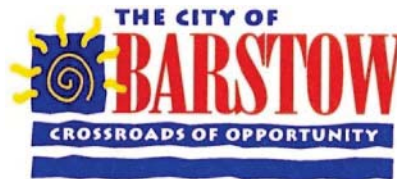


Comprehensive Annual Financial Report



City of Barstow, California
Fiscal Year Ended June 30, 2014

Prepared by the Finance Department

220 East Mountain View, Suite A * Barstow, CA 92311-2888 * www.barstowca.org

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

CITY OF BARSTOW CALIFORNIA

Julie Hackbarth-McIntyre, Mayor
Tim Silva, Mayor Pro Tem
Merrill Gracey, Councilmember
Rich Harpole, Councilmember
Carmen Hernandez, Councilmember

Charles C. Mitchell, City Manager

PREPARED BY THE CITY OF BARSTOW FINANCE DEPARTMENT
Cindy Prothro, Finance Director

City of Barstow
Comprehensive Annual Financial Report
For the year ended June 30, 2014

Table of Contents

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Table of Contents	i
Transmittal Letter	v
Organization Chart.....	ix
List of Elected and Appointed Officials.....	x
GFOA Certificate.....	xi
<u>FINANCIAL SECTION</u>	
Independent Auditors’ Report	1
Management’s Discussion and Analysis	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	27
Statement of Activities	28
Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet.....	34
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.....	37
Statement of Revenues, Expenditures and Changes in Fund Balances.....	38
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities	40
Proprietary Fund Financial Statements:	
Statement of Net Position.....	42
Statement of Revenues, Expenses and Changes in Net Position.....	44
Statement of Cash Flows	46
Fiduciary Fund Financial Statements:	
Statement of Net Position.....	50
Statement of Changes in Fiduciary Net Position.....	51
Notes to Basic Financial Statements	53

City of Barstow
Comprehensive Annual Financial Report
For the year ended June 30, 2014

Table of Contents, Continued

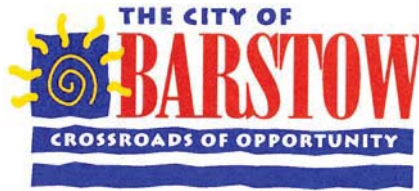
	<u>Page</u>
<u>FINANCIAL SECTION, Continued</u>	
Required Supplementary Information (Unaudited):	
Budgets and Budgetary Accounting.....	96
Defined Benefit Pension Plan	100
Other Post Employment Benefits (OPEB).....	100
Supplementary Information:	
Major Governmental Funds:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
City Capital Projects Fund	104
Non-Major Governmental Funds:	
Combining Balance Sheet	106
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	108
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Gas Tax Special Revenue Fund	110
Grants Special Revenue Fund.....	111
Asset Seizure Special Revenue Fund.....	112
Barstow Harvey House Foundation Services Special Revenue Fund	113
Redevelopment Housing Successor Special Revenue Fund	114
Flood Control Special Revenue Fund.....	115
Measure I TRIP Debt Service Fund.....	116
Agency Funds:	
Combining Statement of Fiduciary Assets and Liabilities.....	118
Combining Statement of Changes in Assets and Liabilities.....	120

City of Barstow
Comprehensive Annual Financial Report
For the year ended June 30, 2014

Table of Contents, Continued

	<u>Page</u>
<u>STATISTICAL SECTION (Unaudited)</u>	
Description of Statistical Section.....	121
Net Position by Component - Last Ten Fiscal Years	123
Changes in Net Position - Last Ten Fiscal Years.....	124
Fund Balances of Governmental Funds - Last Ten Fiscal Years.....	128
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years.....	130
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years.....	132
Assessed Value and Estimated Actual Value of Taxable Property by Class - Last Ten Fiscal Years.....	133
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years.....	134
Principal Property Tax Payers - Current Year and Ten Years Ago.....	136
Property Tax Levies and Collections - Last Ten Fiscal Years.....	137
Top 25 Sales Tax Producers	138
Taxable Sales by Category	140
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years.....	142
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years.....	144
Direct and Overlapping Debt.....	145
Legal Debt Margin Information - Last Ten Fiscal Years	146
Pledged Revenue Coverage - Last Ten Fiscal Years.....	148
Demographic and Economic Statistics - Last Ten Calendar Years.....	149
Principal Employers - 2012 and Five Years Ago.....	150
Full-Time and Part-Time City Employees by Function - Last Ten Fiscal Years.....	151
Operating Indicators by Function - Last Ten Fiscal Years.....	152
Capital Asset Statistics by Function - Last Ten Fiscal Years	153

This page intentionally left blank



December 29, 2014

Honorable Mayor, Members of the Council
& Citizens of the City of Barstow

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the City of Barstow. The City annually issues a report on its financial position and activity, audited by an independent firm of certified public accountants as required by State law. This report is published to fulfill that requirement for the fiscal year ended June 30, 2014.

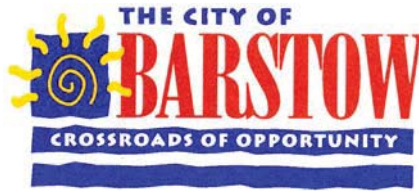
Responsibility for the accuracy of the data, and the completeness and fairness of the presentations including disclosures, rests with the management of the City. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the presentation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. Also, all disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Badawi & Associates, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Barstow's financial statements for the year ended June 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The City of Barstow, incorporated in 1947, is located in the northern part of the County of San Bernardino. The City of Barstow prides itself as the "Crossroads of Opportunity" with easy access to major freeways, ample affordable land, minimal pollution, and a business-friendly environment. Situated midway between Los Angeles and Las Vegas, Barstow caters to the needs of approximately 55 million travelers passing through our city each year. The City of Barstow currently occupies a land area of about 40 square miles and serves a population of about 24,000.



The City has operated under the council-manager form of government since 1947. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring both the City Manager and City Attorney. The council is elected on a non-partisan basis. Council members serve four-year terms and elections are staggered every two years. The mayor is elected to serve a four-year term. The mayor and the council members are elected at large. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the City government, and working with the directors and managers of City departments.

The City of Barstow provides a full range of services, including police and fire protection services; economic development; construction and maintenance of highways, parks, streets, and other infrastructure; recreational and cultural activities; utilities services of sewer and refuse (through a contract with a private hauler); and general administrative services.

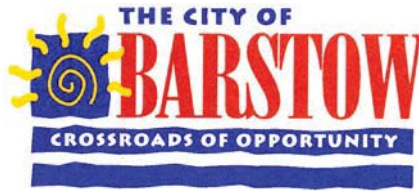
The Council is required to adopt a final budget by no later than the close of the fiscal year. The annual budget serves as the foundation for the City of Barstow's financial planning and established control. The appropriated budget is prepared by fund, department (e.g., police), and division (e.g., police uniform division). Department heads may transfer resources within a department as they see fit, and the City Manager has authority to transfer resources within an individual fund. Supplemental appropriations, and transfers between funds require approval from the governing body.

LOCAL ECONOMY

Major industries located within the government's boundaries or in close proximity include major military installations including both military and civilian personnel; national defense contractors; transportation and rail firms; and numerous educational and financial institutions. The most current population figures show San Bernardino County has increased its population by .82% from January 1, 2013 to January 1, 2014. The population for the City of Barstow increased .91% also during the same timeframe. The unemployment rate as of October 2014 for this City is 9.7% and has continued to decline each month. Staff continues to pursue development opportunities in the area that will provide job opportunities for citizens.

General fund property tax revenue decreased 9% due to reassessed property values based on successful appeals, excluding one-time revenues from the dissolution of the Redevelopment Agency, and sales tax increased 2.5% from fiscal year 2012/2013. The major components of the City's sales tax revenues continue to be sales tax on fuel sales, which has been the main source of sales tax growth, while a significant increase in retail sales also occurred, compared to the prior year. City management is cautiously optimistic the economy is improving.

The dissolution of redevelopment agencies by the State of California has impacted the City of Barstow. The City is continuing to work with the State to wind down operations and close out the remaining redevelopment activities in accordance with law.



MAJOR ACTIVITY IN THE CITY:

There are many major activities that are underway in the City that are consistent with the City Council's vision and direction to improve and upgrade the infrastructure and public services, and promote economic growth and development. A few of these include:

- Maintaining an ongoing focus on the improvement of City streets, roads, parks and facilities. The fiscal year 2014-15 Capital Budget includes \$17 million in projects related to City infrastructure and facility improvements.
- The City's efforts to improve infrastructure in the City includes such projects as the Lenwood Grade Separation, the Henderson/Cameron area street reconstruction project, and the Wastewater Treatment Plant improvement project to also renovate the Wastewater Treatment Plant.
- Continued progress on the destination resort and casino project; coordination with potential retail and industrial developers for new projects; and development of the Walmart Supercenter.

LONG-TERM FINANCIAL PLANNING

The City continues to maintain a Council mandated reserve of 20% Working Capital and 5% Emergency, in addition. The Fiscal Year 2014-15 budget falls within the policy guidelines set by the City Council for budgetary and planning purposes. The City has maintained a conservative approach to fiscal matters by managing ongoing expenditures and tracking revenues

The City's financial condition is consistently being monitored. Reports are presented periodically to the City Council regarding the performance of all major funds. By closely tracking revenues and expenditures and forecasting the trends the City has been able to manage the current economic trends, thus reducing impact on City service levels. Current economic factors continue to play an important role in management of city finances and require close observation.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Barstow for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. The award for the Certificate of Achievement for Excellence in Financial Reporting for the period ended June 30, 2013 was the seventh consecutive year the City of Barstow has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.



The preparation of the Comprehensive Annual Financial Report was made possible by the efforts of many individuals and the diligent work of the Assistant Finance Director, Mary Stapp. We especially wish to acknowledge the assistance and diligence of our auditors, Badawi & Associates, CPAs.

Respectfully submitted,

A handwritten signature in blue ink that reads "Charles C. Mitchell".

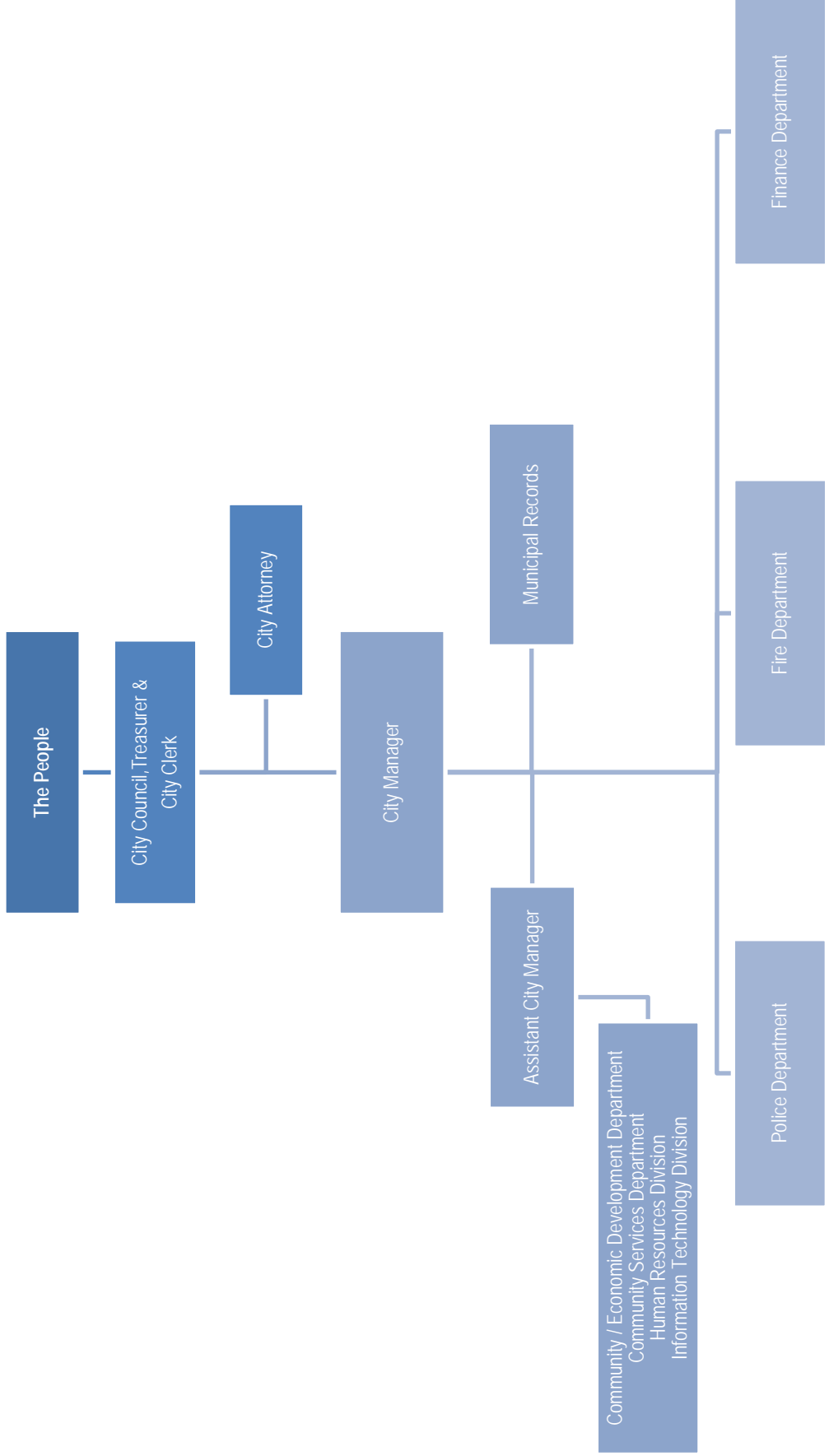
Charles C. Mitchell
City Manager

A handwritten signature in blue ink that reads "Cindy M. Prothro".

Cindy M. Prothro
Finance Director



CITY OF BARSTOW ORGANIZATIONAL CHART



City of Barstow
List of Elected and Appointed Officials
June 30, 2014

Elected Officials

Mayor	Julie Hackbarth-McIntyre
Council Member, Mayor Pro Tem	Timothy Silva
Council Member	Merrill Gracey
Council Member	Richard Harpole
Council Member	Carmen Hernandez
City Treasurer	Michael J. Lewis
City Clerk	JoAnne V. Cousino

Appointed Officials

City Manager	Charles C. Mitchell
Finance Director	Cindy Prothro
City Attorney	Terri Highsmith
Chief of Police	Albert Ramirez
Fire Chief	Richard A. Ross



Government Finance Officers Association

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

Presented to

**City of Barstow
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

This page intentionally left blank



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Honorable Mayor and Members of the City Council
of the City of Barstow
Barstow, California
Page 2

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-21 and 96-100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules on pages 110 to 116 and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 110 to 116 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Honorable Mayor and Members of the City Council
of the City of Barstow
Barstow, California
Page 3

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 29, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi and Associates
Certified Public Accountants
Oakland, California
December 29, 2014

This page intentionally left blank

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2014

As management of the City of Barstow (City), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. It is designed to:

- Highlight significant financial issues
- Provide an overview of the City's financial activity
- Discuss changes in the City's financial position
- Explain any material deviations from the approved budget
- Identify individual fund issues

We encourage readers to consider the information presented here in conjunction with the letter of transmittal and the financial statements.

FINANCIAL HIGHLIGHTS

- The governmental program and general revenues were \$29,669,247.
- The cost of governmental activities was \$32,633,621.
- The business-type activities program and general revenues were \$16,286,628.
- The cost of business-type activities was \$11,837,633.
- The General Fund reported expenditures in excess of revenues, or net changes in fund balance of \$1,731,806.
- For the General Fund, actual budgeted revenues were less than budget estimates by \$217,269, and actual expenditures were more than final budget by \$138,944.
- The Measure I Special Revenue Fund, a major governmental fund, ended the fiscal year with \$4,144,863 in fund balance.
- The Barstow Fire Protection District ended the fiscal year with a deficit fund balance or \$291,600.
- Total non-major governmental funds had a total deficit fund balance of \$2,051,468

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Barstow's basic financial statements, which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2014

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, recreation and community development. The business-type activities of the City include wastewater reclamation, solid waste disposal, transit services, and the compressed/liquefied natural gas fueling station (CNG/LNG).

The government-wide financial statements include not only the City itself, (known as the *primary government*), but also its legally separate component units. The Odessa Water District, the Barstow Fire Protection District, the Barstow Harvey House Foundation and the newly formed Barstow Community Services Foundation all function, for all practical purposes, as part of the City of Barstow, and therefore, have been included (blended) as an integral part of the primary government.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Barstow maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Measure I special revenue fund, Barstow Fire Protection District special revenue, and City Capital Projects funds, which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* as supplementary information. The non-major revenue funds are the special revenue funds. They are Gas Tax, Grants, Asset Seizure, Harvey House Foundation, Redevelopment Housing Successor Fund and Flood Control.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2014

The City adopted an annual appropriated budget for its governmental and proprietary funds in fiscal year 2014. A budgetary comparison has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 34-39 of this report.

Proprietary funds

The City maintains four proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its wastewater reclamation, solid waste disposal, transit services, and fueling station operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the major enterprise funds. The basic proprietary fund financial statements can be found on pages 42-47 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources for those funds are not available to support the City's own programs. The accounting used for fiduciary funds is like that used for proprietary funds. The City maintains six fiduciary funds to account for the receipts and disbursements of special assessments. The City also has one private purpose trust fund to account for redevelopment successor agency activity. Fiduciary fund statements are located on page 50-51 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are located on pages 54-93 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's budgetary information and compliance for the General Fund, Measure I special revenue fund and the Barstow Fire Protection District special revenue fund. The schedule of funding progress, which presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits, is also presented as required supplementary information as required by GASB Statement No. 45. Required supplementary information can be found on page 95-100 of this report.

Supplementary information for the major government City Capital Projects fund and non-major governmental funds, such as Gas Tax special revenue fund, Grants, Asset Seizure, Barstow Harvey House Foundation and Redevelopment Housing Successor special revenue funds are located on page 101-122 page of this report.

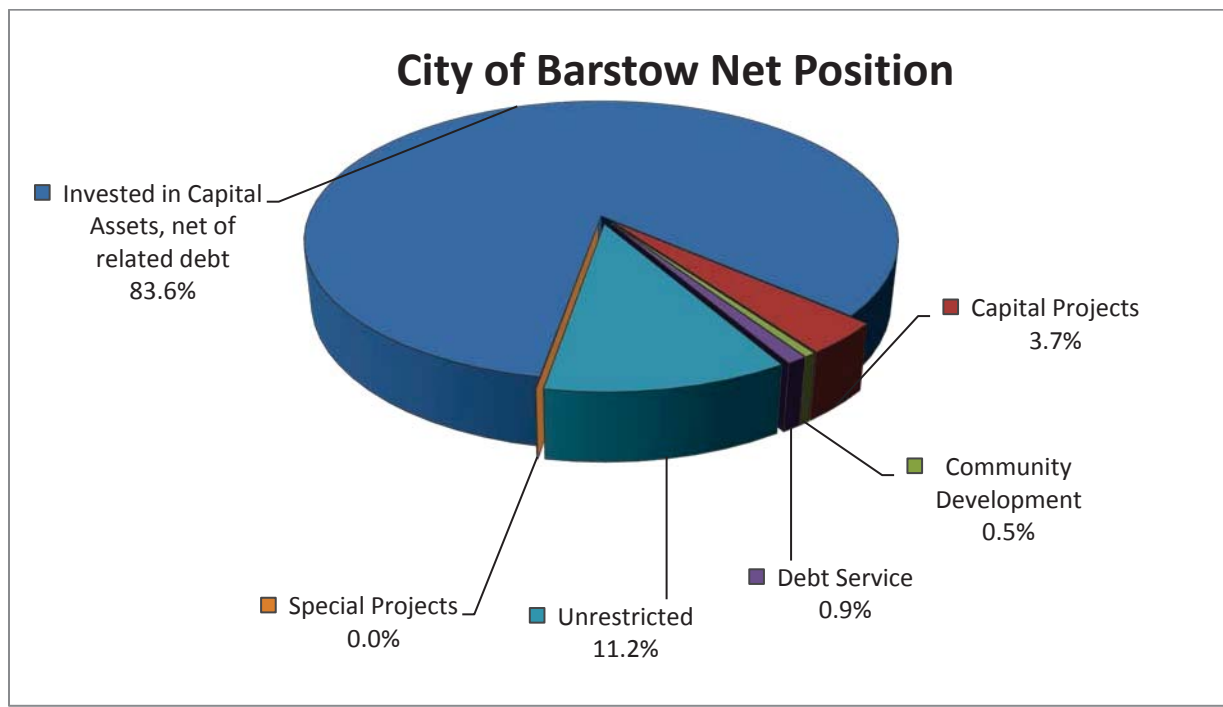
CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$116,436,989 at the close of the most recent fiscal year, an increase of .01% over the previous year.

The largest portion (83.6%), \$97,318,981, represents investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The second largest portion of the City's net position, unrestricted (11.2%), \$13,038,418, is available to be spent at the discretion of the City Council. The remaining balances are restricted for capital projects and are detailed below.



As shown in the total column for 2014 in the following chart, an additional portion of the City's net position, \$6,079,590 (5%), represents resources that are subject to restrictions in how they may be used. Of this restricted amount, \$4,320,334 is restricted for capital projects, \$1,095,640 for debt service, 627,838 for community development and \$35,778 is for special projects.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2014

CITY OF BARSTOW NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 37,401,534	\$ 47,649,112	\$ (570,065)	\$ 2,214,364	\$ 36,831,469	\$ 49,863,476
Capital assets	85,699,502	80,131,041	27,242,106	19,470,208	112,941,608	99,601,249
Total assets	123,101,036	127,780,153	26,672,041	21,684,572	149,773,077	149,464,725
Current Liabilities	7,154,771	6,847,667	3,126,581	4,133,707	10,281,352	10,981,374
Long-term Liabilities	13,841,763	15,863,610	9,212,973	7,337,373	23,054,736	23,200,983
Total liabilities	20,996,534	22,711,277	12,339,554	11,471,080	33,336,088	34,182,357
Net position:						
Invested in capital assets	73,335,444	76,148,543	23,983,537	15,734,425	97,318,981	91,882,968
Restricted	6,079,590	4,937,538			6,079,590	4,937,538
Unrestricted	22,689,468	23,982,795	(9,651,050)	(5,850,933)	13,038,418	18,131,862
Total Net Position:	\$ 102,104,502	\$ 105,068,876	\$ 14,332,487	\$ 9,883,492	\$ 116,436,989	\$ 114,952,368

City of Barstow Changes in Net position

The City of Barstow's overall net position increased by \$1,484,621 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities (a decrease of \$2,964,374) and business-type activities (an increase of \$4,448,995).

Governmental Activities

Governmental activities decreased net position by \$2,964,374 for fiscal year 2014 as shown in the chart on the page 10. Some of the major changes are due to a decrease in property tax revenues, an increase in capital contributions and grants and increased public works expense.

Property tax revenue for fiscal year 2014 decreased by \$1.5 million due to successful appeals. But *Capital contributions and grants* revenue increased from fiscal year 2013 by approximately \$5 million due mainly to additional infrastructure grants. The City was very active improving infrastructure mainly in the area of road reconstruction and was successful in securing grants. In correlation, the Public Works expenses increased due to the infrastructure projects.

More information about governmental activities can be found on the following pages.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2014

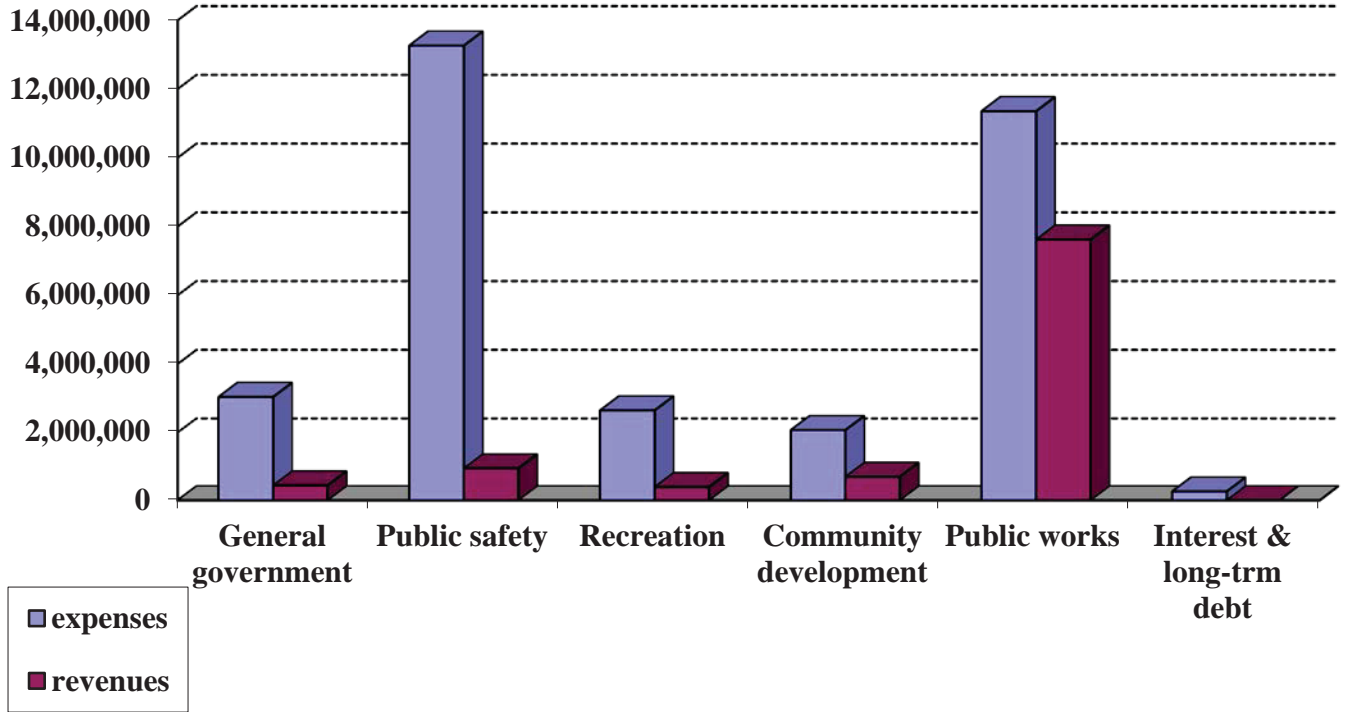
Governmental & Business-Type Activities Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues						
Charges for service	\$ 1,430,544	\$ 1,543,686	\$ 9,657,214	\$ 8,364,861	\$ 11,087,758	\$ 9,908,547
Operating contributions and grants	861,484	436,434	1,849,657	2,381,538	2,711,141	2,817,972
Capital contributions and grants	7,793,386	3,297,685	4,779,757	-	12,573,143	3,297,685
Total Program Revenues	10,085,414	5,277,805	16,286,628	10,746,399	26,372,042	16,024,204
General Revenues						
Property taxes	7,288,665	8,750,763	-	-	7,288,665	8,750,763
Other taxes	3,927,392	3,775,793	-	-	3,927,392	3,775,793
Sales & use tax	7,532,540	7,346,732	-	-	7,532,540	7,346,732
Other revenues	835,236	438,111	-	-	835,236	438,111
Total General Revenues	19,583,833	20,311,399	-	-	19,583,833	20,311,399
Total Revenues	29,669,247	25,589,204	16,286,628	10,746,399	45,955,875	36,335,603
Expenses						
General government	3,040,319	3,520,702	-	-	3,040,319	3,520,702
Public & fire safety	13,263,509	14,984,205	-	-	13,263,509	14,984,205
Recreation	2,647,726	1,980,078	-	-	2,647,726	1,980,078
Community development	2,068,450	2,632,204	-	-	2,068,450	2,632,204
Public works	11,353,600	6,198,873	-	-	11,353,600	6,198,873
Interest on long-term debt	260,017	132,321	-	-	260,017	132,321
Wastewater	-	-	3,933,499	3,479,553	3,933,499	3,479,553
Solid waste	-	-	4,605,465	4,095,682	4,605,465	4,095,682
Transit	-	-	2,916,096	2,714,135	2,916,096	2,714,135
CNG/LNG fueling station	-	-	382,573	324,043	382,573	324,043
Total expenses	32,633,621	29,448,383	11,837,633	10,613,413	44,471,254	40,061,796
Excess (Deficiency) of Revenues over (under) Expenses	(2,964,374)	(3,859,179)	4,448,995	132,986	1,484,621	(3,726,193)
	(2,964,374)	(3,859,179)	4,448,995	132,986	1,484,621	(3,726,193)
Transfers and Special Item:						
Transfers in/(out)	-	-	-	-	-	-
Special item-merger of fire district	-	-	-	-	-	-
Extraordinary item-gain dissolution of RDA	-	-	-	-	-	-
Total Transfers and Special Item:	-	-	-	-	-	-
Changes in Net Position	(2,964,374)	(3,859,179)	4,448,995	132,986	1,484,621	(3,726,193)
Net position beginning of year (restated)	105,068,876	108,928,055	9,883,492	9,750,506	114,952,368	118,678,561
Net position June 30	\$ 102,104,502	\$ 105,068,876	\$ 14,332,487	\$ 9,883,492	\$ 116,436,989	\$ 114,952,368

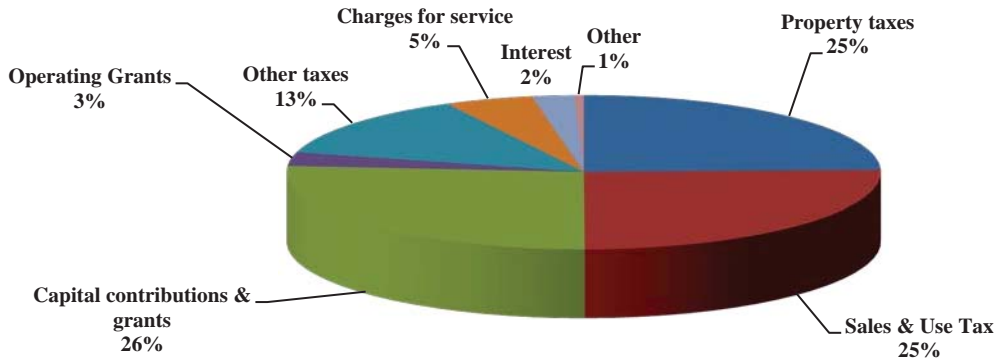
CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2014

Governmental activities

Governmental Activities - Expenses and Program Revenues for FY 2013/14



Governmental Activities - Revenues by Source



CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2014

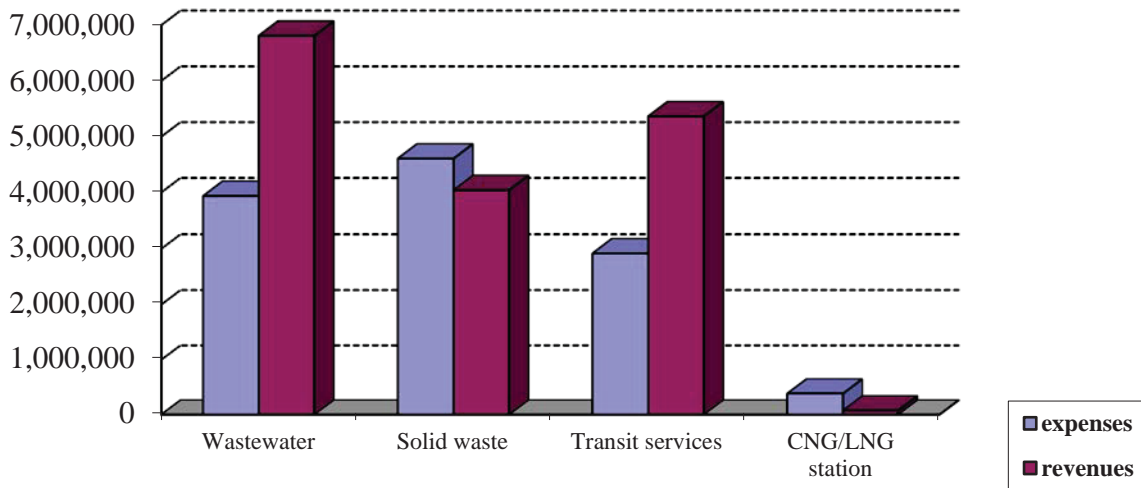
Business-type Activities

Business-type activities increased net position by \$4,448,995 as shown in the chart on page 10. Again, the main reason for this increase was due to infrastructure grants as evidenced by the addition of \$4.8 million in *Capital grants and contributions* as compared with the previous fiscal year. The City contracted with the County of San Bernardino for reimbursement of new bus stop turnouts and road construction on Rimrock Road and the Montara area roads.

In addition, the City also had ongoing wastewater treatment plant upgrades and the installation of new sewer lines in the Montara area. The City was successful in securing outside funding sources to pay for a major portion of these improvements as well. The upgrades in sewer lines, wastewater plant renovations and roadway are major improvements for the citizens of Barstow.

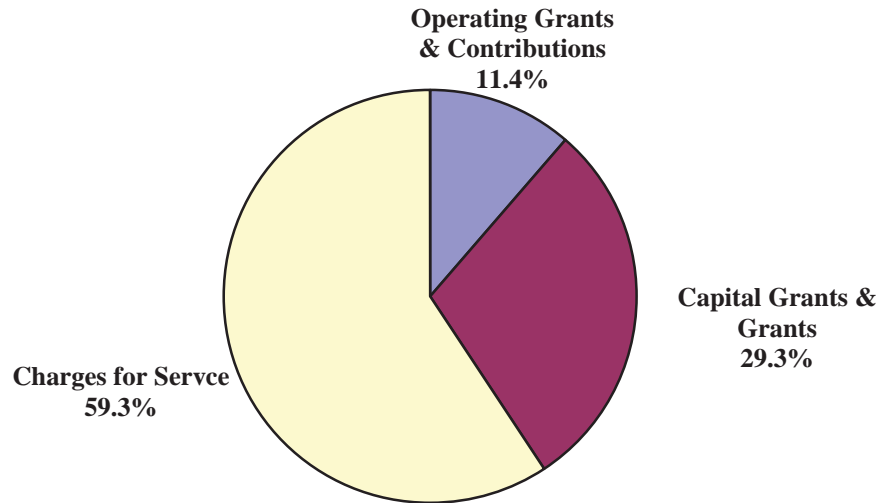
The chart below illustrates business-type expenses and revenues. The second chart on the following page shows Business-type revenues by category. The information in the charts is discussed in detail in the following pages.

Business-Type Activities - Expenses and Program Revenues



CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2014

Business-Type Activities - Revenues by Source



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$28,924,438, a decrease of 34% when compared to the fund balances of the prior year. The reason for the decrease in fund balance is mainly due to a reduction of cash and cash with the fiscal agent due to the aggressive infrastructure projects completed or still in progress.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2014

The *non-spendable* portion of fund balance is 18% or \$5,391,889. The City's non-spendable fund balances are prepaid amounts that pertain to another accounting period, inventories, assets that are not in cash form and deposits that are liabilities. As of June 30, 2014, the major amounts designated as non-spendable were loans from the following funds:

- \$2,011,695 due from the Successor Agency for the swimming pool loan
- \$1,382,383 due from the CNG/LNG Fund
- \$1,377,326 Wastewater Reclamation Fund loans
- \$200,000 Barstow Fire Protection District loan

While in total, the non-spendable balance decreased from the previous year due to scheduled payments from older loans, the City added a new note for the CNG/LNG fund and a loan for the Barstow Fire Protection District due to fiscal constraints in these two funds.

Restricted funds constitute 22% or \$6,266,281 of fund balance. Measure I funds, restricted for Streets & Highway projects are the largest portion of restricted funds (\$4,144,863). These funds are to be used for various street and road projects. In fiscal year 2013, the City entered into an agreement with the California Statewide Communities Development Authority Total Road Improvement Program (TRIP) to finance extensive local street improvements and reconstruction. TRIP funds are pledged against future Measure I funding to serve as the source for the related debt. The projects were identified through the City's Pavement Management System as meeting the Measure I Strategic Plan. Included as a restricted amount is \$1,095,640 for debt service as part of the Total Road Improvement Program (TRIP) financing. In review, the amount of restricted funds decreased by approximately \$8 million from the previous fiscal year. This again was mainly due to funds being spent on infrastructure projects for the Rimrock road reconstruction and Montara area.

Approximately 57%, or \$17,266,268, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. This balance is approximately \$5.5 million less than last year, again, due to the ongoing capital improvement program and the use of funds to cover project costs. The City adopted Council Fund Balance Policy #4548-2010, and has reserved \$3,553,328 of fund balance for Working Capital and \$888,332 for emergency contingency in compliance with its guidelines. The remaining \$888,332 is not assigned for a specific purpose.

More details about the fund balance for governmental funds can be found on page 89.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2014

At year-end the total net position of all proprietary funds was \$14,332,487 or an increase of 45% over the previous fiscal year fund balance. The Wastewater Fund reported an increase of \$2,874,475 and transit services recorded an increase of \$2,446,380. Solid waste and the CNG/LNG fueling station recorded a loss of \$565,118 and \$306,742 respectively. Overall, this resulted in an increase of \$4,448,995 in net position.

This increase in net position for the Wastewater Fund and Transit Fund was due to the City's ability to secure outside funding from the County of San Bernardino and federal grants for infrastructure projects for approximately \$4.8 million. The decrease in the Solid Waste net position is due to higher costs allocated to the fund for administrative services, increased staffing charges and one-time fees for an outside audit of contract services. While CNG/LNG fueling station revenues edged up by \$4,000 from the previous year, this was offset by increased cost of services due to increased repairs to maintain the station and contract service fee increases. The CNG/LNG fund ended with a net position decrease of \$307,000.

Detailed information can be found on pages 41 - 47.

GENERAL FUND BUDGETARY HIGHLIGHTS

The schedule below summarizes the General Fund budgetary highlights and actual amounts for fiscal year 2013/2014.

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Total Revenues	<u>\$17,633,513</u>	<u>\$17,633,513</u>	<u>\$17,416,244</u>	<u>(217,269)</u>
Expenditures:				
General Government	3,251,505	2,834,366	2,882,514	(48,148)
Public Safety	8,045,716	8,326,921	8,570,262	(243,341)
Recreation	1,479,895	2,326,367	2,333,991	(7,624)
Community Development	1,682,572	1,853,388	2,030,980	(177,592)
Public Works	3,469,745	2,610,632	2,607,660	2,972
Capital Outlay	182,896	714,397	379,238	335,159
Interest & Fiscal Charges	-	-	370	(370)
Total Expenditures	<u>18,112,329</u>	<u>18,666,071</u>	<u>18,805,015</u>	<u>(138,944)</u>
Revenues Over (Under) Expenditures	(478,816)	(1,032,558)	(1,388,771)	(356,213)
Other Financing Sources (Uses)	<u>(1,667,445)</u>	<u>(2,073,374)</u>	<u>(343,035)</u>	<u>1,730,339</u>
Net Change in Fund Balance	<u>(2,146,261)</u>	<u>(3,105,932)</u>	<u>(1,731,806)</u>	<u>1,374,126</u>
Fund balance, beginning of the year			<u>28,568,912</u>	
Fund balance, end of year			<u>\$26,837,106</u>	

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2014

The original revenue budget and the final amended revenue budget did not change. The difference in the original expenditure budget and the final amended expenditure budget was an increase in appropriations of \$554,000. Further analysis is provided below:

EXPENDITURE ORIGINAL / FINAL BUDGET

Annually, City staff presents the City Council with a budget for adoption no later than June for the new fiscal year. After staff has an opportunity to compile final year end totals for capital amounts spent, the capital budget is taken to Council for additional appropriations and adjustments. This usually occurs in the fall following the close of the previous fiscal year. The capital update was presented to Council November 2013.

In addition, a mid-year review of the budget is conducted for budget adjustments due to economic changes. A mid-year adjustment to the budget was taken to Council March 17, 2014. The main appropriations approved by the City Council for fiscal year 2014 were to increase equipment purchases for information technology, capital equipment for public works and the police department, and police department overtime was increased due to the acceptance of the Proposition 30 Grant.

OTHER FINANCING SOURCES BUDGET The main variance of the original budget to the final budget was an adjustment made during the mid-year review for updated capital project changes.

FINAL BUDGET TO ACTUAL AMOUNTS

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

- Revenue-Actual revenues generally exceeded conservative budget estimates. Two areas were lower than estimated. Anticipated interest earnings were lower due to continued lower rates of return and reduced cash for investing. In addition, the redevelopment land dissolution budget expectation of \$150,000 was not received as the land sale had not yet occurred.
- Expenditures-Minor variances between the expenditure categories are due to higher than anticipated fees and personnel costs.
- Other Financing Sources-The budgeted transfer between the General Fund and Flood Control Fund was not utilized for \$1.1 million. Additionally, the budgeted transfer for capital projects was lower than anticipated due to the approval and use of and other funding sources.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$112,941,608 (net of accumulated depreciation). This investment in capital assets includes land, building and system improvements, machinery and equipment and park facilities. The total change in the City's investment in capital assets for the current fiscal year, when compared to the previous year's capital assets, was an increase of 13%. The City of Barstow's Capital Assets chart is shown on page 18.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2014

Executive management reviews projects and capital expenditures in conjunction with Council priorities. The increase in capital assets is due mainly to multi-year infrastructure projects that are in progress and will be completed in future fiscal years. The information is detailed below:

Increases in Capital Assets for Governmental Activities & Business-type Activities:

The largest addition was to *Work- in-progress* adding an additional \$16.4 million for both governmental and business-type activities.

Governmental Activities Work in Progress increased \$8.6 million from the previous fiscal year. Per the Council's direction, the City continues to make major improvements in areas of infrastructure. The major projects for fiscal year 2014 were:

- Montara area road reconstruction, \$3.4 million
- Rimrock Road reconstruction, \$1.4 million
- Lenwood Mall area road renovation and reconstruction, \$1.4 million
- First Street Bridge project design cost of \$982,000
- Lenwood Grade Separation project, \$657,000
- Other projects including the Laverne Drainage improvement project and IT network connection projects

Business-type Activities Work in Progress increased by \$7.9 million from fiscal year 2013.

- The City's wastewater treatment plant is undergoing a major renovation. On June 30, 2014, project costs in work in progress were \$5.3 million.
- In conjunction with the Montara area road reconstruction, the City replaced sewer lines that had become eroded and obsolete. In addition to sewer line replacement, the City built bus stop turnouts with the use of transit funding. Project costs for fiscal year 2014 were \$2 million.
- Montara area road reconstruction also included a sewer line replacement component at a cost of \$1.2 million.

Governmental Activities Machinery & Equipment: Additions to machinery and equipment totaled \$352,000 and included a new police department computer software server, new police patrol units, a completely renovated dispatch center for services that combines both fire emergency services and police services providing a more efficient and cost effective program, a public works water truck and renovated park restrooms.

Governmental Activities Infrastructure: The City also added completed infrastructure projects for fiscal year 2014 totaling \$376,000. These included city-wide replacement of sidewalk, curb and gutter, drainage upgrades and the City's portion of the Jasper County Road project.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2014

Business-type Activities Machinery & Equipment: The City added approximately \$255,000 in new equipment that includes the solid waste fund's portion of the water truck, a new dump truck and a trailer for the wastewater plant.

The additions to machinery & equipment and infrastructure are prior to depreciation, as reflected in the chart.

City of Barstow's Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land & Intangible Assets	\$ 9,517,209	\$ 9,511,209	\$ 1,733,787	\$ 1,733,787	\$ 11,250,996	\$ 11,244,996
Work in progress	12,767,354	4,213,818	9,765,017	1,887,109	\$ 22,532,371	6,100,927
Buildings & Structures	13,063,810	13,335,133	1,683,692	1,763,172	\$ 14,747,502	15,098,305
Machinery and equipment	2,663,084	2,919,698	1,868,116	2,176,800	\$ 4,531,200	5,096,498
Infrastructure	47,688,045	50,151,183	12,191,494	11,909,339	\$ 59,879,539	62,060,522
Total	\$ 85,699,502	\$ 80,131,041	\$ 27,242,106	\$ 19,470,207	\$ 112,941,608	\$ 99,601,248

Additional information on the City's capital assets can be found in Note 6 of Notes to Financial Statements on page 71 & 72 of this report.

Long-term Debt

At the end of the current fiscal year, the City of Barstow had total debt outstanding of \$26,711,940. Of this debt amount, governmental activities accounts for \$16,717,843 and \$9,994,097, is related to business-type activities. As shown in the chart below, the City has no general obligation bond debt or tax allocation bond debt.

City of Barstow's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	Total 2014	Total 2013
Measure I-TRIP COP	\$ 9,489,249	\$ 10,671,999	\$ -	\$ -	\$ 9,489,249	\$ 10,671,999
Capital Lease Agreement	2,874,809	3,337,511	1,757,803	1,968,975	4,632,612	\$ 5,306,486
Certificates of Participation	-	-	1,500,766	1,766,808	1,500,766	\$ 1,766,808
Pollution Remediation Liab	-	-	6,622,559	6,874,532	6,622,559	\$ 6,874,532
PARS Supplemental Retirement	174,124	232,166	-	-	174,124	\$ 232,166
Claims & Judgments Payable	1,683,490	2,355,205	-	-	1,683,490	\$ 2,355,205
Compensated Absences	2,496,171	2,454,129	112,969	80,384	2,609,140	\$ 2,534,513
Total	\$ 16,717,843	\$ 19,051,010	\$ 9,994,097	\$ 10,690,699	\$ 26,711,940	\$ 29,741,709

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2014

All categories of debt decreased with the exception of compensated absences, which increased by \$75,000. The categories that decreased did so because no new debt was added for fiscal year 2014 and only reflect the scheduled payment decrease. More detail is provided below:

The largest portion of debt is Measure I-TRIP Certificate of Participation. The City of Barstow currently has an agreement with the California Statewide Communities Development Authority Total Road Improvement Program (TRIP) to finance extensive local street improvements and reconstruction that were identified throughout the City. This additional capital has been used to as part of the road and street reconstruction projects. These projects are in full force as evidenced by the increase in work in progress in the capital section. The City has pledged future Measure I funding to serve as the source for the related debt services payments. The projects identified through the City's Pavement management System as meeting the Measure I Strategic Plan are as follows:

- Rimrock Road Project
- Montara Area Project
- Henderson Area Project
- Cameron Area Project
- West Section 7 Area Project

The Rimrock Road and Montara Area road projects are near completion as of June 30, 2014 and the Henderson and Cameron Area were started in fiscal year 2014. Other debt variances are discussed below:

- Capital Lease-The City did not add any new leased vehicles or other equipment for fiscal year 2014. The decrease from the previous fiscal year reflects the scheduled lease payment.
- Routine bond debt payments for the wastewater bond account for a decrease of (\$266,000)
- Pollution remediation expenses in the Soapmine Road area reduced the liability by (\$252,000)
- The early retirement incentive offered December 2012, and accepted by six employees, decreased by \$58,000. This debt will be satisfied in January 2017.
- Certificates of Participation decreased by (\$266,000) due to scheduled payments made
- Claims and judgments payable decreased by \$672,000. This was primarily due to the settlement of several pending claims.
- Compensated absences increased by \$75,000. The increase in value of compensated absences is 3% and due mainly to step increases.

Additional information on the City's long-term debt can be found in Note 7 on page 73 to 79 of this report.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2014

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The economy continues to be at the forefront of management's consideration in leading and providing services for the residents of the City of Barstow. The economy has shown significant improvement. City management continues to closely monitor economic indicators and make adjustments as needed. The management team continuously takes the necessary steps required to address the needs of its residents for the short-term and the long-term, focusing on needed infrastructure improvements, community services including recreation and activities for all ages, business and economic development and planning for long-term growth in conjunction with the City Council.

The City's management team met to develop revenue enhancements and cost reduction strategies wherever possible for the 2014/2015 fiscal year budget. In addition, the executive management team implemented a major capital infrastructure program beginning in fiscal year 2012. The program is continually monitored, reviewed and adjusted to ensure important projects remain viable and funded in the coming year. General Fund revenues for the fiscal year 2014/2015 budget were projected at \$17.7 million and General Fund expenditures at \$18.1 million.

- The City's executive management team is committed to improving the infrastructure for its residents. This is evidenced by the \$15.3 million increase in capital work in progress for fiscal year 2014. This trend will continue since staff has secured bonded funding through California Communities, Local Measure I Sales, Tax Revenue, Total Road Improvement Program or TRIP.
- Sales and use taxes continues to be a major source of revenue for the City. In fiscal year 2012/2013, actual sales tax revenue was \$7.3 million and edged up to \$7.5 million for fiscal year 2013/2014. This increase reflects the economies continued improvement. These trends will continue to be closely monitored.
- The unemployment rate for the City of Barstow as of October 2014 was 9.7%. The City's Economic Division team continually explores ways to bring new businesses and subsequent employment opportunities to residents.
- The transient occupancy tax, also known as the hotel and motel tax charged to travelers utilizing the City's hotels, continues to be a significant revenue source (\$2.7 million). Revenues as compared with fiscal year 2012/2013 remain stable and reflect an increase of \$99,000 in fiscal year 2014. Not only do the hotels and motels in the Barstow area support the needs of routine travelers, they also serve as temporary lodging by government contractors related to the surrounding military installations.

Financial activity is being closely monitored to ensure resources and expenses are in-line with budgeted projections. All of these factors were considered in the preparation of the City's budget for fiscal year 2014/2015.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2014

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 220 E. Mountain View Street, Suite A, Barstow, California 92311.

This page intentionally left blank

**BASIC
FINANCIAL STATEMENTS**

This page intentionally left blank

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This page intentionally left blank

City of Barstow
Statement of Net Position
June 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	14,336,929	\$ 751,980	\$ 15,088,909
Cash and investments with fiscal agents	4,040,272	-	4,040,272
Accounts receivable, net	5,456,445	5,076,868	10,533,313
Accrued interest	13,134	660	13,794
Taxes receivable	74,316	-	74,316
Internal balances	6,434,228	(6,434,228)	-
Due from other governmental agencies	2,105,159	-	2,105,159
Inventories and prepayments	125,350	34,655	160,005
Total current assets	32,585,833	(570,065)	32,015,768
Noncurrent assets:			
Cash and investments with fiscal agents	1,095,640	-	1,095,640
Due from Successor Agency Trust Fund	3,424,926	-	3,424,926
Deposits	255,568	-	255,568
Real property held for resale	39,567	-	39,567
Capital assets:			
Not being depreciated	22,284,563	11,498,804	33,783,367
Being depreciated, net	63,414,939	15,743,302	79,158,241
Total capital asset	85,699,502	27,242,106	112,941,608
Total noncurrent assets	90,515,203	27,242,106	117,757,309
Total assets	123,101,036	26,672,041	149,773,077
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	3,790,678	2,130,631	5,921,309
Deposits	50,501	33,967	84,468
Unearned revenue	259,727	165,670	425,397
Interest payable	48,568	15,189	63,757
Long-term debt due within one year	3,005,297	781,124	3,786,421
Total current liabilities	7,154,771	3,126,581	10,281,352
Noncurrent liabilities:			
Net OPEB obligation	129,217	-	129,217
Long-term debt due in more than one year	13,712,546	9,212,973	22,925,519
Total noncurrent liabilities	13,841,763	9,212,973	23,054,736
Total liabilities	20,996,534	12,339,554	33,336,088
NET POSITION			
Net investment in capital assets	73,335,444	23,983,537	97,318,981
Restricted for:			
Capital projects	4,320,334	-	4,320,334
Debt service	1,095,640	-	1,095,640
Community development	627,838	-	627,838
Special projects	35,778	-	35,778
Total restricted	6,079,590	-	6,079,590
Unrestricted (deficit)	22,689,468	(9,651,050)	13,038,418
Total net position	\$ 102,104,502	\$ 14,332,487	\$ 116,436,989

See accompanying Notes to Basic Financial Statements.

City of Barstow
Statement of Activities
For the year ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 3,040,319	\$ 324,427	\$ 89,296	\$ 25,879	\$ 439,602
Public safety	13,263,509	438,400	499,319	3,377	941,096
Recreation	2,647,726	354,683	-	37,664	392,347
Community development	2,068,450	313,034	272,869	106,985	692,888
Public works	11,353,600	-	-	7,619,481	7,619,481
Interest on long-term debt	260,017	-	-	-	-
Total governmental activities	32,633,621	1,430,544	861,484	7,793,386	10,085,414
Business-type activities:					
Wastewater	3,933,499	4,930,118	-	1,877,856	6,807,974
Solid waste disposal	4,605,465	4,040,347	-	-	4,040,347
Transit services	2,916,096	610,918	1,849,657	2,901,901	5,362,476
CNG/LNG fueling station	382,573	75,831	-	-	75,831
Total business-type activities	11,837,633	9,657,214	1,849,657	4,779,757	16,286,628
Total primary government	\$ 44,471,254	\$ 11,087,758	\$ 2,711,141	\$ 12,573,143	\$ 26,372,042

General Revenues:

Taxes:

- Property taxes
- Transient occupancy taxes
- Motor vehicle taxes
- Franchise taxes
- Business license taxes
- Other taxes
- Sales and use taxes

Total taxes

Use of money and property

Other revenue

Total general revenues

Change in net position

Net position - beginning of year (as restated)

Net position - end of year

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (2,600,717)	\$ -	\$ (2,600,717)
(12,322,413)	-	(12,322,413)
(2,255,379)	-	(2,255,379)
(1,375,562)	-	(1,375,562)
(3,734,119)	-	(3,734,119)
(260,017)	-	(260,017)
<u>(22,548,207)</u>	<u>-</u>	<u>(22,548,207)</u>
-	2,874,475	2,874,475
-	(565,118)	(565,118)
-	2,446,380	2,446,380
-	(306,742)	(306,742)
<u>-</u>	<u>4,448,995</u>	<u>4,448,995</u>
<u>(22,548,207)</u>	<u>4,448,995</u>	<u>(18,099,212)</u>
7,288,665	-	7,288,665
2,748,763	-	2,748,763
10,301	-	10,301
938,590	-	938,590
190,351	-	190,351
39,387	-	39,387
7,532,540	-	7,532,540
<u>18,748,597</u>	<u>-</u>	<u>18,748,597</u>
693,341	-	693,341
141,895	-	141,895
<u>19,583,833</u>	<u>-</u>	<u>19,583,833</u>
(2,964,374)	4,448,995	1,484,621
105,068,876	9,883,492	114,952,368
<u>\$ 102,104,502</u>	<u>\$ 14,332,487</u>	<u>\$ 116,436,989</u>

This page intentionally left blank

FUND FINANCIAL STATEMENTS

Governmental Funds Financial Statements

Enterprise Funds Financial Statements

Fiduciary Funds Financial Statements

This page intentionally left blank

GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The Measure I Special Revenue Fund is used to account for money generated by a one-half percent sales tax approved by the voters in 1989, through 2010. In 2004, San Bernardino County voters approved the extension of Measure I sales tax through 2040.

The Barstow Fire Protection District Special Revenue Fund accounts for operations of the Barstow Fire Protection District.

The City Capital Projects Fund accounts for transactions related to proceeds from bonds and other resources and their use to acquire and construct certain capital facilities.

Non-Major Governmental Funds is the aggregate of all the non-major governmental funds.

City of Barstow
Balance Sheet
Governmental Funds
June 30, 2014

	Major Funds		
	General Fund	Measure I Special Revenue Fund	Barstow Fire Protection District Special Revenue Fund
ASSETS			
Cash and investments	\$ 12,142,010	\$ 1,245,709	\$ 1,762
Cash and investments held by fiscal agents	-	4,040,272	-
Accounts receivable, net	431,813	349,744	246,118
Accrued interest	11,078	1,521	58
Taxes receivable	-	-	-
Due from other governmental agencies	2,105,159	-	-
Due from other funds	8,290,445	-	-
Advances to other funds	2,959,709	-	-
Due from Successor Agency Trust Fund	2,011,695	-	-
Deposits	255,568	-	-
Prepayments	39,481	-	-
Inventory	85,869	-	-
Real property held for resale	39,567	-	-
Total assets	\$ 28,372,394	\$ 5,637,246	\$ 247,938
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,100,855	\$ 1,332,948	\$ 207,388
Deposits	50,501	-	-
Due to other funds	-	159,435	117,865
Advances from other funds	-	-	200,000
Unearned revenue	-	-	-
Total liabilities	1,151,356	1,492,383	525,253
Deferred inflows of resources:			
Unavailable revenues	383,932	-	14,285
Fund Balances: (Note 13)			
Nonspendable	5,391,889	-	-
Restricted	-	4,144,863	-
Unassigned	21,445,217	-	(291,600)
Total fund balances	26,837,106	4,144,863	(291,600)
Total liabilities, deferred inflows of resources, and fund balances	\$ 28,372,394	\$ 5,637,246	\$ 247,938

See accompanying Notes to Basic Financial Statements.

Major Funds		
City Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 543,030	\$ 404,418	\$ 14,336,929
-	1,095,640	5,135,912
-	4,428,770	5,456,445
220	257	13,134
-	74,316	74,316
-	-	2,105,159
-	-	8,290,445
-	-	2,959,709
-	1,413,231	3,424,926
-	-	255,568
-	-	39,481
-	-	85,869
-	-	39,567
<u>\$ 543,250</u>	<u>\$ 7,416,632</u>	<u>\$ 42,217,460</u>
\$ 257,713	\$ 891,774	\$ 3,790,678
-	-	50,501
-	4,338,626	4,615,926
-	-	200,000
-	259,727	259,727
<u>257,713</u>	<u>5,490,127</u>	<u>8,916,832</u>
-	3,977,973	4,376,190
-	-	5,391,889
285,537	1,835,881	6,266,281
-	(3,887,349)	17,266,268
<u>285,537</u>	<u>(2,051,468)</u>	<u>28,924,438</u>
<u>\$ 543,250</u>	<u>\$ 7,416,632</u>	<u>\$ 42,217,460</u>

This page intentionally left blank

City of Barstow
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2014

Total Fund Balances - Total Governmental Funds \$ 28,924,438

Amounts reported for governmental activities in the Statement of Net Position were different because:

Capital assets net of depreciation have not been included as financial resources in governmental fund activity. 85,699,502

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

Net OPEB obligation	(129,217)	
Compensated absences	(2,496,171)	
PARS supplemental retirement	(174,124)	
Certificates of Participation	(9,489,249)	
Capital leases	(2,874,809)	
Claims and judgments payable	<u>(1,683,490)</u>	(16,847,060)

Accrued interest payable for the current portion of interest due on debt service has not been reported in the governmental fund activity. (48,568)

Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred on the modified accrual basis in governmental funds. 4,376,190

Net Position of Governmental Activities \$ 102,104,502

See accompanying Notes to Basic Financial Statements.

City of Barstow
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2014

	Major Funds		
	General Fund	Measure I Special Revenue Fund	Barstow Fire Protection District Special Revenue Fund
REVENUES:			
Property taxes	\$ 3,666,492	\$ -	\$ 3,622,173
Sales and use taxes	7,532,540	-	-
Transient occupancy tax	2,748,763	-	-
Motor vehicle fees, in lieu, unrestricted	10,301	-	-
Franchise taxes	938,590	-	-
Business license taxes	190,351	-	-
Other taxes	39,387	-	-
Licenses and permits	238,846	-	43,025
Fines and penalties	142,409	-	-
From other agencies	457,176	1,966,974	240,463
Charges for current services	750,382	-	-
Other	79,124	-	3,238
Use of money and property	621,883	69,288	19,781
Total revenues	17,416,244	2,036,262	3,928,680
EXPENDITURES:			
Current:			
General government	2,882,514	-	-
Public safety	8,570,262	231	4,820,141
Recreation	2,333,991	-	-
Community development	2,030,980	-	-
Public works	2,607,660	-	-
Capital outlay	379,238	-	176,497
Debt service:			
Principal retirement	-	1,070,000	-
Interest and fiscal charges	370	385,802	-
Total expenditures	18,805,015	1,456,033	4,996,638
REVENUES OVER (UNDER) EXPENDITURES	(1,388,771)	580,229	(1,067,958)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	(409,617)	(8,100,131)	-
Capital lease financing	33,208	-	-
Proceeds from sale of assets	33,374	-	-
Total other financing sources (uses)	(343,035)	(8,100,131)	-
Net change in fund balances	(1,731,806)	(7,519,902)	(1,067,958)
FUND BALANCES:			
Beginning of year, as restated	28,568,912	11,664,765	776,358
End of year	\$ 26,837,106	\$ 4,144,863	\$ (291,600)

See accompanying Notes to Basic Financial Statements.

Major Funds		
City Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 7,288,665
-	-	7,532,540
-	-	2,748,763
-	-	10,301
-	-	938,590
-	-	190,351
-	-	39,387
-	-	281,871
-	-	142,409
133,833	2,276,786	5,075,232
-	-	750,382
-	-	82,362
15,989	41,486	768,427
<u>149,822</u>	<u>2,318,272</u>	<u>25,849,280</u>
-	-	2,882,514
-	83,208	13,473,842
-	-	2,333,991
-	116,023	2,147,003
-	500,385	3,108,045
14,651,617	4,707	15,212,059
-	-	1,070,000
-	-	386,172
<u>14,651,617</u>	<u>704,323</u>	<u>40,613,626</u>
<u>(14,501,795)</u>	<u>1,613,949</u>	<u>(14,764,346)</u>
13,715,655	-	13,715,655
-	(5,205,907)	(13,715,655)
-	-	33,208
-	-	33,374
<u>13,715,655</u>	<u>(5,205,907)</u>	<u>66,582</u>
(786,140)	(3,591,958)	(14,697,764)
<u>1,071,677</u>	<u>1,540,490</u>	<u>43,622,202</u>
<u>\$ 285,537</u>	<u>\$ (2,051,468)</u>	<u>\$ 28,924,438</u>

City of Barstow

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities For the year ended June 30, 2014

Net Change in Fund Balances - Total Governmental Funds \$ (14,697,764)

Amounts reported for governmental activities in the statement of activities differ from the amounts reported in the statement of revenues, and changes in fund balances because:

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period. 9,580,423

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds. (3,976,116)

In the statement of activities, only the gain or (loss) on the sale of capital assets is reported, whereas in the governmental funds proceeds from sales increases financial resources:

Proceeds from sale of assets are not recorded on the Statement of Activities	(33,374)
Loss on disposal of capital assets are not recorded on the Government Funds Statement of Revenues, Expenditures, and Changes in Fund Balance	(2,472)

Accrued interest payable applicable to the City's governmental activities is not due and payable in the current period and accordingly is not reported as fund liabilities. The statement of net position includes accrued interest. This amount represents the change in accrued interest. 13,405

OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (1,610)

Some revenues reported in the statement of activities do not represent current financial resources and therefore are not reported as revenue in the governmental funds. This amount represents the change in deferred inflows. 3,819,967

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt related items:

Payments made on Measure I TRIP Certificates of Participation, Series 2012	1,070,000	
Decrease in Measure I TRIP Certificates of Participation, Series 2012 original issuance premium	112,750	
Increase in capital lease obligations	(33,208)	
Payments on capital lease obligations	495,911	
Net decrease in claims and judgments	671,715	
Payments on PARS supplemental retirement liability	58,042	
Net increase in compensated absences	(42,043)	2,333,167

Change in Net Position of Governmental Activities \$ (2,964,374)

ENTERPRISE FUND FINANCIAL STATEMENTS

The Wastewater Reclamation Fund accounts for the operation of the City's wastewater system.

The Solid Waste Disposal Fund is used to account for the operation of the Solid Waste (trash) utility, a self-supporting activity which renders services on a user charge basis to residents and businesses located in the Barstow area.

The Transit Services Fund accounts for the operations of the City's transportation system for a fixed route and demand response service (Barstow Area Transit and Dial-A-Ride), which, along with fare box revenues, receives grants from the Transportation Development Act (TDA).

The CNG/LNG Fund accounts for the operations of the City's CNG/LNG fueling station.

City of Barstow
Statement of Net Position
Enterprise Funds
June 30, 2014

	Wastewater Reclamation	Solid Waste Disposal	Transit Services
ASSETS			
Current assets:			
Cash and investments	\$ 14,118	\$ 714,601	\$ 15,634
Accounts receivable, net	1,133,012	631,802	3,311,727
Accrued interest	-	660	-
Prepays	-	34,655	-
Total current assets	<u>1,147,130</u>	<u>1,381,718</u>	<u>3,327,361</u>
Noncurrent assets:			
Capital assets:			
Not being depreciated	8,705,595	80,263	2,636,796
Being depreciated, net	13,229,373	297,081	210,575
Total capital assets	<u>21,934,968</u>	<u>377,344</u>	<u>2,847,371</u>
Total noncurrent assets	<u>21,934,968</u>	<u>377,344</u>	<u>2,847,371</u>
Total assets	<u><u>23,082,098</u></u>	<u><u>1,759,062</u></u>	<u><u>6,174,732</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	1,203,794	309,337	600,216
Deposits Payable	-	33,967	-
Unearned revenue	-	-	165,670
Due to other funds	1,116,004	-	2,558,515
Interest payable	15,189	-	-
Pollution remediation liability - due within one year	225,000	-	-
Compensated absences payable - due within one year	32,175	11,828	1,184
Capital lease payable - due within one year	220,937	-	-
Long-term debt - due within one year	290,000	-	-
Total current liabilities	<u>3,103,099</u>	<u>355,132</u>	<u>3,325,585</u>
Noncurrent liabilities:			
Advances from other funds	1,377,326	-	-
Pollution remediation liability	6,397,559	-	-
Compensated absences payable	48,263	17,743	1,776
Capital lease payable	1,536,866	-	-
Long-term debt	1,210,766	-	-
Total noncurrent liabilities	<u>10,570,780</u>	<u>17,743</u>	<u>1,776</u>
Total liabilities	<u><u>13,673,879</u></u>	<u><u>372,875</u></u>	<u><u>3,327,361</u></u>
NET POSITION			
Net investment in capital assets	18,676,399	377,344	2,847,371
Unrestricted (deficit)	(9,268,180)	1,008,843	-
Total net position	<u><u>\$ 9,408,219</u></u>	<u><u>\$ 1,386,187</u></u>	<u><u>\$ 2,847,371</u></u>

See accompanying Notes to Basic Financial Statements.

<u>Nonmajor</u>		
<u>CNG/LNG</u>		
<u>Fueling Station</u>		<u>Total</u>
\$ 7,627	\$ 751,980	
327	5,076,868	
-	660	
-	34,655	
<u>7,954</u>	<u>5,864,163</u>	
76,150	11,498,804	
<u>2,006,273</u>	<u>15,743,302</u>	
2,082,423	27,242,106	
<u>2,082,423</u>	<u>27,242,106</u>	
<u>2,090,377</u>	<u>33,106,269</u>	
17,284	2,130,631	
-	33,967	
-	165,670	
-	3,674,519	
-	15,189	
-	225,000	
-	45,187	
-	220,937	
-	290,000	
<u>17,284</u>	<u>6,801,100</u>	
1,382,383	2,759,709	
-	6,397,559	
-	67,782	
-	1,536,866	
-	1,210,766	
<u>1,382,383</u>	<u>11,972,682</u>	
<u>1,399,667</u>	<u>18,773,782</u>	
2,082,423	23,983,537	
<u>(1,391,713)</u>	<u>(9,651,050)</u>	
<u>\$ 690,710</u>	<u>\$ 14,332,487</u>	

City of Barstow
Statement of Revenues, Expenses and Changes in Net Position
Enterprise Funds
For the year ended June 30, 2014

	Wastewater Reclamation	Solid Waste Disposal	Transit Services
OPERATING REVENUES:			
Services charges	\$ 4,879,313	\$ 4,020,081	\$ 598,076
Other revenue	12,299	69	46
Total operating revenues	4,891,612	4,020,150	598,122
OPERATING EXPENSES:			
General administration	975,776	537,562	121,405
Cost of services	1,951,834	4,050,577	2,489,454
Insurance expenses and claims	97,603	-	15,058
Depreciation	829,537	17,326	277,745
Total operating expenses	3,854,750	4,605,465	2,903,662
OPERATING INCOME	1,036,862	(585,315)	(2,305,540)
NONOPERATING REVENUES (EXPENSES):			
Interest income	38,506	20,197	12,796
Interest expense	(81,991)	-	(12,434)
Grants and contributions	1,877,856	-	4,751,558
Gain(loss) from sale of asset	3,242	-	-
Total nonoperating revenues (expenses)	1,837,613	20,197	4,751,920
Change in net position	2,874,475	(565,118)	2,446,380
NET POSITION:			
Beginning of year	6,533,744	1,951,305	400,991
End of year	\$ 9,408,219	\$ 1,386,187	\$ 2,847,371

See accompanying Notes to Basic Financial Statements.

<u>Nonmajor</u>	
<u>CNG/LNG</u>	
<u>Fueling Station</u>	<u>Total</u>
\$ 74,340	\$ 9,571,810
1,491	13,905
<u>75,831</u>	<u>9,585,715</u>
3,563	1,638,306
226,975	8,718,840
16,066	128,727
113,196	1,237,804
<u>359,800</u>	<u>11,723,677</u>
<u>(283,969)</u>	<u>(2,137,962)</u>
-	71,499
(22,773)	(117,198)
-	6,629,414
-	3,242
<u>(22,773)</u>	<u>6,586,957</u>
(306,742)	4,448,995
997,452	9,883,492
<u>\$ 690,710</u>	<u>\$ 14,332,487</u>

City of Barstow
Statement of Cash Flows
Enterprise Funds
For the year ended June 30, 2014

	Wastewater Reclamation	Solid Waste Disposal	Transit Services
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 4,848,371	\$ 3,995,714	\$ 598,122
Cash payments to suppliers of goods and services	(1,807,258)	(3,955,340)	(2,090,008)
Cash payments to employees for services	(898,992)	(555,849)	(122,014)
Net cash (used) in operating activities	2,142,121	(515,475)	(1,613,900)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants and contributions	-	-	1,992,691
Interfund borrowings	1,116,004	-	2,272,759
Payments on interfund borrowing	(324,992)	-	-
Net cash provided (used) in noncapital financing activities	791,012	-	4,265,450
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grants and contributions	1,545,702	-	-
Principal payments on long-term debt and capital lease	(491,172)	-	-
Interest paid on long-term debt and capital lease	(66,301)	-	(12,434)
Acquisition of capital assets	(6,091,834)	(282,013)	(2,636,796)
Net cash (used) by capital and related financing activities	(5,103,605)	(282,013)	(2,649,230)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	45,938	23,796	10,479
Net cash provided by investing activities	45,938	23,796	10,479
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,124,534)	(773,692)	12,799
CASH AND CASH EQUIVALENTS - Beginning of year	2,138,652	1,488,293	2,835
CASH AND CASH EQUIVALENTS - End of year	\$ 14,118	\$ 714,601	\$ 15,634
FINANCIAL STATEMENT PRESENTATION:			
Cash and investments	\$ 14,118	\$ 714,601	\$ 15,634
Total	\$ 14,118	\$ 714,601	\$ 15,634
RECONCILIATION OF OPERATING INCOME TO NET			
CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 1,036,862	\$ (585,315)	\$ (2,305,540)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	829,537	17,326	277,745
Changes in assets and liabilities:			
Accounts receivable	(43,241)	(58,403)	-
Prepays	8,690	(30,900)	-
Deposits	-	-	-
Accounts payable and accrued liabilities	536,407	98,550	416,449
Deposits payable	-	33,967	-
Pollution remediation liability	(251,973)	-	-
Compensated absences payable	25,839	9,300	(2,554)
Total adjustments	1,105,259	69,840	691,640
Net cash provided (used) in operating activities	\$ 2,142,121	\$ (515,475)	\$ (1,613,900)

See accompanying Notes to Basic Financial Statements.

Nonmajor	
CNG/LNG	
Fueling Station	Total
\$ 75,504	\$ 9,517,711
(246,528)	(8,099,134)
-	(1,576,855)
<u>(171,024)</u>	<u>(158,278)</u>
-	1,992,691
189,294	3,578,057
(22,773)	(347,765)
<u>166,521</u>	<u>5,222,983</u>
-	1,545,702
-	(491,172)
-	(78,735)
-	(9,010,643)
<u>-</u>	<u>(8,034,848)</u>
-	80,213
<u>-</u>	<u>80,213</u>
(4,503)	(2,889,930)
12,130	3,641,910
<u>\$ 7,627</u>	<u>\$ 751,980</u>
<u>\$ 7,627</u>	<u>\$ 751,980</u>
<u>\$ 7,627</u>	<u>\$ 751,980</u>
\$ (283,969)	\$ (2,137,962)
113,196	1,237,804
(327)	(101,971)
-	(22,210)
-	-
76	1,051,482
-	33,967
-	(251,973)
-	32,585
<u>112,945</u>	<u>1,979,684</u>
<u>\$ (171,024)</u>	<u>\$ (158,278)</u>

This page intentionally left blank

FIDUCIARY FUND FINANCIAL STATEMENTS

City of Barstow
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Agency Funds	Private Purpose Trust Fund Successor Agency Trust Fund
ASSETS		
Current assets:		
Cash and investments	\$ 235,680	\$ 1,233,558
Taxes and liens receivable	74,364	110,000
Interest receivable	158	478
Due from City of Barstow	-	45,461
Total current assets	<u>310,202</u>	<u>1,389,497</u>
Noncurrent assets:		
Property held for resale	-	4,393,652
Total assets	<u>310,202</u>	<u>5,783,149</u>
LIABILITIES		
Liabilities:		
Current liabilities:		
Accounts payable	10,901	4,424
Interest payable	-	91,643
Deposits	171,894	-
Due to bondholders	98,366	-
Payable to City of Barstow	-	3,424,926
Due to other agencies	29,041	-
Bonds Payable - due within one year	-	585,000
Total current liabilities	<u>310,202</u>	<u>4,105,993</u>
Noncurrent liabilities:		
Bonds Payable - due in more than one year	-	5,655,000
Total liabilities	<u>\$ 310,202</u>	<u>9,760,993</u>
NET POSITION:		
Held in trust for dissolution of RDA		<u>(3,977,844)</u>
Total net position		<u>\$ (3,977,844)</u>

See accompanying Notes to Basic Financial Statements.

City of Barstow
Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
For the year ended June 30, 2014

	Successor Agency Trust Fund
ADDITIONS:	
Investment income	\$ 13,418
From other agencies	1,457,439
Total additions	1,470,857
DEDUCTIONS:	
Administration	497,711
Interest expense	434,473
Transfer to City of Barstow	250,000
Total Deductions	1,182,184
Change in net position	288,673
NET POSITION:	
Beginning of year	(4,266,517)
End of year	\$ (3,977,844)

See accompanying Notes to Basic Financial Statements.

This page intentionally left blank

NOTES TO BASIC FINANCIAL STATEMENTS

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

The City of Barstow (City) was incorporated on September 30, 1947, under the general laws of the State of California. The City operates under a council-manager form of government and provides the following services: park and recreation, public safety (police), highways and streets, public improvements, planning and zoning, and general administrative services.

The accompanying financial statements include the financial activities of the City, and its component units, the Barstow Public Financing Authority, the Barstow Public Facilities Corporation, the Odessa Water District, the Barstow Harvey House Foundation, Barstow Community Services Foundation, and the Barstow Fire Protection District. Financial information for the City and these components are accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board. The City Council serves as the governing board of these component units and, as such, these entities are presented on a blended basis:

The Barstow Public Financing Authority (the Authority) was established on April 1, 1994, pursuant to California Code Section 6500. The Authority was established to provide a financing mechanism for the City's and Redevelopment Agency's various public projects. With the dissolution of all Redevelopment Agencies in the State of California effective February 1, 2012, the Barstow Public Financing Authority was legally dissolved.

The Barstow Public Facilities Corporation (the Facilities Corporation) was established on September 21, 1989, to render financial assistance to the City by financing, refinancing, acquiring, constructing, improving, leasing, selling or otherwise conveying property of any kind to the City. The City Council acts as the Corporation's governing board and exerts significant influence over its operations. The City is responsible for the Facilities Corporation's obligations. Separate financial statements are not produced for the Facilities Corporation.

The Odessa Water District (Odessa) was established on July 5, 1993, pursuant to legislation approved by the State in 1991 to provide water resources to the City. The City Council acts as the District's governing board and exerts significant influence over its operations. The City is responsible for Odessa's obligations. Separate financial statements are produced for the District and may be obtained from the City's Finance Administration Office.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Financial Reporting Entity, Continued

The Barstow Harvey House Foundation (the Foundation) is a nonprofit public benefit corporation established on January 16, 1992 to promote development of the Harvey House historic site, to improve, renovate, and maintain the historic significance of the site. The City Council acts as the Foundation's governing board and exerts significant influence over its operations. The City is responsible for the Foundation's obligations. Separate financial statements are not produced for the Foundation.

The Barstow Community Services Foundation (the Community Services Foundation) was formed on October 7, 2013 as a non-profit public benefit corporation. The Community Services Foundation will receive, invest and utilize funds and property acquired through the solicitation of contributions, donations, grants, gifts, bequests for the purposes of fostering and promoting community interests, events and programs promoting and celebrating Barstow, its history and contributions, and any other purpose beneficial to the public. The City Council acts as the Community Services Foundation's governing board and exerts significant influence over its operations. The City is responsible for the Community Services Foundation's obligations. Separate financial statements for the Community Services Foundation are not produced. There were no activities for the Community Services Foundation for the fiscal year ended June 30, 2014.

The Barstow Fire Protection District (the District) became a component unit of the City on November 17, 2010. Previously the District was an independent district. The District will continue to be operated according to the applicable state fire protection district laws and the property taxes collected within the district will be used exclusively for the administration and operational costs of the district. The City is responsible for the District's obligations. The City Council acts as the District's governing board and exerts significant influence over its operations. Separate financial statements are produced for the District and may be obtained from the City's Finance Office.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City's government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

These statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses recognized in the period in which the liability is incurred. Grant revenues are recognized when all eligibility requirements imposed by the provider have been met. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities.

Governmental Fund Financial Statements

Governmental funds financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the government-wide financial statements.

The City of Barstow reports the following major governmental funds:

- The General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- The Measure I fund is used to account for money generated by a one-half percent sales tax approved by the voters in 1989 and extended in 2004 by the San Bernardino County voters to continue until 2040. The fund is also used to account for the debt proceeds and related expenditures of the California Communities Local Measure I Sales Tax Revenue Certificates of Participation, Series 2012.
- The Barstow Fire Protection District Special Revenue fund accounts for operations of the Barstow Fire Protection District which was annexed to the City effective November 17, 2010. The District's main source of revenue is through the collection of property taxes. This constitutes approximately 92% of its revenue source. Minor sources of revenue are fees for permits, plan and specification review, and grants.
- The City Capital Projects fund accounts for transactions related to proceeds from bonds and other resources and their use to acquire and construct certain capital facilities.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally received within 60 days after year-end). The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Enterprise Fund Financial Statements

Enterprise fund financial statements include a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows for each major enterprise fund and nonmajor funds aggregated.

The City of Barstow reports the following major enterprise funds:

- The Wastewater Reclamation Fund accounts for the operation of the wastewater system. The City and its employees operate the wastewater system and plant.
- The Solid Waste Disposal Fund is used to account for the operation of the Solid Waste (trash) utility, a self-supporting activity which renders services on a user charge basis to residents and businesses located in the Barstow area.
- The Transit Services Fund accounts for the operations of the City's transportation system for a fixed route and demand response service (Barstow Area Transit and Dial-A-Ride), which, along with fare box revenues, receives grants from the Transportation Development Act (TDA).

Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the statement of net position. The statement of revenues, expenses and changes in fund net position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a statement of fiduciary assets and liabilities, and a statement of changes in fiduciary net position. The City's fiduciary funds represent agency funds and a private-purpose trust fund. Agency funds are custodial in nature (statement of fiduciary assets and liabilities) and do not involve measurement of results of operations. Private-purpose trust funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments (i.e. unclaimed property/escheat property). Fiduciary funds are accounted for on the accrual basis of accounting.

The City reports the following fiduciary funds:

- Agency Funds - account for receipt of special taxes and assessments used to pay principal and interest on related bonds with no direct City liability. Agency funds are also used to account for transit operations for Big River and Trona, for which the City acts as the fiduciary, developer deposits, and other small funds for the benefit of other agencies.
- Successor Agency Private Purpose Trust Fund - accounts for assets and liabilities transferred from the City to the Successor Agency Trust Fund.

C. Cash and Investments

The City pools idle cash from all funds for the purpose of increasing income through investment activities. In compliance with Governmental Accounting Standards Board Statement No. 31, the City's investments are stated at fair value. Market value is used for those securities for which market quotations are readily available. For securities that lack readily available market quotations, reasonable estimates of fair value are used based on the market value of similar investments. The City generally holds all investments until maturity or until market values equal or exceed cost. Therefore, the fair value of securities in the investment pool does not necessarily reflect realized gains or losses but rather the fair value of those investments as of June 30, 2014.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All pooled cash and investments of the enterprise funds are considered cash equivalents.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances to other funds, as reported in the fund financial statements, are offset by a nonspendable fund balance.

Governmental fund and enterprise fund receivables are shown net of an allowance for uncollectible amounts. Utility customers are billed bi-monthly on an alternating basis.

Property taxes are assessed, collected and allocated by San Bernardino County throughout the fiscal year according to the following property tax calendar:

Lien Date	January 1
Levy Date	July 1 to June 30
Due Dates	November 1, 1st Installment February 1, 2nd Installment
Delinquent Dates	December 11, 1st Installment April 11, 2nd Installment

City property tax revenues are recognized when levied to the extent that they result in current receivables. The City elected to participate in the County of San Bernardino Teeter Plan guaranteed payment as of June 30, 1993.

The County of San Bernardino collects an administration fee from the City for its services. The City receives a percentage of the basic 1% ad valorem tax rate allowed on property within the City of Barstow. Property tax rates for the City's general obligation debt are set by the City Council based on assessed valuations and debt service requirements. The assessed valuation is at "full cash value."

G. Inventories and Prepayments

Inventory is valued at cost using the first in, first out method. The City uses the consumption method of accounting for inventories. Certain types of goods and services such as payments to vendors and pension costs are paid in advance and reflect costs applicable to future accounting periods and are recorded as prepaid items.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Use of Restricted/Unrestricted Net Position

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

I. Capital Assets

The City's buildings, machinery, equipment, infrastructure and intangible assets with useful lives of more than two years are stated at historical cost or estimated historical cost and reported in the government-wide financial statements. Enterprise capital assets are also reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated. The City updated its Capital Asset Policy on June 16, 2014 per Council approval. The City capitalizes its assets as follows:

Buildings and Building Improvements	Costs of \$50,000 or more
Furniture	Costs of \$20,000 or more
Equipment	Costs of \$20,000 or more
Infrastructure	Costs of \$100,000 or more

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Amortization of assets acquired under capital leases is based on the shorter of the lease term or the estimated useful life of the asset and is included in depreciation and amortization. Water rights, which are intangible assets, are not amortized. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	50 years
Infrastructure and improvements other than buildings	10-100 years
Machinery and equipment	3-15 years

J. Compensated Absence Payable

Under certain circumstances and according to negotiated labor agreements, employees of the City are allowed to accumulate vacation leave, compensation time, and sick leave. This amount is included as a liability in the government-wide and enterprise fund financial statements.

K. Long-Term Obligations

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

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Net Position and Fund Equity

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets: This category groups all capital assets into one component of net position. Accumulated depreciation on these assets and the outstanding principal of related debt reduce this category.

Restricted Net Position: This category represents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position: This category represents the net position of the City that are not externally restricted for any project or other purpose.

In the fund financial statements, governmental funds are classified in the following categories:

Nonspendable Fund Balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance - includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance - includes amounts that can only be used for the specific purposes approved by Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: resolution and ordinance). The City at June 30, 2014 does not have any committed fund balances.

Assigned Fund Balance - includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) City Council or (b) a body (a budget, finance committee, or management (City Wide Leadership team, which consists of City Manager and Executive Department Heads)) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) other than the General Fund, that are not classified as nonspendable, restricted, or committed. The City at June 30, 2014 does not have any assigned fund balances.

Unassigned Fund Balance - the residual classification for the General Fund and includes all not contained in the other classifications. Governmental funds report residual negative balances as unassigned fund balance.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Landfills

The County of San Bernardino owns and operates a separate landfill located outside the City's limits. The City, however, is not responsible for any of the operating, closure or post-closure costs associated with this landfill. Accordingly, no accrual for these costs is reflected in the City's financial statements.

N. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category.

Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: grant revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

O. New Pronouncements

In 2013, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The City restated beginning net position as a result of implementation of this standard.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. New Pronouncements, Continued

- GASB Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 1 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. There was no effect on net position as a result of implementation of this standard.

- GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. There was no effect on net position as a result of implementation of this standard.

- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Some governments extend financial guarantees for the obligations of another government, a not-for-profit organization, a private entity, or individual without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity or individual that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonechange financial guarantees. There was no effect on net position as a result of implementation of this standard.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

2. CASH AND INVESTMENTS

Cash and investments are reported in the accompanying financial statements as follows:

	<u>Government-Wide Statement of Net Assets</u>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and investments	\$ 14,336,929	\$ 751,980	\$ 1,469,238	\$ 16,558,147
Restricted cash and investments	5,135,912	-	-	5,135,912
Total cash and investments	\$ 19,472,841	\$ 751,980	\$ 1,469,238	\$ 21,694,059

Cash and investments as of June 30, 2014 consist of the following:

Deposits:	
Cash on hand	\$ 1,890
Deposits with financial institution	301,634
Total deposits	303,524
Investments:	
Local Agency Investment funds	1,600,478
Investments	14,654,145
Total investments	16,254,623
Total City Treasury	16,558,147
Restricted cash and investments	
Cash with fiscal agent	5,135,912
Total restricted cash and investments	5,135,912
Total cash and investments	\$ 21,694,059

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

2. CASH AND INVESTMENTS, Continued

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund. The carrying amount of the City's cash deposit was \$301,634 at June 30, 2014. Bank balances before reconciling items were \$682,241, the total amount of which was insured and/or collateralized with securities held by pledging financial institutions in the City's name as discussed on page 68.

A. Investments Authorized by the California Government Code and the City of Barstow Adopted Investment Policy

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Bills, Notes, or Bonds	5 years	None	None
U.S. Agencies	5 years	None	None
Time Certificates of Deposit	5 years	None	50%
Negotiable Certificates of Deposit	N/A	30%	50%
Bankers' Acceptance	180 days	40%	30%
Prime Commercial Paper	270 days	25%	50%
Repurchase Agreements	1 year	None	50%
Mutual Funds investing in eligible securities	N/A	20%	10%
Medium Term Notes	5 years	30%	50%
County Pooled Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	100%	\$50 million*

*Limit set by LAIF Governing Board, not Government Code

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

2. CASH AND INVESTMENTS, Continued

B. Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee is governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy.

C. Disclosures Related to Interest Rate Risk

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

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided in the following table that shows the distribution of the City's investments by maturity:

Investment Type	Fair Value	Investment Maturities (in years)				
		1 year or Less	2 years	3 years	4 years	5 years
Securities of U.S. Government						
Treasury and Agencies:						
Federal Farm Credit Bank Bonds (FFCB)	\$ 5,969,580	\$ -	\$ -	\$ -	\$ 5,969,580	\$ -
Federal Home Loan Bank Bonds (FHLB)	2,971,210	-	-	-	2,971,210	-
Federal Home Loan Bank Step up (FHLBSU)	991,410	-	-	-	991,410	-
Federal Home Loan Mortg. Corp. Notes (FHLMC)	1,978,040	-	-	-	1,978,040	-
Federal National Mortg. Assn. Notes (FNMA)	1,993,860	-	-	-	1,993,860	-
Medium Term Notes						
First Bank P R Santurce	250,310	-	250,310	-	-	-
GE Cap Bank Inc	249,438	-	249,438	-	-	-
Discover Bank	250,297	-	250,297	-	-	-
Local Agency Investment Funds	1,600,478	1,600,478	-	-	-	-
Total	\$ 16,254,623	\$ 1,600,478	\$ 750,045	\$ -	\$ 13,904,100	\$ -

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

2. CASH AND INVESTMENTS, Continued

D. Disclosures Related to Credit Risk

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

Investment Type	Fair Value	Legal Minimum Rating	Rating as of Year End				
			Aaa	A1	Baa3	B2	Not Rated
Securities of U.S. Government							
Treasury and Agencies:							
Federal Farm Credit Bank Bonds (FFCB)	\$ 5,969,580	N/A	\$ 5,969,580	\$ -	\$ -	\$ -	\$ -
Federal Home Loan Bank Bonds (FHLB)	2,971,210	N/A	2,971,210	-	-	-	-
Federal Home Loan Bank Step up (FHLBSU)	991,410	N/A	991,410	-	-	-	-
Federal Home Loan Mortg. Corp. Notes (FHLMC)	1,978,040	N/A	1,978,040	-	-	-	-
Federal National Mortg. Assn. Notes (FNMA)	1,993,860	N/A	1,993,860	-	-	-	-
Medium Term Notes							
First Bank P R Santurce	250,310	A	-	-	-	250,310	-
GE Cap Bank Inc	249,438	A	-	249,438	-	-	-
Discover Bank	250,297	A	-	-	250,297	-	-
Local Agency Investment Funds	1,600,478	N/A	-	-	-	-	1,600,478
Total	\$ 16,254,623		\$ 13,904,100	\$ 249,438	\$ 250,297	\$ 250,310	\$ 1,600,478

E. Concentration of Credit Risk

The City's investment policy contains certain limitations as disclosed in the accompanying table on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The distribution of investments, by issuer that represents 5% or more of the City's investments is as follows:

Issuer Name	Investment Type	Reported Amount
Federal Farm Credit bank	Federal Agency Securities	\$ 5,969,580
Federal Home Loan Bank	Federal Agency Securities	3,962,620
Federal Home Loan Mortgage Corporation	Federal Agency Securities	1,978,040
Federal National Mortgage Association	Federal Agency Securities	1,993,860

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

2. CASH AND INVESTMENTS, Continued

F. Custodial Credit Risk

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

As of June 30, 2014, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2014, no City investments were held by the same broker-dealer (counterparty) that was used by the City to buy the securities.

G. Local Agency Investment Fund

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The balance is available for withdrawal on demand. The City's investments with LAIF at June 30, 2014, include a portion of the pooled funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

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

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

As of June 30, 2014, the City had \$1,600,478 invested in LAIF, which had invested 1.86% of the pool investment funds in Structured Notes and Asset-Backed Securities. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The fair value of LAIF was calculated by applying a factor of 1.00029875 to the total investments held by LAIF.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

3. ACCOUNTS RECEIVABLE

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Accounts Receivable</u>	<u>Allowances for Uncollectibles</u>	<u>Accounts Receivable, Net</u>
Governmental Funds			
General Fund	\$ 529,532	\$ (97,719)	\$ 431,813
Measure I Special Revenue Fund	509,179	-	349,744
Barstow Fire Protection District Special Revenue Fund	246,118	-	246,118
Nonmajor Governmental Funds	4,428,770	-	4,428,770
Enterprise Funds			
Wastewater Reclamation	1,355,954	(222,942)	1,133,012
Solid Waste Disposal	1,001,701	(369,899)	631,802
Transit Services	3,311,727	-	3,311,727
CNG/LNG Fueling Station	327	-	327
	<u>\$ 11,383,308</u>	<u>\$ (690,560)</u>	<u>\$ 10,533,313</u>

4. INTERFUND BALANCES

The following table presents the interfund balances as of June 30, 2014:

<u>Due To General Fund</u>	<u>Due From Other Funds</u>
Measure I Special Revenue Fund	\$ 159,435
Barstow Fire Protection District Fund	117,865
Non-Major Governmental Funds	4,338,626
Wastewater Reclamation Fund	1,116,004
Transit Services Enterprise Fund	2,558,515
Total	<u>\$ 8,290,445</u>

Capital projects, funded by reimbursable grants and capital allocations from Federal, State, and County sources, were approved by the City Council with the understanding that the General Fund lends monies to other funds with the expectation that the amounts will be repaid based on contractual commitments from other governmental entities. All the funds listed have expenses for which the expected reimbursement has not yet been received as of June 30, 2014.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

4. INTERFUND BALANCES, Continued

The following table presents advances as of June 30, 2014

	Advances from Other Funds			Total
	Barstow Fire Protection District Special Revenue Fund	Wastewater Reclamation Enterprise Fund	CNG/LNG Fuel Station Enterprise Fund	
Advances to Other Funds				
General Fund	\$ 200,000	\$ 1,377,326	\$ 1,382,383	\$ 2,959,709
Total	\$ 200,000	\$ 1,377,326	\$ 1,382,383	\$ 2,959,709

The advances made by the General Fund to the Wastewater Enterprise Fund were due to the necessary and immediate capital improvements as authorized by the City Council. The advance will be paid over 10 years from customer revenues at the current LAIF interest rate plus 1%. As of June 30, 2014, the total amount owed to the General Fund from the Wastewater Fund is \$1,377,326. The advance made by the General Fund to the CNG/LNG Fueling Station non major enterprise fund are made under a long term agreement under which the City will be repaid a percentage of sales after a base amount is met. No repayments were made during the fiscal year for the advance made to the CNG/LNG Fueling Station non major enterprise fund. The General Fund advanced \$200,000 to the Barstow Fire Protection District Special Revenue Fund to cover operational expenditures for the year. The advance does not accrue interest and is to be repaid upon the District's accumulation of funds necessary to reimburse the General Fund. The City, at its option, may declare at any point in time that the entire principal amount outstanding will be due and payable to the City immediately. As of June 30, 2014, the total amount owed to the General Fund from the Barstow Fire Protection District Special Revenue Fund is \$200,000.

5. INTERFUND TRANSFERS

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund that has made expenditure on behalf of another fund.

In the governmental fund financial statements, total transfers were \$13,715,655 as follows:

Transfers Out	City Capital Projects Fund	Total
Major Funds		
General Fund	\$ 409,617	\$ 409,617
Measure I Special Revenue Fund	8,100,131	8,100,131
Non-major Govtl Funds	5,205,907	5,205,907
Total	\$ 13,715,655	\$ 13,715,655

The transfers between governmental funds have been eliminated in the government-wide statements.

The transfers of \$409,617 from the General Fund, \$8,100,131 from the Measure I Fund, \$200,194 from the Gas Tax Fund, \$1,117,790 from the Grants Fund, and \$3,887,923 from the Flood Control fund to the City Capital Projects Fund were for capital project expenditures.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

6. CAPITAL ASSETS

A summary of changes in the governmental activities capital assets at June 30, 2014 is as follows:

	Balance July 1, 2013	Increases	Decreases	Transfer to Bus-type Activities	Balance June 30, 2014
Non-depreciable assets:					
Work in progress	\$ 4,213,818	\$ 9,520,970	\$ (967,434)	\$ -	\$ 12,767,354
Land	9,426,209	6,000	-	-	9,432,209
Intangible Asset-Water Rights	85,000	-	-	-	85,000
Total non-depreciable assets	<u>13,725,027</u>	<u>9,526,970</u>	<u>(967,434)</u>	<u>-</u>	<u>22,284,563</u>
Depreciable assets:					
Building and improvements	26,600,536	292,530	-	(28,000)	26,865,066
Machinery and equipment	4,484,035	351,966	(177,943)	-	4,658,058
Property under capital leases	1,323,234	-	-	-	1,323,234
Infrastructure	93,139,887	376,391	-	-	93,516,278
Total depreciable assets	<u>125,547,692</u>	<u>1,020,887</u>	<u>(177,943)</u>	<u>(28,000)</u>	<u>126,362,636</u>
Less accumulated depreciation:					
Building and improvements	(13,265,403)	(563,853)	-	28,000	(13,801,256)
Machinery and equipment	(2,718,711)	(460,391)	142,097	-	(3,037,005)
Property under capital leases	(168,860)	(112,343)	-	-	(281,203)
Infrastructure	(42,988,704)	(2,839,529)	-	-	(45,828,233)
Total accumulated depreciation	<u>(59,141,678)</u>	<u>(3,976,116)</u>	<u>142,097</u>	<u>28,000</u>	<u>(62,947,697)</u>
Total depreciable assets, net	<u>66,406,014</u>	<u>(2,955,229)</u>	<u>(35,846)</u>	<u>-</u>	<u>63,414,939</u>
Total capital assets	<u>\$ 80,131,041</u>	<u>\$ 6,571,741</u>	<u>\$ (1,003,280)</u>	<u>\$ -</u>	<u>\$ 85,699,502</u>

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

6. CAPITAL ASSETS, Continued

A summary of changes in the business-type activities capital assets at June 30, 2014 is as follows:

	Balance July 1, 2013	Increases	Decreases	Transfer from Govt Activities	Balance June 30, 2014
Non-depreciable assets:					
Work in progress	\$ 1,887,110	\$ 8,915,295	\$ (1,037,388)	\$ -	\$ 9,765,017
Land	1,733,787	-	-	-	1,733,787
Total non-depreciable assets	<u>3,620,897</u>	<u>8,915,295</u>	<u>(1,037,388)</u>	<u>-</u>	<u>11,498,804</u>
Depreciable assets:					
Buildings and improvements	2,469,958	-	-	28,000	2,497,958
Machinery and equipment	7,445,562	255,264	-	-	7,700,826
Property under capital lease	51,031	-	-	-	51,031
Infrastructure	20,325,718	877,472	(93,999)	-	21,109,191
Total depreciable assets	<u>30,292,269</u>	<u>1,132,736</u>	<u>(93,999)</u>	<u>28,000</u>	<u>31,359,006</u>
Less accumulated depreciation:					
Buildings and improvements	(706,786)	(79,480)	-	(28,000)	(814,266)
Machinery and equipment	(5,317,667)	(557,569)	-	-	(5,875,236)
Property under capital lease	(2,126)	(6,379)	-	-	(8,505)
Infrastructure	(8,416,378)	(594,376)	93,057	-	(8,917,697)
Total accumulated depreciation	<u>(14,442,957)</u>	<u>(1,237,804)</u>	<u>93,057</u>	<u>(28,000)</u>	<u>(15,615,704)</u>
Total depreciable assets, net	<u>15,849,312</u>	<u>(105,068)</u>	<u>(942)</u>	<u>-</u>	<u>15,743,302</u>
Total capital assets	<u>\$ 19,470,209</u>	<u>\$ 8,810,227</u>	<u>\$ (1,038,330)</u>	<u>\$ -</u>	<u>\$ 27,242,106</u>

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

	Governmental Activities	Business-type Activities
General government	\$ 424,656	\$ -
Public Safety	332,735	-
Recreation	375,560	-
Community Development	12,811	-
Public Works	2,830,354	-
Wastewater Reclamation	-	829,537
Solid Waste Disposal	-	17,326
Transit	-	277,745
CNG/LNG Fueling Station	-	113,196
Total depreciation expense	<u>\$ 3,976,116</u>	<u>\$ 1,237,804</u>

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

7. LONG-TERM DEBT

During the year ended June 30, 2014, the following changes occurred in liabilities reported in long-term debt:

	Balance June 30, 2013	Additions	Deletions	Bond Discount/ Premium	Balance June 30, 2014	Due Within One Year
Governmental Activities:						
Measure I TRIP COP, Series 2012	\$ 10,671,999	\$ -	\$ (1,070,000)	\$ (112,750)	\$ 9,489,249	\$ 1,100,000
Capital lease agreements	3,337,512	33,208	(495,911)	-	2,874,809	497,054
Compensated absences	2,454,129	1,660,943	(1,618,901)	-	2,496,171	998,468
PARS Supplemental Retirement	232,166	-	(58,042)	-	174,124	58,041
Claims and judgements payable	2,355,205	-	(671,715)	-	1,683,490	351,734
Total governmental activities	<u>\$ 19,051,010</u>	<u>\$ 1,694,151</u>	<u>\$ (3,914,569)</u>	<u>\$ (112,750)</u>	<u>\$ 16,717,843</u>	<u>\$ 3,005,297</u>
Business type Activities:						
Certificates of Participation	\$ 1,766,808	\$ -	\$ (280,000)	\$ 13,958	\$ 1,500,766	\$ 290,000
Pollution remediation liability	6,874,532	-	(251,973)	-	6,622,559	225,000
Capital lease agreement	1,968,975	-	(211,172)	-	1,757,803	220,937
Compensated absences	80,384	111,058	(78,473)	-	112,969	45,187
Total business-type activities	<u>\$ 10,690,699</u>	<u>\$ 111,058</u>	<u>\$ (821,618)</u>	<u>\$ 13,958</u>	<u>\$ 9,994,097</u>	<u>\$ 781,124</u>

A. California Communities Local Measure I Sales Tax Revenue (Installment Sale) Certificates of Participation, Series 2012 (T.R.I.P. – Total Road Improvement Program)

On December 1, 2012, the City entered into an installment sale agreement with the California Statewide Communities Development Authority (Authority) to issue California Communities Local Measure I Sales Tax Revenue (Installment Sale) Certificates of Participation, Series 2012 (T.R.I.P. – Total Road Improvement Program), totaling \$9,770,000. The purpose was to (i) finance the design, acquisition, and construction of certain local roadway improvements and street resurfacing projects within the jurisdiction of the City; (ii) fund a reserve subaccount within the reserve fund for the Certificates, and ; (iii) pay the costs incurred in connection with the execution, sale, and delivery of the Certificates.

The City is required under the 2012 installment sale agreement to make installment sale payments to the Authority. Installment Sale Payments are payable from a first lien on all Measure I receipts, generally consisting of certain amounts received by the City from a 0.5% sales and use tax that is collected in the County of San Bernardino, California for a thirty-year period ending on March 31, 2040. Measure I revenues received by the City for the fiscal year ended June 30, 2014 were \$1,966,974.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

7. LONG-TERM DEBT, Continued

A. California Communities Local Measure I Sales Tax Revenue (Installment Sale) Certificates of Participation, Series 2012 (T.R.I.P - Total Road Improvement Program)

The annual debt service requirements on the Measure I Certificates of Participation, Series 2012 are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 1,100,000	\$ 348,000	\$ 1,448,000
2016	1,145,000	304,000	1,449,000
2017	1,190,000	258,200	1,448,200
2018	1,240,000	210,600	1,450,600
2019	1,290,000	161,000	1,451,000
2020-2021	2,735,000	165,200	2,900,200
Subtotal	8,700,000	\$ 1,447,000	\$ 10,147,000
Bond Premium	789,249		
Total	\$ 9,489,249		

B. Capital Lease Agreements

The City has entered into a lease agreement for financing heavy equipment for its public works department. The lease is for 60 months with monthly payments of \$3,958 and expires on February, 2015.

The City entered into a capital lease agreement to finance the cost of an energy retrofit project for \$5,489,461. The City is required to make monthly payments of \$55,536. The monthly payment includes principal and interest @ 4.795%. The lease is for 126 months and expires in July 2021.

The City entered into a multi-year capital lease program for vehicle replacement. Each year, vehicles in the fleet are evaluated and proposed additions and retirements are taken to the City Council for approval. The City makes an annual payment based on the leased vehicles in the fleet. In fiscal year 2014, the City made an annual lease payment of \$100,888.

During the fiscal year, the City entered into a capital lease agreement for a new fire engine. The City is required to make semi-annual payments of \$47,289. The payment includes principal and interest at a variable rate. The lease is for 60 months and expires in June 2017.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

7. LONG-TERM DEBT, Continued

C. Capital Lease Agreements, Continued

Future minimum lease payments under all of the leases are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 717,991	\$ 187,076	\$ 905,067
2016	626,255	136,073	762,328
2017	705,363	137,538	842,901
2018	595,655	109,855	705,510
2019	583,863	82,572	666,435
2020-2022	1,403,485	79,004	1,482,489
Total	\$ 4,632,612	\$ 732,118	\$ 5,364,730
Governmental activities	2,874,809	422,548	3,297,357
Business type activities	1,757,803	309,570	2,067,373
Total	\$ 4,632,612	\$ 732,118	\$ 5,364,730

D. Compensated Absences

The City's policy relating to compensated absences is described in Note 1. Compensated absences are liquidated primarily by the General Fund and the Enterprise Funds. The total amount outstanding at June 30, 2014, was \$2,496,171 for governmental activities and \$112,969 for business-type activities.

E. PARS Retirement Supplemental

During the fiscal year ended June 30, 2014, the City offered a supplemental early retirement program to eligible employees through the Public Agency Retirement System (PARS). The incentive included the opportunity to retire from the City and receive monthly annuity benefit payments. The City is obligated to make annual premium payments of \$58,042 for the annuity contracts for 4 years. As of June 30, 2014, the City has outstanding obligations for 6 employees. The balance of the accrued benefits, as of June 30, 2014 was \$174,124.

F. Certificates of Participation

The California Statewide Communities Development Authority issued its Water and Wastewater Revenue Bonds, Series 2004B bonds in the amount of \$7,850,000 in September 2004. The City of Barstow received \$3,850,000 of the proceeds to defease and repay in full the Barstow Public Facilities Corporation 1994 Certificates of Participation and for certain improvements to wastewater facilities. Installment payments are made which correspond to the debt service payments on the bonds. The City's installment payments vary from \$230,000 to \$340,000 with payments due semiannually starting on October 1, 2005. Interest on installment payments varies from 2.00% to 4.05%. The certificates of participation are secured and to be serviced from all gross income and revenue received from the ownership or operation of the wastewater facilities less operation and maintenance costs excluding depreciation, through the fiscal year 2019. Net revenue recognized during the year was \$1,866,399 against the total principal and interest payment of \$345,658. The outstanding balance at June 30, 2014 is \$1,500,766.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

7. LONG-TERM DEBT, Continued

E. Certificates of Participation, Continued

Annual debt service requirements to maturity for Certificates of Participation are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 290,000	\$ 55,465	\$ 345,465
2016	305,000	44,454	349,454
2017	315,000	32,671	347,671
2018	325,000	20,189	345,189
2019	340,000	6,885	346,885
Subtotal	1,575,000	\$ 159,664	\$ 1,734,664
Bond discount	(74,234)		
Total	\$ 1,500,766		

F. Pollution Remediation Liability

On August 2, 2006, the California Regional Water Quality Board issued an order requiring the City of Barstow to take remediation action for wastewater discharges resulting in alleged increases in the nitrate levels in the water supply resulting from the City's wastewater plant. Major long-term costs associated with the project include: quarterly well sampling and reporting; operation and maintenance of a groundwater remediation system; and replacement drinking water to select residents. To date approximately \$2,232,441 has been spent.

Implementation of the mitigation order has been delayed pending the outcome of the discussions with the Regional Water Quality Board to include perchlorate remediation, (which is not the City's responsibility) with nitrate remediation. It is anticipated this change in scope will provide access to federal and state funding for all or a significant portion of the remediation. The City anticipates spending \$1,050,000 for the design in fiscal year 2015 and will continue the monitoring costs relating to legal mandates such as regulatory agency orders, court orders or other affirmative legal obligations.

A summary of the components of the pollution remediation liability at June 30, 2014 is as follows:

Obligating Event	Liability
Pollution poses an imminent danger to the public or environment:	
Quarterly groundwater sampling	\$ 3,480,171
Operation and maintenance of groundwater	2,973,567
Replacement drinking water	168,821
Total by obligating event	\$ 6,622,559

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

7. LONG-TERM DEBT, Continued

F. Pollution Remediation Liability, Continued

1. Method and Assumption

With the adoption of GASB 49, the pollution remediation sites on the property managed and operated by the City were evaluated. The City applied the requirements of GASB 49 and measured the environmental liabilities for pollution remediation sites using the expected cash flow technique. The measurements are based on the current value of the outlays expected to be incurred. The cash flow scenarios include components which can be reasonably estimated for outlays such as testing, monitoring, legal services and indirect outlays. Reasonable estimates of ranges of possible cash flows are limited from a single scenario to a few scenarios. Data used to develop the cash flow scenarios is obtained from outside consultants and City staff.

Changes to estimates will be made when new information becomes available, increases or reductions in price, changes in technology or changes in applicable laws or regulations. At a minimum, the City will evaluate the estimates for the pollution remediation sites when the following benchmarks occur.

- Receipt of an administrative order
- Participation, as a responsible party or a potentially responsible party, in the site assessment or investigation.
- Completion of a corrective measures feasibility study.
- Issuance of an authorization to proceed.
- Remediation design and implementation, through and including operation and maintenance and post remediation monitoring.

G. Fiduciary Funds - Successor Agency Private Purpose Trust Fund

During the year ended June 30, 2014, the following changes occurred in liabilities reported in long-term debt for Fiduciary Funds:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
Fiduciary Funds: Successor Agency Private Purpose Trust					
Redevelopment Tax Allocation Bonds:					
1994 Tax Allocation Bonds	\$ 325,000	\$ -	\$ (160,000)	\$ 165,000	\$ 165,000
2004 Tax Allocation Bonds	6,475,000	-	(400,000)	6,075,000	420,000
Total fiduciary funds	<u>\$ 6,800,000</u>	<u>\$ -</u>	<u>\$ (560,000)</u>	<u>\$ 6,240,000</u>	<u>\$ 585,000</u>

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

7. LONG-TERM DEBT, Continued

1994 Tax Allocation Bonds

On May 1, 1994, the Agency issued \$11,785,000 in Tax Allocation Bonds, Series 1994, of which the Agency issued \$6,600,000 in tax allocation bonds to advance refund \$6,600,000 of outstanding Tax Allocation Bonds, Series 1986. The net proceeds along with a contribution from the Agency were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for debt service payments on the Series 1986 bonds after fiscal year 1994. As a result, the Series 1986 bonds are considered to be in-substance defeased, and the assets and liability for those bonds has been removed from long-term debt, components of the Agency. Payments on the 1994 Tax Allocation Bonds are due semi-annually in September and March. The 1994 Tax Allocation Bonds are secured by the Agency's pledge of certain tax increment revenues to be derived from Project Area I and are payable from the tax increment revenues and such other funds as may become available for such purposes. The bonds bear interest payable semi-annually at rates ranging from 3.00% to 4.70% per annum with maturity dates until September 1, 2014.

As of February 1, 2012, the future annual debt service requirements of the 1994 Tax Allocation Bonds were taken over by the Successor Agency to the Redevelopment Agency due to the dissolution of the Barstow Redevelopment Agency per Assembly Bill AB 1X 26 and Assembly Bill AB1484 (See Note 13).

The total principal and interest remaining to be paid on the bonds is \$170,775. Principal and interest paid for the year was \$177,150. The principal amount outstanding at June 30, 2014 is \$165,000.

Although the 1986 Series portion of the bond refinance has been removed from the long-term debt of the Agency, in accordance with the terms of the 1994 indenture, the 1994 trustee shall pay the principal (Sinking Account Installments) and interest due on the 1986 bonds until they mature on September 1, 2014. These funds will remain on deposit with the trustee in the escrow fund including investment earnings. In the event the maturing principal and interest on these securities is insufficient to make the payments, the Escrow Agent shall give the Agency prompt notice. The amount of defeased debt outstanding at June 30, 2014 is \$330,000.

2004 Tax Allocation Bonds

On July 1, 2004, the Agency issued \$8,660,000 in Tax Allocation Bonds, Series 2004, for the purpose of refunding a portion of the Agency's outstanding Central Redevelopment Project Tax Allocation Bonds, 1994 Series A, which are secured by an irrevocable pledge of the tax revenues payable to the Agency.

The 2004 Tax Allocation Bonds are secured by the Agency increment pledge of certain tax increment revenues to be derived from Project Area I and are payable from the Tax Revenues and such other funds as may become available for such purposes. The notes bear interest payable semiannually at rates ranging from 3.00% to 4.70% per annum, with maturity dates until September 1, 2022.

As of February 1, 2012, the future annual debt service requirements of the 2004 Tax Allocation Bonds were taken over by the Successor Agency to the Redevelopment Agency due to the dissolution of the Barstow Redevelopment Agency per Assembly Bill AB 1X 26 and Assembly Bill AB1484 (See Note 13).

For the current year, principal and interest paid was \$670,880. The principal amount outstanding at June 30, 2014 is \$6,075,000.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

7. LONG-TERM DEBT, Continued

G. Fiduciary Funds – Successor Agency Private Purpose Trust Fund

Tax allocation bonds debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
1994 Tax Allocation Bonds:			
2015	165,000	5,775	170,775
Total	\$ 165,000	\$ 5,775	\$ 170,775
2004 Tax Allocation Bonds			
2015	420,000	254,980	674,980
2016	610,000	234,380	844,380
2017	635,000	209,480	844,480
2018	660,000	182,920	842,920
2019	690,000	154,225	844,225
2020-2023	3,060,000	289,895	3,349,895
Total	\$ 6,075,000	\$ 1,325,880	\$ 7,400,880

8. RISK MANAGEMENT

The City is a member of Public Entity Risk Management Authority (PERMA), a joint powers insurance authority formed under Section 990 of the California Government Code for the purpose of jointly funding programs of insurance coverage for its members. PERMA is comprised of thirty-two participating member agencies: twenty-two cities, three transit agencies and seven special districts. PERMA is governed by a Board of Directors which consists of one director from each member agency. The City participates in the Liability, Workers' Compensation, Employment Practices Liability, Property Insurance, Auto Physical Damage, Cyber Liability, and Crime Coverage insurance programs of PERMA.

The Liability program provides coverage up to \$50 million per occurrence for personal injury, bodily Injury, property damage and public officials' errors and omissions. The City self-insures up to \$125,000 per occurrence and participates in risk sharing pools for losses up to \$1 million followed by PERMA's membership in the CSAC Excess Insurance Authority (EIA) for \$49 million excess liability coverage. PERMA administers the City's liability claims.

The Workers' Compensation program provides statutory limits per accident for workers' compensation and \$5 million each accident for employers' liability. The City self-insures up to \$250,000 per accident or employee and participates in a risk sharing pool for losses up to \$500,000 followed by PERMA's membership in the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) for excess coverage. A third party administrator administers the City's workers' compensation claims.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

8. RISK MANAGEMENT, Continued

The Employment Practices Liability program provides up to \$50 million coverage for employment related lawsuits, such as wrongful termination and discrimination. The City self-insures up to \$25,000 per occurrence and participates in the Employment Risk Management Authority (ERMA) for losses up to \$1 million. Coverage above \$1 million and up to \$50 million is available through PERMA's membership in the CSAC EIA for excess liability coverage.

The Property Insurance program is group purchased under a master property insurance policy with accumulated values from all participants effecting lower rates and broader coverage for members. The program covers real property, business personal property, inland marine coverage for special mobile equipment and business interruption. Commercial property coverage is written on a replacement cost basis and all risk, eliminating the traditional commercial "named peril" policy.

The Auto Physical Damage program is also group purchased under a master insurance policy with accumulated values from all participants effecting lower rates for members. Auto physical damage coverage is written on an agreed amount basis.

The Cyber Liability program is also group purchased under a master insurance policy and provides coverage for information security and privacy liability, privacy notification costs, regulatory defense and penalties, website media content liability, cyber extortion, first party data protection, and business interruption losses. The program provides its insureds with access to a breach response team consisting of privacy expert attorneys, forensic specialists to determine scope of breach, notification vendors, and credit monitoring services at preferred rates.

The Crime Coverage program is also group purchased under a master insurance policy and provides coverage up to \$250,000 for employee theft per occurrence and coverage up to \$1 million for forgery or alteration, computer fraud and funds transfer fraud.

The claims liability is estimated based on actuarial studies of the Liability and Workers' Compensation program. The actuary used a 65% confidence level and discounted the liabilities using a 2% interest rate. During the year, claims exceeded the City's self-insured retentions by \$7,976.

None of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage for the past three (3) years. There have been no reductions in pooled or insured coverage from coverage in the prior year. General fund resources would be typically used to liquidate the claims liability, should the need arise.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

8. RISK MANAGEMENT, Continued

	2014	2013	2012
<u>Workers' Compensation</u>			
Liability, July 1	\$ 1,794,626	\$ 1,170,892	\$ 533,288
Incurred claims and changes in estimates	234,080	1,201,310	910,417
Claim payments	(645,922)	(577,576)	(272,813)
Liability, June 30	<u>\$ 1,382,784</u>	<u>\$ 1,794,626</u>	<u>\$ 1,170,892</u>
Due within one year	276,557	358,925	234,178
Due in more than one year	1,106,227	1,435,701	936,714
	<u>\$ 1,382,784</u>	<u>\$ 1,794,626</u>	<u>\$ 1,170,892</u>
<u>General Liability</u>			
Liability, July 1	\$ 560,579	\$ 258,067	\$ 260,214
Incurred claims and changes in estimates	(77,622)	781,144	63,672
Claim payments	(182,251)	(478,632)	(65,819)
Liability, June 30	<u>\$ 300,706</u>	<u>\$ 560,579</u>	<u>\$ 258,067</u>
Due within one year	\$ 75,177	\$ 140,145	\$ 64,517
Due in more than one year	225,529	420,434	193,550
	<u>\$ 300,706</u>	<u>\$ 560,579</u>	<u>\$ 258,067</u>

9. DEFINED BENEFIT PENSION PLAN

A. California Public Employees' Retirement Plan (PERS)

1. Plan Description

The City contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and Council resolution. Copies of PERS' annual financial report may be obtained from their executive office: 400 Q Street, Sacramento, CA 95811. A separate report for the City's plan is not prepared.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

9. DEFINED BENEFIT PENSION PLAN, Continued

A. California Public Employees' Retirement Plan (PERS), Continued

2. Funding Policy

The City pays the contributions required of miscellaneous employees and for police safety employees hired prior to July 1, 2010. On January 1, 2013, the Public Employee Pension Reform Act (PEPRA) went into effect. This State law applies to employees hired after January 1, 2013, who are new to PERS. These employees are termed PEPRA members and employees that were enrolled in PERS (without significant separation) prior to January 1, 2013 are now referred to as classic members. PEPRA miscellaneous members will be enrolled in a 2% at 62 plan and PEPRA safety members will be enrolled in a 2.7% at 57 plan. PEPRA members will be required to pay half the normal cost of their plans.

	Member Rates as a Percentage of Wages	2013-2014 Amount Paid
Classic miscellaneous members	8%	\$ 488,620
PEPRA miscellaneous members	6.25%	37,334
Classic police safety members	9%	287,022
PEPRA police safety members	11.5%	28,184
Total Member Portion Paid		<u>\$ 841,160</u>

The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefit for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013-2014 was 10.843% for classic miscellaneous employees, 6.25% for PEPRA miscellaneous employees, 26.149% for classic police safety group, and 11.5% for PEPRA safety group. The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by PERS.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

9. DEFINED BENEFIT PENSION PLAN, Continued

A. California Public Employees' Retirement Plan (PERS), Continued

2. Funding Policy, Continued

The Police Safety pension plan, which has less than 100 active members, was required to enroll in a CalPERS risk-sharing pool in 2003. As part of the enrollment process, CalPERS calculated the funded status of the Plan and compared that amount to the funded status of the risk pool at inception. The difference was being financed by CalPERS over an 8 year period at the assumed rate of return of the CalPERS pooled investment fund (7.75%). On June 7, 2010, via City Council action, the City elected to prepay the full amount of \$3,582,139.

3. Annual Pension Cost

For fiscal year 2013-2014, the City's annual pension costs of \$37,334 for miscellaneous PEPRA employees, \$662,263 for miscellaneous classic employees, \$28,184 for safety PEPRA employees and \$833,926 for classic police safety for PERS was equal to the City's required and actual contributions. The following is a schedule of employer contributions which provides the annual pension cost (APC), percentage of APC contributed and the net pension obligation for the last three fiscal years:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
	Miscellaneous		
6/30/2012	\$ -	N/A	\$ -
6/30/2013	5,108	100%	-
6/30/2014	699,597	100%	-

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
	Safety		
6/30/2012	\$ 777,477	100%	\$ -
6/30/2013	781,751	100%	-
6/30/2014	862,110	100%	-

4. Funding Status as of the Most Recent Actuarial Date

The City retirement plans for police safety employees and miscellaneous employees are part of the CalPERS risk pool for cities and other governmental entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, standalone information of the schedule of funding progress for the City's police safety and miscellaneous employees are no longer available.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

9. DEFINED BENEFIT PENSION PLAN, Continued

B. Pension Plan – Bartow Fire Protection District

The District became a component of the City from November 17, 2010 and effective that date all of the employees of the District have become employees of the City. The District employees were covered under the pension plan of the San Bernardino County Employees' Retirement Association (SBCERA). Subsequent to the merger, the members of Barstow Professional Firefighters Association are enrolled in the City's retirement program through the SBCERA.

1. Plan Description

The SBCERA is a cost-sharing multiple- employer defined benefit pension plan (the Plan) operating under the California County Employees' Retirement Act of 1937 (1937 Act). It provides retirement, death and disability benefits to members. Although legally established as a single employer plan, the City of Big Bear Lake, Department of Water and Power-City of Big Bear Lake, Crestline Sanitation District, California State Association of Counties, South Coast Air Quality Management District (SCAQMD), San Bernardino Associated Governments (SANBAG), Local Agency Formation Commission (LAFCO), San Bernardino County Law Library, Barstow Fire Protection District, Hesperia Recreation and Parks District, SBCERA, City of Chino Hills, Mojave Desert Air Quality Management District (MDAQMD), California Electronic Recording Transaction Network Authority (CERTNA), Inland Valley Development Agency (IVDA), San Bernardino International Airport Authority (SBIAA), the San Bernardino County Superior Court Inland Library system (ILS) and Rim of the World Recreation and Parks District (RIM-REC) were later included, along with the County, and are collectively referred to as the "Participating Members." The plan is governed by the SBCERA Board of Retirement under the 1937 Act. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W Hospitality Lane - 3rd Floor, San Bernardino, California 92415-0014.

2. Funding Policy

Participating members are required by statute (Sections 31621, 31621.6 and 31639.25 of the California Government Code) to contribute a percentage of covered salary based on certain actuarial assumptions and their age at entry to the Plan. Fire safety members contribute the required employee share of their pension. The percentage of pay varies between 10.11% - 15.91%.

The district pays a capped percentage of the employer's pension cost per the Barstow Professional Fire Fighters Association Memorandum of Understanding. Employer pension costs have two tiers. Employees hired prior to January 1, 2013 are in Tier 1 and the total pension cost is 59.65% . Employees hired after January 1, 2013 are Tier 2 employees and the total pension cost is 50.73%. The employer's costs are capped at 42% with the employee paying the difference.

For 2014, the District's pension cost of \$847,255 was equal to the District's required and actual contributions. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act. Employer rates are determined pursuant to Section 31453 of the 1937 Act.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

9. DEFINED BENEFIT PENSION PLAN, Continued

B. Pension Plan – Bartow Fire Protection District, Continued

3. Funding Policy, Continued

The following table shows the District's required contributions and percentage contributed for the current year and two preceding years:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 907,521	100%	\$ -
6/30/2013	877,917	100%	-
6/30/2014	847,255	100%	-

10. POST-EMPLOYMENT HEALTH CARE BENEFITS

A. Plan Description

The City provides retiree medical benefits under the CalPERS health plan which provide medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, CA 95811.

The Barstow Fire Protection District became part of the City of Barstow in November 2010 as a special revenue fund. The Barstow Fire Professional Fire Fighters Association has a separate health insurance plan, Aetna, apart from City employees. The City provides retiree medical benefits to eligible retirees and their spouses in accordance with their labor agreements.

B. Eligibility

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible for a PERS pension. The benefits are available only to employees who retire from the City. Membership of the plan consisted of the following at June 30, 2014:

	Fire	Police	Miscellaneous	Total
Eligible active employees	25	37	95	157
Retired employees	0	29	85	114
	25	66	180	271

The above table does not reflect current retirees not enrolled in the CalPERS health plan who are eligible to enroll in the plan at a later date.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

10. POST-EMPLOYMENT HEALTH CARE BENEFITS, Continued

C. Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The required contribution is based on projected prefunding financing requirements. For the year ended June 30, 2014, the City contributed \$76,876 and \$703,114 to the plan for Fire employees and Police and Miscellaneous employees respectively.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years.

The City's OPEB actuarial accrued liability obligations as of July 1, 2013, the most recent actuarial valuation, were \$69,131 and \$8,466,621 for Fire employees and Police and Miscellaneous employees respectively. The ARC for Fire employees was \$76,876 and \$703,114 for Police and Miscellaneous employees. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for Fire employees and Police and Miscellaneous employees:

	Fire Employees	Police and Misc Employees	City Total
Annual required contribution	\$ 76,876	\$ 703,114	\$ 779,990
Interest on net OPEB obligation	9,252	-	9,252
Amortization of net OPEB obligation	(7,642)	-	(7,642)
Annual OPEB cost	78,486	703,114	781,600
Payments made	(76,876)	(703,114)	(779,990)
Increase (decrease) in net OPEB obligation	1,610	-	1,610
Net OPEB obligation - beginning of the year	127,607	-	127,607
Net OPEB obligation - ending of year	\$ 129,217	\$ -	\$ 129,217

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

Fiscal Year	Annual OPEB Cost	Percentage of APC Contributed	Net OPEB Obligation
6/30/2012	\$ 627,375	100%	\$ -
6/30/2013	775,791	83.6%	127,607
6/30/2014	781,600	99.8%	129,217

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

10. POST-EMPLOYMENT HEALTH CARE BENEFITS, Continued

C. Funding Status and Progress

Fire Employees

As of June 30, 2013, the most recent valuation date, the actuarial accrued liability for benefits was \$69,131, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$69,131 and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 0.0%. Covered payroll for the year was \$1,910,631 and the UAAL as a percentage of covered payroll was 3.62%.

Police and Miscellaneous Employees

As of July 1, 2013, the most recent valuation date, the actuarial accrued liability for benefits was \$8,466,621, and the actuarial value of assets was \$426,503, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,040,118 and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 5.0%. Covered payroll for the year was \$9,466,047 and the UAAL as a percentage of covered payroll was 84.9%. As of June 30, 2009, the City joined the California Employers' Retiree Benefit Trust (CERBT), an agent multi-employer plan administered by CalPERS, consisting of an aggregation of single-employer plans.

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

D. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method, with a level percent of pay. The actuarial assumptions included a 4.00 and 7.25 percent investment rates of return for fire employees and police and miscellaneous employees respectively, which is based on assumed long-term investment returns on plan assets, as provided by CalPERS, and an annual healthcare cost trend rate which varies from 4.5 to 10 percent annually. The UAAL is being amortized as a level percentage of projected payroll over 30 years. It is assumed the City's payroll will increase 3.25% per year, which includes an assumption of general inflation of 3%.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

11. COMMITMENTS AND CONTINGENCIES

A. Pending Litigation

The City is a defendant in a number of lawsuits that have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the City Attorney, these actions, when finally adjudicated, will not have any material adverse effect in the financial position of the City.

12. FUND BALANCE FOR GOVERNMENTAL FUNDS

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances at June 30, 2014, for the governmental funds are nonspendable, restricted, assigned, and unassigned for the following purposes:

Nonspendable Fund Balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. At June 30, 2014 the City had nonspendable fund balance of inventories and prepaid amount of \$125,350, deposits of \$255,568, due from Successor Agency Trust Fund of \$2,011,695, advances to other funds of \$2,959,709, and property held for resale of \$39,567.

Restricted Fund Balance - includes amounts that are restricted for specific purposes stipulated by resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. At June 30, 2014 the City had restricted fund balances of: \$48,144 for public safety, \$4,338,129 for streets and highways, \$141,080 for parks and recreation, \$1,095,640 for debt service, \$627,838 for low and moderate income housing, and \$15,450 for other purposes.

Unassigned Fund Balance - includes amounts that are constrained by the City's intent by its Council itself or a body or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes that are neither restricted nor committed. The City Council has delegated this authority to the City Manager. In June 2010 the City Council adopted Resolution No. 4548-2010 approving Policy Memorandum No 2010-15 - Fund Balance Policy. The policy aims to help reduce the negative impact on the City in times of economic uncertainty and potential losses of funding from other governmental agencies. City reserves are restricted for one-time purposes. The policy establishes minimum requirements for General Fund nondepartmental reserves, and provides guidelines for the use of these funds. Appropriation for contingencies is maintained at twenty percent of total General Fund net appropriations for one-time emergencies and economic uncertainties. Excess fund balance at year-end must first be used to replenish the reserve amount at the 20% level. Accordingly, at June 30, 2014, the City has assigned fund balance of \$888,332 for emergency contingency, and \$3,553,328 for working capital reserve, which are 25% of the general fund operating expenditures for the year. The Fund Balance Policy can be changed only by a resolution of the City Council. The residual classification for the General Fund and includes all amounts not contained in the other classifications. Governmental funds report residual negative balances as unassigned fund balance. At June 30, 2014, the City General Fund had an unassigned fund balance of \$21,445,217.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

12. FUND BALANCE FOR GOVERNMENTAL FUNDS, Continued

The schedule on the following page illustrates the City's fund balances as of June 30, 2014 for its governmental funds:

	Major Governmental Funds				Non Major Government Funds	Total Government
	General	Measure I	Barstow Fire Protection	City Capital		
	Fund	Special Revenue Fund	District Special Revenue Fund	Projects Fund		
Fund Balances						
Nonspendable fund balance:						
Prepays & Inventory	125,350	-	-	-	-	125,350
Deposits	255,568	-	-	-	-	255,568
Due from Successor Agency Trust Fund	2,011,695	-	-	-	-	2,011,695
Advances to other funds	2,959,709	-	-	-	-	2,959,709
Property Held for Resale	39,567	-	-	-	-	39,567
	<u>5,391,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,391,889</u>
Restricted fund balance for:						
Public Safety/Fire Protection	-	-	-	6,820	41,324	48,144
Streets & Highway	-	4,144,863	-	137,637	55,629	4,338,129
Parks and Recreation	-	-	-	141,080	-	141,080
Debt Service	-	-	-	-	1,095,640	1,095,640
Low & Moderate Income Housing	-	-	-	-	627,838	627,838
Other Purposes	-	-	-	-	15,450	15,450
	<u>-</u>	<u>4,144,863</u>	<u>-</u>	<u>285,537</u>	<u>1,835,881</u>	<u>6,266,281</u>
Unassigned fund balance						
Emergency Contingency Policy	888,332	-	-	-	-	888,332
Working Capital Reserve	3,553,328	-	-	-	-	3,553,328
Other	17,003,557	-	(291,600)	-	(3,887,349)	12,824,608
	<u>21,445,217</u>	<u>-</u>	<u>(291,600)</u>	<u>-</u>	<u>(3,887,349)</u>	<u>17,266,268</u>
Total Fund Balances	<u>26,837,106</u>	<u>4,144,863</u>	<u>(291,600)</u>	<u>285,537</u>	<u>(2,051,468)</u>	<u>28,924,438</u>

13. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Barstow that previously had reported a redevelopment agency within the reporting entity of the city as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 17, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 4653-2012.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

13. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

Significant debt payments authorized in the Recognizable Obligations Payment Schedule (ROPS) by the State of California’s Department of Finance and made in FY 2013-14 from the Redevelopment Property Tax Trust Fund (RPTTF) include the following:

1994 Bonds	Principal	\$160,000
	Interest	17,150
2004 Bonds	Principal	400,000
	Interest	270,880
	Pool loan repayment to the City of Barstow	\$425,753

In addition, a \$250,000 administration charge was paid to the City of Barstow and other authorized payments were made for one direct charge employee and other miscellaneous fees.

REAL PROPERTY HELD FOR RESALE

In order to improve blighted conditions in the City of Barstow, the City formed the Barstow Redevelopment Agency in 1973. Additionally, the Agency had adopted a Five Year Implementation Plan for the Project Area I with an established goal of supporting affordable housing and promoting economic development, as well as community, commercial and institutional revitalization. To implement these programs and activities, the Agency acquired real property within the Project Area I to be redeveloped. Thirty-two parcels were held in the Land Held for Resale asset account by the Agency totaling \$4,393,652.

As of February 1, 2012, the land held for resale was taken over by the Successor Agency to the Redevelopment Agency due to the dissolution of the Barstow Redevelopment Agency per Assembly Bill AB 1X 26 and Assembly Bill AB1484.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

14. EXCESS OF EXPENDITURES OVER APPROPRIATIONS AND NEGATIVE FUND BALANCE/NET POSITION

The following funds have expenditures in excess of appropriations:

Measure I Special Revenue Fund \$ 14,280

- Contractual services incurred during the fiscal year for long term capital projects funded with Measure I funds slightly exceeded managements budget estimates.

Barstow Fire Protection District Special Revenue Fund \$ 331,854

- Salary and benefits in fiscal year 2013/14 exceed budget estimates. This is due to the impact of unanticipated fire strike team activity, higher than anticipated year-end leave payouts and higher retirement costs. This fund is relatively new and the City is still working on accurately estimating budget projections. This City is actively monitoring expenditures to resolve budget variances.

Barstow Harvey House Foundation \$ 385

- The City did not prepare a budget for the foundation for fiscal year 2013/14. Activity in the fund is minimal.

Redevelopment Housing Successor \$ 4,729

- The City did not budget in fiscal year 2013/14 for this fund as there was anticipated to be minimal activity.

The following funds have negative fund balance/net position as of June 30, 2014:

Barstow Fire Protection District Fund \$ 291,600

- Projected property tax revenues were short of expectations. Additionally, expenditures were higher due to active strike team fire assignments. Per a year-end analysis and the anticipated shortfall, the City Council approved an advance of \$200,000 to the Barstow Fire Protection Fund. The City is monitoring the fund to resolve ongoing issues.

Grants Fund \$ 20,996

- The City receives a portion of its grants on a reimbursable basis. At the end of the fiscal year, \$88,903 was deferred. This is attributable to a police department Homeland Security Grant in the amount \$12,916 and \$75,987 from the Department of Transportation for the First Avenue Bridge project that were received or expected to be received in fiscal year 2014/15. This amount was offset by prefunded grants for which funds had not yet been spent as of June 30, 2014.

Flood Control Fund \$ 3,866,353

- The City entered into a contract with the County of San Bernardino to construct the Kitchen Dean Wash. The City will be reimbursed from the County for the outlay of funds per the agreement.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

15. SUBSEQUENT EVENTS

As a result of the storm and flood damage experienced by the City on August 3, 2014, the City Council declared a local emergency on August 4, 2014. That same week on August 6, 2014, staff met with representatives from the California Governor’s Office of Emergency Services (CalOES) in Barstow to conduct a site assessment and refine the City’s initial damage estimates from the storm and flood event. Based on those discussions, staff identified 45 separate damage sites which will cost an estimated \$1.45 million to repair.

As part of the fiscal year 2014/15 budget, the City allocated \$888,332 in the Emergency Reserve Account. The City Council appropriated \$500,000 from the Emergency Reserve Account to cover costs incurred for storm clean up and repair. CalOES has requested City staff prepare engineering estimates and submit them by December 2014. Once these are finalized, the OES will issue the Damage Survey Report (DSR).

16. PRIOR PERIOD ADJUSTMENT

The City recorded prior period adjustments to write off bond issuance costs, recognize payroll obligations due to CalPERS, to adjust interfund loans, adjust accounts receivable, and recognize Net OPEB obligation for benefits agreed to be paid to fire employees.

Government-wide Statements

	Net Position, as Previously Reported	Unamortized Bond Issuance Costs	Prior Period Adjustment			Net Position as Restated	
			Accounts Payable and Other Accrued Liabilities	Advances to Other Funds	Accounts Receivable		Net OPEB Obligation
Government-Wide Statements							
Governmental Activities	\$ 105,729,600	\$ (269,883)	\$ (278,110)	\$ 555	\$ 14,321	\$ (127,607)	\$ 105,068,876
Business-type Activities	\$ 9,884,047	\$ -	\$ -	\$ (555)	\$ -	\$ -	\$ 9,883,492

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2014

16. PRIOR PERIOD ADJUSTMENT, Continued

Fund Financial Statements

	Fund Balance, as Previously Reported	Prior Period Adjustment			Cash and Investments Held by Fiscal Agent	Fund Balance as Restated
		Accounts Payable and Other Accrued Liabilities	Advances to Other Funds	Accounts Receivable		
Fund Financial Statements						
General Fund	\$ 28,850,406	\$ (278,110)	\$ 555	\$ (3,939)	\$ -	\$ 28,568,912
Measure I Fund	\$ 12,759,615	\$ -	\$ -	\$ -	\$ (1,094,850)	\$ 11,664,765
Grants Fund	\$ (244,153)			\$ 18,260		\$ (225,893)
Measure I TRIP	\$ -	\$ -	\$ -	\$ -	\$ 1,094,850	\$ 1,094,850
Wastewater Reclamation	\$ 6,534,299	\$ -	\$ (555)	\$ -	\$ -	\$ 6,533,744

This page intentionally left blank

**REQUIRED
SUPPLEMENTARY INFORMATION**

City of Barstow
Required Supplementary Information
For the year ended June 30, 2014

1. BUDGETS AND BUDGETARY ACCOUNTING

A. Budgetary Control and Budgetary Accounting

The City follows these procedures in establishing the budgets.

1. The annual budget is adopted by the City Council after the holding of a hearing and provides for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This “appropriated budget” covers City expenditures in all governmental funds, except debt service and capital improvement projects carried forward from prior years.

The City manager is authorized to transfer budgeted amounts between departments. Actual expenditures may not exceed budgeted appropriations at the fund level.

3. Formal budgetary integration is employed as a management control device during the year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Capital projects appropriations are an automatic supplemental appropriation for next year. All others lapse unless they are encumbered at year end or re-appropriated through the formal budget process.
4. Annual budgets are adopted for the General Fund, all special revenue funds, capital projects funds, and debt service funds, on a basis substantially consistent with accounting principles generally accepted in the United States of America. Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.

B. Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the governmental and proprietary funds. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in process at year-end are completed and reported as restricted or committed fund balance. They do not constitute expenditures or estimated liabilities. The City did not record any significant encumbrances on June 30, 2014.

City of Barstow
Required Supplementary Information, Continued
For the year ended June 30, 2014

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

C. Budgetary Comparison Schedules

The following are the budget comparison schedules for the General Fund and all major special revenue funds.

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 3,665,398	\$ 3,665,398	\$ 3,666,492	\$ 1,094
Sales and use taxes	7,328,100	7,328,100	7,532,540	204,440
Transient occupancy tax	2,600,500	2,600,500	2,748,763	148,263
Motor vehicle fees, in lieu, unrestricted	12,500	12,500	10,301	(2,199)
Franchise taxes	923,580	923,580	938,590	15,010
Business license taxes	187,000	187,000	190,351	3,351
Other taxes	30,000	30,000	39,387	9,387
Licenses and permits	172,150	172,150	238,846	66,696
Fines and penalties	93,000	93,000	142,409	49,409
From other agencies	452,200	452,200	457,176	4,976
Charges for current services	703,960	703,960	750,382	46,422
Other	378,540	378,540	79,124	(299,416)
Use of money and property	1,086,585	1,086,585	621,883	(464,702)
Total revenues	17,633,513	17,633,513	17,416,244	(217,269)
EXPENDITURES:				
Current:				
General government	3,251,505	2,834,366	2,882,514	(48,148)
Public safety	8,045,716	8,326,921	8,570,262	(243,341)
Recreation	1,479,895	2,326,367	2,333,991	(7,624)
Community development	1,682,572	1,853,388	2,030,980	(177,592)
Public works	3,469,745	2,610,632	2,607,660	2,972
Capital outlay	182,896	714,397	379,238	335,159
Debt service:				
Interest and fiscal charges	-	-	370	(370)
Total expenditures	18,112,329	18,666,071	18,805,015	(138,944)
REVENUES OVER (UNDER) EXPENDITURES	(478,816)	(1,032,558)	(1,388,771)	(356,213)
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,672,445)	(2,078,374)	(409,617)	1,668,757
Capital lease financing	-	-	33,208	33,208
Proceeds from sale of assets	5,000	5,000	33,374	28,374
Total other financing sources (uses)	(1,667,445)	(2,073,374)	(343,035)	1,730,339
Net change in fund balance	\$ (2,146,261)	\$ (3,105,932)	(1,731,806)	\$ 1,374,126
FUND BALANCE:				
Beginning of year			28,568,912	
End of year			<u>\$ 26,837,106</u>	

City of Barstow
Required Supplementary Information, Continued
For the year ended June 30, 2014

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

C. Budgetary Comparison Schedules, Continued

Budgetary Comparison Schedule, Measure I Special Revenue Fund

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget
				Positive
				(Negative)
REVENUES:				
From other agencies	\$ 2,182,057	\$ 2,182,057	\$ 1,966,974	\$ (215,083)
Use of money and property	-	-	69,288	69,288
Total revenues	<u>2,182,057</u>	<u>2,182,057</u>	<u>2,036,262</u>	<u>(145,795)</u>
EXPENDITURES:				
Current:				
Public safety	-	-	231	(231)
Debt Service:				
Principal retirement	1,070,000	1,070,000	1,070,000	-
Interest and fiscal charges	380,100	380,100	385,802	(5,702)
Total expenditures	<u>1,450,100</u>	<u>1,450,100</u>	<u>1,456,033</u>	<u>(5,933)</u>
REVENUES OVER (UNDER) EXPENDITURE	<u>731,957</u>	<u>731,957</u>	<u>580,229</u>	<u>(151,728)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(12,109,992)	(8,091,784)	(8,100,131)	(8,347)
Total other financing sources (uses)	<u>(12,109,992)</u>	<u>(8,091,784)</u>	<u>(8,100,131)</u>	<u>(8,347)</u>
Net change in fund balance	<u>\$ (11,378,035)</u>	<u>\$ (7,359,827)</u>	(7,519,902)	<u>\$ (160,075)</u>
FUND BALANCE:				
Beginning of year (as restated)			<u>11,664,765</u>	
End of year			<u>\$ 4,144,863</u>	

City of Barstow
Required Supplementary Information, Continued
For the year ended June 30, 2014

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

C. Budgetary Comparison Schedules, Continued

Budgetary Comparison Schedule, Barstow Fire Protection District Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 4,078,400	\$ 4,078,400	\$ 3,622,173	\$ (456,227)
Licenses and permits	45,000	45,000	43,025	(1,975)
From other agencies	116,000	290,110	240,463	(49,647)
Other	24,000	24,000	3,238	(20,762)
Use of money and property	13,000	13,000	19,781	6,781
Total revenues	<u>4,276,400</u>	<u>4,450,510</u>	<u>3,928,680</u>	<u>(521,830)</u>
EXPENDITURES:				
Current:				
Public safety	4,168,224	4,419,210	4,820,141	(400,931)
Capital outlay	664,076	245,385	176,497	68,888
Total expenditures	<u>4,832,300</u>	<u>4,664,595</u>	<u>4,996,638</u>	<u>(332,043)</u>
Net change in fund balance	<u>\$ (555,900)</u>	<u>\$ (214,085)</u>	(1,067,958)	<u>\$ (853,873)</u>
FUND BALANCE:				
Beginning of year			<u>776,358</u>	
End of year			<u>\$ (291,600)</u>	

City of Barstow
Required Supplementary Information, Continued
For the year ended June 30, 2014

2. DEFINED BENEFIT PENSION PLAN

The City retirement plans for police safety employees and miscellaneous employees are part of the CalPERS risk pool for cities and other governmental entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool.

The District employees were covered under the cost sharing multiple employer pension plan of the San Bernardino County Employees' Retirement Association (SBCERA). Actuarial valuations performed included other participants in the plan.

3. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Schedules of funding progress as of the three most recent actuarial valuations are presented below.

Fire Employees

Actuarial Valuation Date *	Actuarial Asset Value	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll **	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/2013	\$ -	\$ 69,131	\$ 69,131	0.00%	\$ 1,910,631	3.6%

* Based on the most recent actuarial valuation available

** Annual payroll of active employees covered by the plan

Police and Miscellaneous Employees

Actuarial Valuation Date *	Actuarial Asset Value	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll **	Unfunded Actuarial Liability as Percentage of Covered Payroll
7/1/2010	\$ 187,715	\$ 7,399,279	\$ 7,211,564	2.54%	\$ 9,121,093	79.1%
7/1/2011	\$ 250,216	\$ 7,673,957	\$ 7,423,741	3.26%	\$ 8,723,959	85.1%
7/1/2013	\$ 426,503	\$ 8,466,621	\$ 8,040,118	5.00%	\$ 9,466,047	84.9%

* Based on the most recent actuarial valuation available

** Annual payroll of active employees covered by the plan

SUPPLEMENTARY INFORMATION

This page intentionally left blank

**MAJOR GOVERNMENTAL FUNDS, OTHER THAN GENERAL FUND AND SPECIAL
REVENUE FUNDS**

City Capital Projects Fund

The City Capital Projects Fund accounts for transactions related to proceeds from bonds and other resources and their use to acquire and construct certain capital facilities.

City of Barstow

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

City Capital Projects Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
From other agencies	\$ 154,938	\$ 154,938	\$ 133,833	\$ (21,105)
Use of money and property	-	-	15,989	15,989
Total revenues	154,938	154,938	149,822	(5,116)
EXPENDITURES:				
Current:				
Capital outlay	20,049,800	25,354,170	14,651,617	10,702,553
Total expenditures	20,049,800	25,354,170	14,651,617	10,702,553
REVENUES OVER (UNDER) EXPENDITURES	(20,049,800)	(25,354,170)	(14,501,795)	10,718,542
OTHER FINANCING SOURCES (USES):				
Transfers in	19,060,617	24,229,667	13,715,655	(10,514,012)
Total other financing sources (uses)	19,060,617	24,229,667	13,715,655	(10,514,012)
Net change in fund balance	\$ (989,183)	\$ (1,124,503)	\$ (786,140)	\$ 204,530
FUND BALANCE:				
Beginning of year			1,071,677	
End of year			\$ 285,537	

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUES FUNDS

Gas Tax Special Revenue Fund is used to account for receipts and expenditures of money apportioned under Street and Highway Code Sections 2105, 2106, 2107 and 2107.5 of the State of California.

Grants Special Revenue Fund is used to account for receipts and expenditures of money received from various governmental grants.

Asset Seizure Special Revenue Fund is used to account for asset seizure and forfeitures resulting from police investigations and court decisions.

Barstow Harvey House Foundation Special Revenue Fund is used to account for the operations of the Harvey House facility. The City rents portions of the premises to various organizations.

Redevelopment Housing Successor Special Revenue Fund is used to account for housing income to be used to promote low and moderate income programs for residents.

Flood Control Fund is used to account for expenditures toward the construction of Kitchen Dean Wash, Laverne Avenue and Avenue I funded by the San Bernardino County Flood Control District (District)

DEBT SERVICE FUNDS

Measure I TRIP Fund is used to account for the reserve amount held as reserve for the Measure I TRIP Certificates of Participation, Series 2012

City of Barstow
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2014

	Special Revenue			
	Gas Tax	Grants	Assets Seizure	Barstow Harvey House Foundation
ASSETS				
Cash and investments	\$ 99	\$ 278,532	\$ 72,255	\$ 15,440
Restricted cash and investments	-	-	-	-
Accounts receivable, net	-	540,847	-	-
Accrued interest	-	185	50	10
Taxes receivable	74,316	-	-	-
Prepays	-	-	-	-
Due from Successor Agency Trust Fund	-	-	-	-
Total assets	\$ 74,415	\$ 819,564	\$ 72,305	\$ 15,450
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 955	\$ 88,892	\$ -	\$ -
Due to other funds	17,831	432,872	-	-
Unavailable and unearned revenue	-	228,746	30,981	-
Total liabilities	18,786	750,510	30,981	-
Deferred Inflow of Resources:				
Unavailable Revenue	-	90,050	-	-
Fund Balances:				
Restricted	55,629	-	41,324	15,450
Unassigned	-	(20,996)	-	-
Total fund balances	55,629	(20,996)	41,324	15,450
Total liabilities, deferred inflows of resources, and fund balances	\$ 74,415	\$ 819,564	\$ 72,305	\$ 15,450

Special Revenue		Debt Service	Total
Housing Successor	Flood Control	Measure I TRIP	Non Major Governmental Funds
\$ 16,522	\$ 21,570	\$ -	\$ 404,418
-	-	1,095,640	1,095,640
-	3,887,923	-	4,428,770
12	-	-	257
-	-	-	74,316
-	-	-	-
1,413,231	-	-	1,413,231
<u>\$ 1,429,765</u>	<u>\$ 3,909,493</u>	<u>\$ 1,095,640</u>	<u>\$ 7,416,632</u>

\$ 801,927	\$ -	\$ -	\$ 891,774
-	3,887,923	-	4,338,626
-	-	-	259,727
<u>801,927</u>	<u>3,887,923</u>	<u>-</u>	<u>5,490,127</u>

-	3,887,923	-	3,977,973
---	-----------	---	-----------

627,838	-	1,095,640	1,835,881
-	(3,866,353)	-	(3,887,349)
<u>627,838</u>	<u>(3,866,353)</u>	<u>1,095,640</u>	<u>(2,051,468)</u>

<u>\$ 1,429,765</u>	<u>\$ 3,909,493</u>	<u>\$ 1,095,640</u>	<u>\$ 7,416,632</u>
---------------------	---------------------	---------------------	---------------------

City of Barstow
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2014

	Special Revenue			
	Gas Tax	Grants	Assets Seizure	Barstow Harvey House Foundation
REVENUES:				
From other agencies	\$ 759,835	\$ 1,514,987	\$ 1,964	\$ -
Use of money and property	-	3,701	1,682	327
Total revenues	759,835	1,518,688	3,646	327
EXPENDITURES:				
Current:				
Public safety	-	80,000	3,208	-
Community development	-	111,294	-	-
Public works	500,000	-	-	385
Capital outlay	-	4,707	-	-
Total expenditures	500,000	196,001	3,208	385
REVENUES OVER (UNDER) EXPENDITURES	259,835	1,322,687	438	(58)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(200,194)	(1,117,790)	-	-
Total other financing sources (uses)	(200,194)	(1,117,790)	-	-
Net change in fund balances	59,641	204,897	438	(58)
FUND BALANCES:				
Beginning of year, as restated	(4,012)	(225,893)	40,886	15,508
End of year	\$ 55,629	\$ (20,996)	\$ 41,324	\$ 15,450

Special Revenue		Debt Service	Total
Redevelopment			Non-Major
Housing	Flood	Measure I	Governmental
Successor	Control	TRIP	Funds
\$ -	\$ -	\$ -	\$ 2,276,786
13,416	21,570	790	41,486
13,416	21,570	790	2,318,272
-	-	-	83,208
4,729	-	-	116,023
-	-	-	500,385
-	-	-	4,707
4,729	-	-	704,323
8,687	21,570	790	1,613,949
-	-	-	-
-	(3,887,923)	-	(5,205,907)
-	(3,887,923)	-	(5,205,907)
8,687	(3,866,353)	790	(3,591,958)
619,151	-	1,094,850	1,540,490
\$ 627,838	\$ (3,866,353)	\$ 1,095,640	\$ (2,051,468)

City of Barstow

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Gas Tax Fund

For the year ended June 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
From other agencies	\$ 710,976	\$ 710,976	\$ 759,835	\$ 48,859
Total revenues	710,976	710,976	759,835	48,859
EXPENDITURES:				
Current:				
Public works	500,000	500,000	500,000	-
Total expenditures	500,000	500,000	500,000	-
REVENUES OVER (UNDER) EXPENDITURES	210,976	210,976	259,835	48,859
OTHER FINANCING SOURCES (USES):				
Transfers out	(71,845)	(210,976)	(200,194)	10,782
Total other financing sources (uses)	(71,845)	(210,976)	(200,194)	10,782
Net change in fund balance	\$ 139,131	\$ -	59,641	\$ 59,641
FUND BALANCE:				
Beginning of year			(4,012)	
End of year			<u>\$ 55,629</u>	

City of Barstow

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Grants Fund

For the year ended June 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
From other agencies	\$ 515,934	\$ 3,461,510	\$ 1,514,987	\$ (1,946,523)
Use of money and property	-	-	3,701	3,701
Total revenues	515,934	3,461,510	1,518,688	(1,942,822)
EXPENDITURES:				
Current:				
Public safety	80,000	114,157	80,000	34,157
Community development	170,934	360,319	111,294	249,025
Capital outlay	-	-	4,707	(4,707)
Total expenditures	250,934	474,476	196,001	278,475
REVENUES OVER (UNDER) EXPENDITURES	265,000	2,987,034	1,322,687	(1,664,347)
OTHER FINANCING SOURCES (USES):				
Transfers out	(316,134)	(2,972,034)	(1,117,790)	1,854,244
Total other financing sources (uses)	(316,134)	(2,972,034)	(1,117,790)	1,854,244
Net change in fund balance	\$ (51,134)	\$ 15,000	204,897	\$ 189,897
FUND BALANCE:				
Beginning of year			(225,893)	
End of year			<u>\$ (20,996)</u>	

City of Barstow

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Assets Seizure Fund

For the year ended June 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
From other agencies	\$ -	\$ 41,724	\$ 1,964	\$ (39,760)
Use of money and property	500	500	1,682	1,182
Total revenues	500	42,224	3,646	(38,578)
EXPENDITURES:				
Current:				
Public safety	8,098	41,724	3,208	38,516
Total expenditures	8,098	41,724	3,208	38,516
Net change in fund balance	\$ (7,598)	\$ 500	438	\$ (77,094)
FUND BALANCE:				
Beginning of year			40,886	
End of year			<u>\$ 41,324</u>	

City of Barstow

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Barstow Harvey House Foundation Fund

For the year ended June 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 327	\$ 327
Total revenues	-	-	327	327
EXPENDITURES:				
Current:				
Public works	-	-	385	(385)
Total expenditures	-	-	385	(385)
Net change in fund balance	\$ -	\$ -	(58)	\$ (58)
FUND BALANCE:				
Beginning of year			15,508	
End of year			\$ 15,450	

City of Barstow

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Redevelopment Housing Successor

For the year ended June 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 13,416	\$ 13,416
Total revenues	-	-	13,416	13,416
EXPENDITURES:				
Current:				
Community development	-	-	4,729	(4,729)
Total expenditures	-	-	4,729	(4,729)
Net change in fund balance	\$ -	\$ -	8,687	\$ 8,687
FUND BALANCE:				
Beginning of year			619,151	
End of year			<u>\$ 627,838</u>	

City of Barstow

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Flood Control For the year ended June 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
From other agencies	\$ 2,750,000	\$ 2,750,000	\$ -	\$ (2,750,000)
Use of money and property	-	-	21,570	21,570
Total revenues	2,750,000	2,750,000	21,570	(2,728,430)
REVENUES OVER (UNDER) EXPENDITURES	2,750,000	2,750,000	21,570	(2,728,430)
OTHER FINANCING SOURCES (USES):				
Transfers out	(3,887,923)	(3,887,923)	(3,887,923)	-
Total other financing sources (uses)	(3,887,923)	(3,887,923)	(3,887,923)	-
Net change in fund balance	\$ (1,137,923)	\$ (1,137,923)	(3,866,353)	\$ (2,728,430)
FUND BALANCE:				
Beginning of year			-	
End of year			\$ (3,866,353)	

City of Barstow

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Measure I TRIP Debt Service Fund

For the year ended June 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 790	\$ 790
Total revenues	-	-	790	790
Net change in fund balance	\$ -	\$ -	790	\$ 790
FUND BALANCE:				
Beginning of year			1,094,850	
End of year			<u>\$ 1,095,640</u>	

AGENCY FUNDS

Public Improvement District 91-1 accounts for the receipt of assessments relating to Public Improvement District 91-1 and the disposition of the assessments under the terms of the agreement.

Landscape Assessment District accounts for the receipt of assessment relating to the Landscape District and the disposition of the assessments under the terms of the agreements.

Other Agency accounts for the receipt of funds from other agencies and the disposition of the funds under the terms of the agreements.

Transit Big River accounts for the receipt of funds relating to the management of the County of San Bernardino Big River transit program.

Transit Trona accounts for the receipt of funds relating to the management of the County of San Bernardino Trona transit program.

Developer Deposits accounts for the deposits paid by developers for various projects.

City of Barstow
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

	Public Improvement District 91-1	Landscape Assessment District	Other Agency	Transit Big River
ASSETS				
Cash and investments	\$ 98,301	\$ 46,688	\$ 29,022	\$ 6,027
Accounts receivable	-	61	-	35,469
Interest receivable	65	32	19	7
Total assets	\$ 98,366	\$ 46,781	\$ 29,041	\$ 41,503
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 1,425	\$ -	\$ 2,095
Deposits	-	45,356	-	39,408
Due to bondholders	98,366	-	-	-
Due to other agencies	-	-	29,041	-
Total liabilities	\$ 98,366	\$ 46,781	\$ 29,041	\$ 41,503



<u>Transit Trona</u>	<u>Developer Deposits</u>	<u>Total Agency Funds</u>
\$ 48,142	\$ 7,500	\$ 235,680
38,834	-	74,364
35	-	158
<u>\$ 87,011</u>	<u>\$ 7,500</u>	<u>\$ 310,202</u>

\$ 2,881	\$ 4,500	\$ 10,901
84,130	3,000	171,894
-	-	98,366
-	-	29,041
<u>\$ 87,011</u>	<u>\$ 7,500</u>	<u>\$ 310,202</u>

City of Barstow
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Public Improvement District 91-1				
Assets:				
Cash and investments	\$ 96,796	\$ 98,301	\$ 96,796	\$ 98,301
Interest receivable	247	65	247	65
Total assets	\$ 97,043	\$ 98,366	\$ 97,043	\$ 98,366
Liabilities:				
Due to bondholders	\$ 97,043	\$ 98,366	\$ 97,043	\$ 98,366
Total liabilities	\$ 97,043	\$ 98,366	\$ 97,043	\$ 98,366
Landscape Assessment District				
Assets:				
Cash and investments	\$ 39,108	\$ 46,688	\$ 39,108	\$ 46,688
Taxes receivable	46	61	46	61
Interest receivable	85	32	85	32
Total assets	\$ 39,239	\$ 46,781	\$ 39,239	\$ 46,781
Liabilities:				
Accounts Payable	\$ 1,516	\$ 1,425	\$ 1,516	\$ 1,425
Deposits	37,723	45,356	37,723	45,356
Total liabilities	\$ 39,239	\$ 46,781	\$ 39,239	\$ 46,781
Other Agency				
Assets:				
Cash and investments	\$ 22,543	\$ 29,022	\$ 22,543	\$ 29,022
Interest receivable	53	19	53	19
Total assets	\$ 22,596	\$ 29,041	\$ 22,596	\$ 29,041
Liabilities:				
Due to other agencies	\$ 22,596	\$ 29,041	\$ 22,596	\$ 29,041
Total liabilities	\$ 22,596	\$ 29,041	\$ 22,596	\$ 29,041

City of Barstow
Combining Statement of Changes in Assets and Liabilities, Continued
Agency Funds
For the year ended June 30, 2014

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Transit - Big River				
Assets:				
Cash and investments	\$ 57	\$ 5,970	\$ -	\$ 6,027
Accounts Receivable	28,735	35,469	28,735	35,469
Interest receivable	-	7	-	7
Total assets	\$ 28,792	\$ 41,446	\$ 28,735	\$ 41,503
Liabilities:				
Accounts payable	\$ 12,385	\$ 2,095	\$ 12,385	\$ 2,095
Deposits	16,407	23,001	-	39,408
Total liabilities	\$ 28,792	\$ 25,096	\$ 12,385	\$ 41,503
Transit - Trona				
Assets:				
Cash and investments	\$ 22,211	\$ 25,931	\$ -	\$ 48,142
Accounts Receivable	31,850	38,834	31,850	38,834
Interest receivable	31	35	31	35
Total assets	\$ 54,092	\$ 64,800	\$ 31,881	\$ 87,011
Liabilities:				
Accounts payable	\$ 7,537	\$ 2,881	\$ 7,537	\$ 2,881
Deposits	46,555	61,919	24,344	84,130
Total liabilities	\$ 54,092	\$ 64,800	\$ 31,881	\$ 87,011
Developer Deposits				
Assets:				
Cash and investments	\$ -	\$ 7,500	\$ -	\$ 7,500
Total assets	\$ -	\$ 7,500	\$ -	\$ 7,500
Liabilities:				
Accounts payable	\$ -	\$ 4,500	\$ -	\$ 4,500
Deposits	-	3,000	-	3,000
Total liabilities	\$ -	\$ 7,500	\$ -	\$ 7,500

This page intentionally left blank

STATISTICAL SECTION

This part of the City of Barstow’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City.

Index	Page
Financial Trends	124
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	134
These schedules contain information to help the reader assess the City’s most significant local revenues sources, property tax and sales tax.	
Debt Capacity	144
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability issues additional debt in the future.	
Demographic and Economic Information	151
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating Information	154
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

CITY OF BARSTOW
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Governmental Activities:				
Net investment in				
capital assets	\$ 11,779,469	\$ 27,704,096	\$ 75,092,771	\$ 63,939,275
Restricted	13,516,589	15,656,211	10,536,166	19,980,860
Unrestricted	25,190,652	26,233,234	25,416,537	30,585,194
Total Governmental Activities Net Position	<u>\$ 50,486,710</u>	<u>\$ 69,593,541</u>	<u>\$ 111,045,474</u>	<u>\$ 114,505,329</u>
Business-type Activities:				
Net investment in				
capital assets	\$ 5,612,500	\$ 5,365,622	\$ 13,069,478	\$ 13,296,278
Restricted	298,915	598,449		
Unrestricted	7,198,612	8,887,135	8,376,130	(881,594)
Total Business-type Activities Net Position	<u>\$ 13,110,027</u>	<u>\$ 14,851,206</u>	<u>\$ 21,445,608</u>	<u>\$ 12,414,684</u>
Primary Government:				
Net investment in				
capital assets	\$ 17,391,969	\$ 33,069,718	\$ 88,162,249	\$ 77,235,553
Restricted	13,815,504	16,254,660	10,536,166	19,980,860
Unrestricted	32,389,264	35,120,369	33,792,667	29,703,600
Total Primary Government Net Position	<u>\$ 63,596,737</u>	<u>\$ 84,444,747</u>	<u>\$ 132,491,082</u>	<u>\$ 126,920,013</u>

Source: Barstow Department of Finance

The FY07 net position reflect a change in accounting policy for the capitalization threshold for capital assets and the effect of a capital asset inventory conducted at June 30, 2006.

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 58,651,372	\$ 65,754,048	\$ 68,836,403	\$ 72,765,415	\$ 76,148,543	\$ 73,335,444
23,996,154	7,467,900	13,313,448	6,609,675	4,937,538	6,079,590
32,172,987	39,910,774	32,818,270	29,552,965	23,982,795	22,689,468
<u>\$ 114,820,513</u>	<u>\$ 113,132,722</u>	<u>\$ 114,968,121</u>	<u>\$ 108,928,055</u>	<u>\$ 105,068,876</u>	<u>\$ 102,104,502</u>
\$ 16,080,466	\$ 14,309,391	\$ 11,609,403	\$ 14,530,286	\$ 15,734,425	\$ 23,983,537
(2,300,969)	(3,002,623)	(1,046,331)	(4,779,780)	(5,850,933)	(9,651,050)
<u>\$ 13,779,497</u>	<u>\$ 11,306,768</u>	<u>\$ 10,563,072</u>	<u>\$ 9,750,506</u>	<u>\$ 9,883,492</u>	<u>\$ 14,332,487</u>
\$ 74,731,838	\$ 80,063,439	\$ 80,445,806	\$ 87,295,701	\$ 91,882,968	\$ 97,318,981
23,996,154	7,467,900	13,313,448	6,609,675	4,937,538	6,079,590
29,872,018	36,908,151	31,771,939	24,773,185	18,131,862	13,038,418
<u>\$ 128,600,010</u>	<u>\$ 124,439,490</u>	<u>\$ 125,531,193</u>	<u>\$ 118,678,561</u>	<u>\$ 114,952,368</u>	<u>\$ 116,436,989</u>

CITY OF BARSTOW
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Expenses:				
Governmental activities:				
General government	4,256,533	5,463,803	2,852,043	5,186,329
Public safety	5,256,515	6,476,180	6,971,475	7,169,661
Recreation				1,839,427
Public works	1,525,840	2,700,343	3,755,588	4,503,709
Community development	1,222,092	1,866,271	4,628,881	3,308,455
Unallocated depreciation	1,589,710	1,356,124	-	-
Interest on long-term debt	1,128,425	933,682	880,548	977,402
Total Governmental Activities Expenses	<u>14,979,115</u>	<u>18,796,403</u>	<u>19,088,535</u>	<u>22,984,983</u>
Business-type Activities:				
Wastewater	2,423,874	2,150,916	2,746,749	13,033,007
Solid Waste	2,765,613	4,061,999	4,195,541	3,974,067
Transit Services	2,192,166	2,800,343	2,678,016	3,168,024
Interest on long-term debt	-	-	-	-
Other Enterprise Funds	98,251	234,587	298,069	386,788
Total Business-type Activities Expenses	<u>7,479,904</u>	<u>9,247,845</u>	<u>9,918,375</u>	<u>20,561,886</u>
Total Primary Government Expenses	<u>22,459,019</u>	<u>28,044,248</u>	<u>29,006,910</u>	<u>43,546,869</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	2,987,527	2,153,127	1,609,778	1,973,746
Operating grants and contributions	174,484	213,243	3,796,362	3,353,033
Capital grants and contributions	7,844,489	3,294,159	2,217,854	1,001,826
Total governmental activities program revenues	<u>11,006,500</u>	<u>5,660,529</u>	<u>7,623,994</u>	<u>6,328,605</u>
Business-type activities:				
Charges for services:				
Wastewater	3,829,426	2,788,820	3,273,734	3,473,018
Solid Waste	2,709,042	3,157,778	3,522,318	3,746,302
Transit Services	287,901	258,622	239,540	252,459
Other business-type activities	495,637	97,004	165,914	160,244
Operating grants and contributions	1,379,080	1,956,188	1,980,839	2,698,498
Capital grants and contributions	1,048,702	258,989	91,237	960,443
Total business-type activities program revenues	<u>9,749,788</u>	<u>8,517,401</u>	<u>9,273,582</u>	<u>11,290,964</u>
Total primary government program revenues	<u>20,756,288</u>	<u>14,177,930</u>	<u>16,897,576</u>	<u>17,619,569</u>

(Continued)

Fiscal Year					
2009	2010	2011	2012	2013	2014
7,328,056	6,094,918	5,419,817	4,372,577	3,979,122	3,040,319
7,755,294	8,431,831	11,379,248	13,910,834	14,781,347	13,263,509
2,522,146	2,169,160	1,651,047	2,226,201	1,980,078	2,647,726
3,811,039	5,631,968	3,284,720	4,976,071	5,928,990	11,353,600
3,208,592	3,394,422	4,390,903	3,233,598	2,646,525	2,068,450
-	-	-	-	-	-
1,014,907	470,703	571,721	373,524	132,321	260,017
25,640,034	26,193,002	26,697,456	29,092,805	29,448,383	32,633,621
2,901,787	3,247,228	3,514,998	4,398,844	3,479,553	3,933,499
4,045,892	4,011,446	4,213,429	3,989,240	4,095,682	4,605,465
3,237,953	3,372,469	2,890,641	2,943,943	2,714,135	2,916,096
-	-	-	-	-	-
297,942	398,573	343,653	336,203	324,043	382,573
10,483,574	11,029,716	10,962,721	11,668,230	10,613,413	11,837,633
36,123,608	37,222,718	37,660,177	40,761,035	40,061,796	44,471,254
1,648,299	1,560,775	1,502,836	1,200,799	1,543,686	1,430,544
2,705,247	2,188,144	2,977,984	595,522	436,434	861,484
903,617	950,770	54,290	4,099,782	3,297,685	7,793,386
5,257,163	4,699,689	4,535,110	5,896,103	5,277,805	10,085,414
3,195,509	3,069,587	3,221,304	4,025,728	4,297,624	4,930,118
3,748,330	3,634,446	3,876,407	4,062,908	3,785,422	4,040,347
351,130	253,898	610,343	688,374	186,984	610,918
106,903	130,852	49,508	34,136	94,831	75,831
2,694,980	2,580,170	2,018,897	2,044,518	2,381,538	1,849,657
1,462,475	419,872	151,117	-	-	4,779,757
11,559,327	10,088,825	9,927,576	10,855,664	10,746,399	16,286,628
16,816,490	14,788,514	14,462,686	16,751,767	16,024,204	26,372,042

CITY OF BARSTOW
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Net revenues (expenses):				
Governmental activities	(3,972,615)	(13,135,874)	(11,464,541)	(16,656,378)
Business-type activities	2,269,884	(730,444)	(644,793)	(9,270,922)
Total net revenues (expenses)	<u>(1,702,731)</u>	<u>(13,866,318)</u>	<u>(12,109,334)</u>	<u>(25,927,300)</u>
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Taxes:				
Property taxes	2,765,138	3,852,670	5,129,433	5,734,799
Sales tax	4,772,730	6,025,029	6,662,596	5,925,848
Transient occupancy taxes	1,961,506	2,282,557	2,281,494	2,455,043
Other taxes	2,764,439	4,695,973	1,181,430	1,153,309
Motor vehicle in lieu, unrestricted	1,390,868	2,017,520	1,651,504	1,889,772
Investment income	1,368,810	974,002	2,396,289	2,483,993
Other general revenues	47,294	302,305	770,348	419,527
Gain (loss) on sale of assets	-	-	80,768	-
Transfers	(5,307)	(2,397,663)	-	-
Special item - merger of fire district				
Extraordinary item - gain due to dissolution of RDA				
Inventory Adjustment for Capital Assets	-	14,490,312	-	-
Total Governmental Activities	<u>15,065,478</u>	<u>32,242,705</u>	<u>20,153,862</u>	<u>20,062,291</u>
Business-type activities:				
Investment Income	127,315	73,960	-	-
Use of money and property	-	-	368,282	293,548
Other revenue	23,094	-	-	392
Special item-impairment loss	-	-	-	-
Transfers	113,750	2,397,663	-	-
Total Business-type Activities	<u>264,159</u>	<u>2,471,623</u>	<u>368,282</u>	<u>293,940</u>
Total Primary Government	<u>15,329,637</u>	<u>34,714,328</u>	<u>20,522,144</u>	<u>20,356,231</u>
Changes in Net Position:				
Governmental activities	11,092,863	19,106,831	8,689,321	3,405,913
Business-type activities	2,534,043	1,741,179	(276,511)	(8,976,982)
Total Primary Government	<u>13,626,906</u>	<u>20,848,010</u>	<u>8,412,810</u>	<u>(5,571,069)</u>

Source: Barstow Department of Finance

The FY07 net position reflect a change in accounting policy for the capitalization threshold for capital assets and the affect of a capital asset inventory conducted at June 30, 2006. Therefore the FY04 to FY06 net position are not comparable to later years.

Fiscal Year					
2009	2010	2011	2012	2013	2014
(20,382,871)	(21,493,313)	(22,162,346)	(23,196,702)	(24,170,578)	(22,548,207)
1,075,753	(940,891)	(1,035,145)	(812,566)	132,986	4,448,995
(19,307,118)	(22,434,204)	(23,197,491)	(24,009,268)	(24,037,592)	(18,099,212)
7,894,148	8,359,770	10,106,231	9,581,086	8,750,763	7,288,665
6,084,702	5,802,928	6,589,010	6,942,387	7,346,732	7,532,540
2,484,223	2,392,610	2,541,970	2,626,389	2,649,694	2,748,763
1,150,982	1,110,266	1,107,418	1,213,263	1,126,099	1,178,629
63,143	110,643	110,786	24,459	-	-
2,537,309	1,775,846	1,903,747	1,297,074	328,226	693,341
483,548	253,459	334,103	91,654	109,885	141,895
-	-	-	-	-	-
-	-	(183,479)	-	-	-
-	-	1,487,959	-	-	-
-	-	-	311,238	-	-
-	-	-	-	-	-
20,698,055	19,805,522	23,997,745	22,087,550	20,311,399	19,583,833
-	-	-	-	-	-
289,060	177,265	105,720	-	-	-
-	-	2,250	-	-	-
-	(1,709,103)	-	-	-	-
-	-	183,479	-	-	-
289,060	(1,531,838)	291,449	-	-	-
20,987,115	18,273,684	24,289,194	22,087,550	20,311,399	19,583,833
315,184	(1,687,791)	1,835,399	(1,109,152)	(3,859,179)	(2,964,374)
1,364,813	(2,472,729)	(743,696)	(812,566)	132,986	4,448,995
1,679,997	(4,160,520)	1,091,703	(1,921,718)	(3,726,193)	1,484,621

CITY OF BARSTOW
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008**
General Fund:				
Reserved	\$ 1,672,386	\$ 3,249,760	\$ 218,659	\$ 1,623,614
Nonspendable*				
Restricted*				
Assigned*				
Unreserved/Unassigned*	22,413,177	23,464,839	29,774,340	13,397,822
Total General Fund	\$ 24,085,563	\$ 26,714,599	\$ 29,992,999	\$ 15,021,436
All Other Governmental Funds:				
Reserved	\$ 8,182,909	\$ 7,843,986	\$ 7,216,481	\$ 11,147,285
Nonspendable*				
Restricted*				
Assigned*				
Unreserved/Unassigned*, reported in:				
Special revenue funds	3,748,724	6,374,327	6,449,950	24,704,172
Debt Service	(4,715,218)	(4,052,881)	(2,375,041)	(1,078,693)
Capital projects funds	5,745,800	4,972,571	7,412,771	8,918,847
Total all other governmental funds	\$ 12,962,215	\$ 15,138,003	\$ 18,704,161	\$ 43,691,611

Source: Barstow Finance Department

* FY11 Implementation of GASB 54 Fund Balance Classifications.

**The Hospital Fund for FY08, FY09 & FY10 was not included with the General Fund balances but shown as a separate special revenue fund. For comparison purposes, the Hospital Fund is combined with the General Fund.

Fiscal Year					
2009**	2010**	2011	2012	2013	2014
\$ 1,075,061	\$ 3,119,315				
		\$ 4,155,542	\$ 6,025,426	\$ 5,819,857	\$ 5,391,889
		5,943,956	-	-	-
		4,425,000	-	-	-
14,077,368	7,403,967	18,756,466	25,449,432	22,749,055	21,445,217
<u>\$ 15,152,429</u>	<u>\$ 10,523,282</u>	<u>\$ 33,280,964</u>	<u>\$ 31,474,858</u>	<u>\$ 28,568,912</u>	<u>\$ 26,837,106</u>
\$ 10,903,385	\$ 9,678,496				
		\$ 5,150,568	\$ -	\$ -	\$ -
		8,442,243	6,935,670	15,283,195	6,266,281
		5,977,305	-	-	-
24,494,870	25,272,143	(11,336)	-	(229,905)	(4,178,949)
(26,730)	1,483,316	-	-	-	-
9,037,542	7,210,373	-	-	-	-
<u>\$ 44,409,067</u>	<u>\$ 43,644,328</u>	<u>\$ 19,558,780</u>	<u>\$ 6,935,670</u>	<u>\$ 15,053,290</u>	<u>\$ 2,087,332</u>

CITY OF BARSTOW
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
Revenues:				
Taxes	\$ 10,906,444	\$ 13,099,367	\$ 16,906,457	\$ 17,158,769
Licenses and permits	470,044	538,809	467,676	330,523
Fines and forfeitures	150,520	214,193	210,687	189,967
Rental income	1,232,691	537,621	-	-
From other agencies	5,045,547	5,838,577	6,000,893	8,970,828
Charges for services	723,770	793,375	901,135	1,416,576
Use of Money and Property	2,186,727	3,915,201	2,396,287	2,484,002
Other	2,186,727	3,915,201	813,953	463,290
Total Revenues	<u>22,902,470</u>	<u>28,852,344</u>	<u>27,697,088</u>	<u>31,013,955</u>
Expenditures				
Current:				
General government	5,548,356	5,201,272	3,111,934	4,438,516
Public safety	5,629,391	6,384,530	6,971,475	7,169,661
Public works	5,027,348	2,540,937	3,755,588	1,643,649
Recreation	-	-	1,400,592	1,839,427
Community development	923,715	1,244,735	3,228,289	3,308,455
Debt service:	-	-	-	-
Principal retirement	8,734,376	748,232	825,349	870,210
Interest and fiscal charges	1,894,142	1,210,527	887,647	858,029
Capital Outlay			754,602	2,230,093
Total Expenditures	<u>27,757,328</u>	<u>17,330,233</u>	<u>20,935,476</u>	<u>22,358,040</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,854,858)</u>	<u>11,522,111</u>	<u>6,761,612</u>	<u>8,655,915</u>
Other financing sources (uses):				
Transfers in	1,535,412	1,494,000	1,534,800	1,592,942
Transfers out	(1,955,366)	(4,660,129)	(1,534,800)	(1,539,000)
Proceeds from sale of assets	47,294	3,000	128,704	13,597
Capital grants and contributions	4,515,731	8,944	-	-
Capital leases	-	-	-	-
Issuance of bonds	8,860,000			
Issuance premium				
Special item - merger of fire district		-	-	-
Extraordinary loss on dissolution of RDA		-	-	-
Total Other Financing				
Sources (Uses)	<u>13,003,071</u>	<u>(3,154,185)</u>	<u>128,704</u>	<u>67,539</u>
Net Change in Fund Balances	<u>\$ 8,148,213</u>	<u>\$ 8,367,926</u>	<u>\$ 6,890,316</u>	<u>\$ 8,723,454</u>
Debt service as a percentage of noncapital expenditures	38.3%	11.3%	8.6%	8.6%

Source: Barstow Finance Department

The FY07 fund balances reflect changes in accounting policy for the capitalization threshold for capital assets, accounting treatment of long-term debt and deferred revenues, and the affect of a capital asset inventory conducted at June 30, 2006; therefore, the FY04 to FY06 net asset are not comparable.

		Fiscal Year									
2009		2010		2011		2012		2013		2014	
\$	17,677,199	\$	17,776,217	\$	20,455,415	\$	20,387,584	\$	19,873,288	\$	18,558,246
	157,319		131,610		160,411		196,868		204,981		472,222
	111,180		131,389		129,349		106,341		104,690		142,409
	-		-		-		-		-		-
	3,131,095		3,141,460		2,977,499		4,915,206		3,907,154		5,075,232
	1,261,364		1,232,865		1,156,934		677,688		1,099,480		750,382
	2,537,309		1,775,849		1,903,747		990,102		328,226		768,427
	593,469		326,843		332,229		91,654		71,385		82,362
	25,468,935		24,516,233		27,115,584		27,365,443		25,589,204		25,849,280
	6,360,460		6,398,855		5,122,706		3,076,341		3,061,475		2,882,514
	7,693,503		11,504,311		10,698,792		13,338,769		13,427,720		13,473,842
	1,670,133		1,929,250		2,505,479		2,746,018		3,481,396		3,108,045
	1,877,647		1,816,436		1,300,759		1,547,172		1,520,643		2,333,991
	3,207,583		3,391,348		3,278,264		3,035,640		2,552,355		2,147,003
	-		-		-		-		-		-
	1,103,698		1,190,588		490,000		510,000		-		1,070,000
	870,144		656,716		578,895		382,583		447,390		386,172
	2,010,835		3,437,099		8,090,746		9,775,072		7,233,394		15,212,059
	24,794,003		30,324,603		32,065,641		34,411,595		31,724,373		40,613,626
	674,932		(5,808,370)		(4,950,057)		(7,046,152)		(6,135,169)		(14,764,346)
	1,849,139		1,500,963		10,988,832		24,557,219		5,596,067		13,715,655
	(1,849,139)		(1,500,963)		(11,172,311)		(24,557,219)		(5,596,067)		(13,715,655)
	-		-		23,107		41,770		23,296		33,374
	-		-		-		-		-		-
	173,517		414,484		3,128,993		264,473		651,548		33,208
	-		-		-		-		9,770,000		-
	-		-		653,570		-		901,999		-
	-		-		-		(7,023,762)		-		-
	173,517		414,484		3,622,191		(6,717,519)		11,346,843		66,582
\$	848,449	\$	(5,393,886)	\$	(1,327,866)	\$	(13,763,671)	\$	5,211,674	\$	(14,697,764)
	8.7%		6.9%		4.5%		3.6%		0.7%		5.7%

CITY OF BARSTOW
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	City of Barstow				
	Secured	Unsecured	SBE Nonunitary	City Net Value	% Change
2005	766,763,028	77,850,700	28,829,408	873,443,136	3.77%
2006	808,484,167	80,494,969	29,256,752	918,235,888	5.13%
2007	932,009,696	74,295,326	27,544,344	1,033,849,366	12.59%
2008	1,091,641,646	87,057,908	2,234,731	1,180,934,285	14.23%
2009	1,185,390,590	98,372,746	2,231,057	1,285,994,393	8.90%
2010	1,191,331,204	109,266,545	2,140,972	1,302,738,721	1.30%
2011	1,135,166,443	108,035,363	2,176,079	1,245,377,885	-4.40%
2012	1,105,173,976	105,571,293	2,186,442	1,212,931,711	-2.61%
2013	1,092,408,332	104,914,213	2,165,193	1,199,487,738	-1.11%
2014	1,039,983,380	102,817,129	677,094	1,143,477,603	-4.67%

Source: San Bernardino Co Assessor 2013/14 Combined Rolls-HdL, Coren & Cone & Co of San Bernardino Agency Net Valuations

*Exempt values are not included in Total Assessed Value.

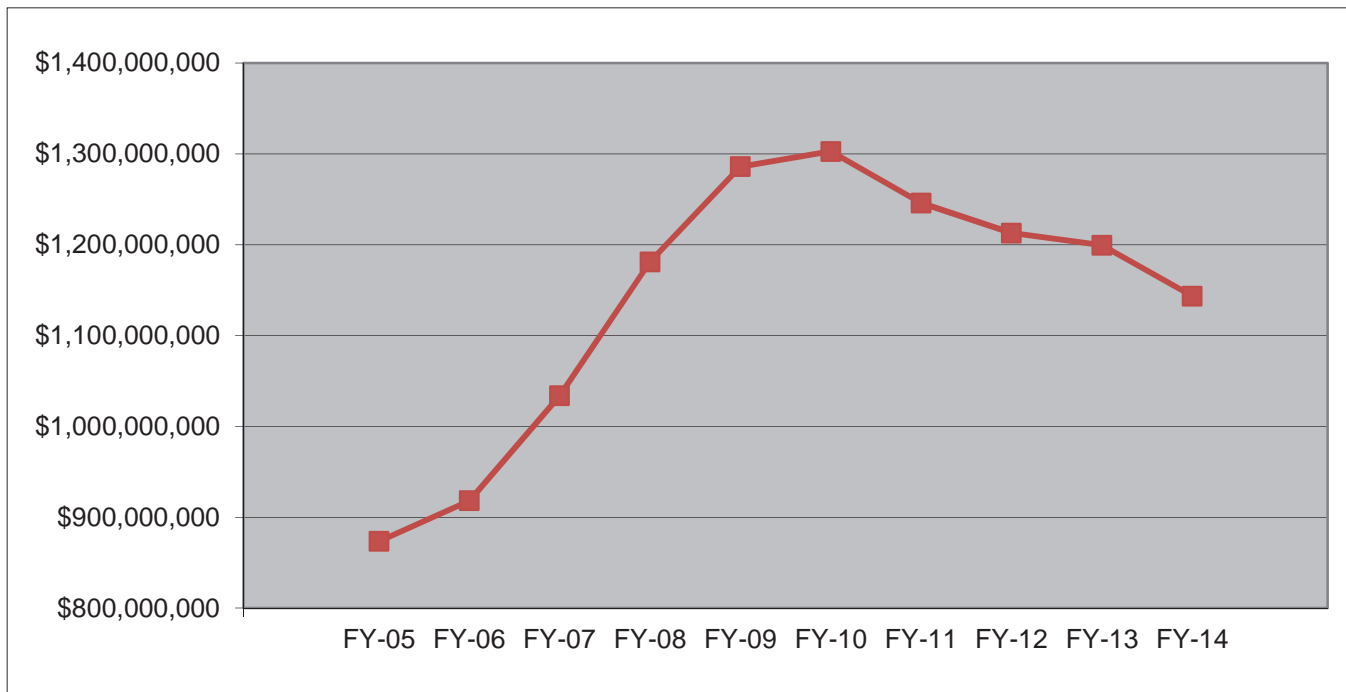
CITY OF BARSTOW
Assessed Value of Taxable Property by Class
Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Vacant Land	SBE Non Unitary	Unsecured	Other	Total Taxable Assessed Value (a)	Total Direct Tax Rate
2004-05	414,449,105	250,972,870	24,533,560	61,596,544	28,829,408	77,850,700	15,210,949	873,443,136	0.358%
2005-06	441,648,727	253,663,769	24,820,785	70,993,887	29,256,752	80,494,969	17,356,999	918,235,888	0.355%
2006-07	522,998,720	263,260,967	24,487,034	102,684,251	27,544,344	74,295,326	18,578,724	1,033,849,366	0.361%
2007-08	605,422,360	289,013,500	26,449,777	137,134,937	2,234,731	87,057,908	33,621,072	1,180,934,285	0.371%
2008-09	652,316,400	317,560,341	26,683,171	156,562,311	2,231,057	98,372,746	32,268,367	1,285,994,393	0.369%
2009-10	627,566,328	338,817,782	33,850,382	156,715,114	2,140,972	109,266,545	34,381,598	1,302,738,721	0.406%
2010-11	568,233,728	345,783,589	33,307,174	156,145,924	2,176,079	108,035,363	32,275,948	1,245,957,805	0.413%
2011-12	536,928,516	344,666,172	33,157,744	168,757,467	2,186,442	105,571,293	21,664,077	1,212,931,711	0.410%
2012-13	520,317,571	354,140,448	30,005,065	173,103,339	2,165,193	104,914,213	14,841,909	1,199,487,738	0.404%
2013-14	504,674,199	342,399,149	29,304,358	150,618,871	677,094	102,817,129	12,986,803	1,143,477,603	0.372%

Source: HdL Coren & Cone/San Bernardino Co Assessor 2004/05-2013/14 Combined Tax Rolls

Notes:

(a) Exempt values are not included in Total Assessed Value.



CITY OF BARSTOW
Direct and Overlapping Property Tax Rates
(Rate per \$100 of assessed value)
Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
Direct & Overlapping (2) Tax Rates				
Basic Levy (1)	1.000	1.000	1.000	1.000
Barstow Unified School Bond	0.0518	0.0489	0.0392	0.0378
Mojave Water Agency	0.1675	0.1675	0.1675	0.1675
Total Direct & Overlapping Rates	\$ 1.2193	\$ 1.2164	\$ 1.2067	\$ 1.2053
City's Share of 1% Levy Per Prop 13 (3)	0.37418	0.37418	0.37418	0.37418
General Obligation Debt Rate				
Redevelopment Rate (4)	1.0000	1.0000	1.0000	1.0000
Total Direct Rate (5)	0.35828	0.35542	0.36126	0.37067

Source: San Bernardino County Assessor/Hdl, Coren & Cone

NOTE:

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

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

(3) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.

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

(5) Total Direct Rate is the weighted average of all individual direct rates applied to the City. Beginning in 2013/2014 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. for

Fiscal Year					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
1.000	1.000	1.000	1.000	1.000	1.000
0.0352	0.0312	0.0370	0.0401	0.0393	0.0370
<u>0.1675</u>	<u>0.1675</u>	<u>0.1675</u>	<u>0.1675</u>	<u>0.1675</u>	<u>0.1675</u>
<u>\$ 1.2027</u>	<u>\$ 1.1987</u>	<u>\$ 1.2045</u>	<u>\$ 1.2076</u>	<u>\$ 1.2068</u>	<u>\$ 1.2045</u>
0.37418	0.37418	0.37418	0.37418	0.37418	0.37418
1.0000	1.0000	1.0000	1.0000	N/A	N/A
0.39225	0.40558	0.41321	0.41035	0.40408	0.37224

CITY OF BARSTOW
Principal Property Tax Payers
Current Year and Ten Years Ago

Owner	2013/14		2004/05	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Hospital of Barstow Inc	\$ 46,607,061	4.08%		
New Plan Factory Malls Inc			\$ 36,070,166	4.13%
Burlington Northern & Santa Fe Railway			\$ 28,094,636	3.22%
Tanger Properties LP	\$ 25,496,937	2.23%	\$ 13,394,313	1.53%
Walmart Real Estate Business Trust	\$ 12,846,491	1.12%	\$ 7,728,569	0.88%
Fred and Robin Rosenberg Family Limited	\$ 13,695,619	1.20%	\$ 11,736,504	1.34%
Pilot Travel Centers LLC	\$ 12,481,453	1.09%		
Rip Griffin Truck Service Center Inc			\$ 11,070,431	1.27%
Home Depot USA Inc	\$ 10,690,114	0.93%		
TVL Properties LLC	\$ 9,039,299	0.79%		
Meruelo Maddux Properties	\$ 9,120,000	0.80%		
Hospitality Express II LLC	\$ 9,664,906	0.85%		
HPT TA Properties Trust	\$ 9,245,439	0.81%		
Barstow Suncrest Apartment LP			\$ 7,754,668	0.89%
Yellow Freight System Inc			\$ 8,085,408	0.93%
Free II LLC			\$ 7,809,726	0.89%
Newmark International Inc			\$ 7,359,666	0.84%
TOTAL OF TOP TEN:	\$ 158,887,319	13.90%	\$ 139,104,087	15.92%

Source: Hdl Coren & Cone-San Bernardino County Assessor

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the		Collected in Subsequent Years	Total Collections to Date	
		Fiscal Year of Levy	Percent of Levy		Amount	Percentage of Levy
2005	3,828,327	3,626,581	95%	147,171	3,773,752	99%
2006	3,996,336	3,825,721	96%	123,240	3,948,961	99%
2007	4,514,703	4,304,168	95%	221,792	4,525,960	100%
2008	5,214,288	4,905,219	94%	309,069	5,214,288	100%
2009	5,917,020	5,252,310	89%	486,285	5,738,595	97%
2010	6,140,577	5,581,206	91%	328,329	5,909,535	96%
2011	5,978,472	5,462,801	91%	236,758	5,699,559	95%
2012	5,822,819	5,329,890	92%	131,465	5,461,355	94%
2013	5,699,934	4,879,402	86%	67,898	4,947,300	87%
2014	5,355,305	5,030,643	94%		5,030,643	94%

Source: San Bernardino Auditor-Controller Recorder

NOTE:

The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

CITY OF BARSTOW
Top 25 Sales Tax Producers (Alphabetically)
For the Fiscal Year 2013/2014

<u>Business Name</u>	<u>Business Category</u>
Arco	Service Stations
Arco AM PM	Service Stations
Barstow Shell	Service Stations
Calvin Klein	Family Apparel
Chevron	Service Stations
Circle K	Service Stations
Coach	Women's Apparel
Crossroads Fuel & Foods	Service Stations
Del Taco	Quick-Service Restaurants
Food 4 Less	Grocery Stores Liquor
Home Depot	Lumber/Building Materials
In N Out Burgers	Quick-Service Restaurants
Love's Gas Station	Service Stations
Michael Kors	Family Apparel
Nike	Shoe Stores
Pilot Travel Center	Service Stations
Ralph Lauren	Family Apparel
Samsonite	Speciality Stores
Soutars Ford/Nissan/Lincoln	New Motor Vehicle Dealers
Soutars Toyota/Chrysler/Dodge/Jeep	New Motor Vehicle Dealers
Surplus Acquisition Venture	Auctioneers
Tesoro Refining & Marketing	Service Stations
Travel Centers of America	Service Stations
Valero Corner Store	Service Stations
Walmart	Discount Dept Stores

Percent of Fiscal Year Total Paid by Top 25 Accounts = 69.77%

Period: April 2013 thru March 2014

Source: Hinderliter, de Llamas & Associates, State Board of Equalization

CITY OF BARSTOW
Top 25 Sales Tax Producers (Alphabetically)
For the Fiscal Year 2004/2005

<u>Business Name</u>	<u>Business Category</u>
American Travel Center	Service Stations
Arco AM PM	Service Stations
Arco AM PM Mini Mart	Service Stations
Chevron	Service Stations
Circle K	Service Stations
Coach	Women's Apparel
Crossroads Fuel & Food	Service Stations
Del Taco	Quick-Service Restaurants
Flying J Travel Plaza	Service Stations
H & E Home Builders City	Lumber/Building Materials
Ideal Chevrolet Pontiac Buick	New Motor Vehicle Dealers
Imperial Valley Lumber Company	Lumber/Building Materials
In N Out Burgers	Quick-Service Restaurants
McDonalds	Quick-Service Restaurants
Pilot Travel Center	Service Stations
Polo Ralph Lauren Factory Store	Family Apparel
Rip Griffin Truck Service	Service Stations
Service Rock Products	Contractors
Soutar's Ford/Nissan/Lincoln	New Motor Vehicle Dealers
Soutar's Toyota/Chrysler/Dodge/Jeep	New Motor Vehicle Dealers
Stater Bros	Grocery Stores Liquor
Terrible Herbst	Service Stations
Truck Stops of America	Service Stations
Valero Corner Store	Service Stations
Walmart	Discount Dept Stores

Percent of Fiscal Year Total Paid by Top 25 Accounts = 63.64%

Period: April 2004 thru March 2005

Source: Hinderliter, de Llamas & Associates, State Board of Equalization

CITY OF BARSTOW
Taxable Sales by Category
Last Ten Calendar Years (in thousands of dollars)

	Calendar Year			
	2004	2005	2006	2007
Apparel Stores	\$ 49,852	\$ 55,885	\$ 62,095	\$ 72,219
Food Stores	\$ 12,394	\$ 12,935	\$ 13,977	\$ 14,466
Eating & Drinking Places	\$ 61,302	\$ 66,124	\$ 69,528	\$ 70,714
Auto Dealers & Supplies	\$ 49,697	\$ 51,537	\$ 53,559	\$ 48,588
Service Stations	\$ 153,820	\$ 208,770	\$ 249,505	\$ 246,081
Other Retail Stores	\$ 96,926	\$ 100,612	\$ 103,083	\$ 107,350
All Other Outlets	\$ 65,305	\$ 75,331	\$ 89,121	\$ 94,504
Total	\$ 489,296	\$ 571,194	\$ 640,868	\$ 653,922

Source: State of California Board of Equalization and The Hdl Companies

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

Calendar Year

2008	2009	2010	2011	2012	2013
\$ 84,758	\$ 83,434	\$ 103,638	\$ 123,448	\$ 137,111	\$ 133,301
\$ 14,344	\$ 14,436	\$ 14,202	\$ 14,314	\$ 14,592	\$ 21,519
\$ 70,078	\$ 69,680	\$ 69,975	\$ 71,256	\$ 73,863	\$ 74,156
\$ 34,504	\$ 25,724	\$ 25,174	\$ 31,018	\$ 30,418	\$ 27,440
\$ 253,957	\$ 208,381	\$ 244,071	\$ 263,876	\$ 286,462	\$ 292,841
\$ 97,165	\$ 88,084	\$ 85,694	\$ 86,928	\$ 89,462	\$ 89,665
\$ 81,211	\$ 85,349	\$ 89,937	\$ 82,333	\$ 102,209	\$ 95,936
<u>\$ 636,017</u>	<u>\$ 575,088</u>	<u>\$ 632,691</u>	<u>\$ 673,173</u>	<u>\$ 734,117</u>	<u>\$ 734,858</u>

CITY OF BARSTOW
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities				Total Governmental Activities
	Tax Allocation	Loans	Measure I	Capital Lease	
	Bonds		TRIP	Agreements	
2005	10,486,631	4,589,505	-	-	15,076,136
2006	10,325,349	4,392,929	-	-	14,718,278
2007	10,125,210	4,184,505	-	-	14,309,715
2008	10,610,209	3,963,575	-	-	14,573,784
2009	9,525,588	5,442,620	-	154,440	15,122,648
2010	8,335,000	5,094,383	-	465,845	13,895,228
2011	7,845,000	4,731,252	-	3,407,341	15,983,593
2012	-	-	-	3,197,150	3,197,150
2013	-	-	10,671,999	3,337,511	14,009,510
2014	-	-	9,849,249	2,874,809	12,724,058

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ These ratios are calculated using personal income and population for the prior calendar year

		Business-type			
Wastewater Certificates of Participation	Wastewater Capital Lease Agreements	Total Business-type Activities	Total Primary Government	Percentage of Personal Income ¹	Debt Per Capita ¹
3,850,000	-	3,850,000	18,926,136	113.01%	813
3,620,000	-	3,620,000	18,338,278	106.25%	776
3,380,000	-	3,380,000	17,689,715	98.15%	748
3,140,000	-	3,140,000	17,713,784	95.59%	744
2,900,000	-	2,900,000	18,022,648	96.65%	757
2,650,000	-	2,650,000	16,545,228	90.51%	684
2,279,943	2,316,949	4,596,892	18,263,536	97.33%	752
2,028,159	2,137,571	4,165,730	4,165,730	21.24%	181
1,766,808	1,968,975	3,735,783	3,735,783	18.36%	161
1,500,766	1,757,803	3,258,569	3,258,569	16.98%	140

CITY OF BARSTOW
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds	Percent of Assessed Value ¹	Per Capita
2005	10,486,631	1.20%	451
2006	10,325,349	1.12%	437
2007	10,125,210	0.98%	428
2008	10,610,209	0.90%	445
2009	9,525,588	0.74%	400
2010	8,335,000	0.64%	345
2011	7,845,000	0.63%	323
2012	-	0.00%	-
2013	-	0.00%	-
2014	-	0.00%	-

Source: Barstow Finance Department

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

¹ Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

CITY OF BARSTOW

Direct & Overlapping Governmental Activities Debt

As of June 30, 2014

	Total Debt	Percentage	City's share of
	<u>6/30/2014</u>	<u>Applicable (1)</u>	Debt
Barstow Unified School District	\$ 10,314,849	61.466%	\$ 6,340,125
Mojave Water Agency	14,250,000	4.098%	583,965
Measure I TRIP COP, Series 2012	10,671,999	100.000%	10,671,999
Capital Lease Agreements	3,337,511	100.000%	3,337,511
Total Overlapping Tax and Assessment Debt			\$ 20,933,600

OVERLAPPING GENERAL FUND OBLIGATION DEBT:

San Bernardino County General Fund Obligations	\$ 503,145	0.680%	\$ 3,421,386
San Bernardino County Pension Obligations Bonds	489,138,331	0.680%	3,326,141
San Bernardino County Flood Control District General Fund Obligations	101,040,000	0.680%	687,072
			<u>7,434,600</u>

OVERLAPPING TAX INCREMENT DEBT:

	\$ 6,240,000	100.000%	\$ 6,240,000
			<u>\$ 34,608,200 (2)</u>

COMBINED TOTAL DEBT

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

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

2013-14 City's Assessed Valuation : \$ 1,143,477,603

Ratios to 2013-14 Assessed Valuation:

Direct Debt	0.93%
Total Direct and Overlapping Tax and Assessment Debt	1.83%
Combined Total Debt	3.03%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$382,941,427):

Total overlapping Tax Increment Debt	1.63%
--------------------------------------	-------

CITY OF BARSTOW
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
Assessed valuation	\$ 873,443,136	\$ 918,235,888	\$ 1,033,849,366	\$ 1,180,934,285
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	218,360,784	229,558,972	258,462,342	295,233,571
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	32,754,118	34,433,846	38,769,351	44,285,036
Total net debt applicable to limit:				
Legal debt margin	<u>\$ 32,754,118</u>	<u>\$ 34,433,846</u>	<u>\$ 38,769,351</u>	<u>\$ 44,285,036</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with 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.

Source: Barstow Department of Finance
County Tax Assessor's Office

Fiscal Year

2009	2010	2011	2012	2013	2014
\$ 1,285,994,393	\$ 1,302,738,721	\$ 1,245,957,805	\$ 1,212,931,711	\$ 1,199,487,738	\$ 1,187,201,706
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
321,498,598	325,684,680	311,489,451	303,232,928	299,871,935	296,800,427
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
48,224,790	48,852,702	46,723,418	45,484,939	44,980,790	44,520,064
<u>\$ 48,224,790</u>	<u>\$ 48,852,702</u>	<u>\$ 46,723,418</u>	<u>\$ 45,484,939</u>	<u>\$ 44,980,790</u>	<u>\$ 44,520,064</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF BARSTOW
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended	Tax Allocation Bonds		
	Tax	Debt Service (1)	Coverage
	Increment (1)	Principal and Interest	
June 30	Increment (1)	Interest	Coverage
2005	4,420,000	1,560,000	2.83
2006	4,916,000	1,381,000	3.56
2007	5,568,000	1,411,000	3.95
2008	6,046,000	1,409,000	4.29
2009	5,924,000	1,888,000	3.14
2010	4,998,000	1,616,000	3.09
2011	3,522,000	849,000	4.15
2012	-	-	-
2013	-	-	-
2014	-	-	-

Source: Barstow Finance Department

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expenses.

(1) Amounts have been rounded to the nearest thousand.

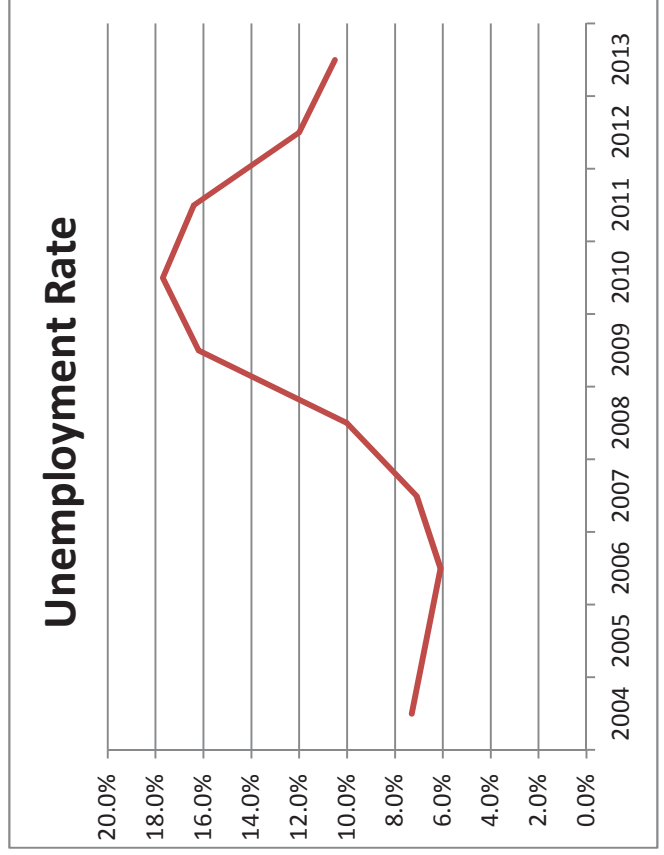
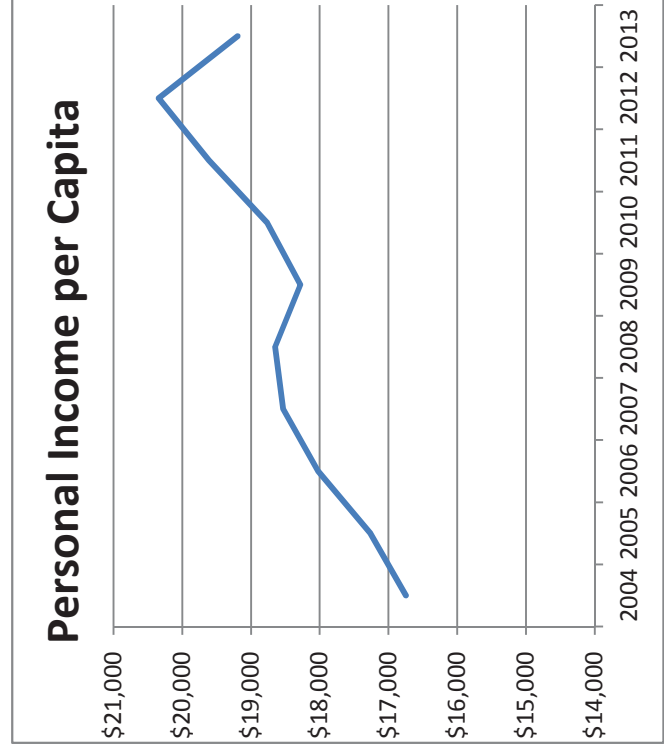
CITY OF BARSTOW
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar	Population	Personal Income	Per Capita	Unemployment	Median Age	% of Pop 25+ with High School Degree	% of Pop 25+ with Bachelor's Degree
2004	23,273	\$ 389,742	16,747	7.3%			
2005	23,646	\$ 408,138	17,260	6.7%			
2006	23,643	\$ 426,137	18,024	6.1%			
2007	23,822	\$ 441,450	18,531	7.1%			
2008	23,795	\$ 443,741	18,648	10.0%	32.4	78.8%	9.3%
2009	24,174	\$ 441,931	18,281	16.2%	31.5	78.2%	9.8%
2010	24,281	\$ 455,609	18,764	17.7%	33.1	78.9%	9.4%
2011	23,019	\$ 451,449	19,612	16.4%	33.3	81.0%	9.2%
2012	23,168	\$ 471,330	20,344	12.0%	32.9	79.8%	9.7%
2013	23,292	\$ 447,043	19,193	10.5%			

Sources: HdL Coren & Cone

(1) Population: California State Department of Finance

(2) Unemployment Data: California Employment Development Department



**CITY OF BARSTOW
Principal Employers
2014 and Five Years Ago****

Employer	2014		2009	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Ft. Irwin National Training Center*	22,700	73.3%	5,565	42.7%
Marine Corps Logistics Base*	2,071	6.7%	2,123	16.3%
Northrup Grunman	469	1.5%	1,210	9.3%
BNSF Railroad	1,000	3.2%	950	7.3%
Barstow Unified School District	643	2.1%	675	5.2%
Raytheon Technical Services Co, LLC*	501	1.6%	396	3.0%
Tanger Outlet Stores	600	1.9%	483	3.7%
San Bernardino County	410	1.3%	300	2.3%
High Desert Support Services	330	1.1%	-	0.0%
Barstow Community Hospital	300	1.0%	274	2.1%
Silver Valley School District*	306	1.0%	282	2.2%
Wal-Mart	190	0.6%	275	2.1%
Barstow Community College	396	1.3%	200	1.5%
Veterans Home of CA-Barstow	217	0.7%	173	1.3%
City of Barstow	164	0.5%	121	0.9%
Other Employers	678	2.2%	Not available	Not available

Source: City of Barstow Economic Development Department

***Employers outside of City Limits**

**City of Barstow compiles data on employers periodically and has elected to show 2009 employers.

"Total Employment" as used above represents the total employment of all principal employers located within City limits plus the employers totals outside of the City limits. Total employed in 2014 was 30,975 of major employers. Fort Irwin National Training Ctr includes soldiers training on rotaion at the facility for 2014.

Total employed in 2009 is 13,027 of major employers.

CITY OF BARSTOW
Full-time and Part-time City Employees
by Function
Last Ten Fiscal Years

Full-Time Employees as of June 30

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	20	20	20	21	21	19	22	22	21	13
Police Safety										
Sworn	35	35	37	38	40	40	40	41	41	37
Non-Sworn	19	19	16	18	18	18	19	13	13	17
Fire Safety										
Sworn								20	23	23
Non-Sworn								1	1	1
Recreation				15	15	15	16	19	18	16
Community Service	20	20	24	18	18	19	18	32	31	36
Community Developmer	10	10	12	12	12	12	7	10	10	10
Redevelopment	1	1	2	4	4	3	4	2	-	-
Solid Waste	1	1	1	1	1	1	2	1	2	2
Wastewater	1	1	1	1	1	1	1	8	9	8
Transit	1	1	1	1	1	1	1	1	1	1
Total	108	108	114	129	131	129	130	170	170	164

Source: City of Barstow Budget

CITY OF BARSTOW
Operating Indicators
by Function
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police:										
Arrests	2,320	2,394	2,703	2,907	2,915	3,223	2,766	2,795	2,672	2,959
Parking citations issued	710	1,039	995	431	366	666	313	201	266	489
Fire Services:										
Fire Calls	277	329	255	257	219	207	170	188	140	199
Medical Aid Calls	3,460	3,820	3,811	3,837	3,585	3,625	3,867	4,050	3,636	3,452
Parks and recreation:										
Number of recreation classes	34	34	34	34	18	19	14	16	14	14
Number of facility rentals	27	26	40	39	52	60	68	70	139	68
Sewer:										
New connections	56	75	103	103	12	9	9	17	30	4
Average/Millions of Gallons Sewage Treatment	2.71	2.65	2.57	2.56	2.40	2.70	2.20	2.13	2.11	2.11
Building Department:										
Permits	*	*	392	301	402	555	558	663	870	533

Source: City of Barstow

* Data not available

CITY OF BARSTOW
Capital Asset Statistics
by Function
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Fire District **										
Stations	2	2	2	2	2	2	3	3	3	3
Public Works:										
Streets (miles)	88	88	88	88	88	89	89	90	91	91
Streetlights	*	*	*	*	1,001	1,001	1,001	1,001	1,081	1,081
Traffic signals	19	19	19	19	19	20	20	21	21	22
Parks and Recreation:										
Parks	10	10	10	10	10	10	10	10	10	10
Community pools	2	2	2	2	1	1	1	1	1	1
Community centers	3	3	3	3	3	3	3	3	3	3
Wastewater:										
Sanitary sewers (miles)	80	80	80	80	113	113	113	117	117	117
Storm sewers (miles)	2	2	2	2	2	2	2	15	15	16
Maximum daily treatment capacity (millions of gallons per day)	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5

Source: City of Barstow

* Data not available

**Fire District added November 17, 2010