 303,732	$ 2,195,040
Cash and Cash Equivalents with Fiscal Agent			1,059,204	
Accounts Receivable	697,807	823,384		50,547
Accrued Interest Receivable	27,235	29,613		5,374
Prepayments	1,165,198			
Total Current Assets	11,391,351	8,353,181	1,362,936	2,250,961
Noncurrent Assets:				
Land	129,591	214,759	33,425	
Construction in Progress	88,531	4,072,055	6,846,808	
Improvements and Buildings	7,914,010			
Vehicles				
Distribution and Collection Systems	9,128,701	30,111,430		
Equipment				679,279
Pier			2,142,553	
Capacity Rights				
Total Capital Assets	17,260,833	34,398,244	9,022,786	679,279
Less Accumulated Depreciation	(8,144,576)	(12,213,180)	(1,379,667)	(7,325)
Capital Assets, Net of Accumulated Depreciation	9,116,257	22,185,064	7,643,119	671,954
Total Noncurrent Assets	9,116,257	22,185,064	7,643,119	671,954
Total Assets	20,507,608	30,538,245	9,006,055	2,922,915
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized Loss on Refunding		206,614		
Pension Related	297,617	665,558		88,974
OPEB Related	12,193	27,274		3,637
Total Deferred Outflows of Resources	$ 309,810	$ 899,446	$ -	$ 92,611

The accompanying notes are an integral part of this statement.

Totals	Governmental Activities Internal Service Funds
$ 19,500,067	$ 3,623,527
1,059,204	
1,571,738	
62,222	4,296
1,165,198	
23,358,429	3,627,823
377,775	
11,007,394	
7,914,010	
-	5,256,173
39,240,131	
679,279	459,743
2,142,553	
-	
61,361,142	5,715,916
(21,744,748)	(3,256,391)
39,616,394	2,459,525
39,616,394	2,459,525
62,974,823	6,087,348
206,614	
1,052,149	
43,104	
$ 1,301,867	$ -

Continued

The accompanying notes are an integral part of this statement.

City of Pismo Beach, California
Statement of Net Position - Continued
Proprietary Funds
June 30, 2018

	Enterprise Funds			
	Water	Wastewater	Pier	Other Enterprise Funds
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 178,202	$ 621,323	$ 329,204	$ 135,287
Accrued Liabilities	12,396	14,727		11,600
Compensated Absences	5,376	7,936		1,836
Accrued Interest Payable		45,772		
Current Portion of Bonds and Loans		795,374		
Total Current Liabilities	195,974	1,485,132	329,204	148,723
Noncurrent Liabilities:				
Compensated Absences	16,128	23,805		5,509
Loans, Net of Current Portion		4,435,832		
Bonds, Net of Current Portion		4,623,883		
Net Pension Liability	713,822	1,596,315		213,400
Net OPEB Liability	44,904	100,443		13,392
Total Noncurrent Liabilities	774,854	10,780,278	-	232,301
Total Liabilities	970,828	12,265,410	329,204	381,024
DEFERRED INFLOWS OF RESOURCES				
Pension Related	12,362	27,645		3,696
OPEB Related	1,384	3,096		413
Total Deferred Inflows of Resources	13,746	30,741	-	4,109
NET POSITION				
Net Investment in Capital Assets	9,116,257	12,536,589	7,643,119	671,954
Restricted for Capital Improvements		5,397,383	1,998,932	
Unrestricted	10,716,587	1,207,568	(965,200)	1,958,439
Total Net Position	$ 19,832,844	$ 19,141,540	$ 8,676,851	$ 2,630,393

The accompanying notes are an integral part of this statement.

Totals	Governmental Activities - Internal Service Funds
$ 1,264,016	$ 160,345
38,723	4,803
15,148	1,851
45,772	
795,374	
2,159,033	166,999
45,442	5,552
4,435,832	
4,623,883	
2,523,537	
158,739	
11,787,433	5,552
13,946,466	172,551
43,703	
4,893	
48,596	-
29,967,919	2,459,525
7,396,315	56,050
12,917,394	3,399,222
$ 50,281,628	$ 5,914,797

The accompanying notes are an integral part of this statement.

City of Pismo Beach, California
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2018

	Enterprise Funds			
	Water	Wastewater	Pier	Other Enterprise Funds
OPERATING REVENUES				
Sales of Water	$ 3,938,273	$	$	$
Service Fees	362,206	4,852,420	10,920	761,243
Miscellaneous	548,555	195,564	13,125	12,173
Total Operating Revenues	4,849,034	5,047,984	24,045	773,416
OPERATING EXPENSES				
Salaries and Benefits	565,912	710,289		240,596
Purchased Power	124,670	273,774	30,191	
Services and Supplies	1,647,071	1,137,026	20,011	274,621
Customer Accounting	46,130	37,019		
Joint Operating Expenses	2,770,835			
Depreciation and Amortization	472,939	642,043	44,633	15,481
Total Operating Expenses	5,627,557	2,800,151	94,835	530,698
Operating Income (Loss)	(778,523)	2,247,833	(70,790)	242,718
NONOPERATING REVENUES (EXPENSES)				
Property and Special Taxes	1,320,604			
Grant Revenue	46,948			
Gain (Loss) on Disposal of Capital Assets	282,595			(42,475)
Investment Earnings	(34,242)	(17,785)	29,632	(3,742)
Interest Expense		(188,295)		
Total Nonoperating Revenues (Expenses)	1,615,905	(206,080)	29,632	(46,217)
Income (Loss) Before Transfers	837,382	2,041,753	(41,158)	196,501
TRANSFERS				
Transfers In		762,410	37,345	
Transfers Out	(54,076)	(137,669)		(6,534)
Total Transfers	(54,076)	624,741	37,345	(6,534)
Change in Net Position	783,306	2,666,494	(3,813)	189,967
Total Net Position - Beginning of Year	19,103,115	16,594,889	8,680,664	2,456,405
Prior Period Adjustment	(53,577)	(119,843)		(15,979)
Total Net Position - Beginning of Year, As Restated	19,049,538	16,475,046	8,680,664	2,440,426
Total Net Position - End of Year	$ 19,832,844	$ 19,141,540	$ 8,676,851	$ 2,630,393

The accompanying notes are an integral part of this statement.

Totals	Governmental Activities - Internal Service Funds
$ 3,938,273	$
5,986,789	1,116,176
769,417	4,789
10,694,479	1,120,965
1,516,797	263,537
428,635	
3,078,729	940,145
83,149	
2,770,835	
1,175,096	368,561
9,053,241	1,572,243
1,641,238	(451,278)
1,320,604	
46,948	79,774
240,120	543
(26,137)	(19,948)
(188,295)	
1,393,240	60,369
3,034,478	(390,909)
799,755	637,146
(198,279)	(768)
601,476	636,378
3,635,954	245,469
46,835,073	5,669,328
(189,399)	
46,645,674	5,669,328
$ 50,281,628	$ 5,914,797

The accompanying notes are an integral part of this statement.

City of Pismo Beach, California
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2018

	Enterprise Funds			
	Water	Wastewater	Pier	Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	$ 4,734,973	$ 4,980,588	$ 25,045	$ 746,595
Receipts from Other Funds for Services				
Payments to Suppliers for Goods and Services	(4,280,401)	(891,878)	11,954	(155,449)
Payments to Employees for Wages and Benefits	(597,982)	(923,284)		(211,858)
Net Cash Provided by (Used for) Operating Activities	(143,410)	3,165,426	36,999	379,288
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Property and Special Taxes	1,320,604			
Transfers from Other Funds		762,410	37,345	
Transfers to Other Funds	(54,076)	(137,669)		(6,534)
Net Cash Provided by (Used for) Noncapital Financing Activities	1,266,528	624,741	37,345	(6,534)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments on Long-Term Debt Principal		(786,658)		
Proceeds from Sale of Capital Assets	282,595			
Interest Paid on Long-Term Debt		(192,517)		
Capital Grants	46,948			
Purchase of Capital Assets	(595,750)	(2,657,836)	(4,189,251)	(674,278)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(266,207)	(3,637,011)	(4,189,251)	(674,278)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	(50,062)	(34,709)	31,748	(6,350)
Net Cash Provided by (Used for) Investing Activities	(50,062)	(34,709)	31,748	(6,350)
Net Increase (Decrease) in Cash and Cash Equivalents	806,849	118,447	(4,083,159)	(307,874)
Cash and Cash Equivalents - Beginning of the Year	8,694,262	7,381,737	5,446,095	2,502,914
Cash and Cash Equivalents - End of the Year	$ 9,501,111	$ 7,500,184	$ 1,362,936	$ 2,195,040

The accompanying notes are an integral part of this statement.

Totals	Governmental Activities - Internal Service Fund
$ 10,487,201	$
-	1,122,484
(5,315,774)	(728,601)
(1,733,124)	(262,944)
3,438,303	130,939
1,320,604	
799,755	637,146
(198,279)	(768)
1,922,080	636,378
(786,658)	
282,595	543
(192,517)	
46,948	79,774
(8,117,115)	(1,002,409)
(8,766,747)	(922,092)
(59,373)	(21,218)
(59,373)	(21,218)
(3,465,737)	(175,993)
24,025,008	3,799,520
$ 20,559,271	$ 3,623,527

The accompanying notes are an integral part of this statement.

City of Pismo Beach, California
Statement of Cash Flows - Continued
Proprietary Funds
Year Ended June 30, 2018

	Enterprise Funds			
	Water	Wastewater	Pier	Other Enterprise Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	$ (778,523)	$ 2,247,833	$ (70,790)	$ 242,718
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization	472,939	642,043	44,633	15,481
Change in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:				
Accounts Receivable	(114,061)	(67,396)	1,000	(26,821)
Prepayments	264,788	951		
Deferred Outflow of Resources - Pensions	(79,568)	(126,143)		(40,797)
Deferred Outflow of Resources - OPEB	(12,193)	(27,274)		(3,637)
Accounts Payable	43,517	554,990	62,156	119,172
Accrued Liabilities	1,725	(2,886)		3,360
Compensated Absences	9,796	(5,097)		3,083
Net Pension Liability	68,223	(779)		70,758
Net OPEB Liability	(6,943)	(15,531)		(2,071)
Deferred Inflow of Resources - Pensions	(12,764)	(34,512)		(1,855)
Deferred Inflow of Resources - OPEB	(346)	(773)		(103)
TOTAL CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ (143,410)	$ 3,165,426	$ 36,999	$ 379,288

The accompanying notes are an integral part of this statement.

Totals	Governmental Activities - Internal Service Fund
$ 1,641,238	$ (451,278)
1,175,096	368,561
(207,278)	1,519
265,739	245,120
(246,508)	
(43,104)	
779,835	(33,576)
2,199	(121)
7,782	714
138,202	
(24,545)	
(49,131)	
(1,222)	
$ 3,438,303	$ 130,939

The accompanying notes are an integral part of this statement.

City of Pismo Beach, California
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Trust Fund	Agency Fund
	Retired Employees Health Care Plan	San Luis Obispo County Tourism Fund
ASSETS		
Cash and Cash Equivalents	$	$ 83,166
Accounts Receivable		114,608
Investment at Fair Value:		
California Employer's Retiree Benefit Trust Program		
Pooled Investments	2,798,420	
Total Assets	$ 2,798,420	$ 197,774
LIABILITIES		
Due to Other Governmental Agencies	$	$ 197,774
Total Liabilities	-	$ 197,774
NET POSITION		
Held in Trust for Other Employment Benefits	$ 2,798,420	

The accompanying notes are an integral part of this statement.

City of Pismo Beach, California
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2018

	Retired Employees Health Care Plan
ADDITIONS	
Contributions:	
Employer	$ 292,000
Investment Earnings:	
Net Appreciation in Fair Value of Investments	184,628
Total Additions	476,628
DEDUCTIONS	
Administration	2,113
Total Deductions	2,113
Change in Net Position	474,515
Net Position Held in Trust for Other Post-Employment Benefits:	
Net Position - Beginning of Year	2,323,905
Net Position - End of Year	$ 2,798,420

The accompanying notes are an integral part of this statement.

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Entity

The City of Pismo Beach (the "City") in a general law city, governed by a City Council/City Manager form of government. The City Council is an elected five-member body comprising four City Council Members, who serve 4-year terms and a Mayor, who serves a 2-year term. Following an election, the Council votes to appoint one of its members to serve as Mayor Pro Tempore for two years. 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"), the Pismo Beach Public Financing Agency (the "Agency") 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 Agency was created by a joint exercise of powers agreement between the City and the Pismo Beach Industrial Development Authority. The Authority, Agency and Corporation were formed to provide a method of financing public improvements. The City has identified the Authority, the Agency and the Corporation as blended component units in accordance with standards set by the Governmental Accounting Standards Board (GASB) and they have been included in the accompanying financial statements. The Authority, the Agency and the Corporation do not separately issue financial statements. In the current year, the Agency had no activity other than issuance of debt so it is not included in the fund financial statements.

B) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all 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 are 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 proprietary funds are reported as separate columns in the fund financial statements.

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C) 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 fiduciary 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 revenues 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 would distort the direct costs and program revenues reported for 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 judgements, 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 measureable and available only when cash is received by the government.

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 proprietary and internal service funds are charges to customers for sales and services. Operating expenses for the proprietary 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.

GASB defines major funds and requires that the City's major governmental and proprietary funds be identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund type.

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

Major funds are defined as funds that have assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses equal to ten percent of their fund-type total and at least five percent of the grand total. The General Fund is always a major fund. The City also selects other funds it believes should be presented as major funds.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government not accounted and reported in another fund.

The *Housing In-Lieu Fee 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.

The City reports the following major proprietary funds:

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

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

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

Additionally, the City has established internal service funds which are 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 the California Employer's Retiree Benefit Trust (CERBT) Fund. 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.

D) Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources 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 the US Government agencies, corporate bonds, negotiable certificates of deposit, commercial paper, time deposits and savings and demand agencies.

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position or Fund Balance - Continued

Cash and Investments - Continued

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.

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

Fair value is defined as 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 data. The City uses the fair value hierarchy established by generally accepted accounting principles, using valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

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, 2018, the application of valuation techniques applied to the City's financial statements has been consistent.

Interfund 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 with "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.

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position or Fund Balance - Continued

Receivables and Payables - Continued

At June 30, 2018, the City has determined that no allowance for uncollectible accounts is required for taxes receivable, due from other governments and accrued interest receivable. Accounts receivable are shown net of an allowance for uncollectible accounts of $472,821.

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 Teeter 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, donated works of art and similar items, and capital assets received in a service concession arrangement would be reported at acquisition value rather than fair value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major capital outlay 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

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position or Fund Balance - Continued

Capital Assets - Continued

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:

Building and Improvements	10 - 50 years
Public Domain Infrastructure	50 years
System Infrastructure	15 - 60 years
Vehicles and Equipment	5 - 10 years

Deferred Outflows of Resources

In addition to assets, the statement of financial position can report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows of resources related to unamortized loss on refunding, pension and OPEB related items.

Compensated Absences

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.

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.

Pensions

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 California Public Employees' Retirement System (CalPERS) plan (Plan) 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.

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position or Fund Balance - Continued

Other Post-Employment Benefits - OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources which represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue/contra expense) until that time. The City has pension related items and OPEB related items recorded as deferred inflow of resources in the government-wide statement of net position.

The City also has deferred inflows of resources in the governmental funds balance sheet that were not collected during the availability period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available and relate to intergovernmental revenues for grants and cost recoveries.

Fund Balances - Governmental Funds

Fund balance for governmental funds are reported in classifications based primarily on the extent to which the City is bound to honor constraints on 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.

Nonspendable 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.

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position or Fund Balance - Continued

Fund Balances - Governmental Funds - Continued

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.

Committed Fund Balance - Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority which includes City Resolution 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 - These are residual amounts reported in the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other government funds it is not appropriate to report a positive unassigned fund balance amount. However in the government funds other than the general fund, if expenditures incurred for a specific purpose exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When expenditures are incurred for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available, the City considered 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, cash flow needs and emergency opportunities as defined by the policy. As of June 30, 2018 the balance in the GFR was $5,410,000. 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, 2018 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, 2018 the balance in the RMR was $200,000.

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position or Fund Balance - Continued

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 as part of the financial statements.

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 as part of the financial statements.

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.

2) CASH AND INVESTMENTS

At June 30, 2018, cash and investments consisted of the following:

Statement of Net Position:		
Cash and Investments	$	54,724,096
Restricted Cash and Investments		4,263,075
Statement of Fiduciary Net Position:		
Cash and Cash Equivalents		83,166
Investments		2,798,420
Total Cash and Investments	$	61,868,757

2) CASH AND INVESTMENTS - Continued

At June 30, 2018, cash and investments consisted of the following:

Cash	$ 5,284,030
Cash Held by Fiscal Agents	4,263,078
Investments	52,321,649
Total Cash and Investments	$ 61,868,757

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 $20,591,688 at June 30, 2018 and were insured or collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

For custodial credit risk associated with deposits, the City's policy is to follow the California Government Code which requires California financial institutions to secure the City's deposit 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 matrix pricing techniques. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

The following is a summary of the fair value measurements as of June 30, 2018:

	Fair Value	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Hierarchy:				
Negotiable Certificates of Deposit	$ 14,947,396	$	$ 14,947,396	$
US Government Agency Obligations	8,143,212		8,143,212	
Corporate Bonds	1,461,450		1,461,450	
Total Investments by Fair Value Hierarchy	24,552,058	$ -	$ 24,552,058	$ -
Investments Not Subject to Fair Value Hierarchy:				
Local Agency Investment Fund	24,939,941			
Money Market Funds	31,230			
California Employer's Retiree Benefit Trust Program Pooled Investments	2,798,420			
Total Investments Not Subject to Fair Value Hierarchy	27,769,591			
Total Investments Measured at Fair Value	$ 52,321,649			

2) CASH AND INVESTMENTS - Continued

Local Agency Investment Fund

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code 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, 2018 LAIF had a weighted average maturity of 193 days.

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, 2018, maturities were as follows for the City's investments:

Liquidity	Amount
FY 2018-19	$ 28,402,642
FY 2019-20	1,315,518
FY 2020-21	7,674,849
FY 2021-22	10,113,850
FY 2022-23	4,814,790
Total Investments	$ 52,321,649

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 of so that potential losses on individual securities will be minimized. Investment in U.S. Government Agency Obligation represents 16% of the City's investments at June 30, 2018. These U.S. government-sponsored enterprise agency securities are not explicitly guaranteed by the U.S. Government.

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, 2018, credit risk ratings were as follows for the City's investments:

	Rating	Fair Value
State Local Agency Investment Fund	Unrated	$ 24,939,941
California Employer's Retiree Benefit Trust Fund	Unrated	2,798,420
Negotiable Certificates of Deposit	Unrated	14,947,396
Money Market Funds	Unrated	31,230
U.S. Government Agency Obligations	AA+	8,143,212
Non-U.S. Corporate Bonds	AA-	970,650
U.S. Corporate Bonds	AA-	490,800
Total Investments		$ 52,321,649

3) ACCOUNTS RECEIVABLE

At June 30, 2018, accounts receivable consisted of the following:

	General	Housing In Lieu	Other Nonmajor Governmental Funds	Internal Service	Total Governmental Activities
Governmental Activities:					
Taxes Receivable	$ 1,622,405	$	$ 114,608	$	$ 1,737,013
Accounts Receivable	100,500		9,998		110,498
Due From Other Governments			61,250		61,250
Accrued Interest Receivable	30,972	3,599	18,411	4,296	57,278
Total Accounts Receivable	$ 1,753,877	$ 3,599	$ 204,267	$ 4,296	$ 1,966,039

	Water	Wastewater	Other Enterprise Funds	Total Business-Type Activities
Business-Type Activities:				
Accounts Receivable	$ 697,807	$ 823,384	$ 50,547	$ 1,571,738
Accrued Interest Receivable	27,235	29,613	5,374	62,222
Total Accounts Receivable	$ 725,042	$ 852,997	$ 55,921	$ 1,633,960

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, 2018, the current principal balance and accrued balance and accrued interest on the note receivable was $1,344,604.

5) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Additions	Transfers/ Deletions	Balance June 30, 2018
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 7,348,795	$	$	$ 7,348,795
Right-of-way - Street System	5,068,528			5,068,528
Construction in Progress	1,147,866	1,342,080		2,489,946
Total Capital Assets Not Being Depreciated	13,565,189	1,342,080	-	14,907,269
Capital Assets Being Depreciated:				
Buildings	5,531,963			5,531,963
Machinery and Equipment	2,802,515	136,929		2,939,444
Vehicles	4,685,931	910,845		5,596,776
Improvements	9,983,690	355,560	(19,540)	10,319,710
Infrastructure - Street System	51,250,109	3,876,634		55,126,743
Total Capital Assets Being Depreciated	74,254,208	5,279,968	(19,540)	79,514,636
Accumulated Depreciation:				
Buildings	(2,812,496)	(86,178)		(2,898,674)
Machinery and Equipment	(1,841,242)	(211,080)		(2,052,322)
Vehicles	(2,876,002)	(356,939)		(3,232,941)
Improvements	(4,553,386)	(384,380)	19,540	(4,918,226)
Infrastructure - Street System	(31,046,734)	(1,577,303)		(32,624,037)
Total Accumulated Depreciation	(43,129,860)	(2,615,880)	19,540	(45,726,200)
Total Capital Assets Being Depreciated, Net	31,124,348	2,664,088	-	33,788,436
Net Capital Assets, Governmental Activities	$ 44,689,537	$ 4,006,168	$ -	$ 48,695,705

5) CAPITAL ASSETS - Continued

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Business-type Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 377,775	$	$	$ 377,775
Construction in Progress	4,310,070	6,697,324		11,007,394
Total Capital Assets Not Being Depreciated	4,687,845	6,697,324	-	11,385,169
Capital Assets Being Depreciated:				
Buildings	333,726			333,726
Capacity Rights	1,044,264		(1,044,264)	-
Tanks, Wells and Improvements	11,449,066	592,944		12,042,010
Equipment	2,669,224	349,347	(153,039)	2,865,532
Pipelines and Collection System	32,114,652	477,500		32,592,152
Pier	2,142,553			2,142,553
Total Capital Assets Being Depreciated	49,753,485	1,419,791	(1,197,303)	49,975,973
Accumulated Depreciation:				
Buildings	(335,848)	(3,863)		(339,711)
Capacity Rights	(992,052)	(52,213)	1,044,265	-
Tanks, Wells and Improvements	(6,699,962)	(765,530)		(7,465,492)
Equipment	(1,276,187)	(295,395)	110,563	(1,461,019)
Pipelines and Collection System	(11,085,399)	(19,843)		(11,105,242)
Pier	(1,335,032)	(38,252)		(1,373,284)
Total Accumulated Depreciation	(21,724,480)	(1,175,096)	1,154,828	(21,744,748)
Total Capital Assets Being Depreciated, Net	28,029,005	244,695	(42,475)	28,231,225
Net Capital Assets				
Business-type Activities	$ 32,716,850	$ 6,942,019	$ (42,475)	$ 39,616,394

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	$ 24,587
Public Safety	229,641
Community Services	542,020
Infrastructure	1,451,071
Internal Service Funds	368,561
Total Depreciation - Governmental Activities	$ 2,615,880

5) CAPITAL ASSETS - Continued

Business-type Activities:	
Water	$ 472,939
Wastewater	642,043
Pier	44,633
Parking	15,481
Total Depreciation - Business-type Activities	$ 1,175,096

Total interest expense for business-type activities was $88,803 for the year ended June 30, 2018. The total amount was capitalized into construction in progress.

6) LONG-TERM DEBT

The City's internal service fund predominately serves the governmental funds. Accordingly, long-term liabilities of the internal service fun are included in governmental activities in the statement of net position. At June 30, 2018, compensated absences of the internal service fund were $7,403.

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.

Long-term activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018	Due Within One Year
Governmental Activities:					
Compensated Absences	$ 432,430	$ 190,234	$ (76,500)	$ 546,164	$ 136,541
Lease Revenue Bonds	7,685,000	4,061,917	(270,000)	11,476,917	257,074
Unamortized Bond Premium	190,763		(6,154)	184,609	
Total Long-Term Debt Governmental Activities	$ 8,308,193	$ 4,252,151	$ (352,654)	$ 12,207,690	$ 393,615

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018	Due Within One Year
Business-type Activities:					
Compensated Absences	$ 52,809	$ 37,781	$ (30,000)	$ 60,590	$ 15,148
Revenue Refunding Bonds	4,755,000		(215,000)	4,540,000	220,000
Unamortized Bond Premium	324,143		(20,259)	303,884	
State Revolving Loans	5,576,378		(565,173)	5,011,205	575,374
Total Long-term Debt Business-type Activities	$ 10,708,330	$ 37,781	$ (830,432)	$ 9,915,679	$ 810,522

6) LONG-TERM DEBT - Continued

2017 Lease Revenue Bonds

In June 2017, the Agency issued lease revenue bonds (2017 bonds) in the amount of $7,685,000 to fund the rehabilitation of the Pismo Beach pier. The debt is reported within the governmental activities and the related debt service payments are reported within the General Fund. The Base Rental Payments from a lease between the City and the Agency have been pledged by the Agency as security for the payment of principal and interest on the 2017 bonds. The City agreed to take such action as is necessary to budget for and to appropriate such amounts. The bonds maturing on or after December 1, 2027 are subject to redemption prior to maturity as specified in the bond resolution. The 2017 bonds bear interest at rates from 2% to 5%. Principal and interest are payable in semi-annual installments each June 1 and December 1 through 2047.

In the Statement of Net Position, the 2017 bonds include the related unamortized premium which is being amortized and charged to expense over the term of the 2017 bonds. At June 30, 2018, the unamortized premium was $184,609.

At June 30, 2018, future minimum principal and interest payments on the 2017 bonds were as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 135,000	$ 268,913	$ 403,913
2020	135,000	264,862	399,862
2021	145,000	259,263	404,263
2022	150,000	253,362	403,362
2023	155,000	246,488	401,488
2024-2028	895,000	1,109,513	2,004,513
2029-2033	1,105,000	901,662	2,006,662
2034-2038	1,315,000	689,012	2,004,012
2039-2043	1,550,000	454,406	2,004,406
2044-2048	1,830,000	164,500	1,994,500
Total	$ 7,415,000	$ 4,611,981	$ 12,026,981

2017B Lease Revenue Bonds

In December 2017, the Agency issued lease revenue bonds (2017B Federally taxable New Clean Renewable Energy Bonds) in the amount of $4,061,917 to fund the construction and installation of a fully-integrated solar photovoltaic generation and storage facility at the City's Wastewater Treatment Plant and an integrated solar photovoltaic generation facility at the Police Department. The debt is reported within the governmental activities and the related debt service payments are reported within the Public Financing Agency fund. The Base Rental Payments from a lease between the City and the Agency have been pledged by the Agency as security for the payment of principal and interest on the 2017B bonds. The City agreed to take such action as is necessary to budget for and to appropriate such amounts. The bonds maturing on or after December 1, 2037 are subject to redemption prior to maturity as specified in the bond resolution. The 2017B bonds bear interest at 4.370%. Principal and interest are payable in semi-annual installments each June 1 and December 1 through 2037.

6) LONG-TERM DEBT - Continued

2017B Lease Revenue Bonds - Continued

At June 30, 2018, future minimum principal and interest payments on the 2017B bonds were as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 122,074	$ 174,838	$ 296,912
2020	137,307	169,171	306,478
2021	143,307	163,040	306,347
2022	149,569	156,640	306,209
2023	156,106	149,961	306,067
2024-2028	889,016	638,947	1,527,963
2029-2033	1,101,002	422,330	1,523,332
2034-2038	1,363,536	154,060	1,517,596
Total	$ 4,061,917	$ 2,028,987	$ 6,090,904

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 agreement 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% to 5%. Principal and interest are payable in semi-annual installments each June 30 and December 30 through 2032.

At June 30, 2018, future minimum principal and interest payments on the 2012 bonds were as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 220,000	$ 168,163	$ 388,163
2020	235,000	159,063	394,063
2021	240,000	148,363	388,363
2022	255,000	135,988	390,988
2023	270,000	122,862	392,862
2024-2028	1,520,000	425,756	1,945,756
2029-2033	1,800,000	154,390	1,954,390
Total	$ 4,540,000	$ 1,314,585	$ 5,854,585

6) LONG-TERM DEBT - Continued

Wastewater Refunding Revenue Bonds, Series 2012 - Continued

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, 2018, the unamortized premium was $303,884.

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, 2018, principal and interest paid and total customer net revenues were $391,863 and $2,920,895, respectively.

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, 3018, future minimum principal and imputed interest payments on this loan payable were as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 528,102	$ 81,158	$ 609,260
2020	537,623	71,636	609,259
2021	547,317	61,943	609,260
2022	557,185	52,075	609,260
2023	567,231	42,028	609,259
2024-2026	1,763,797	63,981	1,827,778
Total	$ 4,501,255	$ 372,821	$ 4,874,076

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

6) LONG-TERM DEBT - Continued

State Revolving Fund Loans - Continued

At June 30, 2018, future minimum principal and imputed interest payments on this loan payable were as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 12,844	$ 1,802	$ 14,646
2020	13,087	1,559	14,646
2021	13,335	1,311	14,646
2022	13,588	1,059	14,647
2023	13,845	802	14,647
2024-2025	28,482	812	29,294
Total	$ 95,181	$ 7,345	$ 102,526

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 financial additional improvements.

At June 30, 2018, future minimum principal and imputed interest payments on this loan payable were as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 34,428	$ 7,478	$ 41,906
2020	35,049	6,857	41,906
2021	35,681	6,226	41,907
2022	36,324	5,582	41,906
2023	36,979	4,927	41,906
2024-2028	195,142	14,392	209,534
2029	41,166	742	41,908
Total	$ 414,769	$ 46,204	$ 460,973

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, 2018, principal and imputed interest paid and total system net revenues were $665,813 and $4,852,420, respectively.

7) PUBLIC EMPLOYEES RETIREMENT PLAN

A) General Information

Plan Description - All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The Local Government sponsors eight rate plans (three miscellaneous and five safety). Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of fulltime 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.

The Plan's provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Safety - Fire	
	Tier 1	**PEPRA**
Hire Date	Prior to January 1, 2013	On or After January 1, 2013
Benefit Formulas	2.0% at 50	2.7% at 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	14.971%	11.990%
Final Average Compensation Period	3-Year Average	3-Year Average

7) PUBLIC EMPLOYEES RETIREMENT PLAN - Continued

A) General Information about the Pension Plans - Continued

	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 Formulas	3.0% at 50	3.0% at 55	2.7% at 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% - 2.7%
Required Employee Contribution Rates	12%	12%	12%
Required Employer Contribution Rates	19.723%	16.842%	11.990%
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 Formulas	2.5% at 55	2.0% at 60	2.0% at 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% - 2.7%	1.0% - 2.0%	1.0% - 2.5%
Required Employee Contribution Rates	8%	8%	8%
Required Employer Contribution Rates	10.110%	7.200%	6.533%
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

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.

7) PUBLIC EMPLOYEES RETIREMENT PLAN - Continued

A) General Information about the Pension Plans - Continued

For the year ended June 30, 2018, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety	Total
Contributions - Employer	$ 898,126	$ 1,070,233	$ 1,968,359

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

As of June 30, 2018, the City reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	Miscellaneous	Safety	Total
Plan's Proportionate Share of the Net Pension Liability	$ 9,318,824	$ 9,431,482	$ 18,750,306

The City net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2017, 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, 2016 rolled forward to June 30, 2017 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, 2017 and 2018 was as follows:

	Miscellaneous	Safety	Total
Proportion - June 30, 2017	0.23735%	0.16669%	0.19506%
Proportion - June 30, 2018	0.23640%	0.15784%	0.18907%
Change - Increase/(Decrease)	-0.00095%	-0.00885%	-0.00599%

7) PUBLIC EMPLOYEES RETIREMENT PLAN - Continued

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued

For the year ended June 30, 2018, the City recognized pension expense of $3,241,138. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Made Subsequent to Measurement Date	$ 1,973,274	$
Changes in Assumptions	1,274,693	
Differences Between Expected and Actual Experience		(148,214)
Differences Between Projected and Actual Investment Earnings	312,079	
Difference Between Employer's Contribution and Proportionate Share of Contributions	195,834	(9,477)
Change in Employer's Proportion	129,457	(3,692)
Total	$ 3,885,337	$ (161,383)

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Made Subsequent to Measurement Date	$ 2,193,008	$
Changes in Assumptions	1,265,229	
Differences Between Expected and Actual Experience	69,855	
Differences Between Projected and Actual Investment Earnings	298,794	
Difference Between Employer's Contribution and Proportionate Share of Contributions	334,203	
Change in Employer's Proportion	28,311	(129,185)
Total	$ 4,189,400	$ (129,185)

7) PUBLIC EMPLOYEES RETIREMENT PLAN - Continued

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Made Subsequent to Measurement Date	$ 4,166,282	$
Changes in Assumptions	2,539,922	
Differences Between Expected and Actual Experience	69,855	(148,214)
Differences Between Projected and Actual Investment Earnings	610,873	
Difference Between Employer's Contribution and Proportionate Share of Contributions	530,037	(9,477)
Change in Employer's Proportion	157,768	(132,877)
Total	$ 8,074,737	$ (290,568)

Pension contributions subsequent to the measurement dates of $4,166,282 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	Deferred Outflows (Inflows) of Resources		
Year Ending June 30,	Miscellaneous Plan	Safety Plan	Total
2019	$ 583,720	$ 501,710	$ 1,085,430
2020	838,256	954,231	1,792,487
2021	513,992	586,102	1,100,094
2022	(185,288)	(174,836)	(360,124)
2023			
Thereafter			
Total	$ 1,750,680	$ 1,867,207	$ 3,617,887

7) PUBLIC EMPLOYEES RETIREMENT PLAN - Continued

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued

Actuarial Assumptions - The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increase	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 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, 2016 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 on the CalPERS website under Forms and Publications.

Changes in Assumptions - For the measurement date June 30, 2017, the accounting discount rate reduced from 7.65% to 7.15%. There were no changes in assumptions for the June 30, 2016 measurement date.

Discount Rate - The discount rate used to measure the total pension liability was 7.15% 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 most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans ran out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

7) PUBLIC EMPLOYEES RETIREMENT PLAN - Continued

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued

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 PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above the 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. The target allocation shown was adopted by the CalPERS Board effective July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10[(a)]	Real Return Years 11+[(b)]
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	100%		

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

7) PUBLIC EMPLOYEES RETIREMENT PLAN - Continued

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net position liability for the Plan, calculated using the discount rate for the 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 higher than the current rate:

	Miscellaneous	Safety	Total
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	$ 13,867,413	$ 13,958,606	$ 27,826,019
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	$ 9,318,824	$ 9,431,482	$ 18,750,306
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	$ 5,551,601	$ 5,730,783	$ 11,282,384

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

C. Payable to the Pension Plan

At June 30, 2018, the City reported a payable of $0, for the outstanding amount of contributions to the pension plan for the year ended June 30, 2018.

8) 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. The City entered into an agreement with the CalPERS California Employers' Retiree Benefit Trust (CERBT), an agent-multiple defined Healthcare Plan, to pre-fund the City's OPEB liability. CERBT issues a publicly available financial report in aggregate with other CERBT participating employers. That report may be obtained by contacting PERS, 400 P Street, Sacramento, California 95814.

Funding Policy

The contribution requirements of plan members and the City are established by and may be amended by the City. Plan members receiving benefits contributed to amounts of the total premiums.

8) OTHER POST EMPLOYMENT BENEFITS (OPEB) - Continued

Employees Covered

As of June 30, 2018 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	95
Inactive employees or beneficiaries currently receiving benefits	33
Inactive employees entitled to, but not yet receiving benefits	23
Total	151

Contributions

The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2018, the City made contributions of $280,000 plus $154,965 cash benefit payments and $103,000 implied subsidy benefit payments.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 based on the following actuarial methods and assumptions:

Net OPEB Liability

Actuarial Assumptions

Discount Rate	6.75%
Inflation	2.75%
Salary Increases	3.00% plus merit
Investment Rate of Return	6.75%
Mortality Rate[(1)]	Derived using CalPERS Membership Data for all funds
Pre-Retirement Turnover[(2)]	Derived using CalPERS Membership Data for all funds
Healthcare Trend Rate	7.5% (Non-Medicare) and 6.5% (Medicare) 4.25% (PEMHCA)

Notes:

(1) Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be access on the CalPERS website **www.calpers.ca.gov** under Forms and Publications.

(2) The pre-retirement turnover information was developed based on CalPERS specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website **www.calpers.ca.gov** under Forms and Publications.

8) OTHER POST EMPLOYMENT BENEFITS (OPEB) - Continued

***Net OPEB Liability* - Continued**

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	57.0%	4.82%
Fixed Income	27.0%	1.47%
TIPS	5.0%	1.29%
REITS	8.0%	3.76%
Commodities	3.0%	0.84%
Total	100%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projects benefit payments to determine the total OPEB liability.

8) OTHER POST EMPLOYMENT BENEFITS (OPEB) - Continued

Changes in the OPEB Liability

The changes in the net OPEB liability for the Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2017 ***(Valuation Date June 30, 2017)***	$ 4,120,110	$ 1,846,115	$ 2,273,995
Changes Recognized for the Measurement Period:			
Service Cost	153,152		153,152
Interest	279,739		279,739
Changes of Assumptions			-
Contributions - Employer		537,965	(537,965)
Net Investment Income		200,453	(200,453)
Benefit Payments	(257,965)	(257,965)	-
Administrative Expense		(1,012)	1,012
Net Changes	174,926	479,441	(304,515)
Balance at June 30, 2018 ***(Measurement Date June 30, 2017)***	$ 4,295,036	$ 2,325,556	$ 1,969,480

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

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	$ 2,489,885	$ 1,969,480	$ 1,534,885

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

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	$ 1,678,100	$ 1,969,480	$ 2,370,247

8) OTHER POST EMPLOYMENT BENEFITS (OPEB) - Continued

OPEB Plan Fiduciary Net Position

CERBT issues a publicly available financial report that may be obtained from the California Public Employees Retirement System Executive Office, 400 P Street, Sacramento, California 95814.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL)

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

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of $294,149. As of fiscal year ended June 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following services:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 534,785	$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on OPEB plan investments	-	(60,699)
Total	$ 534,785	$ (60,699)

8) OTHER POST EMPLOYMENT BENEFITS (OPEB) - Continued

***OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB* - Continued**

The $534,785 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date as the valuation was for the same reporting period. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as expense as follows:

Year Ended June 30,	Deferred Outflow/(Inflows) of Resources
2019	$ (15,175)
2020	(15,175)
2021	(15,175)
2022	(15,174)
2023	-
Thereafter	-

9) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

There were no interfund receivables and payables at June 30, 2018. Interfund transfers for the year ended June 30, 2018 were as follows:

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	$ 320,521	$ 2,700,017
Other Governmental Funds:		
State Gas Tax Fund		150,052
Local Transportation Streets Fund		204,641
Noncapital Grants Fund		116,792
Chapman House Estate Fund	241,062	
Park Development Fund		12,194
Circulation Improvement Fund	178,247	
Capital Projects Fund	1,623,649	
Impact Fees Fund		241,975
City of Pismo Beach Public Financing Agency Fund	620,792	796,454
Proprietary Funds:		
Water Fund		54,076
Wastewater Fund	762,410	137,669
Pier Fund	37,345	
Other Enterprise Funds:		
Parking Fund		6,534
Internal Service Funds	637,146	768
	$ 4,421,172	$ 4,421,172

9) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

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 Agency 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.

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.

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 $55,930 and $1,379,798 to the District and Water Authority, respectively, in its Water Fund.

10) JOINTLY GOVERNED ORGANIZATIONS AND OPERATING AGREEMENTS - Continued

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.

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 $1,327,869 as expenses in its Water Fund.

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.

11) RISK MANAGEMENT - Continued

Self-Insurance - Continued

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 reasonable 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, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlements 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, 2018 is summarized as follows:

Interest Earnings	$	1,753
Claims Expense		(4,150)
Estimated liability for reported claims and settlement expenses		(122,550)
Assets on Deposit		118,873
Estimated unpaid claims liability at June 30, 2018	$	(3,677)

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

Estimated unpaid claims liability at June 30, 2016	$	2,644
Claim payments and related expenditures reimbursement		(10,122)
Change in estimated claims liability for year ended June 30, 2017		28,612
Interest Earnings		998
Estimated unpaid claims asset at June 30, 2017		22,132
Claim payments and related expenditures reimbursement		(4,150)
Change in estimated claims liability for year ended June 30, 2018		(23,412)
Interest Earnings		1,753
Estimated unpaid claims liability at June 30, 2018	$	(3,677)

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.

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, 2018, including encumbrances outstanding at year-end, were as follows:

General Fund	$	161,612
Special Revenue Funds		3,379
Capital Project Funds		1,325,377
Enterprise Funds		8,832,093
Internal Service Funds		56,050
Total	$	10,378,511

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

13) NEW ACCOUNTING PRONOUNCEMENTS

In June of 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits 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 implemented this Statement and the effects are reflected in the financial statements.

In March of 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. Implementation of this Statement did not have a material impact on the City's financial statements.

13) NEW ACCOUNTING PRONOUNCEMENTS - Continued

In March of 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. The provisions of Statement No. 82 are effective for fiscal years beginning after June 15, 2016. Management has implemented this Statement and the effects are reflected in the financial statements.

In November of 2016, GASB issued Statement No. 83, *Certain 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 impact of this Statement on its financial statements

In January of 2017, GASB issued Statement No. 84*, Fiduciary Activities*. This Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. Activities meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the entity to disburse fiduciary resources. The provisions of Statement No. 84 are effective for fiscal years beginning after December 15, 2018. Management has not yet determined the impact of this Statement on its financial statements.

In March of 2017, GASB issued Statement No. 85, *Omnibus 2017*. Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The provisions of Statement No. 85 are effective for fiscal years beginning after June 15, 2017. Implementation of this Statement did not have an impact on the City's financial statements.

In May of 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues.* Statement No. 86 is meant to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources–resources other than the proceeds of refunding debt–are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The provisions of Statement No. 86 are effective for fiscal years beginning after June 15, 2017. Implementation of this Statement did not have a material impact on the City's financial statements.

In June of 2017, GASB issued Statement No. 87, *Leases.* Statement No. 87 increases the usefulness of entities' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions of Statement No. 87 are effective for fiscal years beginning after December 15, 2019. Management has not yet determined the impact of this Statement on its financial statements.

13) NEW ACCOUNTING PRONOUNCEMENTS - Continued

In March of 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement was issued to improve the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. Statement No. 88 is effective for fiscal years beginning after June 15, 2018. Management has not yet determined the impact of this Statement on its financial statements.

In June of 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement was issued to (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Statement No. 89 is effective for fiscal years beginning after December 15, 2019. Management has not yet determined the impact of this Statement on its financial statements.

In August of 2018, GASB issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*. This Statement was issued to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Statement No. 90 is effective for fiscal years beginning after December 15, 2018. Management has not yet determined the impact of this Statement on its financial statements.

14) PRIOR PERIOD ADJUSTMENT

The prior period adjustments of $2,438,470 and $189,399 relates to the implementation of GASB Statement 75 for postemployment benefits other than pensions. According to GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which was implemented by the City in the 2018 fiscal year, the City recognized liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to OPEB plan.

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Required Supplementary Information Section

City of Pismo Beach, California
Budgetary Comparison Schedule - General Fund
Budgetary Basis
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Fund Balances - Beginning of Year	$ 21,482,711	$ 21,482,711	$ 21,482,711	$ -
Resources (Inflows):				
Property Taxes	4,972,240	4,972,240	5,334,500	362,260
Sales Taxes	4,561,005	4,561,005	4,689,005	128,000
Transient Occupancy Taxes	9,750,060	9,750,060	10,039,921	289,861
Other Taxes	835,090	835,090	952,862	117,772
License and Permits	969,750	969,750	894,703	(75,047)
Fines and Forfeits	65,000	65,000	54,580	(10,420)
Subventions and Grants	52,680	68,930	93,862	24,932
Interest Income	142,000	142,000	222,038	80,038
Rental Income	185,769	185,769	200,845	15,076
Charges for Services	156,200	252,200	316,578	64,378
Miscellaneous	956,500	1,045,850	1,094,972	49,122
Proceeds from Bond Issuance		4,061,917		(4,061,917)
Transfers In	240,000	320,521	320,521	-
Amounts Available for Charges to Appropriations	44,369,005	48,713,043	45,697,098	(3,015,945)
Charges to Appropriations:				
General Government				
City Council	238,732	238,721	204,118	34,603
Administration	528,295	608,828	471,537	137,291
City Clerk	313,731	316,677	290,900	25,777
Human Resources	311,052	316,047	286,045	30,002
Legal	253,900	288,805	211,473	77,332
Conference and Visitors Bureau	725,859	749,924	700,467	49,457
Finance	974,253	991,676	872,327	119,349
Nondepartmental - Other	1,825,045	1,487,405	1,231,360	256,045
Nondepartmental - Capital Outlay	942,950	239,114	86,300	152,814
Nondepartmental - Retiree Medical	492,304	2,492,304	2,454,785	37,519
Facilities Maintenance	721,355	750,020	721,538	28,482
Public Safety:				
Police	6,220,458	6,248,807	5,997,162	251,645
Fire	2,663,294	2,634,398	2,288,139	346,259
Weed Abatement	20,340	20,340	17,103	3,237
Lifeguards	239,747	272,773	261,446	11,327
Public Works:				
Park Maintenance	1,096,786	1,114,990	1,083,635	31,355
Community Services:				
Buildings	767,258	788,561	705,209	83,352
Planning	833,957	958,806	744,884	213,922
Recreation	481,920	583,466	572,408	11,058
Engineering	783,896	778,402	727,683	50,719
Highways and Streets:				
Maintenance and Construction	664,715	756,485	617,735	138,750
Transfers Out	2,128,991	14,498,186	2,700,017	11,798,169
Total Charges to Appropriations	23,228,838	37,134,735	23,246,271	13,888,464
Fund Balance, End of Year	$ 21,140,167	$ 11,578,308	22,450,827	10,872,519

City of Pismo Beach, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Housing In-Lieu Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Charges for Services	$ 50,000	$ 50,000	$ 92,635	$ 42,635
Investment Earnings	7,800	7,800	40,260	32,460
Total Revenues	57,800	57,800	132,895	75,095
EXPENDITURES				
Current:				
Housing	14,353	14,353	14,353	-
Total Expenditures	14,353	14,353	14,353	-
Excess (Deficiency) of Revenues (Under) Over Expenditures	43,447	43,447	118,542	75,095
Net Change in Fund Balances	43,447	43,447	118,542	75,095
Fund Balance, Beginning of Year	3,293,846	3,293,846	3,293,846	-
Fund Balance, End of Year	$ 3,337,293	$ 3,337,293	$ 3,412,388	$ 75,095

City of Pismo Beach, California
Schedule of the City's Proportionate Share of the Net Pension Liability
And Related Ratios as of the Measurement Date
CalPERS Pension Plan Last Ten Years*
As of June 30, 2018

Miscellaneous

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	6/30/2017	0.236%	$ 9,318,824	$ 4,527,631	205.82%	71.82%
2017	6/30/2016	0.237%	$ 8,245,195	$ 4,440,847	185.67%	75.87%
2016	6/30/2015	0.097%	$ 6,684,633	$ 4,536,614	147.35%	79.89%
2015	6/30/2014	0.100%	$ 6,236,321	$ 4,300,887	145.00%	81.15%

Safety

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	6/30/2017	0.158%	$ 9,431,482	$ 1,950,209	483.61%	70.85%
2017	6/30/2016	0.167%	$ 8,633,480	$ 1,994,072	432.96%	72.69%
2016	6/30/2015	0.107%	$ 7,337,921	$ 2,137,977	343.22%	77.27%
2015	6/30/2014	0.112%	$ 6,971,092	$ 2,181,088	319.62%	78.83%

All Plans

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	6/30/2017	0.189%	$ 18,750,306	$ 6,477,840	289.45%	71.34%
2017	6/30/2016	0.195%	$ 16,878,675	$ 6,434,919	262.30%	71.68%
2016	6/30/2015	0.204%	$ 14,022,554	$ 6,674,591	210.09%	75.12%
2015	6/30/2014	0.212%	$ 13,207,413	$ 6,481,975	203.76%	79.99%

* Pension schedules are intended to show information for ten years, but fiscal year 2015 was the first year of implementation and information is required only for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available.

City of Pismo Beach, California
Schedule of Plan Contributions
CalPERS Pension Plan Last Ten Years*
As of June 30, 2018

Miscellaneous

Fiscal Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	$ 973,474	$ (1,973,474)	$ (1,000,000)	$ 4,745,829	41.58%
2017	$ 898,126	$ (898,126)	$ -	$ 4,527,631	19.84%
2016	$ 811,650	$ (811,650)	$ -	$ 4,440,847	18.28%
2015	$ 715,407	$ (1,715,407)	$ (1,000,000)	$ 4,536,614	37.81%
2014	$ 830,445	$ (830,445)	$ -	$ 4,300,887	19.31%

Safety

Fiscal Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	$ 1,193,008	$ (2,193,008)	$ (1,000,000)	$ 2,183,418	112.45%
2017	$ 1,070,233	$ (1,070,233)	$ -	$ 1,950,209	54.88%
2016	$ 976,050	$ (976,050)	$ -	$ 1,994,072	48.95%
2015	$ 687,175	$ (687,175)	$ -	$ 2,137,977	32.14%
2014	$ 733,719	$ (733,719)	$ -	$ 2,181,088	33.64%

All Plans

Fiscal Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	$ 2,166,482	$ (4,166,482)	$ (2,000,000)	$ 6,696,038	62.22%
2017	$ 1,968,359	$ (1,968,359)	$ -	$ 6,477,840	30.39%
2016	$ 1,787,700	$ (1,787,700)	$ -	$ 6,434,919	27.78%
2015	$ 1,402,582	$ (2,402,582)	$ (1,000,000)	$ 6,674,591	36.00%
2014	$ 1,564,164	$ (1,564,164)	$ -	$ 6,481,975	24.13%

* Pension schedules are intended to show information for ten years, but fiscal year 2015 was the first year of implementation and information is required only for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available. Contributions paid as of June 30, 2018 are deferred to June 30, 2019.

City of Pismo Beach, California
Schedule of Changes in the Net OPEB Liability and Related Ratios for
Measurement Periods Ended June 30
As of June 30, 2018

Measurement Period	2017
Total OPEB Liability	
Service Cost	$ 153,152
Interest on the Total OPEB Liability	279,739
Changes in Assumptions	-
Changes in Benefit Terms	-
Benefit Payments	(257,965)
Net Change in Total OPEB Liability	**174,926**
Total OPEB Liability - Beginning	**4,120,110**
Total OPEB Liability - Ending (a)	**$ 4,295,036**
Plan Fiduciary Net Position	
Contribution - Employer	$ 537,965
Net Investment Income	200,453
Benefit Payments	(257,965)
Administrative Expense	(1,012)
Net Change in Plan Fiduciary Net Position	**479,441**
Plan Fiduciary Net Position - Beginning	**1,846,115**
Plan Fiduciary Net Position - Ending (b)	**$ 2,325,556**
Net OPEB Liability - Ending (a)-(b)	**$ 1,969,480**
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.1%
Covered-employee Payroll	$ 6,688,838
Net OPEB Liability as a Percentage of Covered-employee Payroll	29.4%

Notes to Schedule:

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

City of Pismo Beach, California
Schedule of Contributions - OPEB
Last Ten Fiscal Years*

Fiscal Year Ended June 30, 2018	2018
Actuarially Determined Contribution (ADC)	$ 290,000
Contributions in Relation to the ADC	(534,785)
Contribution Deficiency (Excess)	$ (244,785)
Covered-Employee Payroll	$ 7,181,151
Contributions as a percentage of covered-employee payroll	7.4%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018 were from the June 30, 2018 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of payroll over a closed rolling 15-year period
Asset Valuation Method	Market value
Inflation	2.75%
Salary Increases	3.00% plus merit
Investment Rate of Return	6.75% per annum
Healthcare Cost-trend Rates	7.5% (Non-Medicare) and 6.5% (Medicare) 4.25% (PEMHCA)
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	Pre-retirement mortality probability based on 2014 CalPERS 1997-2011 Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007-2011 covering participants in CalPERS.

* Historical information is required only for measurement periods for which GASB 75 is applicable.
Future years' information will be displayed up to 10 years as information become available.

NOTE 1: BUDGETARY DATA

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

Sources/Inflows of Resources:		
Actual "amounts available for charges to appropriations" from budgetary comparison schedule:	$	45,697,098
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		(21,482,711)
Transfers in from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes		(320,521)
Total General Fund revenues as reported in the statement of revenues, expenditures and changes in fund balance - governmental funds	$	23,893,866
Uses/Outflows of Resources:		
Actual "total charges to appropriations" from the budgetary comparison schedule	$	23,246,271
Differences - budgetary basis to GAAP:		
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes		(2,700,017)
Total General Fund expenditures as reported in the statement of revenues, expenditures, and changes in fund balance - governmental funds	$	20,546,254

NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures did not exceed appropriations in the General Fund and Housing in Lieu Fund.

In the Non-major Governmental Funds, expenditures exceeded appropriations as follows:

Fund	Budget	Actual	Variance
Public Facilities Fund	$ -	$ 3	$ (3)
Developer Impact Fees Fund	-	1,853	(1,853)
Underground Utility Fund	-	57	(57)
City of Pismo Beach Financing Agency Fund	613,808	700,437	(86,629)

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 contribution 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: SCHEUDLE OF PLAN CONTRIBUTIONS

Change in Benefit Terms. There were no changes to benefit terms that applies to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities.

Change in Assumptions. In 2017, amounts reported reflect an adjustment of the discount rate from 7.65% to 7.15%. There were no changes in assumptions for the June 30, 2016 measurement date. In 2015, amounts reported reflect adjustment of the discounted rate from 7.5% (net of administrative expenses) to 7.65%. In 2014, amounts reported were based upon the 7.5% discount rate.

Supplementary Information Section

NON-MAJOR GOVERNMENTAL FUNDS

The City maintains the following non-major 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 Project 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 difference 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 Utilities 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 Agency is used to account for the accumulation of monies for payment of principal and interest on the 2017 Lease Revenue Bonds. As there was no activity in this fund in the current year other than issuance of bonds, all activity was shown in the General Fund so therefore; this fund is not included in the nonmajor governmental fund financial statements.

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

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City of Pismo Beach, California
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2018

	Special Revenue Funds			
	State Gas Tax	Local Transportation Streets	Public Education Grant	Noncapital Grants
ASSETS				
Cash and Investments	$ 326,259	$ 281,455	$ 130,060	$ 294,695
Cash and Investments with Fiscal Agent				
Taxes Receivable				
Accounts Receivable			9,713	
Due from Other Governments	17,479			
Accrued Interest Receivable	1,540	1,441	506	1,464
Total Assets	$ 345,278	$ 282,896	$ 140,279	$ 296,159
LIABILITIES				
Accounts Payable	$	$	$	$
Accrued Liabilities				
Deposits				
Total Liabilities	-	-	-	-
FUND BALANCES				
Restricted for:				
Capital Project Funding				
Streets and Highways	345,278	282,896		
Community Development			140,279	
Community Business Promotion				
Park Development				
Public Safety				89,439
Debt Service				
Committed for:				
Capital Projects				206,720
Assigned for:				
Capital Projects				
Total Fund Balances	345,278	282,896	140,279	296,159
Total Liabilities and Fund Balances	$ 345,278	$ 282,896	$ 140,279	$ 296,159

Special Revenue Funds		Capital Projects Funds		
Local Business Improvement	Chapman House Estate	Public Facilities	Park Development	Circulation Improvement
$ 464,065	$ 56,026	$ 815	$ 1,596,606	$ 614,381
114,608				
	285			
1,824	305	3	6,332	2,449
$ 580,497	$ 56,616	$ 818	$ 1,602,938	$ 616,830
$ 279,387	$ 2,876	$	$	$ 13,946
794	85			
280,181	2,961	-	-	13,946
				602,884
	53,655			
262,197				
			344,767	
38,119				
		818	1,258,171	
300,316	53,655	818	1,602,938	602,884
$ 580,497	$ 56,616	$ 818	$ 1,602,938	$ 616,830

Continued

City of Pismo Beach, California
Combining Balance Sheet - Continued
Non-major Governmental Funds
June 30, 2018

	Capital Projects Funds			
	Capital Projects	Impact Fees	Developer Impact Fees	Underground Utilities
ASSETS				
Cash and Investments	$ 399,259	$ 862,880	$ 155,132	$ 15,337
Cash and Investments with Fiscal Agent				
Taxes Receivable				
Accounts Receivable				
Due from Other Governments	43,771			
Accrued Interest Receivable		1,446	615	61
Total Assets	$ 443,030	$ 864,326	$ 155,747	$ 15,398
LIABILITIES				
Accounts Payable	$ 266,623	$ 6,892	$	$
Accrued Liabilities				
Deposits			99,423	
Total Liabilities	266,623	6,892	99,423	-
FUND BALANCES				
Restricted for:				
Capital Project Funding		380,932	56,324	15,398
Streets and Highways				
Community Development				
Community Business Promotion				
Park Development				
Public Safety				
Debt Service				
Committed for:				
Capital Projects		476,502		
Assigned for:				
Capital Projects	176,407			
Total Fund Balances	176,407	857,434	56,324	15,398
Total Liabilities and Fund Balances	$ 443,030	$ 864,326	$ 155,747	$ 15,398

Debt Service Funds					
City of Pismo Beach Public Financing Agency	Indio / El Portal Assessment District	Visalia Assessment District	Reassessment District	Total Non-major Governmental Funds
$	$ 634	$ 93,812	$ 12,523	$ 5,303,939
3,203,871				3,203,871
				114,608
				9,998
				61,250
	3	372	50	18,411
$ 3,203,871	$ 637	$ 94,184	$ 12,573	$ 8,712,077
$	$	$	$	$ 569,724
				879
				99,423
-	-	-	-	670,026
				452,654
				1,231,058
				193,934
				262,197
				344,767
				89,439
3,203,871	637	94,184	12,573	3,311,265
				721,341
				1,435,396
3,203,871	637	94,184	12,573	8,042,051
$ 3,203,871	$ 637	$ 94,184	$ 12,573	$ 8,712,077

City of Pismo Beach, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2018

	Special Revenue Funds			
	State Gas Tax	Local Transportation Streets	Public Education Grant	Noncapital Grants
REVENUES				
Subventions and Grants	$ 216,862	$ 116,318	$ 36,436	$ 139,417
Charges for Services				
Special Assessments				
Miscellaneous		2,500		
Investment Earnings	(2,001)	(255)	(729)	(1,982)
Total Revenues	214,861	118,563	35,707	137,435
EXPENDITURES				
Current:				
General Government				
Highways and Streets		528		
Community Services			385	
Housing				
Capital Outlay			819	
Debt Service:				
Debt Issuance Cost				
Principal				
Interest and Fiscal Charges				
Total Expenditures	-	528	1,204	-
Excess (Deficiency) of Revenues Over Expenditures	214,861	118,035	34,503	137,435
OTHER FINANCING SOURCES (USES)				
Transfers In				
Transfers Out	(150,052)	(204,641)		(116,792)
Revenue Bonds Issued				
Total Other Financing Sources (Uses)	(150,052)	(204,641)	-	(116,792)
Net Change in Fund Balances	64,809	(86,606)	34,503	20,643
Fund Balance, Beginning of Year	280,469	369,502	105,776	275,516
Fund Balance, End of Year	$ 345,278	$ 282,896	$ 140,279	$ 296,159

Special Revenue Funds		Capital Projects Funds		
Local Business Improvement	Chapman House Estate	Public Facilities	Park Development	Circulation Improvement
$	$	$	$	$
	1,201		10,100	
1,002,474				
	4,694			
(1,953)	(200)	(3)	(6,161)	(2,805)
1,000,521	5,695	(3)	3,939	(2,805)
1,000,554				
			3,864	127,207
	42,581			
	241,062			13,305
1,000,554	283,643	-	3,864	140,512
(33)	(277,948)	(3)	75	(143,317)
	241,062			178,247
			(12,194)	
-	241,062	-	(12,194)	178,247
(33)	(36,886)	(3)	(12,119)	34,930
300,349	90,541	821	1,615,057	567,954
$ 300,316	$ 53,655	$ 818	$ 1,602,938	$ 602,884

City of Pismo Beach, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
Non-major Governmental Funds
Year Ended June 30, 2018

	Capital Projects Funds			
	Capital Projects	Impact Fees	Development Impact Fees	Underground Utility
REVENUES				
Subventions and Grants	$ 184,083	$	$	$
Charges for Services		14,964		
Special Assessments				
Miscellaneous				
Investment Earnings		10,782	(1,134)	(57)
Total Revenues	184,083	25,746	(1,134)	(57)
EXPENDITURES				
Current:				
General Government				
Highways and Streets	148,788			
Community Services		20,788	1,853	
Housing				
Capital Outlay	1,671,527			
Debt Service:				
Debt Issuance Cost				
Principal				
Interest and Fiscal Charges				
Total Expenditures	1,820,315	20,788	1,853	-
Excess (Deficiency) of Revenues (Under) Over Expenditures	(1,636,232)	4,958	(2,987)	(57)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,623,649			
Transfers Out		(241,975)		
Revenue Bonds Issued				
Total Other Financing Sources (Uses)	1,623,649	(241,975)	-	-
Net Change in Fund Balances	(12,583)	(237,017)	(2,987)	(57)
Fund Balance, Beginning of Year	188,990	1,094,451	59,311	15,455
Fund Balance, End of Year	$ 176,407	$ 857,434	$ 56,324	$ 15,398

Debt Service Funds				
City of Pismo Beach Public Financing Agency	Indio / El Portal Assessment District	Visalia Assessment District	Reassessment District	Total Non-major Governmental Funds
$	$	$	$	$ 693,116
				26,265
				1,002,474
				7,194
18,053	(2)	(353)	(48)	11,152
18,053	(2)	(353)	(48)	1,740,201
				1,000,554
				149,316
				154,097
				42,581
				1,926,713
86,629				86,629
270,000				270,000
343,808				343,808
700,437	-	-	-	3,973,698
(682,384)	(2)	(353)	(48)	(2,233,497)
620,792				2,663,750
(796,454)				(1,522,108)
4,061,917				4,061,917
3,886,255	-	-	-	5,203,559
3,203,871	(2)	(353)	(48)	2,970,062
-	639	94,537	12,621	5,071,989
$ 3,203,871	$ 637	$ 94,184	$ 12,573	$ 8,042,051

City of Pismo Beach, California
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - State Gas Tax Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Subventions and Grants	$ 233,791	$ 233,791	$ 216,862	$ (16,929)
Investment Earnings	1,800	1,800	(2,001)	(3,801)
Total Revenues	235,591	235,591	214,861	(20,730)
Excess (Deficiency) of Revenues over Expenditures	235,591	235,591	214,861	(20,730)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(140,000)	(510,527)	(150,052)	360,475
Total Other Financing Sources (Uses)	(140,000)	(510,527)	(150,052)	360,475
Net Change in Fund Balances	95,591	(274,936)	64,809	339,745
Fund Balance, Beginning of Year	280,469	280,469	280,469	-
Fund Balance, End of Year	$ 376,060	$ 5,533	$ 345,278	$ 339,745

City of Pismo Beach, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Local Transportation Streets Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Intergovernmental	$ 166,000	$ 166,000	$ 116,318	$ (49,682)
Miscellaneous	2,500	2,500	2,500	-
Investment Earnings	2,500	2,500	(255)	(2,755)
Total Revenues	171,000	171,000	118,563	(52,437)
EXPENDITURES				
Current:				
Highways and Streets	9,526	9,526	528	8,998
Total Expenditures	9,526	9,526	528	8,998
Excess (Deficiency) of Revenues over Expenditures	161,474	161,474	118,035	(43,439)
OTHER FINANCING SOURCES (USES)				
Transfers Out		(526,181)	(204,641)	321,540
Total Other Financing Sources (Uses)	-	(526,181)	(204,641)	321,540
Net Change in Fund Balances	161,474	(364,707)	(86,606)	278,101
Fund Balance, Beginning of Year	369,502	369,502	369,502	-
Fund Balance, End of Year	$ 530,976	$ 4,795	$ 282,896	$ 278,101

City of Pismo Beach, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Public Education Grant Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Subventions and Grants	$ 25,000	$ 25,000	$ 36,436	$ 11,436
Investment Earnings	260	260	(729)	(989)
Total Revenues	25,260	25,260	35,707	10,447
EXPENDITURES				
Current:				
Community Development			385	(385)
Capital Outlay	39,400	39,785	819	38,966
Total Expenditures	39,400	39,785	1,204	38,581
Excess (Deficiency) of Revenues over Expenditures	(14,140)	(14,525)	34,503	49,028
Net Change in Fund Balances	(14,140)	(14,525)	34,503	49,028
Fund Balance, Beginning of Year	105,776	105,776	105,776	-
Fund Balance, End of Year	$ 91,636	$ 91,251	$ 140,279	$ 49,028

City of Pismo Beach, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Noncapital Grants Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Subventions and Grants	$ 100,000	$ 100,000	$ 139,417	$ 39,417
Investment Earnings	520	520	(1,982)	(2,502)
Total Revenues	100,520	100,520	137,435	36,915
EXPENDITURES				
Current:				
Public Safety		2,678		2,678
Total Expenditures	-	2,678	-	2,678
Excess (Deficiency) of Revenues over Expenditures	100,520	97,842	137,435	39,593
OTHER FINANCING SOURCES (USES)				
Transfers Out	(100,000)	(320,079)	(116,792)	203,287
Total Other Financing Sources (Uses)	(100,000)	(320,079)	(116,792)	203,287
Net Change in Fund Balances	520	(222,237)	20,643	242,880
Fund Balance, Beginning of Year	275,516	275,516	275,516	-
Fund Balance, End of Year	$ 276,036	$ 53,279	$ 296,159	$ 242,880

City of Pismo Beach, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Local Business Improvement Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Special Assessments	$ 975,756	$ 975,756	$ 1,002,474	$ 26,718
Investment Earnings	1,400	1,400	(1,953)	(3,353)
Total Revenues	977,156	977,156	1,000,521	23,365
EXPENDITURES				
Current:				
Community Services	1,095,006	1,099,934	1,000,554	99,380
Total Expenditures	1,095,006	1,099,934	1,000,554	99,380
Excess (Deficiency) of Revenues over Expenditures	(117,850)	(122,778)	(33)	122,745
Net Change in Fund Balances	(117,850)	(122,778)	(33)	122,745
Fund Balance, Beginning of Year	300,349	300,349	300,349	-
Fund Balance, End of Year	$ 182,499	$ 177,571	$ 300,316	$ 122,745

City of Pismo Beach, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Chapman House Estate Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Charges for Services	$ 1,200	$ 1,200	$ 1,201	$ 1
Miscellaneous	46,000	46,000	4,694	(41,306)
Investment Earnings	500	500	(200)	(700)
Total Revenues	47,700	47,700	5,695	(42,005)
EXPENDITURES				
Current:				
Housing	106,204	106,204	42,581	63,623
Capital Outlay		241,062	241,062	-
Total Expenditures	106,204	347,266	283,643	63,623
Excess (Deficiency) of Revenues over Expenditures	(58,504)	(299,566)	(277,948)	21,618
OTHER FINANCING SOURCES (USES)				
Transfers In		243,809	241,062	(2,747)
Total Other Financing Sources (Uses)	-	243,809	241,062	(2,747)
Net Change in Fund Balances	(58,504)	(55,757)	(36,886)	18,871
Fund Balance, Beginning of Year	90,541	90,541	90,541	-
Fund Balance, End of Year	$ 32,037	$ 34,784	$ 53,655	$ 18,871

City of Pismo Beach, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Public Facilities Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Investment Earnings	$	$	$ (3)	$ (3)
Total Revenues	-	-	(3)	(3)
Excess (Deficiency) of Revenues over Expenditures	-	-	(3)	(3)
Net Change in Fund Balances	-	-	(3)	(3)
Fund Balance, Beginning of Year	821	821	821	(3)
Fund Balance, End of Year	$ 821	$ 821	$ 818	$ (3)

City of Pismo Beach, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Park Development Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Charges for Services	$ 30,000	$ 30,000	$ 10,100	$ (19,900)
Investment Earnings			(6,161)	(6,161)
Total Revenues	30,000	30,000	3,939	(26,061)
EXPENDITURES				
Current:				
Community Services	3,863	33,051	3,864	29,187
Capital Outlay	1,205,000	1,226,773		1,226,773
Total Expenditures	1,208,863	1,259,824	3,864	1,255,960
Excess (Deficiency) of Revenues over Expenditures	(1,178,863)	(1,229,824)	75	1,229,899
OTHER FINANCING SOURCES (USES)				
Transfers Out		(14,404)	(12,194)	2,210
Total Other Financing Sources (Uses)	-	(14,404)	(12,194)	2,210
Net Change in Fund Balances	(1,178,863)	(1,244,228)	(12,119)	1,232,109
Fund Balance, Beginning of Year	1,615,057	1,615,057	1,615,057	-
Fund Balance, End of Year	$ 436,194	$ 370,829	$ 1,602,938	$ 1,232,109

City of Pismo Beach, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Circulation Improvement Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Investment Earnings	$	$	$ (2,805)	$ (2,805)
Total Revenues	-	-	(2,805)	(2,805)
EXPENDITURES				
Current:				
Community Services	275,000	275,000	127,207	147,793
Capital Outlay		162,000	13,305	148,695
Total Expenditures	275,000	437,000	140,512	296,488
Excess (Deficiency) of Revenues over Expenditures	(275,000)	(437,000)	(143,317)	293,683
OTHER FINANCING SOURCES (USES)				
Transfers In			178,247	178,247
Total Other Financing Sources (Uses)	-	-	178,247	178,247
Net Change in Fund Balances	(275,000)	(437,000)	34,930	471,930
Fund Balance, Beginning of Year	567,954	567,954	567,954	-
Fund Balance, End of Year	$ 292,954	$ 130,954	$ 602,884	$ 471,930

City of Pismo Beach, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Projects Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Subventions and Grants	$	$ 1,856,900	$ 184,083	$ (1,672,817)
Miscellaneous		1,785,094		(1,785,094)
Total Revenues	-	3,641,994	184,083	(3,457,911)
EXPENDITURES				
Current:				
Highways and Streets		175,622	148,788	26,834
Capital Outlay	1,165,000	14,393,497	1,671,527	12,721,970
Total Expenditures	1,165,000	14,569,119	1,820,315	12,748,804
Excess (Deficiency) of Revenues over Expenditures	(1,165,000)	(10,927,125)	(1,636,232)	9,290,893
OTHER FINANCING SOURCES (USES)				
Transfers In	1,165,000	10,809,212	1,623,649	(9,185,563)
Total Other Financing Sources (Uses)	1,165,000	10,809,212	1,623,649	(9,185,563)
Net Change in Fund Balances	-	(117,913)	(12,583)	105,330
Fund Balance, Beginning of Year	188,990	188,990	188,990	-
Fund Balance, End of Year	$ 188,990	$ 71,077	$ 176,407	$ 105,330

City of Pismo Beach, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Impact Fees Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Charges for Services	$	$	$ 14,964	$ 14,964
Miscellaneous		2,500		(2,500)
Investment Earnings	6,500	6,500	10,782	4,282
Total Revenues	6,500	9,000	25,746	16,746
EXPENDITURES				
Current:				
Community Services	31,108	164,795	20,788	144,007
Total Expenditures	31,108	164,795	20,788	144,007
Excess (Deficiency) of Revenues over Expenditures	(24,608)	(155,795)	4,958	160,753
OTHER FINANCING SOURCES (USES)				
Transfers Out		(335,000)	(241,975)	93,025
Total Other Financing Sources (Uses)	-	(335,000)	(241,975)	93,025
Net Change in Fund Balances	(24,608)	(490,795)	(237,017)	253,778
Fund Balance, Beginning of Year	1,568,553	1,568,553	1,094,451	474,102
Fund Balance, End of Year	$ 1,543,945	$ 1,077,758	$ 857,434	$ 727,880

City of Pismo Beach, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Developer Impact Fees Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Investment Earnings	$	$	$ (1,134)	$ (1,134)
Total Revenues	-	-	(1,134)	(1,134)
EXPENDITURES				
Current:				
Community Services			1,853	(1,853)
Total Expenditures	-	-	1,853	(1,853)
Excess (Deficiency) of Revenues over Expenditures	-	-	(2,987)	(2,987)
Net Change in Fund Balances	-	-	(2,987)	(2,987)
Fund Balance, Beginning of Year	59,311	59,311	59,311	-
Fund Balance, End of Year	$ 59,311	$ 59,311	$ 56,324	$ (2,987)

City of Pismo Beach, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Underground Utility Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Investment Earnings	$	$	$ (57)	$ (57)
Total Revenues	-	-	(57)	(57)
Excess (Deficiency) of Revenues over Expenditures	-	-	(57)	(57)
Net Change in Fund Balances	-	-	(57)	(57)
Fund Balance, Beginning of Year	15,455	15,455	15,455	-
Fund Balance, End of Year	$ 15,455	$ 15,455	$ 15,398	$ (57)

City of Pismo Beach, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - City of Pismo Beach Public Financing Agency Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Investment Earnings	$ -	$ -	$ 18,053	$ (18,053)
Total Revenues	-	-	18,053	(18,053)
EXPENDITURES				
Debt Service:				
Debt Issuance Cost			86,629	(86,629)
Principal		270,000	270,000	-
Interest and Fiscal Charges		343,808	343,808	-
Total Expenditures	-	613,808	700,437	(86,629)
Excess (Deficiency) of Revenues over Expenditures	-	(613,808)	(682,384)	(68,576)
OTHER FINANCING SOURCES (USES)				
Transfers In		613,808	620,792	6,984
Transfers Out			(796,454)	(796,454)
Revenue Bond Issued			4,061,917	4,061,917
Total Other Financing Sources (Uses)	-	613,808	3,886,255	3,272,447
Net Change in Fund Balances	-	-	3,203,871	3,203,871
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	$ -	$ -	$ 3,203,871	$ 3,203,871

City of Pismo Beach, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Indio/El Portal Assessment District Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Investment Earnings	$ -	$ -	$ (2)	$ (2)
Total Revenues	-	-	(2)	(2)
OTHER FINANCING SOURCES (USES)				
Transfers Out				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	(2)	(2)
Fund Balance, Beginning of Year	639	639	639	-
Fund Balance, End of Year	$ 639	$ 639	$ 637	$ (2)

City of Pismo Beach, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Visalia Assessment District Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Investment Earnings	$	$	$ (353)	$ (353)
Total Revenues	-	-	(353)	(353)
OTHER FINANCING SOURCES (USES)				
Transfers Out		(85,000)		85,000
Total Other Financing Sources (Uses)	-	(85,000)	-	85,000
Net Change in Fund Balances	-	(85,000)	(353)	84,647
Fund Balance, Beginning of Year	94,537	94,537	94,537	-
Fund Balance, End of Year	$ 94,537	$ 9,537	$ 94,184	$ 84,647

City of Pismo Beach, California
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Reassessment District Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Investment Earnings	$ -	$ -	$ (48)	$ (48)
Total Revenues	-	-	(48)	(48)
OTHER FINANCING SOURCES (USES)				
Transfers Out				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	(48)	(48)
Fund Balance, Beginning of Year	12,621	12,621	12,621	-
Fund Balance, End of Year	$ 12,621	$ 12,621	$ 12,573	$ (48)

NONMAJOR PROPRIETARY FUNDS

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

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, California
Combining Statement of Fund Net Position
Nonmajor Proprietary Funds
June 30, 2018

	Enterprise		Total Nonmajor Enterprise Funds
	Transit	Parking	
ASSETS			
Current Assets:			
Cash and Investments	$ 16,621	$ 2,178,419	$ 2,195,040
Accounts Receivable		50,547	50,547
Accrued Interest Receivable	60	5,314	5,374
Total Current Assets	16,681	2,234,280	2,250,961
Capital Assets:			
Equipment		679,279	679,279
Total Capital Assets		679,279	679,279
Less Accumulated Depreciation		(7,325)	(7,325)
Net Capital Assets	-	671,954	671,954
Total Assets	16,681	2,906,234	2,922,915
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related		88,974	88,974
OPEB Related		3,637	3,637
Total Deferred Outflows of Resources	-	92,611	92,611
LIABILITIES			
Current Liabilities:			
Accounts Payable	2,886	132,401	135,287
Accrued Liabilities		11,600	11,600
Compensated Absences		1,836	1,836
Total Current Liabilities	2,886	145,837	148,723
Noncurrent Liabilities:			
Compensated Absences		5,509	5,509
Net Pension Liability		213,400	213,400
Net Pension OPEB		13,392	13,392
Total Noncurrent Liabilities	-	232,301	232,301
Total Liabilities	2,886	378,138	381,024
DEFERRED INFLOWS OF RESOURCES			
Deferred Pensions		3,696	3,696
Deferred OPEB		413	413
Total Deferred Inflows of Resources	-	4,109	4,109
NET POSITION			
Net Investment in Capital Assets		671,954	671,954
Unrestricted	13,795	1,944,644	1,958,439
Total Net Position	$ 13,795	$ 2,616,598	$ 2,630,393

City of Pismo Beach, California
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Proprietary Funds
Year Ended June 30, 2018

	Enterprise		Total Nonmajor Enterprise Funds
	Transit	Parking	
OPERATING REVENUES			
Service Fees	$	$ 761,243	$ 761,243
Miscellaneous	10,000	2,173	12,173
Total Operating Revenues	10,000	763,416	773,416
OPERATING EXPENSES			
Salaries and Benefits		240,596	240,596
Services and Supplies	7,740	266,881	274,621
Depreciation and Amortization		15,481	15,481
Total Operating Expenses	7,740	522,958	530,698
Operating Income	2,260	240,458	242,718
NON-OPERATING REVENUES (EXPENSES)			
Investment Earnings	(83)	(3,659)	(3,742)
Gain (Loss) on Disposal of Capital Assets		(42,475)	(42,475)
Total Non-operating Revenues (Expenses)	(83)	(46,134)	(46,217)
Net Income Before Transfers	2,177	194,324	196,501
TRANSFERS			
Transfers Out		(6,534)	(6,534)
Total Transfers	-	(6,534)	(6,534)
Change in Net Position	2,177	187,790	189,967
Net Position - Beginning of Year	11,618	2,444,787	2,456,405
Prior Period Adjustment		(15,979)	(15,979)
Net Position - Beginning of Year, as Restated	11,618	2,428,808	2,440,426
Net Position - End of Year	$ 13,795	$ 2,616,598	$ 2,630,393

City of Pismo Beach, California
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
Year Ended June 30, 2018

	Enterprise		Total Nonmajor Enterprise Funds
	Transit	Parking	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	$ 10,000	$ 736,595	$ 746,595
Payments to Suppliers for Goods and Services	(7,515)	(147,934)	(155,449)
Payments to Employees for Wages and Benefits		(211,858)	(211,858)
Net Cash Provided by (Used for) Operating Activities	2,485	376,803	379,288
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to Other Funds		(6,534)	(6,534)
Net Cash Provided by (Used for) Noncapital Financing	-	(6,534)	(6,534)
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of Capital Assets		(674,278)	(674,278)
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	(674,278)	(674,278)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	(120)	(6,230)	(6,350)
Net Cash Provided by (Used for) Investing Activities	(120)	(6,230)	(6,350)
Net Change in Cash and Cash Equivalents	2,365	(310,239)	(307,874)
Cash and Cash Equivalents - Beginning of Year	14,256	2,488,658	2,502,914
Cash and Cash Equivalents - End of Year	$ 16,621	$ 2,178,419	$ 2,195,040

City of Pismo Beach, California
Combining Statement of Cash Flows - Continued
Nonmajor Proprietary Funds
Year Ended June 30, 2018

	Enterprise		Total Nonmajor Enterprise Funds
	Transit	Parking	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income (Loss)	$ 2,260	$ 240,458	$ 242,718
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and Amortization		15,481	15,481
Change in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:			
Accounts Receivables		(26,821)	(26,821)
Deferred Outflows of Resources - Pensions		(40,797)	(40,797)
Deferred Outflows of Resources - OPEB		(3,637)	(3,637)
Accounts Payable	225	118,947	119,172
Accrued Liabilities		3,360	3,360
Compensated Absences		3,083	3,083
Net Pension Liability		70,758	70,758
Net OPEB Liability		(2,071)	(2,071)
Deferred Inflows of Resources - Pensions		(1,855)	(1,855)
Deferred Inflows of Resources - OPEB		(103)	(103)
Net Cash Provided by Operating Activities	$ 2,485	$ 376,803	$ 379,288

City of Pismo Beach, California
Comparative Schedule of Capital Assets
By Source
June 30, 2018

	2018	2017
Capital Assets Used in Governmental Activities:		
Land	$ 7,348,795	$ 7,348,795
Buildings	5,531,963	5,531,963
Improvements	10,319,710	9,983,690
Equipment	3,280,047	3,026,900
Vehicles - Internal Service	5,256,173	4,461,549
Infrastructure - Street System:		
Right of Way	5,068,528	5,068,528
Pavement System	48,864,234	44,987,598
Medians	73,232	73,232
Curbs and Gutters	521,095	521,095
Sidewalks	313,961	313,961
Traffic Signals	415,408	415,408
Street Lights	1,212,168	1,212,168
Highway 101 Interchange	2,726,215	2,726,214
Bridges	26,829	26,829
Infrastructure - Beach Stairways	313,194	313,194
Infrastructure - Bluff Erosion	660,407	660,407
Construction In Progress	2,489,946	1,147,866
Total Capital Assets Used in Governmental Activities	$ 94,421,905	$ 87,819,397
Investment in Capital Assets from:		
General Fund	$ 2,465,524	$ 2,439,698
Contributions from Developers	11,114,380	7,422,736
Special Revenue Funds	3,864,681	3,624,354
Internal Service Fund	5,527,398	4,524,990
Capital Projects Fund	71,449,922	69,807,619
Total Investment in Capital Assets Used in Governmental Activities	$ 94,421,905	$ 87,819,397

City of Pismo Beach, California
Schedule of Changes in Capital Assets
By Source
June 30, 2018

	Right of Way and Land	Infrastructure	Buildings	Equipment, Vehicles, Improvements, and CIP	Total Cost
Governmental Capital Assets June 30, 2017	$ 12,417,323	$ 51,250,109	$ 5,531,963	$ 18,620,002	$ 87,819,397
Add:					
Expenditures from:					
Capital Projects		3,876,634		1,743,006	5,619,640
Internal Service				1,002,408	1,002,408
Deduct:					
Retired / Transferred				(19,540)	(19,540)
Governmental Capital Assets June 30, 2018	$ 12,417,323	$ 55,126,743	$ 5,531,963	$ 21,345,876	$ 94,421,905

City of Pismo Beach, California
Schedule of Capital Assets
By Function and Activity
June 30, 2018

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	$ 1,984,072	$ 4,051,604
Public Safety	5,566		2,844,973	3,673,013	6,523,552
Parks and Recreation	4,376,379		939,400	7,628,439	12,944,218
Street System and CIP	5,460,029	50,644,052		8,026,132	64,130,213
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	$ 12,417,323	$ 55,126,743	$ 5,531,963	$ 21,345,876	$ 94,421,905

City of Pismo Beach, California
Schedule of Changes in Capital Assets
By Function and Activity
June 30, 2018

Function and Activity	Beginning Balance	Additions	Transfers / Deductions	Ending Balance
General Government:				
General Operations	$ 3,835,912	$ 235,232	$ (19,540)	$ 4,051,604
Public Safety	5,719,944	803,608		6,523,552
Parks and Recreation	12,694,957	249,261		12,944,218
Streets and CIP	58,796,266	5,333,947		64,130,213
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	$ 87,819,397	$ 6,622,048	$ (19,540)	$ 94,421,905

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Statistical Section

City of Pismo Beach
Statistical Section - Overview
June 30, 2018

This part of the City of Pismo Beach 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 the reader 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 the reader 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 the services the City provides and the activities it performs.

Bond Issue Continuing Disclosure Information - Schedules 19-22

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 Fiscal Ended June 30

	2009	2010	2011	2012
Governmental activities:				
Net investment in capital assets	$ 40,830,144	$ 44,259,898	$ 42,143,882	$ 41,532,098
Restricted	7,506,507	5,552,350	5,502,365	4,580,838
Unrestricted	10,862,199	9,844,952	12,818,923	14,033,568
Total governmental activities net position	$ 59,198,850	$ 59,657,200	$ 60,465,170	$ 60,146,504
Business-type activities:				
Net investment in capital assets	$ 14,913,641	$ 14,846,635	$ 14,555,227	$ 14,168,786
Restricted	964,062	996,529	1,006,954	1,046,950
Unrestricted	9,239,666	9,635,848	10,172,270	11,754,782
Total business-type activities net position	$ 25,117,369	$ 25,479,012	$ 25,734,451	$ 26,970,518
Primary government (City wide totals):				
Net investment in capital assets	$ 55,743,785	$ 59,106,533	$ 56,699,109	$ 55,700,884
Restricted	8,470,569	6,548,879	6,509,319	5,627,788
Unrestricted	20,101,865	19,480,800	22,991,193	25,788,350
Total primary government net position	$ 84,316,219	$ 85,136,212	$ 86,199,621	$ 87,117,022

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

2013	2014	2015	2016	2017	2018
$ 41,657,581	$ 40,197,149	$ 39,251,227	$ 40,900,410	$ 42,378,253	$ 37,034,179
3,157,166	4,861,886	4,184,820	6,702,558	8,284,649	7,953,098
15,577,727	18,566,914	10,069,411	14,455,616	10,904,295	19,502,567
$ 60,392,474	$ 63,625,949	$ 53,505,458	$ 62,058,584	$ 61,567,197	$ 64,489,844
$ 18,715,142	$ 18,963,130	$ 20,129,677	$ 20,011,697	$ 22,281,718	$ 29,967,919
979,157	482,957	1,501,066	1,989,793	763,188	7,396,315
9,608,168	11,634,062	12,561,208	14,105,083	23,790,177	12,917,394
$ 29,302,467	$ 31,080,149	$ 34,191,951	$ 36,106,573	$ 46,835,083	$ 50,281,628
$ 60,372,723	$ 59,160,279	$ 59,380,904	$ 60,912,107	$ 64,659,971	$ 67,002,098
4,136,323	5,344,843	5,685,886	8,692,351	9,047,837	15,349,413
25,185,895	30,200,976	22,630,619	28,560,699	34,694,472	32,419,961
$ 89,694,941	$ 94,706,098	$ 87,697,409	$ 98,165,157	$ 108,402,280	$ 114,771,472

Schedule 2
City of Pismo Beach
Changes in Net Position, Last Ten Fiscal Years
(Accrual Basis of Accounting)
For Fiscal Year Ended June 30

	2009	2010	2011	2012
Expenses:				
Governmental activities:				
General government	$ 3,880,596	$ 4,572,394	$ 4,599,550	$ 5,510,343
Police	5,184,560	4,370,052	5,015,781	5,220,437
Fire	1,665,396	1,749,148	1,674,882	1,697,174
Public works	1,408,778	756,867	1,059,384	860,974
Streets	1,543,671	1,965,141	2,505,562	2,649,438
Community Services	3,655,274	2,773,862	2,628,374	2,929,011
Redevelopment and Housing	694,471	992,959	413,839	97,790
Interest on long-term debt	249,067	198,015	186,256	175,533
Total governmental activities expenses	18,281,813	17,378,438	18,083,628	19,140,700
Business-type activities:				
Water	3,408,747	4,465,850	4,722,232	4,346,199
Wastewater	2,713,322	2,940,176	3,161,602	3,022,147
Pier	198,006	107,074	287,367	111,824
Parking	229,037	265,889	299,100	284,659
Transit	2,274	6,077	6,532	8,740
Total business-type activities expenses	6,551,386	7,785,066	8,476,833	7,773,569
Total City government expenses	$ 24,833,199	$ 25,163,504	$ 26,560,461	$ 26,914,269
Program Revenues:				
Governmental activities:				
Charges for services:				
General government	$ 349,405	$ 1,020,708	$ 1,301,669	$ 1,462,725
Police protection	193,897	126,702	167,006	115,155
Fire protection	60,672	25,136	10,886	10,576
Public works	-	-	-	-
Streets	414,064	146,656	22,992	144,198
Community Services	1,579,236	1,049,444	650,435	1,135,056
Redevelopment and Housing	156,920	91,804	5,098	86,264
Operating grants and contributions	640,334	475,389	446,036	692,373
Capital grants and contributions	5,306,814	676,094	1,683,554	1,333,881
Total governmental activities program revenues	8,701,342	3,611,933	4,287,676	4,980,228

2013	2014	2015	2016	2017	2018
$ 6,053,693	$ 5,860,017	$ 8,310,400	$ 6,478,517	$ 6,138,982	$ 8,682,523
5,276,282	4,949,673	3,556,827	4,415,960	5,057,206	5,524,313
1,743,101	2,020,895	2,094,768	2,300,397	2,404,407	2,273,823
1,863,593	1,870,369	1,752,177	2,191,332	2,165,762	3,538,379
3,063,624	2,668,703	3,254,806	1,894,967	2,807,486	758,733
1,802,310	1,983,046	1,848,006	1,730,536	1,575,249	2,184,612
1,000	500	4,700	5,172	9,779	141,952
161,092	151,162	140,806	129,590	149,699	424,283
19,964,695	19,504,365	20,962,490	19,146,471	20,308,570	23,528,618
4,293,748	4,438,880	4,790,817	5,411,932	5,130,481	5,627,557
2,991,561	3,332,885	2,892,629	3,218,792	3,543,794	2,988,446
91,199	80,406	206,484	74,525	106,954	94,835
364,146	326,696	370,458	584,809	412,831	522,958
8,755	10,762	8,615	8,915	10,321	7,740
7,749,409	8,189,629	8,269,003	9,298,973	9,204,381	9,241,536
$ 27,714,104	$ 27,693,994	$ 29,231,493	$ 28,445,444	$ 29,512,951	$ 32,770,154
$ 1,561,512	$ 1,762,469	$ 1,951,778	$ 1,996,898	$ 2,082,125	$ 2,141,024
119,945	134,343	114,191	99,422	123,365	147,488
28,251	48,104	137,922	110,111	73,061	42,794
859,602	1,511,764	1,598,614	1,924,604	2,397,389	851,257
11,151	33,950	182,728	232,322	163,015	7,663
232,068	838,828	747,979	808,849	438,089	309,107
5,507	66,410	711,956	1,366,649	543,889	92,635
758,435	653,736	1,014,648	720,505	494,291	436,647
245,533	303,229	231,893	179,020	803,852	4,079,117
3,822,004	5,352,833	6,691,709	7,438,380	7,119,076	8,107,732

Schedule 2
City of Pismo Beach
Changes in Net Position, Last Ten Fiscal Years - Continued
(Accrual Basis of Accounting)
For Fiscal Year Ended June 30

	2009	2010	2011	2012
Business-type activities:				
Charges for services:				
Water	$ 3,375,620	$ 3,101,850	$ 3,391,156	$ 3,711,537
Wastewater	3,186,444	3,110,960	3,323,502	3,537,357
Pier	13,918	17,654	15,113	13,361
Parking	649,184	693,461	521,227	567,892
Transit	-	3	(3)	-
Operating grants and contributions	1,602	-	-	-
Capital grants and contributions	1,167,565	-	-	31,700
Total business-type activities programs revenues	8,394,333	6,923,928	7,250,995	7,861,847
Total City government program revenues	$ 17,095,675	$ 10,535,861	$ 11,538,671	$ 12,842,075
Net Revenues (Expenses):				
Governmental activities	$ (9,580,471)	$ (13,766,505)	$ (13,795,952)	$ (14,160,472)
Business-type activities	1,842,947	(861,138)	(1,225,838)	88,278
Total City government	$ (7,737,524)	$ (14,627,643)	$ (15,021,790)	$ (14,072,194)
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Taxes:				
Property taxes	$ 3,910,044	$ 3,846,298	$ 3,803,530	$ 3,763,419
Incremental property taxes	760,156	334,095	346,178	172,829
Sales taxes	2,813,264	3,136,677	3,379,575	3,511,091
Transient occupancy taxes	5,906,838	5,779,601	6,269,608	6,931,197
Other taxes	759,922	710,977	707,450	778,402
Investment earnings	341,644	394,594	272,846	233,627
Miscellaneous	25,049	32,205	44,214	-
Transfers	(311,086)	(9,592)	(219,479)	143,770
Extraordinary item - RDA	-	-	-	(1,692,529)
Total governmental activities	14,205,831	14,224,855	14,603,922	13,841,806
Business-type activities				
Special Water Taxes	1,187,392	1,213,189	1,261,798	1,291,559
Investment Earnings	-	-	-	-
Gain (Loss) on Sale of Asset	-	-	-	-
Other Revenue	-	-	-	-
Transfers	311,086	9,592	219,479	(143,770)
Total business-type activities	1,498,478	1,222,781	1,481,277	1,147,789
Total City government	$ 15,704,309	$ 15,447,636	$ 16,085,199	$ 14,989,595
Change in net position:				
Governmental activities	$ 4,625,360	$ 458,350	$ 807,970	$ (318,666)
Business-type activities	3,341,425	361,643	255,439	1,236,067
Total City government	$ 7,966,785	$ 819,993	$ 1,063,409	$ 917,401

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

2013	2014	2015	2016	2017	2018
$ 3,459,033	$ 3,920,594	$ 3,817,994	$ 4,709,473	$ 5,448,798	$ 4,849,034
3,572,531	3,848,743	5,065,797	4,633,274	4,765,561	5,047,984
14,024	14,105	14,925	15,904	37,071	24,045
515,675	551,567	566,370	644,922	816,689	763,416
6,505	8,103	18,016	10,539	15,002	10,000
-	-	-	-	-	-
-	-	-	31,850	-	-
7,567,768	8,343,112	9,483,102	10,045,962	11,083,121	10,694,479
$ 11,389,772	$ 13,695,945	$ 16,174,811	$ 17,484,342	$ 18,202,197	$ 18,802,211
$ (16,142,691)	$ (14,151,532)	$ (14,270,781)	$ (11,708,091)	$ (13,189,494)	$ (15,420,886)
(181,641)	153,483	1,214,099	746,989	1,878,740	1,452,943
$ (16,324,332)	$ (13,998,049)	$ (13,056,682)	$ (10,961,102)	$ (11,310,754)	$ (13,967,943)
$ 4,015,999	$ 4,193,186	$ 4,392,370	$ 4,662,304	$ 5,054,866	$ 5,334,500
-	-	-	-	-	
3,905,814	4,104,284	4,497,958	4,485,779	4,433,756	4,689,005
7,279,501	7,988,237	8,682,119	9,199,947	9,330,651	10,039,921
848,095	863,698	890,811	915,610	1,045,733	976,359
137,101	142,180	205,281	397,199	168,833	306,056
-	-	64,428	74,243	227,618	37,638
26,409	93,422	(696,140)	(71,219)	(7,563,349)	(601,476)
-	-	-	-	-	-
16,212,919	17,385,007	18,036,827	19,663,863	12,698,108	20,782,003
1,543,588	1,717,621	2,672,840	1,266,322	1,286,422	1,320,604
-	-	-	-	-	(26,137)
-	-	-	-	-	240,120
-	-	-	-	-	46,948
(26,409)	(93,422)	696,140	71,219	7,563,349	601,476
1,517,179	1,624,199	3,368,980	1,337,541	8,849,771	2,183,011
$ 17,730,098	$ 19,009,206	$ 21,405,807	$ 21,001,404	$ 21,547,879	$ 22,965,014
$ 70,228	$ 3,233,475	$ 3,766,046	$ 7,955,772	$ (491,386)	$ 5,361,117
1,335,538	1,777,682	4,583,079	2,084,530	10,728,511	3,635,954
$ 1,405,766	$ 5,011,157	$ 8,349,125	$ 10,040,302	$ 10,237,125	$ 8,997,071

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

	2009	2010	2011	2012
General fund:				
Reserved	$ 830,542	$ 1,171,483	$ -	$ -
Unreserved	8,058,030	8,345,169	-	-
Nonspendable	-	-	768,088	462,005
Restricted	-	-	-	-
Committed	-	-	190,575	141,756
Assigned	-	-	7,265,958	7,665,163
Unassigned	-	-	714,379	2,141,222
Total general fund	8,888,572	9,516,652	8,939,000	10,410,146
All other governmental funds:				
Reserved	606,929	606,763	-	-
Unreserved reported in:				
Special revenue funds	4,423,051	1,640,880	-	-
Capital projects funds	3,051,831	3,752,951	-	-
Debt service funds	105,231	117,314	-	-
Nonspendable	-	-	-	1,657,235
Restricted	-	-	5,502,365	2,856,132
Committed	-	-	126,295	-
Assigned	-	-	368,032	276,240
Unassigned	-	-	-	(1,639,658)
Total all other governmental funds	8,187,042	6,117,908	5,996,692	3,149,949
Total all governmental funds	$ 17,075,614	$ 15,634,560	$ 14,935,692	$ 13,560,095

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.

2013	2014	2015	2016	2017	2018
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
965,312	88,805	37,096	37,292	43,026	41,262
-	-	-	-	-	-
204,139	9,592,749	8,258,692	13,676,510	13,651,916	14,835,873
6,103,064	-	-	-		403,227
3,361,546	4,825,898	7,346,781	5,398,701	7,787,769	7,170,465
10,634,061	14,507,452	15,642,569	19,112,503	21,482,711	22,450,827
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,697,235	1,121,826	1,086,826	1,086,826	-	-
3,135,353	4,201,623	4,184,820	6,702,558	5,766,454	7,953,098
-	288,953	895,777	41,923	2,344,205	2,065,945
236,068	-	-	622,145	255,176	1,435,396
(1,635,422)	(426,563)	-	-	-	-
3,433,234	5,185,839	6,167,423	8,453,452	8,365,835	11,454,439
$ 14,067,295	$ 19,693,291	$ 21,809,992	$ 27,565,955	$ 29,848,546	$ 33,905,266

Schedule 4
City of Pismo Beach
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(In Rounded Thousands of Dollars)
(Modified accrual basis of accounting)
For Fiscal Year Ended June 30

	2009	2010	2011	2012
Revenues:				
Taxes	$ 14,150	$ 13,456	$ 14,506	$ 15,157
Licenses and permits	1,231	872	477	886
Fines and forfeits	137	100	97	82
Charges for services	904	951	873	1,147
Special assessments	-	411	624	686
Intergovernmental	1,487	1,247	2,190	1,984
Investment earnings & rent	724	447	332	269
Other revenues	64	41	12	110
Total revenues	18,697	17,525	19,111	20,321
Expenditures:				
General government	3,624	4,635	4,801	4,860
Public safety	6,317	6,445	6,574	6,792
Planning and Public Works	4,950	4,772	4,187	5,659
Recreation				
Capital outlay	1,941	2,369	3,258	3,115
Debt service:				
Costs of issuance	-	-	-	-
Principal	260	280	250	270
Interest	259	200	187	176
Total expenditures	17,351	18,701	19,257	20,872
Excess of revenues over (under) expenditures	1,346	(1,176)	(146)	(551)
Other Financing Sources (Uses)				
Proceeds from borrowing	-	-	-	-
Payments to escrow agent	-	-	-	-
Early redemption of bonds	1,438	-	-	-
Transfers in	1,769	2,862	2,689	2,686
Transfers out	(2,292)	(3,127)	(3,242)	(2,819)
Total other financing sources (uses)	915	(265)	(553)	(133)
Extraordinary item:				
Dissolution of RDA	-	-	-	(692)
Net change in fund balance	$ 2,261	$ (1,441)	$ (699)	$ (1,376)
Debt service as a percentage of noncapital expenditures	3.37%	2.94%	2.73%	2.51%

2013	2014	2015	2016	2017	2018
$ 16,369	$ 17,136	$ 18,463	$ 19,261	$ 19,763	$ 21,016
814	1,355	1,594	1,918	2,423	895
64	67	68	56	43	55
320	1,168	1,887	2,588	1,318	435
728	799	868	920	933	1,002
1,129	927	1,188	940	1,402	787
261	289	393	420	333	474
616	1,414	894	959	1,101	1,102
20,301	23,155	25,355	27,062	27,316	25,766
5,926	5,488	7,795	6,197	6,026	8,445
6,856	6,823	6,693	7,278	7,942	8,564
3,791	4,160	5,824	4,468	4,746	4,812
2,508	436	1,370	2,320	2,570	2,013
-	-	-	-		86
275	290	300	310	3,040	270
162	152	142	131	160	344
19,518	17,349	22,124	20,704	24,484	24,534
783	5,806	3,231	6,358	2,832	1,232
-	-	-	-	7,876	4,062
-	-	-	-	-	-
-	-	-	-	-	-
2,825	825	3,430	2,240	5,498	2,984
(3,101)	(1,099)	(4,544)	(2,842)	(13,923)	(4,222)
(276)	(274)	(1,114)	(602)	(549)	2,824
-	-	-	-	-	-
$ 507	$ 5,532	$ 2,117	$ 5,756	$ 2,283	$ 4,056
2.57%	2.61%	2.13%	2.40%	14.60%	2.74%

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			
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%
2016-2017	2,938,649	39,575	2,978,224	1.00%	7,403,158	40.23%
2017-2018	3,127,849	43,541	3,171,390	1.00%	7,881,824	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
For The 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
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%	0.1092%	0.0136%	1.1228%
2016-2017	1.00%	0.00%	1.00%	0.1082%	0.0128%	1.1210%
2017-2018	1.00%	0.00%	1.00%	0.1502%	0.0113%	1.1615%

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 Payers
Last Ten Fiscal Years
(Dollar Amounts in Thousands)

2018				2017			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Pismo Beach Mobile Home Park	$ 33,168	1	1.05%	Pismo Beach Mobile Home Park	$ 30,394	1	1.02%
Prime Outlets of Pismo Beach	30,624	2	0.97%	Prime Outlets of Pismo Beach	30,032	2	1.01%
Core Pismo, LLC	25,142	3	0.79%	Core Pismo, LLC	24,667	3	0.83%
Spalding G. Wathen, Inc.	20,601	4	0.65%	Spalding G. Wathen, Inc.	20,197	4	0.68%
Castleback Pismo Beach	17,262	5	0.54%	Castleback Pismo Beach	16,941	5	0.57%
Cliffs Resort, LLC	16,321	6	0.51%	Heron Crest Development	16,278	6	0.55%
Heron Crest Development	15,950	7	0.50%	Cliffs Resort, LLC	16,031	7	0.54%
Pismo Coast Plaza, LLC	15,769	8	0.50%	Pismo Coast Plaza, LLC	15,459	8	0.52%
Pismo Shore Cliff, Inc.	15,393	9	0.49%	Pismo Shore Cliff, Inc.	15,101	9	0.51%
Henry F. Myers Trust	13,951	10	0.44%	Henry F. Myers Trust	13,678	10	0.46%
Total	$ 204,181		6.44%	Total	$ 198,778		6.67%

2016				2015			
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.	$ 34,772	1	1.26%	Martin Resorts, Inc.	$ 34,109	1	1.31%
Prime Outlets of Pismo Beach	29,576	2	1.07%	Prime Outlets of Pismo Beach	29,050	2	1.12%
Pismo Beach Mobilehome Park	27,500	3	0.99%	Pismo Beach Mobilehome Park	25,854	3	0.99%
Core Pismo, LLC	24,238	4	0.88%	Core Pismo, LLC	23,723	4	0.91%
Spalding G. Wathen, Inc.	19,893	5	0.72%	Spalding G. Wathen, Inc.	20,329	5	0.78%
Castleblack Pismo Beach	17,300	6	0.62%	Heron Crest Development	15,719	6	0.60%
Heron Crest Development	16,033	7	0.58%	Cliffs Resort, LLC	15,011	7	0.58%
Cliffs Resort, LLC	15,291	8	0.55%	Pismo Coast Plaza, LLC	14,929	8	0.57%
Pismo Coast Plaza, LLC	15,227	9	0.55%	Henry F. Myers Trust	13,197	9	0.51%
Henry F. Myers Trust	13,679	10	0.49%	Castleblack Pismo Beach	11,819	10	0.45%
Total	$ 213,509		7.71%	Total	$ 203,740		7.83%

2014				2013			
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.	$ 33,959	1	1.36%	Martin Resorts, Inc.	$ 33,311	1	1.38%
Prime Outlets of Pismo Beach	28,919	2	1.16%	Prime Outlets of Pismo Beach	27,485	2	1.14%
Pismo Beach Mobilehome Park	24,645	3	0.99%	Spalding G. Wathen	23,600	3	0.98%
Core Pismo, LLC	23,620	4	0.95%	Pismo Beach Mobilehome Park	22,778	4	0.94%
Spalding G. Wathen, Inc.	21,058	5	0.84%	Core Pismo, LLC	19,335	5	0.80%
Heron Crest Development	15,648	6	0.63%	Heron Crest Development	15,341	6	0.64%
Cliffs Resort, LLC	14,948	7	0.60%	Cliffs Resort, LLC	14,675	7	0.61%
Pismo Coast Plaza, LLC	14,862	8	0.60%	Pismo Coast Plaza LLC	13,532	8	0.56%
K Partners Pismo Beach LP	11,773	9	0.47%	Kingfisher Canyon Development	12,068	9	0.50%
Pismo Development Group, LLC	10,610	10	0.43%	K Partners Pismo Beach LP	11,798	10	0.49%
Total	$ 200,042		8.02%	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%

2010

Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Martin Resorts, Inc.	$ 33,829	1	1.39%
Prime Outlets of Pismo Beach	26,930	2	1.11%
Pismo Beach Mobilehome Park	23,904	3	0.98%
Spalding G. Wathen	23,766	4	0.98%
Core Pismo, LLC	22,716	5	0.93%
Heron Crest Development	14,964	6	0.61%
Cliffs Resort, LLC	14,338	7	0.59%
Pismo Coast Plaza LLC	13,285	8	0.55%
MP Pismo Investments LLC	11,628	9	0.48%
K Partners Pismo Beach LP	11,366	10	0.47%
Total	$ 196,726		8.07%

2009

Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Martin Resorts, Inc.	$ 33,184	1	1.37%
Prime Outlets of Pismo Beach	25,203	2	1.04%
Spalding G. Wathen	23,300	3	0.96%
Core Pismo, LLC	22,290	4	0.92%
Pismo Beach Mobilehome Park	22,026	5	0.91%
Heron Crest Development	15,141	6	0.63%
Cliffs Resort, LLC	14,176	7	0.59%
Pismo Coast Plaza LLC	13,093	8	0.54%
175 Pomeroy, LLC	12,000	9	0.50%
Pismo Hotel Properties	11,173	10	0.46%
Total	$ 191,586		7.92%

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
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%
2016-2017	5,054,866	5,054,866	100.00%
2017-2018	5,334,500	5,334,500	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
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	7.75%	1.00%	0.50%	3,511,091
2012-2013	248,116,800	8.00%	1.00%	0.50%	3,905,814
2013-2014	268,253,800	8.00%	1.00%	0.50%	4,104,284
2014-2015	275,456,400	8.00%	1.00%	0.50%	4,497,958
2015-2016	284,997,500	8.00%	1.00%	0.50%	4,485,779
2016-2017	288,353,100	7.75%	1.00%	0.50%	4,433,756
2017-2018	286,522,200	7.75%	1.00%	0.50%	4,689,005

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. Total rate updated back to 2009 in fiscal year 2016-17.

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)

2017

Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Restaurants	$ 77,017	1	26.70%
Apparel Stores	73,310	2	25.41%
Other Retail Stores	57,987	3	20.10%
All Other Outlets	53,314	4	18.48%
Service Stations	26,830	5	9.30%
Food Stores	-	6	0.00%
Total	$ 288,458		100.00%

2016

Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Restaurants	$ 75,757	1	26.06%
Apparel Stores	74,594	2	25.66%
Other Retail Stores	61,200	3	21.05%
All Other Outlets	52,976	4	18.23%
Service Stations	26,150	5	9.00%
Food Stores	-	6	0.00%
Total	$ 290,677		100.00%

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%

2009

Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Apparel Stores	$ 53,872	1	25.60%
Restaurants	52,780	2	25.08%
Other Retail Stores	36,424	3	17.31%
All Other Outlets	34,497	4	16.39%
Service Stations	26,254	5	12.47%
Food Stores	6,642	6	3.16%
Total	$ 210,469		100.00%

2008

Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Restaurants	$ 53,925	1	23.26%
Apparel Stores	49,684	2	21.43%
Other Retail Stores	47,795	3	20.61%
All Other Outlets	40,151	4	17.32%
Service Stations	33,186	5	14.31%
Food Stores	7,115	6	3.07%
			0.00%
Total	$ 231,856		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			
2018	**2017**	**2016**	**2015**
Arco	Arco	Arco	Arco
Brads Restaurant	Brads Restaurant	Brads Restaurant	Brads Restaurant
California Fresh	California Fresh	California Fresh	California Fresh
Calvin Klein	Calvin Klein	Calvin Klein	Calvin Klein
Chevron	Chevron	Cliffs at Shell Beach	Cliffs at Shell Beach
Cliffs at Shell Beach	Cliffs at Shell Beach	Coach	Coach
Coach	Coach	Cool Cat Café	Cool Cat Café
Cracked Crab	Cracked Crab	Cracked Crab	Cracked Crab
CVS Pharmacy	CVS Pharmacy	CVS Pharmacy	CVS Pharmacy
F Mclintocks Saloon	Dolphin Bay Lido Restaurant	Dolphin Bay Hotel & Lido Rest.	Dolphin Bay Hotel & Lido Rest.
Levis Outlet	F Mclintocks Saloon	McLintocks	McLintocks
Miller 76	Levis Outlet	Five Cities Chevron	Five Cities Chevron
Nike	Miller 76	Giuseppes Cucina	Giuseppes Cucina
Orchard Supply Hardware	Nike	Miller 76	Miller 76
Oshkosh B Gosh	Orchard Supply Hardware	Nike Retail	Nike Retail
Panchos Surf Shop	Oshkosh B Gosh	Orchard Supply Hardware	Orchard Supply Hardware
Ralph Lauren	Ralph Lauren	Oshkosh B Gosh	Oshkosh B Gosh
Ross	Rite Aid	Ralph Lauren	Ralph Lauren
Sea Venture Resort	Rosas Ristorante Italiano	Rite Aid	Rite Aid
Sky River RV	Ross	Ross	Ross
Splash Café	Sky River RV	Shell	Shell
Spyglass Shell	Splash Café	Sky River RV	Sky River RV
Vans	Spyglass Shell	Splash Café	Splash Café
Ventana Grill	Ventana Grill	Spyglass Shell	Spyglass Shell
Wooly's Oyster Loft	Wooly's Oyster Loft	Ventana Grill	Ventana Grill

Fiscal Year Ended June 30			
2014	**2013**	**2012**	**2011**
Arco	7 Eleven	7 Eleven	7 Eleven
Brads Restaurant	Arco	Arco	Arco
California Fresh	Bass Outlet	Bass Outlet	Bass Outlet
Calvin Klein	Brads Restaurant	Brads Restaurant	Brads Restaurant
Cliffs at Shell Beach	Calvin Klein	Cliffs at Shell Beach	Cliffs at Shell Beach
Coach	Cliffs at Shell Beach	Coach	Cracked Crab
Cracked Crab	Coach	Cracked Crab	CVS Pharmacy
CVS Pharmacy	Cracked Crab	CVS Pharmacy	Five Cities Chevron
Dolphin Bay Hotel & Lido Rest	CVS Pharmacy	Five Cities Chevron	Giuseppes Cucina
McLintocks	Dolphin Bay Hotel & Lido Rest.	Giuseppes Cucina	McDonalds
Five Cities Chevron	Five Cities Chevron	McLintocks	McLintocks
Giuseppes Cucina	Giuseppes Cucina	Miller 76	Miller 76
Miller 76	McLintocks	Nike Retail	Nike Retail
Nike Retail	Miller 76	Orchard Supply Hardware	Orchard Supply Hardware
Orchard Supply Hardware #1	Nike Retail	Oshkosh B Gosh	Oshkosh B Gosh
Orchard Supply Hardware #2	Orchard Supply Hardware	Panchos Surf Shop	Pacific Coast RV
Oshkosh B Gosh	Oshkosh B Gosh	Pierside Restaurant	Panchos Surf Shop
Ralph Lauren	Panchos Surf Shop	Polo Ralph Lauren	Polo Ralph Lauren
Ross	Ralph Lauren	Ross	Rite Aid
Shell	Ross	Scolaris	Ross
Sky River RV	Shell	Shell	Scolaris
Splash Café	Sky River RV	Sky River RV	Shell
Spyglass Shell	Splash Café	Splash Café	Splash Café
Vans	Spyglass Shell	Spyglass Shell	Spyglass Shell
Ventana Grill	Ventana Grill	Ventana Grill	Ventana Grill

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

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
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
2016-2017	93,306,470	10.00%	9,330,647
2017-2018	100,399,210	10.00%	10,039,921

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
Transient Occupancy Tax - Principal Payers and Other Data
Last Ten Fiscal Years

Fiscal Year	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	
2008-2009	$	4,681,899	$	643,383
		16		16
2009-2010	$	4,864,506	$	340,365
		17		14
2010-2011	$	5,286,868	$	375,674
		17		15
2011-2012	$	5,867,792	$	417,423
		17		15
2012-2013	$	6,165,294	$	411,261
		17		15
2013-2014	$	6,754,657	$	418,059
		17		12
2014-2015	$	7,260,482	$	558,564
		17		14
2015-2016	$	7,711,023	$	591,172
		17		13
2016-2017	$	7,742,190	$	683,153
		17		15
2017-2018	$	8,376,655	$	662,911
		18		14

	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	
2008-2009	$	524,140	$	165,081
		5		11
2009-2010	$	407,793	$	166,931
		4		12
2010-2011	$	419,010	$	188,055
		4		15
2011-2012	$	434,233	$	211,749
		4		15
2012-2013	$	446,792	$	256,154
		4		15
2013-2014	$	570,224	$	245,297
		5		17
2014-2015	$	759,673	$	103,400
		7		14
2015-2016	$	511,432	$	386,320
		4		22
2016-2017	$	626,374	$	278,934
		4		25
2017-2018	$	797,455	$	202,901
		5		32

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. Occupancy Data updated in FY 16.17.

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			
2018	**2017**	**2016**	**2015**
Cliffs of Shell Beach	Cliffs of Shell Beach	Cliffs of Shell Beach	Cliffs of Shell Beach
Cottage Inn	Cottage Inn	Cottage Inn	Dolphin Bay Hotel
Dolphin Bay Hotel	Dolphin Bay Hotel	Dolphin Bay Hotel	Island Hospitality
Island Hospitality	Island Hospitality	Island Hospitality	Kon Tiki Motel
Kon Tiki Motel	Kon Tiki Motel	Kon Tiki Motel	Oxford Suites
Oxford Suites	Oxford Suites	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
Seacrest Motel	Seacrest Motel	Seacrest Motel	Seacrest Motel
Shorecliff Inn	Shorecliff Inn	Shorecliff Inn	Shorecliff Inn

Fiscal Year Ended June 30			
2014	**2013**	**2012**	**2011**
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	Hilton Garden Inn	Hilton Garden Inn	Kon Tiki Motel
Kon Tiki Motel	Kon Tiki Motel	Kon Tiki Motel	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	Seacrest Motel
Shorecliff Inn	Shorecliff Inn	Shorecliff Inn	Shorecliff Inn

Fiscal Year Ended June 30	
2010	**2009**
Cliffs of Shell Beach	Cliffs of Shell Beach
Cottage Inn	Cottage Inn
Dolphin Bay Hotel	Dolphin Bay Hotel
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	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

Fiscal Year	Water		Sewer	
	Monthly Base Rate	Rate Per 1000 Gallons	Monthly Base Rate	Rate Per 1000 Gallons*
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	-
2016-2017	14.51	2.97	45.72	-
2017-2018	14.51	2.97	45.72	-

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					
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
2016-2017*	$ 978,318	$ 903,725	$ 7,170	$ 92,226	$ 251,496	$ 2,232,935
	3,742	601	16	53	109	4,521
2017-2018	$ 1,163,469	$ 947,496	$ 20,164	$ 121,983	$ 310,987	$ 2,564,099
	3,767	604	27	60	117	4,575

Wastewater Revenue Concentration Data

Fiscal Year	Class of Customer: Residential	Other Residential	Hotel/Motel	Commercial	Other	Totals
	Revenue in Dollars and Number of Customers					
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
2016-2017*	$ 1,400,310	$ 328,951	$ 586,847	$ 616,278	$ 145,341	$ 3,077,727
	3,903	323	38	241	31	4,536
2017-2018	$ 1,498,537	$ 331,540	$ 595,020	$ 683,766	$ 171,631	$ 3,280,494
	3,918	322	37	248	34	4,559

*Amount updated in FY 2017-18 to correct Water and Wastewater SFR amounts for FY 16-17.

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			
2018	**2017**	**2016**	**2015**
Cliffs Shell Beach	Cliffs Shell Beach	Cliffs Shell Beach	Cliffs Shell Beach
Dolphin Bay Hotel Inc	Dolphin Bay Hotel Inc	Dolphin Bay Hotel, Inc.	Dolphin Bay Hotel, Inc.
Kon Tiki	Kon Tiki	Motel 6 Inc.	Kon Tiki
Motel 6	Oxford Suites Resort	Oxford Suites Resort	Motel 6 Inc.
Oxford Suites Resort	Pismo Beach Mobile Park Inc	Pismo Coast Village, Inc.	Oxford Suites Resort
Pismo Beach Mobile Park Inc	Pismo Coast Village Inc	Pismo Lighthouse Suites	Pismo Coast Village, Inc.
Pismo Coast Village Inc	Pismo Dunes Travel	Pismo Mobile Hm Pk	Pismo Lighthouse Suites
Pismo Lighthouse Suites	Pismo Lighthouse Suites	Quality Inn	Pismo Mobile Hm Pk
Seacrest Resort	Seacrest Resort	Seacrest Resort	Seacrest Resort
Shorecliff Lodge	Shorecliff Lodge	Shorecliff Lodge	Shorecliff Lodge

Fiscal Years Ended June 30			
2014	**2013**	**2012**	**2011**
City of Pismo Beach	City of Pismo Beach	Cliffs Shell Beach	Cliffs of Shell Beach-Hotel
Cliffs Shell Beach	Cliffs Shell Beach	Hacienda Del Pismo	Motel 6 Inc.
Dolphin Bay Hotel, Inc.	Hilton Garden Inn	Kon Tiki	Oxford Suites Resort
Hilton Garden Inn	Judkins Middle School-LMUSD	Motel 6 Inc.	Pismo Mobile Hm Pk
Motel 6 Inc.	Motel 6 Inc.	Oxford Suites Resort	Pismo Lighthouse Suites
Pismo Coast Village, Inc.	Oxford Suites Resort	Pismo Mobile Hm Pk	Rose Garden Inn
Pismo Lighthouse Suites	Pismo Lighthouse Suites	Pismo Lighthouse Suites	Seacrest Motel
Pismo Mobile Hm Pk	Pismo Mobile Hm Pk	Quality Inn - Pismo Beach	Shell Beach School-LMUSD
Shorecliff Lodge	Seacrest Resort	Seacrest Resort	Shorecliff Lodge
Toucan I HOA	Shorecliff Lodge	Shorecliff Lodge	Sunset Palisades HOA

Fiscal Years Ended June 30	
2010	**2009**
Cliffs of Shell Beach-Hotel	Baycliff Homeowner's Assc
Cliffs of Shell Beach-Restaurant	Cliffs of Shell Beach
Judkins Middle School-LMUSD	Judkins Middle School-LMUSD
Motel 6 Inc.	Motel 6 Inc.
Oxford Suites Resort	Oxford Suites Resort
Pismo Mobile Hm Pk	Pismo Dunes Travel
Pismo Lighthouse Suites	Pismo Lighthouse Suites
Rose Garden Inn	Pismo Mobile Hm Pk
Seacrest Motel	Shell Beach School-LMUSD
Shorecliff Lodge	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			
Fiscal Year	Lease Revenue Bonds	Special Assessment Bonds	Unamortized Bond Premium	Capital Lease Obligations	Lease Revenue Bonds	Unamortized Bond Premium	State of California and Other Loans
2008-2009	4,985	30	-	57	6,825	-	9,752
2009-2010	4,735	-	-	12	6,655	-	9,263
2010-2011	4,485	-	-	-	6,480	-	8,765
2011-2012	4,215	-	-	-	5,710	-	8,255
2012-2013	3,940	-	-	-	5,535	-	7,739
2013-2014	3,650	-	-	-	5,345	385	7,212
2014-2015	3,350	-	-	-	5,155	365	6,677
2015-2016	3,040	-	-	-	4,960	344	6,132
2016-2017	7,685	-	191	-	4,755	324	5,576
2017-2018	11,477	-	185	-	4,540	304	5,011

Total City Debt	Total City Debt as Percentage of Personal Income	Total City Debt Per Capita	From CAFR	
			Population	Per Capita Personal Income
21,649	8.11%	2,500	8,660	30,835
20,665	7.70%	2,374	8,704	30,835
19,730	5.45%	2,577	7,655	47,262
18,180	4.79%	2,369	7,675	49,459
17,214	5.02%	2,231	7,717	44,456
16,592	5.26%	2,153	7,705	40,940
15,547	5.10%	2,022	7,688	39,672
14,476	4.94%	1,769	8,181	35,852
18,531	5.53%	2,224	8,247	40,204
21,517	4.58%	2,098	8,233	45,820

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	Unamortized Bond Premium	Total		
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
2016-2017	-	7,685,000	190,763	7,875,763	0.26%	954.99
2017-2018	-	11,475,917	184,609	11,660,526	0.37%	1,416.32

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
As of June 30, 2018

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	$ 24,120,000	6.251%	$ 1,507,741
San Luis Obispo County Pension Obligations	86,764,398	6.251%	5,423,643
Lucia Mar Unified School District Certificates of Participation	20,643,590	18.426%	3,803,788
TOTAL OVERLAPPING DEBT REPAID WITH PROPERTY TAXES			$ 10,735,173
OVERLAPPING TAX AND ASSESSMENT DEBT:			
San Luis Obispo County Flood Control and Water Conservation District, Zone No. 3	7,925,000	33.012%	2,616,201
San Luis Obispo Community College District	132,425,000	6.227%	8,246,105
San Luis Coastal Unified School District	91,085,000	3.553%	3,236,250
Lucia Mar Unified School District	105,861,576	18.426%	19,506,054
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			$ 33,604,610
CITY DIRECT DEBT - GOVERNMENTAL ONLY:			
City of Pismo Beach General Fund Obligations	11,661,526	100.00%	$ 11,661,526
TOTAL DIRECT DEBT			**$ 11,661,526**
TOTAL OVERLAPPING DEBT			**$ 44,339,782**
TOTAL DIRECT AND OVERLAPPING DEBT			**$ 56,001,308**

Ratios to Adjusted Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.06%
Total Direct Debt ($11,661,526)	**0.36%**
Combined Total Debt	1.76%

Note:
Overlapping debt is based on the percentage of overlapping agency's assessed valuation located within the boundaries of the City. Taxpayers in the City of Pismo Beach are responsible for paying their share of the debt from each jurisdiction.

Source: California Municipal Statistics, Inc.

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
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%
2016-2017	111,682,818	-	0%
2017-2018	118,925,270	-	0%

Legal Debt Margin Calculation for Fiscal Year 2018		
Assessed value	$	3,171,340,541
Conversion Percentage (25%)		25%
Adjusted Assessed Valuation		792,835,135
Debt Limit Percentage (15%)		15%
Debt Limit		118,925,270
Less debt applicable to limit: General obligation bonds		-
Total debt applicable to limit		-
Legal debt margin	$	118,925,270
Total debt applicable to the limit as a percentage of debt limit		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

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

Special Assessment Bonds

Fiscal Year	Special Assessment Collections	Capital Impact Fees	Debt Service		Coverage
			Principal	Interest	
2008-2009	-	-	30,000	3,030	-
2009-2010	-	-	-	-	-
2010-2011	-	-	-	-	-
2011-2012	-	-	-	-	-
2012-2013	-	-	-	-	-
2013-2014	-	-	-	-	-
2014-2015	-	-	-	-	-
2015-2016	-	-	-	-	-
2016-2017	-	-	-	-	-
2017-2018	-	-	-	-	-

2004 Revenue Bonds

	Wastewater Service Revenues	Capital Impact Fees	Less Operating Expenses	Net Available Revenue	Debt Service		
					Principal	Interest	Coverage
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	-	-	-	-	-	-	-
2016-2017	-	-	-	-	-	-	-
2017-2018	-	-	-	-	-	-	-

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

	Wastewater Service Revenues	Capital Impact Fees	Less Operating Expenses	Net Available Revenue	Debt Service		
					Principal	Interest	Coverage
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
2016-2017	4,671,934	-	2,630,203	2,041,731	509,561	99,698	3.35
2017-2018	5,047,984	-	2,158,108	2,889,876	518,749	90,511	4.74

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
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
2016-2017	4,671,934	-	2,630,203	2,041,731	12,371	2,275	139.40
2017-2018	5,047,984	-	2,158,108	2,889,876	12,605	2,041	197.32

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
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
2016-2017	4,671,934	-	2,630,203	2,041,731	33,220	8,687	48.72
2017-2018	5,047,984	-	2,158,108	2,889,876	33,819	8,088	68.96

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
2016-2017	4,671,934	-	2,630,203	2,041,731	205,000	185,263	5.23
2017-2018	5,047,984	-	2,158,108	2,889,876	215,000	176,863	7.37

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 Services
For the Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
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%
2016-2017	8,247	331,562,388	40,204	3.40%
2017-2018	8,233	377,236,060	45,820	2.90%

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.

Note:
HDL providing the information effective 2014. Personal Income reported in thousands.

Source: HDL Reports - California Labor Market and US Census Bureau.

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Schedule 15
City of Pismo Beach
Principal Employers (Ten Largest)
Last Ten Years

Fiscal Year Ended June 30, 2018				Fiscal Year Ended June 30, 2017			
Employer	Number Employees	Rank	Percentage of Total City Employment	Employer	Number Employees	Rank	Percentage of Total City Employment
The Cliff's of Shell Beach	227	1	5.54%	The Cliff's of Shell Beach	220	1	5.50%
Dolphin Bay Resort	190	2	4.63%	Dolphin Bay Resort	169	2	4.23%
City of Pismo Beach	135	3	3.29%	City of Pismo Beach	129	3	3.23%
Keller-Williams	135	4	3.29%	Martin Resorts	125	4	3.13%
Martin Resorts	125	5	3.05%	Keller-Williams	106	5	2.65%
Sea Venture	85	6	2.07%	Sea Venture	81	6	2.03%
U.S. Postal Service	69	7	1.68%	Brad's Restaurant	67	7	1.68%
Seacrest	67	8	1.63%	Seacrest	63	8	1.58%
Brad's Restaurant	63	9	1.54%	Pismo Coast Village	62	9	1.55%
Pismo Coast Village	60	10	1.46%	U.S. Postal Service	61	10	1.53%
Total	1,156		28.20%	Total	1,083		27.08%

Fiscal Year Ended June 30, 2016				Fiscal Year Ended June 30, 2015			
Employer	Number Employees	Rank	Percentage of Total City Employment	Employer	Number Employees	Rank	Percentage of Total City Employment
The Cliff's of Shell Beach	235	1	5.88%	Martin Resorts	260	1	6.50%
Dolphin Bay Resort	178	2	4.45%	The Cliff's of Shell Beach	243	2	6.08%
Martin Resorts	135	3	3.38%	Dolphin Bay Resort	191	3	4.78%
Keller-Williams	110	4	2.75%	Keller-Williams	106	4	2.65%
City of Pismo Beach	89	5	2.23%	City of Pismo Beach	89	5	2.23%
Sea Venture	85	6	2.13%	Sea Venture	85	6	2.13%
U.S. Postal Service	82	7	2.05%	Brad's Restaurant	79	7	1.98%
Brad's Restaurant	70	8	1.75%	U.S. Postal Service	75	8	1.88%
McClintock's	65	9	1.63%	McClintock's	71	9	1.78%
Pismo Coast Village	65	10	1.63%	Steamer's	62	10	1.55%
Total	1,114		27.85%	Total	1,261		31.53%

Fiscal Year Ended June 30, 2014				Fiscal Year Ended June 30, 2013			
Employer	Number Employees	Rank	Percentage of Total City Employment	Employer	Number Employees	Rank	Percentage of Total City Employment
The Cliff's of Shell Beach	220	1	4.40%	The Cliff's of Shell Beach	222	1	4.53%
Dolphin Bay Resort	197	2	3.94%	Dolphin Bay Resort	195	2	3.98%
U.S. Postal Service	105	3	2.10%	U.S. Postal Service	102	3	2.08%
Keller-Williams	98	4	1.96%	Keller-Williams	92	4	1.88%
Brad's Restaurant	85	5	1.70%	City of Pismo Beach	86	5	1.76%
City of Pismo Beach	85	6	1.70%	Brad's Restaurant	75	6	1.53%
Sea Venture	73	7	1.46%	Sea Venture	70	7	1.43%
McClintock's	66	8	1.32%	McClintock's	68	8	1.39%
Steamer's	53	9	1.06%	Steamer's	62	9	1.27%
Shore Cliff Lodge	50	10	1.00%	Shore Cliff Lodge	49	10	1.00%
Total	1,032		20.64%	Total	1,021		20.84%

Fiscal Year Ended June 30, 2012				Fiscal Year Ended June 30, 2011			
Employer	Number Employees	Rank	Percentage of Total City Employment	Employer	Number Employees	Rank	Percentage of Total City Employment
The Cliff's of Shell Beach	213	1	4.44%	The Cliff's of Shell Beach	160	1	3.48%
Dolphin Bay Resort	180	2	3.75%	Dolphin Bay Resort	110	2	2.39%
Keller-Williams	90	3	1.88%	Keller-Williams	110	3	2.39%
City of Pismo Beach	85	4	1.77%	City of Pismo Beach	88	4	1.91%
U.S. Postal Service	82	5	1.71%	U.S. Postal Service	78	5	1.70%
McClintock's	70	6	1.46%	McClintock's	76	6	1.65%
Steamer's	68	7	1.42%	Brad's Restaurant	65	7	1.41%
Sea Venture	67	8	1.40%	Sea Venture	64	8	1.39%
Brad's Restaurant	60	9	1.25%	Steamer's	60	9	1.30%
Shore Cliff Lodge	49	10	1.02%	Shore Cliff Lodge	45	10	0.98%
Total	964		20.08%	Total	856		18.61%

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%

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

	For the Fiscal Year Ended June 30									
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
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	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9
Information Technology	-	-	-	-	-	1	1	1	1	1
Public safety:										
Police	34.00	34.00	34.00	33.00	33.00	34.00	34.00	33.85	33.85	33.70
Parking	-	-	-	-	-	-	-	0.15	0.15	1.30
Community Development:										
Planning	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.55
Building	4.10	4.10	4.10	4.20	4.20	4.10	4.10	4.15	4.15	4.15
Recreation	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.15
RDA	0.10	0.10	0.10	-	-	-	-	-	-	-
Parking	1.00	1.00	1.00	1.00	1.00	1.10	1.10	1.05	1.05	0.15
Public Works/Engineering:										
Engineering	3.70	3.70	3.70	3.70	3.70	3.60	3.60	3.60	3.60	3.60
Streets and Govt Bldgs	4.78	4.78	4.78	4.78	4.78	3.03	3.03	2.83	2.83	3.78
Park Maintenance/Fac.	7.52	7.52	7.52	7.52	7.52	7.32	7.32	7.17	7.17	7.27
Water:										
Treatment and distribution	6.00	6.00	6.00	5.00	5.00	5.00	5.00	6.70	6.70	5.65
Billing	0.67	0.67	0.67	0.67	0.67	0.50	0.50	0.50	0.50	0.50
Wastewater:										
Collection and treatment	8.05	8.05	8.05	8.05	8.05	8.10	8.10	7.80	7.80	7.80
Billing	0.33	0.33	0.33	0.33	0.33	0.50	0.50	0.50	0.50	0.50
Motor Vehicle Operations:										
Motor Vehicle Operations	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.00	1.00	1.00
Totals	96.00	96.00	96.00	94.00	94.00	94.00	94.00	95.00	95.00	95.00

Source: City of Pismo Beach payroll records. Updated FY 2016 numbers in FY 2017.

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

	For the Fiscal Year Ended June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function/Program:										
Police:										
Physical arrest	1,081	953	998	875	974	1,001	1,328	1,238	1,198	1,238
Traffic violations	2,129	2,398	2,490	2,199	1,612	2,590	2,044	1,382	1,570	2,389
Fire:										
Emergency responses	1,343	890	1,081	1,022	1,084	1,175	1,265	1,528	1,349	1,355
Fires extinguished	20	22	19	22	25	16	21	26	22	23
Building:										
Building permits issued	214	210	177	213	246	209	290	205	220	185
Other permits issued	460	552	471	455	436	478	956	551	640	533
Public works:										
Miles streets resurfaced	2.62	38.00	4.10	6.03	6.08	-	-	-	2.50	0.50
Parks and Recreation:										
Number of facility rentals	1,179	302	187	255	274	216	240	258	1,437	1,513
Number of class admissions	1,681	1,540	3,000	1,500	2,000	2,000	3,000	3,500	3,500	3,500
Water:										
Number new connections	39	15	59	20	21	5	20	221	67	12
Daily average water production in MGD	1.91	1.76	1.71	1.78	1.84	1.91	1.64	1.47	1.43	1.59
Daily average water consumption in MGD	1.73	1.55	1.48	1.59	1.63	1.72	1.52	1.27	1.25	1.48
Wastewater:										
Number new connections	39	18	4	6	7	33	53	109	62	23
Daily average treatment in millions gallons(MGD)	1.21	1.13	1.08	1.14	1.07	1.07	1.01	0.95	0.99	0.98

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

Function/Program:	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	3	3	3	3	3	3	3	3
Public works:										
Miles of streets	37	38	38	46	46	46	46	46	46	46
Streetlights	757	757	757	828	828	828	828	842	842	844
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	54	54	54	55	55	56	56	56	56	56
Number connections	4,540	4,558	4,569	4,584	4,596	4,614	4,718	4,787	4,521	4,575
Maximum plant capacity in millions gallons	2.16	2.16	2.16	2.16	2.16	2.16	2.16	2.16	2.40	2.40
Wastewater:										
Miles of sewers	40	40	40	40	40	40	40	40	40	40
Number connections	4,326	4,351	4,351	4,364	4,377	4,394	4,447	4,562	4,536	4,559
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.
Updated the number of Water and Sewer connections in FY 17.18.

Schedule 19
City of Pismo Beach
Continuing Disclosure Annual Report Information for Fiscal Year 2017-18

$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)	2018
5/8"	$26.92
3/4"	$37.94
1"	$59.98
1 ½"	$115.06
2"	$181.19
3"	$335.47
4"	$555.85
6"	$1,327.23

BI-MONTHLY RESIDENTIAL
FIXED CONSUMPTION CHARGES[1]

Customer Classification	2018
Single Family	$64.51
Multifamily	$43.50
Mobile Home	$38.93

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

Schedule 19-Page 2
City of Pismo Beach
Continuing Disclosure Annual Report Information for Fiscal Year 2017-18

$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	2018
Commercial	$6.57
Dual Residential/Restaurant	$9.99
Dual Residential/Commercial	$6.33
Grocery	$13.22
Hotel	$6.12
Hotel w/ Rest.	$10.03
School w/Cafeteria	$6.56
School	$4.75
Shopping Center	$6.74
Shopping Center w/Restaurant	$10.10
Trailer/RV	$4.43
Service Station	$6.04
Restaurant/Bakery	$13.61
Municipal	$6.57

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

Schedule 19 – Page 3
City of Pismo Beach
Continuing Disclosure Annual Report Information for Fiscal Year 2017-18

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

(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 2017-18

	Customer Name	Sewer Revenues	% of Total
1	Pismo Coast Village	$ 58,695.74	1.22%
2	Pismo Beach Mobile Home Park	$ 62,153.94	1.29%
3	Cliff's Shell Beach	$ 69,895.86	1.45%
4	Oxford Suites Hotel	$ 46,205.70	0.96%
5	Pismo Lighthouse Suites	$ 43,090.62	0.89%
6	Motel 6	$ 39,791.58	0.83%
7	Kon Tiki	$ 37,349.70	0.77%
8	Dolphin Bay	$ 38,396.58	0.80%
9	Seacrest Resort	$ 36,743.82	0.76%
10	Shorecliff Lodge	$ 33,100.86	0.69%
	Total	$ 465,424.40	9.65%
	Other Customers	$ 4,355,727.58	90.35%
	Total Revenues	$ 4,821,151.98	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.

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

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

OPERATING RESULTS AND DEBT SERVICE COVERAGE

	Audited
GROSS REVENUES	**FY 2017-18**
Charges for Services	$4,852,420
Miscellaneous Revenue	195,564
Interest and Investment Revenues	(17,785)
TOTAL REVENUES	$5,030,199
OPERATING EXPENSES[3]	
Salaries and Benefits	$ 710,289
Purchased Power	273,774
Customer Accounting	37,019
Services and Supplies	1,137,026
TOTAL OPERATING EXPENSES	$2,158,108
NET REVENUES	$2,872,091
DEBT SERVICE	
2004 State Loan - WWTP	$ 609,259
2006 State Loan - Park/Cypress Interceptor	$ 14,647
2008 State Loan - Pismo Oaks Lift Station	$ 41,907
2012 Wastewater Bonds	$ 391,863
TOTAL DEBT SERVICE PAYMENTS	$1,057,676
DEBT SERVICE COVERAGE RATIO	2.72
AVAILABLE FOR CAPITAL IMPROVEMENTS AND OTHER PURPOSES	**$1,814,415**

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

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

Reporting of Significant Events

There were no significant events that occurred during the Fiscal Year ended June 30, 2018. 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 20
City of Pismo Beach
Continuing Disclosure Annual Report Information for Fiscal Year 2017-18
$7,685,000
PISMO BEACH PUBLIC FINANCING AGENCY
(SAN LUIS OBISPO COUNTY, CALIFORNIA)
SERIES 2017A LEASE REVENUE REFUNDING BONDS
(PIER REHABILITATION 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, 2018. 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 21
City of Pismo Beach
Continuing Disclosure Annual Report Information for Fiscal Year 2017-18
$4,061,917
PISMO BEACH PUBLIC FINANCING AGENCY
(SAN LUIS OBISPO COUNTY, CALIFORNIA)
SERIES 2017B LEASE REVENUE REFUNDING BONDS
(ENERGY EFFICIENT AND SOLAR PROJECT)

Content of Annual Reports

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

(iv) 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):

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

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

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

(h) 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, 2018. 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 22
City of Pismo Beach, California
WATER ENTERPRISE FUND
CONTINUING DISCLOSURE INFORMATION
For Fiscal Year 2017-2018

Table 1: Ten Largest Customers of Water Enterprise

	Customer Name	Consumption	Water Revenue	% of Total
1	Pismo Coast Village	11,452	$ 48,992.86	1.24%
2	Pismo Beach Mobile Home Park	11,316	$ 48,493.74	1.23%
3	Cliff's Shell Beach	11,092	$ 42,448.66	1.08%
4	Oxford Suites Hotel	8,576	$ 28,610.55	0.73%
5	Pismo Lighthouse Suites	6,496	$ 26,742.52	0.68%
6	Motel 6	6,173	$ 24,395.93	0.62%
7	Kon Tiki	5,774	$ 22,931.60	0.58%
8	Dolphin Bay	5,729	$ 23,927.63	0.61%
9	Seacreast Resort	5,675	$ 22,568.27	0.57%
10	Shorecliff Lodge	5,231	$ 20,125.73	0.51%
	Total	77,514	$ 309,237.49	7.85%
	Other Customers		$ 3,629,035.98	92.15%
	Total Revenues		$ 3,938,273.47	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	3,767
Apartments	319
Commercial/Industrial	285
Other	204
Total All Customers	4,575
Water Sales Revenue	$3,938,273

Schedule 22 – Page 2
City of Pismo Beach, California
WATER ENTERPRISE FUND
CONTINUING DISCLOSURE INFORMATION
For Fiscal Year 2017-2018

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

Water Service Rates
Minimum Monthly Service Charge: $14.51 Additional Charge per 100 Cubic Feet of Water Used: $2.97 0-10; $3.67 11-20; $4.34 21-35; $5.93 Over 35 Water Set-up Fee per Account: $60.00 48 Hour Door Hanger Fee: $36.00 Re-connection Fees: During Business Hours: $86.00 After Hours: $199

Table 4: Additional Information:

Additional Information
Number for actual water deliveries : 1,782 Acre Feet **Impact Fees/Utility Tax:** Type: Water Tax Revenue Received: $1,320,604 Type: Impact Fees Revenue Received: $197,321

Schedule 22 – Page 3
City of Pismo Beach, California
WATER ENTERPRISE FUND
CONTINUING DISCLOSURE INFORMATION
June 30, 2018

CITY OF PISMO BEACH

	Audited FY 17-18
REVENUES	
Water Sales	$3,938,273
Interest	(34,242)
Assessments	1,320,604
Other Revenue	878,098
TOTAL REVENUES	$6,102,733
OPERATING EXPENSES	
Administration and General	$ 612,042
Lopez Contract Payments	1,327,869
Operations & Maintenance	1,654,308
Utilities	124,670
TOTAL OPERATING EXPENSES	$3,718,890
NET REVENUES	$2,383,843
State Water Payments	$1,435,728
TOTAL CONTRACT PAYMENTS	$1,435,728
COVERAGE RATIO	1.66
AVAILABLE FOR CAPITAL IMPROVEMENTS AND OTHER PURPOSES	**$ 948,115**

OTHER INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

City Council
City of Pismo Beach
Pismo Beach, California

We have audited, in accordance with the 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, the 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 17, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of

financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Teaman Ramirez & Smith, Inc.

Riverside, California
December 17, 2018