



Comprehensive Annual Financial Report



**City of Barstow, California
Fiscal Year Ended
June 30, 2016**

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, 2016

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
Mary Stapp, Acting Finance Director**

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Comprehensive Annual Financial Report
For the year ended June 30, 2016

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December 28, 2016

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, 2016.

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, 2016. 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 over 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 .9% from January 1, 2015 to January 1, 2016. The population for the City of Barstow had a slight increase of .7% according the California Department of Finance. The unemployment rate as of October 2016 for this City is 5.4%, which is a modest decline from 5.7% in October 2015. Staff continues to pursue development opportunities in the area that will provide job opportunities for citizens.

Sales tax revenue increased 6% or \$411,000 from fiscal year 2015. General fund property tax revenue had an increase of approximately \$42,000 from the previous fiscal year. Additionally, we believe that property tax will increase due to the sale of the Barstow Outlets complex upon the completion of the final assessment by the County Assessor. Our Transient Occupancy Tax continues to be a major source of revenue for the City and came in at \$2.8 million for fiscal year 2016. At this time, City management remains optimistic the economy is continuing to improve as evidenced in the growth discussed above.

MAJOR ACTIVITY IN THE CITY:

Major activities 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:

- The City is continuing its efforts to improve infrastructure in fiscal year 2017. The major infrastructure projects are the Laverne Flood Control Improvement project, the First Avenue Bridge over the BNSF Classification Yard project and the First Avenue Bridge over the Mojave River project.
- The economy continues to improve and we expect to see an increase in Transient Occupancy Tax. Our economic development department is working with major hotel chains to finalize the



planning and construction of two new hotels in our area. We expect the occupancy rate to increase and not negatively impact occupancy of current hotels.

- Staff has successfully coordinated with potential retail and industrial developers for new projects. These include the construction of the Super Walmart in the *Center on Main* shopping center slated to be completed in Spring of 2017 and the addition of retail stores has and will continue to be a focus of economic development.

LONG-TERM FINANCIAL PLANNING

The City records a Council mandated reserve of 20% Working Capital and 5% for emergencies. Recently, on November 7, 2016, the City Council took action to allocate \$540,000 from its Emergency Reserve Account for an emergency repair to the East Barstow Drainage Channel as part of an adjustment to the fiscal year 2017 budget. Council will monitor the use of the Emergency Reserve and expects to pursue reimbursement for the project through Caltrans. 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, 2015. The award for the Certificate of Achievement for Excellence in Financial Reporting for the period ended June 30, 2015 was the ninth 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 Finance Department staff. We especially wish to acknowledge the assistance and diligence of our auditors, Badawi & Associates, CPAs.

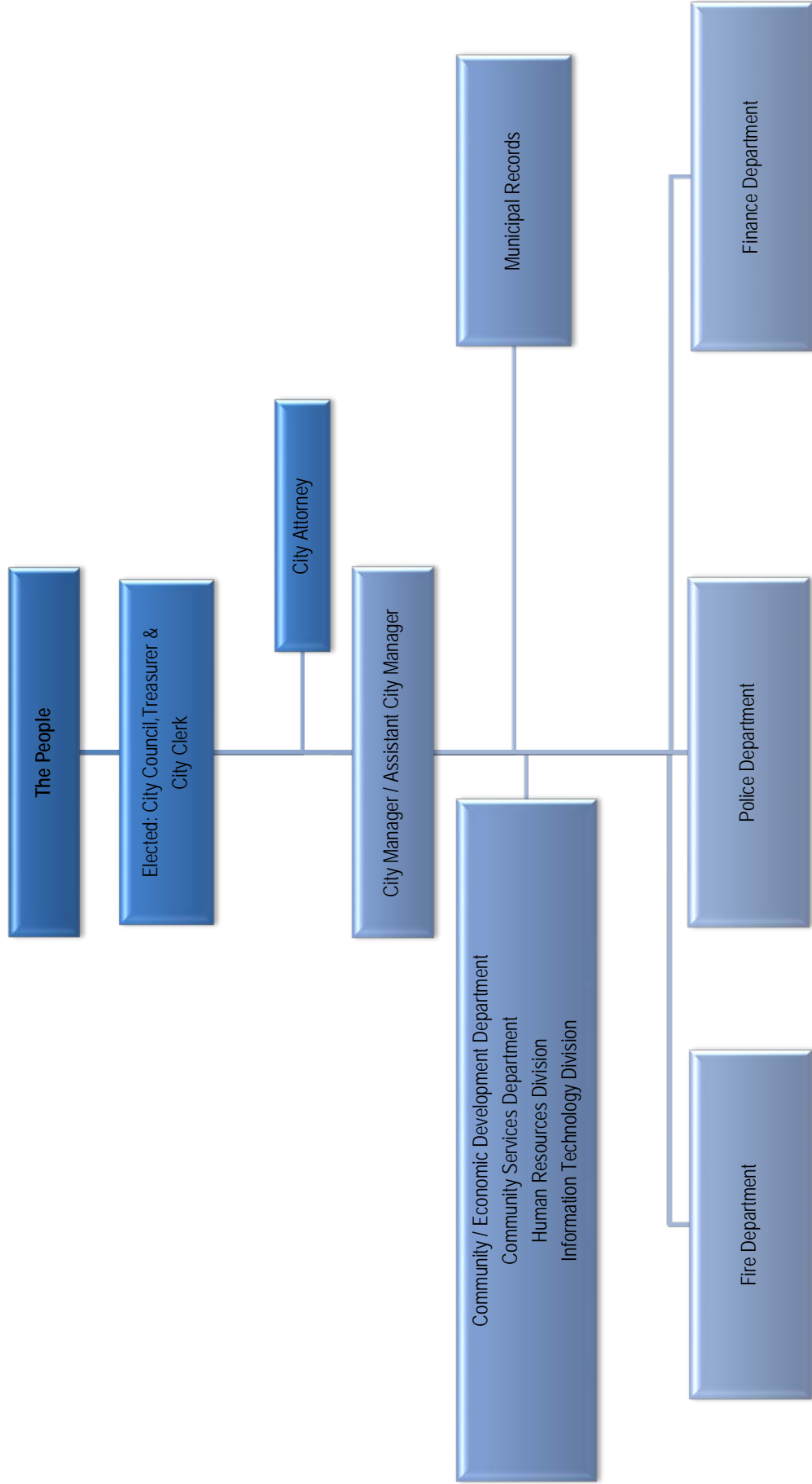
Respectfully submitted,

Charles C. Mitchell
City Manager

Mary Stapp
Acting Finance Director



CITY OF BARSTOW ORGANIZATIONAL CHART



City of Barstow
List of Elected and Appointed Officials
June 30, 2016

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
Assistant City Manager	Cindy Prothro
Acting Finance Director	Mary Stapp
City Attorney	Terri Highsmith
Chief of Police	Albert Ramirez
Acting Fire Chief	Jamie Williams



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
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Presented to

**City of Barstow
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



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, 2016, 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
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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information, and OPEB funded status information on page 5-22, 109-113, 114-125, and 116 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 120 and 122 to 134 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 120 and 122 to 134 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 budgetary comparison schedules on pages 120 and 122 to 134 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
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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 28, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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 28, 2016

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CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2016

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, 2016. 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 \$26,670,806.
- The cost of governmental activities was \$31,532,576.
- The business-type activities program and general revenues were \$10,043,055.
- The cost of business-type activities was \$10,291,033.
- The General Fund reported expenditures in excess of revenues, or net changes in fund balance of \$4,566,221.
- For the General Fund, actual budgeted revenues were less than budget estimates by \$1,977,950, and actual expenditures were less than final budget by \$291,060.
- The Measure I Special Revenue Fund, a major governmental fund, ended the fiscal year with a deficit \$1,747,298 in fund balance.
- The Barstow Fire Protection District ended the fiscal year with a deficit fund balance of \$1,759,404.
- Total non-major governmental funds had a total fund balance of \$1,683,408.

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, 2016

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 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 thirteen 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 nine 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, Barstow Harvey House Foundation, Redevelopment Housing Successor Fund, Barstow Community Services Foundation, the Local

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2016

Transportation Fund and the Flood Control Fund. The Measure I TRIP debt service fund is also combined with the non-major governmental funds.

The City adopted an annual appropriated budget for its governmental and proprietary funds in fiscal year 2016. 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 seven 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 54-108 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. This section also includes information regarding the Defined Benefit Pension Plan, that includes the *California Public Employees' Retirement System* (CALPERS) and the *San Bernardino County Employees' Retirement Association* (SBCERA) Plan. 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. Required supplementary information can be found on page 110-116 of this report.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2016

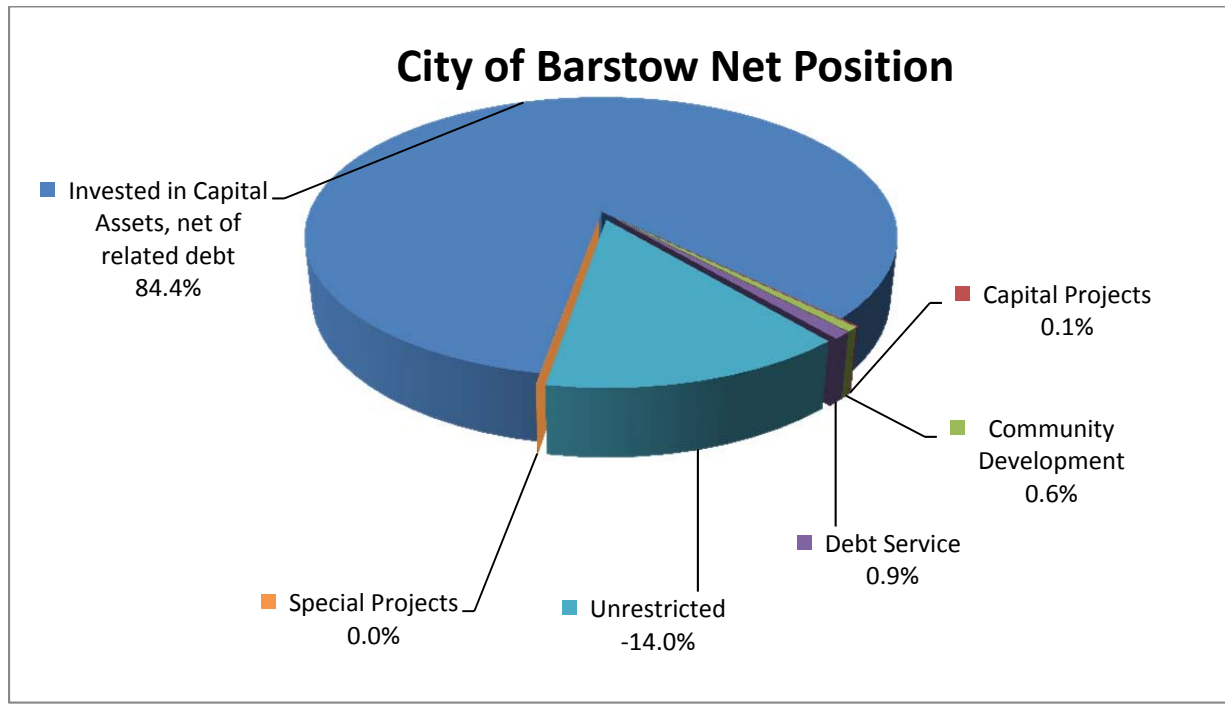
Supplementary information for the major government City Capital Projects fund and non-major governmental funds, such as Gas Tax special revenue fund, Grants, Asset Seizure, Barstow Harvey House Foundation, Redevelopment Housing Successor, Barstow Community Services Foundation, Local Transportation Fund and Flood Control special revenue funds, as well as the Measure I TRIP debt service fund are located on page 120-134 of this report.

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 \$87,564,789 at the close of the most recent fiscal year, a decrease of 5% over the restated previous year. The net position for Governmental Activities was restated to record the additional deferred employee pension contributions for SBCERA of \$134,118 in fiscal year 2015.

The largest portion (84.4%), \$102,724,515, 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 (-14.0%), is a deficit of \$17,071,906. The third largest portion is restricted for debt service, \$1,078,635 or 0.9%. The remaining balances are restricted for capital projects and are detailed below.



As shown in the total column for 2016 in the following chart, an additional portion of the City's net position, \$1,912,180 (2.2%), represents resources that are subject to restrictions in how they may be used. Of this restricted amount, \$118,825 is restricted for capital projects, \$1,078,635 for debt service, \$693,515 for community development and \$21,205 is for special projects.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2016

CITY OF BARSTOW NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 22,495,021	\$ 33,080,933	\$ (4,107,846)	\$ (5,914,819)	\$ 18,387,175	\$ 27,166,114
Capital assets	91,243,188	87,311,776	24,580,554	30,815,400	115,823,742	118,127,176
Total assets	113,738,209	120,392,709	20,472,708	24,900,581	134,210,917	145,293,290
Total deferred outflows of resources	11,089,020	6,785,290	190,798	192,788	11,279,818	6,978,078
Current Liabilities	6,134,052	9,208,059	1,447,533	2,318,002	7,581,585	11,526,061
Long-term Liabilities	36,456,634	28,860,383	8,840,975	9,000,988	45,297,609	37,861,371
Total liabilities	42,590,686	38,068,442	10,288,508	11,318,990	52,879,194	49,387,432
Total deferred inflows of resources	4,825,000	9,527,725	221,752	592,289	5,046,752	10,120,014
Net position:						
Net invested in capital assets	80,392,246	76,362,833	22,332,269	28,045,832	102,724,515	104,408,665
Restricted	1,912,180	2,245,332			1,912,180	2,245,332
Unrestricted	(4,892,883)	777,665	(12,179,023)	(14,863,742)	(17,071,906)	(14,086,077)
Total Net Position:	\$ 77,411,543	\$ 79,385,830	\$ 10,153,246	\$ 13,182,090	\$ 87,564,789	\$ 92,567,920

City of Barstow Changes in Net position

The City of Barstow's overall net position decreased by \$5.0 million from the prior year. The reasons for this overall decrease are discussed in the following sections for governmental activities (a decrease of \$2.0 million) and business-type activities (a decrease of \$3 million).

Governmental Activities

Governmental activities decreased net position by \$2.0 million for fiscal year 2016 as shown in the chart above and on the page 10. The main reason is the cash with fiscal agent in the Measure I Fund of \$3 million was used to complete the Henderson / Cameron Area Road Project in fiscal year 2016. Overall total revenue was comparable to the previous fiscal year. Expenditures increased due to completed projects and the implementation of pay increases for employees due to approved agreements. This was offset by a transfer to close out the Transit Fund due to a merger with Victor Valley Transit Authority (VVTA). This is discussed in detail later in this document.

More information about governmental activities are reflected in the charts and graphs on the following pages.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2016

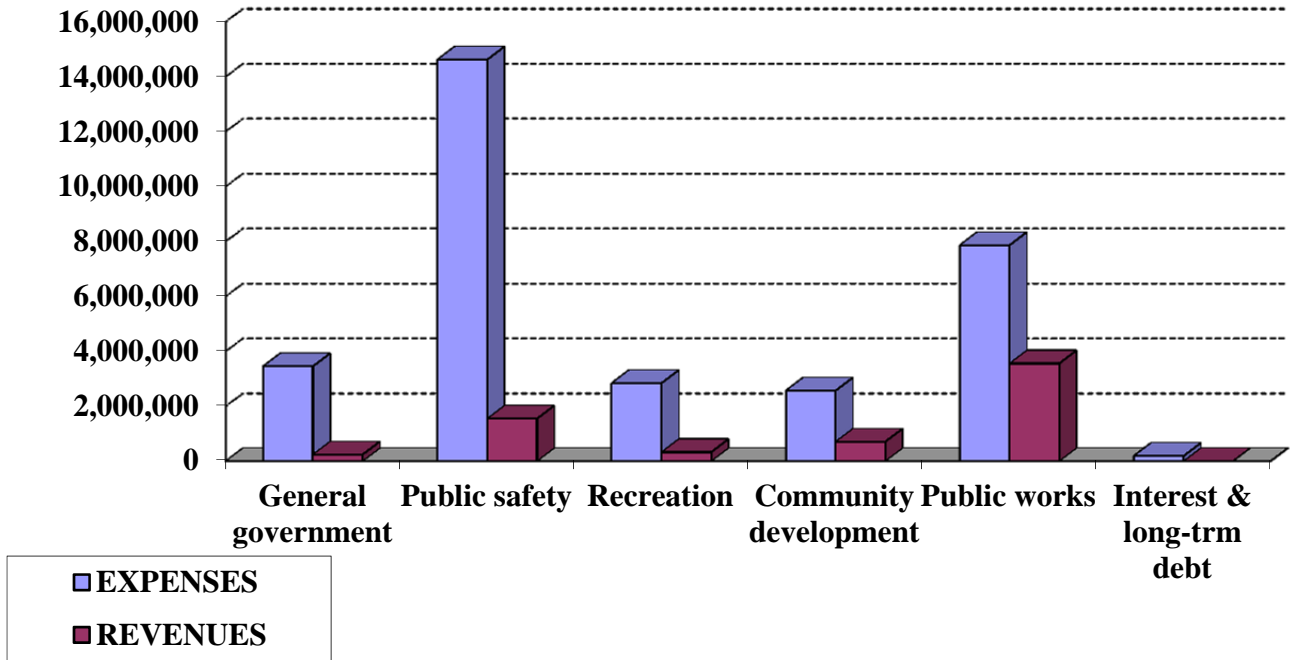
Governmental & Business-Type Activities Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues						
Charges for service	\$ 1,569,444	\$ 1,490,257	\$ 9,824,517	\$ 9,792,531	\$ 11,393,961	\$ 11,282,788
Operating contributions and grants	1,045,110	1,702,084	219,038	2,275,972	1,264,148	3,978,056
Capital contributions and grants	5,488,502	3,978,333	-	405,234	5,488,502	4,383,567
Total Program Revenues	<u>8,103,056</u>	<u>7,170,674</u>	<u>10,043,555</u>	<u>12,473,737</u>	<u>18,146,611</u>	<u>19,644,411</u>
General Revenues						
Property taxes	7,441,119	7,398,978	-	-	7,441,119	7,398,978
Other taxes	4,122,771	4,104,143	-	-	4,122,771	4,104,143
Sales & use tax	7,670,993	7,259,449	-	-	7,670,993	7,259,449
Other revenues	682,382	800,343	-	-	682,382	800,343
Transfers	(1,349,515)	-	1,349,515	-	-	-
Total General Revenues	<u>18,567,750</u>	<u>19,562,913</u>	<u>1,349,515</u>	<u>-</u>	<u>19,917,265</u>	<u>19,562,913</u>
Total Revenues	<u>26,670,806</u>	<u>26,733,587</u>	<u>11,393,070</u>	<u>12,473,737</u>	<u>38,063,876</u>	<u>39,207,324</u>
Expenses						
General government	3,453,207	2,340,584	-	-	3,453,207	2,340,584
Public & fire safety	14,618,441	13,655,432	-	-	14,618,441	13,655,432
Recreation	2,840,457	2,777,589	-	-	2,840,457	2,777,589
Community development	2,567,843	2,458,665	-	-	2,567,843	2,458,665
Public works	7,863,741	6,882,670	-	-	7,863,741	6,882,670
Interest on long-term debt	188,887	239,143	-	-	188,887	239,143
Wastewater	-	-	5,183,363	5,217,340	5,183,363	5,217,340
Solid waste	-	-	4,588,155	4,350,342	4,588,155	4,350,342
Transit	-	-	127,671	2,685,773	127,671	2,685,773
CNG/LNG fueling station	-	-	391,844	473,911	391,844	473,911
Total expenses	<u>31,532,576</u>	<u>28,354,083</u>	<u>10,291,033</u>	<u>12,727,366</u>	<u>41,823,609</u>	<u>41,081,449</u>
Excess (Deficiency) of Revenues over (under) Expenses	(4,861,770)	(1,620,496)	1,102,037	(253,629)	(3,759,733)	(1,874,125)
	<u>(4,861,770)</u>	<u>(1,620,496)</u>	<u>1,102,037</u>	<u>(253,629)</u>	<u>(3,759,733)</u>	<u>(1,874,125)</u>
Special Items						
Transfer-Termination of Transit Activities	2,887,483	-	(2,827,987)	-	59,496	-
Gain (Loss) sale of CNG/LNG Fueling Station	-	-	(1,302,894)	-	(1,302,894)	-
Total Special Items	<u>2,887,483</u>	<u>-</u>	<u>(4,130,881)</u>	<u>-</u>	<u>(1,243,398)</u>	<u>-</u>
Restatement to add net pension:						
Changes in Net Position	(1,974,287)	(1,620,496)	(3,028,844)	(253,629)	(5,003,131)	(1,874,125)
Net position beginning of year (restated)	79,385,830	81,006,326	13,182,090	13,435,719	92,567,920	94,442,045
Net position June 30	<u>\$ 77,411,543</u>	<u>\$ 79,385,830</u>	<u>\$ 10,153,246</u>	<u>\$ 13,182,090</u>	<u>\$ 87,564,789</u>	<u>\$ 92,567,920</u>

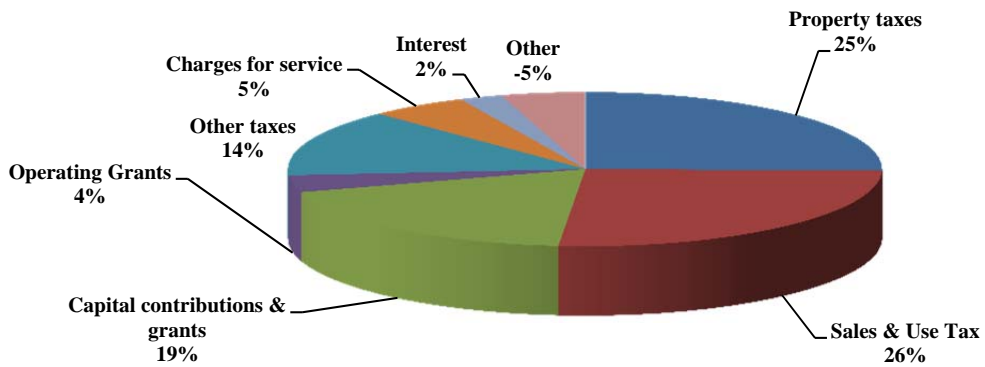
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Governmental activities

Governmental Activities - Expenses and Program Revenues for FY 2015/16



Governmental Activities - Revenues by Source



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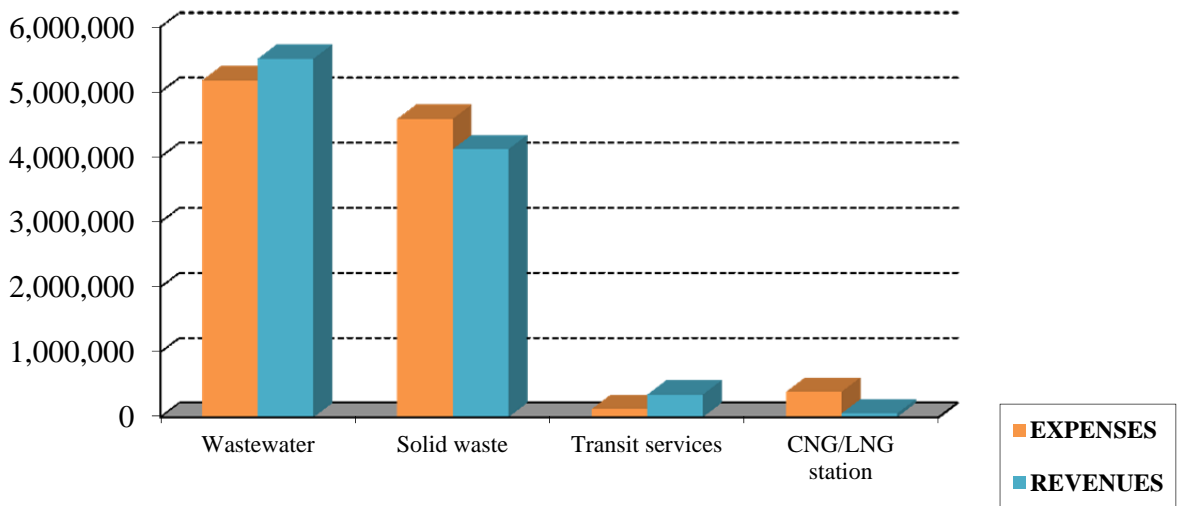
Business-type Activities

Business-type activities decreased net position by \$3 million as shown in the chart on page 10. When comparing fiscal year 2015 to fiscal year 2016, there are two main reasons for the decrease. First, part of the decrease is attributable to the transfer and close out of the Transit Fund. In 2012 San Bernardino Associated Governments (SANBAG) met with the City of Barstow (Barstow) and Victor Valley Transit Authority (VVTA), for consideration of merging Barstow Area Transit (BAT) with and VVTA. SANBAG conducted a feasibility study and the results showed reduced expenses, improved services and more professional transit administration if administrated by VVTA. The Council approved the merger. Transit Fund services are now administered via VVTA for the residents of Barstow.

The second reason for the decrease is because the City sold the CNG/LNG Fueling Station to VVTA. The funds have been closed as of fiscal year 2016 as operations have ceased. The CNG/LNG Fueling Station was operating at a loss and the land it sat on was part of the former Redevelopment Agency. The State of California, California Supreme Court, Assembly Bill 1X 26, upheld and directed the dissolution of redevelopment agencies and property held by them. Therefore, the land and fueling station were sold as directed by the State.

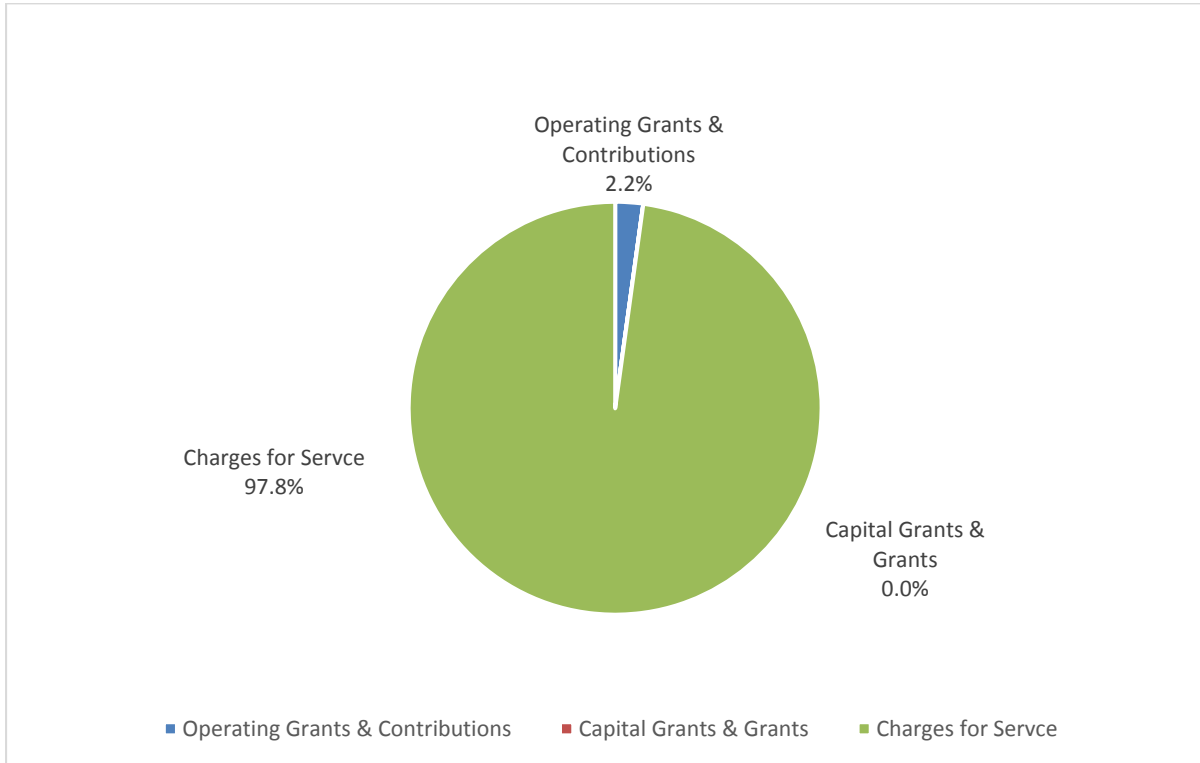
The chart below illustrates business-type expenses and revenues. The second chart on the following page shows Business-type revenues by category.

Business-Type Activities - Expenses and Program Revenues



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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.

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As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$19,039,409, a decrease of 28% when compared to the fund balances of the prior year. In fiscal year 2016, expenditures were more than revenue by \$7,336,842. In fiscal year 2015, expenditures were more than revenue by \$7,336,842. Further analysis discusses the underlying changes in the major government funds with major changes:

General Fund- There was a decrease in fund balance of \$4.6 million from the previous fiscal year. A transfer of \$1.7 million was recorded to eliminate the advance from the General Fund to the CNG/LNG Fund, because the fueling station was sold at the end of the fiscal year. The fund had incurred losses. General Fund revenues were less than the previous fiscal year because funds received from the California State Office of Emergency Services for the August 2014 Flood damage in fiscal year 2015, was not repeated in fiscal year 2016. The State of California paid its backlog of several years of State Mandated Costs in fiscal year 2015, therefore reflecting higher revenue and fiscal year 2016 reflects current payments. And one time reimbursements from developers were not repeated and general liability reimbursement claims down when compared with fiscal year 2015. An Advance of \$2 million was recorded from the General Fund to the Measure I Fund in fiscal year 2016 to cover the cost of completing the Henderson / Cameron Area Road Project.

Expenditures increased mainly due to increased costs for all employees' salaries and benefits as approved Memorandum of Understanding were implemented. Capital project expenditures were higher than the previous year due to the completion of budgeted projects.

Measure I- The fund had a decrease of \$2 million in fund balance. Main reason is the General Fund advanced funds to complete the Henderson /Cameron Area Road Project. In fiscal year 2015, the fund had \$3 million in fiscal agent cash but this was used to complete the Henderson / Cameron Area Project in fiscal year 2016.

Barstow Fire Protection District- As anticipated per the fiscal year 2016 budget, total expenditures were greater than revenues by approximately \$600,000. The main reason is that increasing pension expenditures continue to plague the District. Options to reduce pension costs are being pursued. Revenues are comparable with the previous fiscal year.

The *non-spendable* portion of fund balance is 46% or \$8,680,778. 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, 2016, the major amounts designated as non-spendable were loans from the following funds:

- \$1,082,021 due from the Successor Agency for the swimming pool loan
- \$1,664,868 due from the Measure I Special Revenue Fund
- \$4,097,308 Wastewater Reclamation Fund loans
- \$600,000 Barstow Fire Protection District loan

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The non-spendable balance decreased from the previous year due mainly to the elimination of the CNG/LNG advance, since the fueling station was sold.

Restricted funds constitute 10% or \$1,941,169 of fund balance.

- 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 \$1,078,627 for debt service as part of the Total Road Improvement Program (TRIP) financing.
- The Successor Agency Trust Fund constitutes \$693,515 of the restricted fund balance.
- \$132,000 is restricted for Streets & Highway projects. This restriction is part of Measure I, the Development Fund and Gas Tax funds.

Approximately 44%, or \$8,417,462, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. This balance is approximately \$5 million less than last year, due to the ongoing capital improvement program and the use of funds to cover project costs and the elimination of \$1.7 million for the CNG/LNG Advance. The City adopted Council Fund Balance Policy #4548-2010, and has reserved \$3,955,318 of fund balance for Working Capital and \$988,830 for emergency contingency in compliance with its guidelines.

More details about the fund balance for governmental funds can be found on page 102.

Proprietary Funds

At year-end the total net position of all proprietary funds was \$10,153,246 or a decrease of 23% over the previous fiscal year's fund balance. Detail for the change are discussed below. Overall, this resulted in a decrease of \$3,028,844 in net position.

- The *Wastewater Fund* had an increase in net position of \$331,616. The main reason was in the previous fiscal year, the fund paid for a large one-time study for remediation purposes.
- *Solid Waste* had a decrease in net position of \$466,861 due to an approved contract increase for the disposal contractor. The increase also included a CPI adjustment.
- *Transit Fund*-The City Council approved merging the Barstow Area Transit (BAT) with Victor Valley Transit Joint Powers Authority (VVTA). After a thorough study, it was agreed that merging BAT and VVTA had merit which would reduce expenses and improve services to residents.
- *CNG/LNG Fueling Station*-Fueling station activities ceased as of the end of fiscal year 2016, due to the sale of the station to Victor Valley Transit Authority. The land the station was on part of the former Redevelopment Agency of the City of Barstow. Former RDA properties were required to be sold and proceeds forwarded to the State of California for tax redistribution.

Detailed information can be found on pages 42 - 47.

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GENERAL FUND BUDGETARY HIGHLIGHTS

The schedule below summarizes the General Fund budgetary highlights and actual amounts for fiscal year 2016.

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Total Revenues	<u>\$19,834,951</u>	<u>\$19,854,551</u>	<u>\$17,876,601</u>	<u>(1,977,950)</u>
Expenditures:				
General Government	3,870,864	3,266,379	3,350,641	(84,262)
Public Safety	8,924,254	9,030,142	9,152,640	(122,498)
Recreation	2,378,847	2,486,318	2,502,390	(16,072)
Community Development	2,356,101	2,510,052	2,429,666	80,386
Public Works	2,757,050	2,875,215	2,785,638	89,577
Capital Outlay	528,742	701,455	357,360	344,095
Interest & Fiscal Charges	-	-	166	(166)
Total Expenditures	<u>20,815,858</u>	<u>20,869,561</u>	<u>20,578,501</u>	<u>291,060</u>
Revenues Over (Under) Expenditures	(980,907)	(1,015,010)	(2,701,900)	(1,686,890)
Other Financing Sources (Uses)	<u>(588,837)</u>	<u>(1,423,454)</u>	<u>(1,864,321)</u>	<u>(440,867)</u>
Net Change in Fund Balance	<u>(1,569,744)</u>	<u>(2,438,464)</u>	<u>(4,566,221)</u>	<u>(2,127,757)</u>
Fund balance, beginning of the year			<u>25,310,099</u>	
Fund balance, end of year			<u>\$20,743,878</u>	

Comparison of Original to Final Budget

Revenues:

The original revenue budget to the final amended revenue budget increased by \$19,600. The General Liability Claims budget was increased to reflect an insurance settlement for a Police Department Vehicle.

Expenditures:

The difference in the original expenditure budget and the final amended expenditure budget was an increase in appropriations of \$54,000. This was due primarily to a \$40,000 appropriation to fund a replacement police patrol vehicle and other minor adjustments of \$14,000 as approved by the City Council during the mid-year budget review in February 2016. The changes within the expenditure categories between the original and final budget are due to the reallocation of initial budgeted amounts for retirement benefits, risk claim payments and employee year-end leave payouts, that are budgeted in a lump-sum amount but reallocated based on actual division expenditures at year-end.

Other Financing Sources:

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.

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Final Budget to Actual Amounts

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

Revenue-Actual revenues were generally within the range of the final budget.

- *Property taxes* were \$178,000 lower than expected due to appeals processed by assessor. These were counterbalanced by revenues received in excess of budget for other taxes, licenses, permits, and fines/penalties.
- *From other agencies*, this category was less than anticipated by \$377,000. The State of California Office of Emergency Services did not pay the fiscal year 2016 payment for storm damage from the August 2014 floods as expected for a budgeted amount of approximately \$500,000. This was offset by the City receiving more than anticipated from the State of California for State Mandated claims, or \$123,000 more than our budget estimate.
- *Other*-The variance is due to the budget for the sale of Land at \$500,000, which was actually recorded as a transfer and the Wastewater scheduled principal payment for approximately \$238,000, was paid as scheduled. The principal payment is not shown as an expenditure in this chart as it was reclassified to the balance sheet to reduce the liability.
- *Use of money and property*-The Redevelopment Loan principal and interest is budgeted as revenue of \$700,000 was paid as scheduled and recorded against the balance owed in the liability account.

Expenditures-

- *Public Safety*-The major variance was due to higher than budgeted workers' compensation claims. This was offset by salary savings in the department.
- *Capital Outlay*-This was the largest category of variance at \$344,000. Some planned capital equipment expenditures were not expended and were carried forward to fiscal year 2017 or defunded.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounts to \$115,823,742 (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 a decrease of 2% or \$2 million. Changes from the prior year are discussed below and the City of Barstow's Capital Assets chart on the next page. The analysis is detailed below:

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

Governmental Activities had a net increase of \$4 million from the previous fiscal year. Approximately \$11 million in infrastructure was added as completed projects for fiscal year 2016. This addition was offset by a transfer of \$6 million of infrastructure projects out of Work-in-Progress to completed infrastructure.

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The major projects for fiscal year 2016 were:

- Henderson / Cameron Area Road Project-area road reconstruction, \$7 million
- Lenwood Grade Separation-overpass and bridge construction-\$2 million
- LaVerne Storm Drainage Project-\$2 million

Increases were offset by normal depreciation and the removal of reconstructed streets and roads due to recording new or upgraded streets/roads.

Business-type Activities decreased by \$6 million from fiscal year 2015.

The City added approximately \$10 million in new infrastructure for fiscal year 2016, mainly as a transfer of completed projects from Work in Progress. The infrastructure added:

- Phase 1-Wastewater Treatment Plant-\$8.7 million
- Effluent Pipe Replacement-\$463,000
- Sewer Line Extension-Industrial Park-\$371,000
- Wastewater Treatment Plant Headworks Screen-\$405,000
- Wastewater-LaVerne Drainage Improvements-\$149,000

Therefore, the decrease of \$6 million is due to three factors:

- There was a transfer of transit services to Victor Valley Transit Authority (VVTA) and we closed the City's Transit Fund. Equipment was transferred to the Governmental Activities, and title to be held by the City of Barstow per the agreed contract with VVTA.
- CNG / LNG Fueling Station-The station was sold to VVTA. The building and equipment were removed from the capital list.
- Wastewater Treatment Plant-Due to the completion of the Phase 1 project, old equipment and infrastructure was removed since the upgrades to the plant had been completed.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2014
Land & Intangible Assets	\$ 9,885,485	\$ 9,885,485	\$ 1,657,637	\$ 1,733,787	\$ 11,543,122	\$ 11,619,272
Work in progress	2,371,986	8,527,782	1,145,325	11,388,777	3,517,311	19,916,559
Buildings & Structures	12,019,093	12,498,628	120,887	1,604,212	12,139,980	14,102,840
Machinery and equipment	2,215,899	2,298,169	699,280	1,384,460	2,915,179	3,682,629
Infrastructure	64,750,725	54,101,712	20,957,425	14,704,164	85,708,150	68,805,876
Total	\$ 91,243,188	\$ 87,311,776	\$ 24,580,554	\$ 30,815,400	\$ 115,823,742	\$ 118,127,176

Additional information on the City's capital assets can be found in Note 6 of Notes to Financial Statements on page 74 & 75 of this report.

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Long-term Debt

At the end of the current fiscal year, the City of Barstow had total debt outstanding of \$22,457,282. Of this debt amount, governmental activities accounts for \$13,630,390 and \$8,826,892, 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	
	2016	2015	2016	2015	Total 2016	Total 2015
Measure I-TRIP COP	\$ 7,018,749	\$ 8,276,499	\$ -	\$ -	\$ 7,018,749	\$ 8,276,499
Capital Lease Agreement	2,092,667	2,574,443	1,312,813	1,544,288	3,405,480	4,118,731
Certificates of Participation	-	-	935,472	1,225,279	935,472	1,225,279
Pollution Remediation Liab	-	-	6,385,871	6,472,744	6,385,871	6,472,744
PARS Supplemental Retirement	58,040	116,082	-	-	58,040	116,082
Claims & Judgments Payable	1,809,855	1,809,728	-	-	1,809,855	1,809,728
Compensated Absences	2,651,079	2,507,663	192,736	149,248	2,843,815	2,656,911
Total	\$ 13,630,390	\$ 15,284,415	\$ 8,826,892	\$ 9,391,559	\$ 22,457,282	\$ 24,675,974

In total, all categories of debt decreased with the exception of claims payable, which increased by a minimal \$127 and compensated absences, which increased by \$187,000. The categories that decreased did so because no new debt was added for fiscal year 2016 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 now completed or will be in the near future. The City has pledged future Measure I funding to serve as the source for the related debt services payments. The projects identified as meeting the Measure I Strategic Plan were as follows:

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

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The Rimrock Road and Montara Area road projects were completed in fiscal year 2015. The Henderson and Cameron Area projects were completed in fiscal year 2016. West Section 7 Area Project is slated for future development. Other debt variances are discussed below:

- Capital Lease-The City did not add any new leased vehicles or other equipment for fiscal year 2016. The decrease from the previous fiscal year reflects the scheduled lease payment.
- Certificates of Participation for the Wastewater bond decreased by (\$290,000) due to scheduled payments.
- Pollution remediation expenses in the Soapmine Road area reduced the liability by (\$87,000)
- The early retirement incentive offered December 2012, and accepted by six employees, decreased by \$58,000. This debt will be satisfied in January 2017.
- Claims and judgments payable increased by \$126,000. This was primarily due to the filing of new claims.
- Compensated absences increased by \$187,000. The increase in value of compensated absences is 7% and due mainly to an approved increase for all employees per the Memorandum of Understanding with the City Units and step increases.

Additional information on the City's long-term debt can be found in Note 7 on page 76 to 81 of this report.

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 2017 fiscal year budget. General Fund revenues for the fiscal year 2017 budget were projected at \$20.2 million and General Fund operating expenditures at \$19.8 million and capital expenditures of \$600,000.

- The City's executive management team continues its commitment to improving the infrastructure for its residents. This is evidenced by the completion of the Cameron / Henderson Area Road Improvement for \$7 million net increase in infrastructure for fiscal year 2016. The Lenwood Grade Separation Project and the LaVerne Flood Control Drainage projects were other major infrastructure enhancements completed in this fiscal year. Future projects include the First Avenue Bridge over Burlington Northern Santa Fe (BNSF), the North First Avenue Bridge over the Mojave River and Phase II of the LaVerne Flood Control Drainage Project.
- Property tax revenue was comparable to fiscal year at \$7.4 million.

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- Sales and use taxes is a major source of revenue for the City. In fiscal year 2015, actual sales tax revenue was \$7.3 million and increased to \$7.7 million for fiscal year 2016. This increase is due to an increase in fuel prices for consumers, an increase consumer goods sold as well as restaurant sales. The City of Barstow is known as the Crossroads of Opportunity and the economy has continued to improve. Travelers are frequenting our outlet malls, the area fueling stations and restaurants. These trends will continue to be closely monitored.
- The unemployment rate for the City of Barstow as of October 2016 was 5.4%. This is a slight decline from October 2015 of 5.7%. This rate remains stable when compared with rate of 9.7% in October 2014. Economic improvement is reflective in the sales tax increase and stable property tax. 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, decreased slightly by \$35,000, or 1% for fiscal year 2016. At \$2.86 million, transient occupancy tax continues to be a significant revenue source. 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 2017.

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.

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**BASIC
FINANCIAL STATEMENTS**

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Barstow
Statement of Net Position
June 30, 2016

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and investments	\$ 8,140,003	\$ 190,416	\$ 8,330,419
Accounts receivable, net	1,116,776	1,238,752	2,355,528
Accrued interest	19,475	2,342	21,817
Taxes receivable	35,738	-	35,738
Internal balances	5,596,585	(5,596,585)	-
Due from other governmental agencies	3,251,463	-	3,251,463
Inventories and prepayments	221,965	57,229	279,194
Total current assets	18,382,005	(4,107,846)	14,274,159
Noncurrent assets:			
Cash and investments with fiscal agents	1,079,478	-	1,079,478
Due from Successor Agency Trust Fund	2,351,934	-	2,351,934
Deposits	681,604	-	681,604
Capital assets:			
Not being depreciated	12,257,471	2,802,962	15,060,433
Being depreciated, net	78,985,717	21,777,592	100,763,309
Total capital asset	91,243,188	24,580,554	115,823,742
Total noncurrent assets	95,356,204	24,580,554	119,936,758
Total assets	113,738,209	20,472,708	134,210,917
DEFERRED OUTFLOWS OF RESOURCES			
Deferred employer pension contributions	4,200,461	151,656	4,352,117
Deferred outflows of resources - pension	6,888,559	39,142	6,927,701
Total deferred outflows of resources	11,089,020	190,798	11,279,818
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	2,589,349	595,426	3,184,775
Deposits	53,966	21,353	75,319
Unearned revenue	177,765	-	177,765
Interest payable	33,603	9,684	43,287
Long-term debt due within one year	3,279,369	821,070	4,100,439
Total current liabilities	6,134,052	1,447,533	7,581,585
Noncurrent liabilities:			
Net OPEB obligation	131,707	-	131,707
Net pension liability	25,973,906	835,156	26,809,062
Long-term debt due in more than one year	10,351,021	8,005,819	18,356,840
Total noncurrent liabilities	36,456,634	8,840,975	45,297,609
Total liabilities	42,590,686	10,288,508	52,879,194
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	4,825,000	221,752	5,046,752
Total deferred inflows of resources	4,825,000	221,752	5,046,752
NET POSITION			
Net investment in capital assets	80,392,246	22,332,269	102,724,515
Restricted for:			
Capital projects	118,825	-	118,825
Debt service	1,078,635	-	1,078,635
Community development	693,515	-	693,515
Special projects	21,205	-	21,205
Total restricted	1,912,180	-	1,912,180
Unrestricted (deficit)	(4,892,883)	(12,179,023)	(17,071,906)
Total net position	\$ 77,411,543	\$ 10,153,246	\$ 87,564,789

See accompanying Notes to Basic Financial Statements.

City of Barstow
Statement of Activities
For the year ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 3,453,207	\$ 76,970	\$ 152,190	\$ 16,076	\$ 245,236
Public safety	14,618,441	539,451	869,119	140,053	1,548,623
Recreation	2,840,457	331,814	-	-	331,814
Community development	2,567,843	621,209	21,531	67,885	710,625
Public works	7,863,741	-	2,270	5,264,488	5,266,758
Interest on long-term debt	188,887	-	-	-	-
Total governmental activities	31,532,576	1,569,444	1,045,110	5,488,502	8,103,056
Business-type activities:					
Wastewater	5,183,363	5,514,969	-	-	5,514,969
Solid waste disposal	4,588,155	4,121,294	-	-	4,121,294
Transit services	127,671	129,803	219,038	-	348,841
CNG/LNG fueling station	391,844	58,451	-	-	58,451
Total business-type activities	10,291,033	9,824,517	219,038	-	10,043,555
Total primary government	\$ 41,823,609	\$ 11,393,961	\$ 1,264,148	\$ 5,488,502	\$ 18,146,611

General Revenues:

Taxes:

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

Total taxes

Use of money and property

Other revenue

Transfer in/(out)

Total general revenues and transfers

Special Items:

Transfer of residual equity due to termination of Transit activities

Gain(loss) from sale of CNG/LNG Fueling Station

Change in net position

Net position - beginning of year (as restated)

Net position - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (3,207,971)	\$ -	\$ (3,207,971)
(13,069,818)	-	(13,069,818)
(2,508,643)	-	(2,508,643)
(1,857,218)	-	(1,857,218)
(2,596,983)	-	(2,596,983)
(188,887)	-	(188,887)
<u>(23,429,520)</u>	<u>-</u>	<u>(23,429,520)</u>
-	331,606	331,606
-	(466,861)	(466,861)
-	221,170	221,170
-	(333,393)	(333,393)
-	(247,478)	(247,478)
<u>(23,429,520)</u>	<u>(247,478)</u>	<u>(23,676,998)</u>
7,441,119	-	7,441,119
2,857,509	-	2,857,509
958,732	-	958,732
199,380	-	199,380
107,150	-	107,150
7,670,993	-	7,670,993
<u>19,234,883</u>	<u>-</u>	<u>19,234,883</u>
482,812	-	482,812
199,570	-	199,570
(1,349,515)	1,349,515	-
<u>18,567,750</u>	<u>1,349,515</u>	<u>19,917,265</u>
2,887,483	(2,827,987)	59,496
-	(1,302,894)	(1,302,894)
(1,974,287)	(3,028,844)	(5,003,131)
79,385,830	13,182,090	92,567,920
<u>\$ 77,411,543</u>	<u>\$ 10,153,246</u>	<u>\$ 87,564,789</u>

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FUND FINANCIAL STATEMENTS

Governmental Funds Financial Statements

Enterprise Funds Financial Statements

Fiduciary Funds Financial Statements

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.

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City of Barstow
Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds		
	General Fund	Measure I Special Revenue Fund	Barstow Fire Protection District Special Revenue Fund
ASSETS			
Cash and investments	\$ 7,282,827	\$ -	\$ -
Cash and investments held by fiscal agents	-	-	-
Accounts receivable, net	335,775	374,432	97,578
Accrued interest	17,708	404	-
Taxes receivable	-	-	-
Due from other governmental agencies	3,251,463	-	-
Due from other funds	2,886,867	-	-
Advances to other funds	6,697,308	-	-
Due from Successor Agency Trust Fund	1,082,021	-	-
Deposits	681,604	-	-
Prepayments	127,927	-	2,120
Inventory	91,918	-	-
Total assets	\$ 22,455,418	\$ 374,836	\$ 99,698
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	1,304,427	11,010	158,209
Deposits	53,966	-	-
Due to other funds	-	97,366	1,045,129
Advances from other funds	-	2,000,000	600,000
Unearned revenue	-	-	-
Total liabilities	1,358,393	2,108,376	1,803,338
Deferred inflows of resources:			
Unavailable revenues	353,147	13,758	55,764
Fund Balances: (Note 13)			
Nonspendable	8,680,778	-	-
Restricted	-	-	-
Unassigned	12,063,100	(1,747,298)	(1,759,404)
Total fund balances	20,743,878	(1,747,298)	(1,759,404)
Total liabilities, deferred inflows of resources, and fund balances	\$ 22,455,418	\$ 374,836	\$ 99,698

See accompanying Notes to Basic Financial Statements.

Major Funds		
City Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 260,557	\$ 596,619	\$ 8,140,003
-	1,079,478	1,079,478
-	308,991	1,116,776
264	1,099	19,475
-	35,738	35,738
-	-	3,251,463
-	-	2,886,867
-	-	6,697,308
-	1,269,913	2,351,934
-	-	681,604
-	-	130,047
-	-	91,918
<u>\$ 260,821</u>	<u>\$ 3,291,838</u>	<u>\$ 26,482,611</u>
141,996	\$ 973,707	\$ 2,589,349
-	-	53,966
-	245,095	1,387,590
-	-	2,600,000
-	177,765	177,765
<u>141,996</u>	<u>1,396,567</u>	<u>6,808,670</u>
-	211,863	634,532
-	-	8,680,778
118,825	1,822,344	1,941,169
-	(138,936)	8,417,462
<u>118,825</u>	<u>1,683,408</u>	<u>19,039,409</u>
<u>\$ 260,821</u>	<u>\$ 3,291,838</u>	<u>\$ 26,482,611</u>

City of Barstow
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2016

Total Fund Balances - Total Governmental Funds \$ 19,039,409

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. 91,243,188

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

	Net OPEB obligation	(131,707)	
	Net pension liability	(25,973,906)	
	Compensated absences	(2,651,079)	
	PARS supplemental retirement	(58,040)	
	Certificates of Participation	(7,018,749)	
	Capital leases	(2,092,667)	
	Claims and judgments payable	<u>(1,809,855)</u>	(39,736,003)

Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are deferred. 4,200,461

In the Government-Wide Financial Statements, certain differences between actuarial amounts and actual results for pension are deferred and amortized over a period of time, however these differences do not impact the Governmental Funds Balance Sheet:

Deferred outflows of resources - pension	6,888,559
Deferred inflows of resources - pension	(4,825,000)

Accrued interest payable for the current portion of interest due on debt service has not been reported in the governmental fund activity. (33,603)

Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred on the modified accrual basis in governmental funds. 634,532

Net Position of Governmental Activities \$ 77,411,543

See accompanying Notes to Basic Financial Statements.

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City of Barstow
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2016

	Major Funds		
	General Fund	Measure I Special Revenue Fund	Barstow Fire Protection District Special Revenue Fund
REVENUES:			
Property taxes	\$ 3,728,138	\$ -	\$ 3,712,981
Sales and use taxes	7,670,993	-	-
Transient occupancy tax	2,857,509	-	-
Motor vehicle fees, in lieu, unrestricted	9,444	-	-
Franchise taxes	958,732	-	-
Business license taxes	199,380	-	-
Other taxes	97,706	-	-
Licenses and permits	271,604	-	38,339
Fines and penalties	140,692	-	-
From other agencies	554,176	2,526,837	687,571
Charges for current services	808,388	-	-
Other	59,841	-	6,806
Use of money and property	519,998	1,181	6,727
Total revenues	17,876,601	2,528,018	4,452,424
EXPENDITURES:			
Current:			
General government	3,350,641	-	-
Public safety	9,152,640	-	4,756,779
Recreation	2,502,390	-	-
Community development	2,429,666	-	-
Public works	2,785,638	-	-
Capital outlay	357,360	-	270,249
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	166	-	5,668
Total expenditures	20,578,501	-	5,032,696
REVENUES OVER (UNDER) EXPENDITURES	(2,701,900)	2,528,018	(580,272)
OTHER FINANCING SOURCES (USES):			
Transfers in	321,491	44	-
Transfers out	(2,208,376)	(4,497,446)	-
Proceeds from sale of assets	22,564	-	48
Total other financing sources (uses)	(1,864,321)	(4,497,402)	48
SPECIAL ITEM			
Transfer of residual equity due to termination of Transit activities	-	-	-
Net change in fund balances	(4,566,221)	(1,969,384)	(580,224)
FUND BALANCES:			
Beginning of year	25,310,099	222,086	(1,179,180)
End of year	\$ 20,743,878	\$ (1,747,298)	\$ (1,759,404)

See accompanying Notes to Basic Financial Statements.

Major Funds		
City Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 7,441,119
-	-	7,670,993
-	-	2,857,509
-	-	9,444
-	-	958,732
-	-	199,380
-	-	97,706
-	-	309,943
-	-	140,692
102,146	2,842,707	6,713,437
-	140	808,528
-	13,844	80,491
1,422	50,408	579,736
<u>103,568</u>	<u>2,907,099</u>	<u>27,867,710</u>
-	-	3,350,641
-	123,504	14,032,923
-	38,991	2,541,381
-	144,149	2,573,815
-	489,199	3,274,837
6,247,082	55,207	6,929,898
-	-	-
-	1,145,000	1,145,000
-	305,709	311,543
<u>6,247,082</u>	<u>2,301,759</u>	<u>34,160,038</u>
<u>(6,143,514)</u>	<u>605,340</u>	<u>(6,292,328)</u>
6,159,323	1,458,227	7,939,085
(6,138)	(2,576,640)	(9,288,600)
-	1,720	24,332
<u>6,153,185</u>	<u>(1,116,693)</u>	<u>(1,325,183)</u>
-	280,669	280,669
9,671	(230,684)	(7,336,842)
<u>109,154</u>	<u>1,914,092</u>	<u>26,376,251</u>
<u>\$ 118,825</u>	<u>\$ 1,683,408</u>	<u>\$ 19,039,409</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, 2016

Net Change in Fund Balances - Total Governmental Funds \$ (7,336,842)

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. 5,964,714

Capital assets transferred from the Transit Enterprise Fund were not recorded in the governmental funds as they are not considered to be current financial resources. However, in the Government-Wide Statement of Activities the net book value of the transferred capital assets were reported as a special item. 2,606,814

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. (4,058,323)

Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are deferred. 4,200,461

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 (24,332)

Loss on disposal of capital assets are not recorded on the Government Funds Statement of Revenues, Expenditures, and Changes in Fund Balance (557,461)

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. 9,897

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. (1,013)

Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however pension expense does not required the use of current financial resources, and is not recognized in the governmental funds. (4,584,462)

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. 152,235

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	1,145,000	
Decrease in Measure I TRIP Certificates of Participation, Series 2012 original issuance premium	112,750	
Payments on capital lease obligations	481,776	
Net increase in claims and judgments	(127)	
Payments on PARS supplemental retirement liability	58,042	
Net increase in compensated absences	(143,416)	1,654,025

Change in Net Position of Governmental Activities \$ (1,974,287)

See accompanying Notes to Basic Financial Statements.

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, 2016

	Wastewater Reclamation	Solid Waste Disposal	Transit Services
ASSETS			
Current assets:			
Cash and investments	\$ 599	\$ 185,452	\$ -
Accounts receivable, net	873,473	360,674	-
Accrued interest	1,205	1,137	-
Prepays	6,876	50,353	-
Total current assets	882,153	597,616	-
Noncurrent assets:			
Capital assets:			
Not being depreciated	2,802,962	-	-
Being depreciated, net	21,338,560	439,032	-
Total capital assets	24,141,522	439,032	-
Total noncurrent assets	24,141,522	439,032	-
Total assets	25,023,675	1,036,648	-
DEFERRED OUTFLOWS OF RESOURCES			
Deferred employer pension contributions	67,953	83,703	-
Deferred outflows of resources - pension	17,540	21,602	-
Total deferred outflows of resources	85,493	105,305	-
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	188,635	397,821	-
Unearned revenue	-	-	-
Due to other funds	1,499,277	-	-
Interest payable	9,684	-	-
Pollution remediation liability - due within one year	180,000	-	-
Compensated absences payable - due within one year	60,205	16,889	-
Capital lease payable - due within one year	248,976	-	-
Long-term debt - due within one year	315,000	-	-
Total current liabilities	2,501,777	436,063	-
Noncurrent liabilities:			
Advances from other funds	4,097,308	-	-
Pollution remediation liability - due in more than one year	6,205,870	-	-
Compensated absences payable - due in more than one year	90,308	25,332	-
Capital lease payable - due in more than one year	1,063,837	-	-
Long-term debt - due in more than one year	620,472	-	-
Net pension liability	374,211	460,945	-
Total noncurrent liabilities	12,452,006	486,277	-
Total liabilities	14,953,783	922,340	-
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	99,361	122,391	-
Total deferred inflows of resources	99,361	122,391	-
NET POSITION			
Net investment in capital assets	21,893,237	439,032	-
Unrestricted (deficit)	(11,837,213)	(341,810)	-
Total net position	\$ 10,056,024	\$ 97,222	\$ -

See accompanying Notes to Basic Financial Statements.

Nonmajor			
CNG/LNG			
Fueling Station		Total	
\$ 4,365		\$ 190,416	
4,605		1,238,752	
-		2,342	
-		57,229	
8,970		1,488,739	
-		2,802,962	
-		21,777,592	
-		24,580,554	
-		24,580,554	
8,970		26,069,293	
-		151,656	
-		39,142	
-		190,798	
8,970		595,426	
-		-	
-		1,499,277	
-		9,684	
-		180,000	
-		77,094	
-		248,976	
-		315,000	
8,970		2,946,810	
-		4,097,308	
-		6,205,870	
-		115,640	
-		1,063,837	
-		620,472	
-		835,156	
-		12,938,283	
8,970		15,885,093	
-		221,752	
-		221,752	
-		22,332,269	
-		(12,179,023)	
\$ -		\$ 10,153,246	

City of Barstow
Statement of Revenues, Expenses and Changes in Net Position
Enterprise Funds
For the year ended June 30, 2016

	Wastewater Reclamation	Solid Waste Disposal	Transit Services
OPERATING REVENUES:			
Services charges	\$ 5,496,946	\$ 4,118,897	\$ 114,633
Rents	-	-	-
Other revenue	15,294	-	-
Total operating revenues	5,512,240	4,118,897	114,633
OPERATING EXPENSES:			
General administration	1,134,319	454,851	671
Cost of services	1,762,764	4,105,853	111,151
Insurance expenses and claims	112,638	3,580	-
Depreciation	820,789	23,871	-
Total operating expenses	3,830,510	4,588,155	111,822
OPERATING INCOME	1,681,730	(469,258)	2,811
NONOPERATING REVENUES (EXPENSES):			
Interest income	2,729	2,397	15,170
Interest expense	(227,741)	-	(15,849)
Grants and contributions	-	-	219,038
Gain(loss) from disposal and sale of assets	(1,125,112)	-	-
Total nonoperating revenues (expenses)	(1,350,124)	2,397	218,359
INCOME (LOSS) BEFORE CONTRIBUTION AND TRANSFERS	331,606	(466,861)	221,170
Transfers in	-	-	-
Transfers out	-	-	-
Total contributions and transfers	-	-	-
SPECIAL ITEMS			
Transfer of residual equity due to termination of Transit activities	-	-	(2,827,987)
Gain(loss) from sale of CNG/LNG Fueling Station	-	-	-
Total special items	-	-	(2,827,987)
Change in net position	331,606	(466,861)	(2,606,817)
NET POSITION:			
Beginning of year, as restated	9,724,418	564,083	2,606,817
End of year	\$ 10,056,024	\$ 97,222	\$ -

See accompanying Notes to Basic Financial Statements.

<u>Nonmajor</u>	
<u>CNG/LNG</u>	
<u>Fueling Station</u>	<u>Total</u>
\$ 52,873	\$ 9,783,349
-	-
<u>(1,557)</u>	<u>13,737</u>
51,316	9,797,086
3,091	1,592,932
261,838	6,241,606
6,339	122,557
<u>113,194</u>	<u>957,854</u>
384,462	8,914,949
<u>(333,146)</u>	<u>882,137</u>
7,135	27,431
<u>(7,382)</u>	<u>(250,972)</u>
-	219,038
-	<u>(1,125,112)</u>
<u>(247)</u>	<u>(1,129,615)</u>
(333,393)	(247,478)
1,664,868	1,664,868
<u>(315,353)</u>	<u>(315,353)</u>
1,349,515	1,349,515
-	(2,827,987)
<u>(1,302,894)</u>	<u>(1,302,894)</u>
<u>(1,302,894)</u>	<u>(4,130,881)</u>
(286,772)	(3,028,844)
<u>286,772</u>	<u>13,182,090</u>
<u>\$ -</u>	<u>\$ 10,153,246</u>

City of Barstow
Statement of Cash Flows
Enterprise Funds
For the year ended June 30, 2016

	Wastewater Reclamation	Solid Waste Disposal	Transit Services
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 5,411,597	\$ 4,269,035	\$ 611,474
Cash payments to suppliers of goods and services	(2,051,521)	(4,355,265)	(424,194)
Cash payments to employees for services	(1,012,573)	(402,318)	-
Net cash provided by (used in) operating activities	2,347,503	(488,548)	187,280
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants and contributions	-	-	219,038
Transfers to other funds	-	-	(221,172)
Interfund borrowings	704,736	-	-
Payments on interfund borrowing	(2,136,421)	-	(184,701)
Net cash provided by (used) in noncapital financing activities	(1,431,685)	-	(186,835)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grants and contributions	-	-	-
Principal payments on long-term debt and capital lease	(536,475)	-	-
Interest paid on long-term debt and capital lease	(215,785)	-	(15,847)
Proceeds from sale of capital assets	1,185	-	-
Acquisition of capital assets	(274,317)	(37,838)	-
Net cash (used) in capital and related financing activities	(1,025,392)	(37,838)	(15,847)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	2,278	2,222	15,170
Net cash provided by investing activities	2,278	2,222	15,170
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(107,296)	(524,164)	(232)
CASH AND CASH EQUIVALENTS - Beginning of year	107,895	709,616	232
CASH AND CASH EQUIVALENTS - End of year	\$ 599	\$ 185,452	\$ -
RECONCILIATION OF OPERATING INCOME TO NET			
CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 1,681,730	\$ (469,258)	\$ 2,811
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	820,789	23,871	-
Changes in assets and liabilities:			
Accounts receivable	(100,643)	123,082	830,514
Prepays	8,256	(8,893)	-
Deferred employer pension contributions	18,432	22,700	-
Accounts payable and accrued liabilities	(50,599)	(234,056)	(312,374)
Unearned revenues	-	-	(333,671)
Deposits payable	-	27,056	-
Net pension liability	201,433	248,121	-
Deferred inflows of resources - pension	(166,028)	(204,509)	-
Pollution remediation liability	(86,874)	-	-
Compensated absences payable	38,547	4,940	-
Total adjustments	665,773	(19,290)	184,469
Net cash provided (used) in operating activities	\$ 2,347,503	\$ (488,548)	\$ 187,280
Noncash items:			
Change in interest receivable	\$ (828)	\$ (175)	\$ -

See accompanying Notes to Basic Financial Statements.

<u>Nonmajor</u>	
<u>CNG/LNG</u>	
<u>Fueling Station</u>	<u>Total</u>
\$ 46,711	\$ 10,338,817
(280,132)	(7,111,112)
-	(1,414,891)
<u>(233,421)</u>	<u>1,812,814</u>
-	219,038
(315,353)	(536,525)
-	704,736
<u>(7,383)</u>	<u>(2,328,505)</u>
<u>(322,736)</u>	<u>(1,941,256)</u>
-	-
-	(536,475)
-	(231,632)
553,141	554,326
-	(312,155)
<u>553,141</u>	<u>(525,936)</u>
7,135	26,805
<u>7,135</u>	<u>26,805</u>
4,119	(627,573)
246	817,989
<u>\$ 4,365</u>	<u>\$ 190,416</u>
\$ (333,146)	\$ 882,137
113,194	957,854
(4,605)	848,348
-	(637)
-	41,132
(8,864)	(605,893)
-	(333,671)
-	27,056
-	449,554
-	(370,537)
-	(86,874)
-	43,487
<u>99,725</u>	<u>930,677</u>
<u>\$ (233,421)</u>	<u>\$ 1,812,814</u>
<u>\$ -</u>	<u>\$ (1,003)</u>

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FIDUCIARY FUND FINANCIAL STATEMENTS

City of Barstow
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Agency Funds	Private Purpose Trust Fund Successor Agency Trust Fund
ASSETS		
Current assets:		
Cash and investments	\$ 214,061	\$ 1,368,923
Taxes and liens receivable	51	85,000
Interest receivable	504	2,767
Due from City of Barstow	-	45,461
Total current assets	<u>214,616</u>	<u>1,502,151</u>
Noncurrent assets:		
Property held for resale	-	3,350,164
Total assets	<u>214,616</u>	<u>4,852,315</u>
LIABILITIES		
Liabilities:		
Current liabilities:		
Accounts payable	29,827	166,345
Interest payable	-	74,060
Deposits	79,908	-
Due to bondholders	99,819	-
Payable to City of Barstow	-	2,351,934
Due to other agencies	5,062	-
Bonds Payable - due within one year	-	635,000
Total current liabilities	<u>214,616</u>	<u>3,227,339</u>
Noncurrent liabilities:		
Bonds Payable - due in more than one year	-	4,410,000
Total liabilities	<u>\$ 214,616</u>	<u>7,637,339</u>
NET POSITION:		
Held in trust for dissolution of RDA		<u>(2,785,024)</u>
Total net position		<u>\$ (2,785,024)</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, 2016

	Successor Agency Trust Fund
ADDITIONS:	
Investment income	\$ 5,722
From other agencies	1,700,271
Other	143,318
Total additions	1,849,311
DEDUCTIONS:	
Administration	1,042,714
Interest expense	385,577
Total Deductions	1,428,291
Change in net position	421,020
NET POSITION:	
Beginning of year	(3,206,044)
End of year	<u>\$ (2,785,024)</u>

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

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 and fire), 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, 2016

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.

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, 2016

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 83% of its revenue source for fiscal year 2016. 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, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, 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 operation of the City's transportation system for fixed route and demand response service (Barstow Area Transit and Dial-A-Ride). On June 1, 2015, Barstow's City Council approved merging the Barstow Area Transit (BAT) with Victor Valley Transit Joint Powers Authority (VVTA). On July 30, 2015, the *Amendment of a Joint Powers Agreement* was filed with the California Secretary of State. The Barstow Area Transit (BAT) system began operations under VVTA effective July 1, 2015. The fund remained opened through fiscal year 2016 to wind down activities of the transfer.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Enterprise Fund Financial Statements, Continued

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.

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, 2016.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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."

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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, 2016

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 - is the portion of fund balance that can only be used for specific purpose due to formal action of the City Council through adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. No amounts have been reported within this category of fund balance.

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, 2016 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, 2016

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 reports deferred employer pension contributions and other deferred outflows related to the City's pension plans in this category.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The government reports two items in this category, unavailable revenue and amounts related to changes in the City's net pension liability that are deferred and amortized over a stated period. Unavailable revenue arises only under a modified accrual basis of accounting and accordingly is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: grant revenues. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available. Certain changes in the City's net pension liability are required to be deferred and reflected in pension expense over a closed amortization period. The City reported certain deferrals related to the City's pension plans as deferred inflows of resources in the government-wide and enterprise funds' statements of net position.

O. Pension

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

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

P. New Pronouncements

In 2016, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 72, *Fair Value Measurement and Application*– This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. There was no impact on beginning net position as part of implementation of this accounting standard.
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*- The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. There was no impact on beginning net position as part of implementation of this accounting standard.
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*– The objective of this Statement is to identify –in the context of the current governmental financial reporting environment –the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. There was no impact on beginning net position as part of implementation of this accounting standard.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

P. New Pronouncements, Continued

- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* - This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. There was no impact on beginning net position as part of implementation of this accounting standard.

2. CASH AND INVESTMENTS

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

	<u>Government-Wide Statement of Net Position</u>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and investments	\$ 8,140,003	\$ 190,416	\$ 1,582,984	\$ 9,913,403
Restricted cash and investments	1,079,478	-	-	1,079,478
Total cash and investments	\$ 9,219,481	\$ 190,416	\$ 1,582,984	\$ 10,992,881

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, Continued

Cash and investments as of June 30, 2016 consist of the following:

Deposits:	
Cash on hand	\$ 1,741
Deposits with financial institution	<u>1,144,921</u>
Total deposits	<u>1,146,662</u>
Investments:	
Local Agency Investment funds	2,101,305
Investments	<u>6,665,436</u>
Total investments	<u>8,766,741</u>
Total City Treasury	<u>9,913,403</u>
Restricted cash and investments	
Cash with fiscal agent	<u>1,079,478</u>
Total restricted cash and investments	<u>1,079,478</u>
Total cash and investments	<u><u>\$ 10,992,881</u></u>

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 \$1,144,921 at June 30, 2016. Bank balances before reconciling items were \$1,150,960, 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.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, Continued

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%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Mutual Funds investing in eligible securities	N/A	20%	10%
Medium Term Notes	5 years	30%	None
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

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.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, Continued

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
Securities of U.S. Government			
Treasury and Agencies:			
Federal Farm Credit Bank Bonds (FFCB)	\$ 3,666,736	\$ -	\$ 3,666,736
Federal Home Loan Mortg. Corp. Notes (FHLMC)	1,502,585	-	1,502,585
Negotiable Certificates of Deposit			
Safra National Bank	250,130	250,130	-
American Plus Bank	248,712	-	248,712
Cambridge Trust	248,903	-	248,903
Capital One Bank	498,946	-	498,946
Compass Bank	249,424	-	249,424
Local Agency Investment Fund	2,101,305	2,101,305	-
Total	\$ 8,766,741	\$ 2,351,435	\$ 6,415,306

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	A3	Baa3	Not Rated
Securities of U.S. Government							
Treasury and Agencies:							
Federal Farm Credit Bank Bonds (FFCB)	\$ 3,666,736	N/A	\$ 3,666,736	\$ -	\$ -	\$ -	\$ -
Federal Home Loan Mortg. Corp. Notes (FHLMC)	1,502,585	A	1,502,585	-	-	-	-
Certificates of Deposit							
Safra National Bank	250,130	N/A	-	-	-	-	250,130
American Plus Bank	248,712	N/A	-	-	-	-	248,712
Cambridge Trust	248,903	N/A	-	-	-	248,903	-
Capital One Bank	498,946	N/A	-	498,946	-	-	-
Compass Bank	249,424	N/A	-	-	249,424	-	-
Local Agency Investment Funds	2,101,305	N/A	-	-	-	-	2,101,305
Total	\$ 8,766,741		\$ 5,169,321	\$ 498,946	\$ 249,424	\$ 248,903	\$ 2,600,147

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, Continued

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:

<u>Issuer Name</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Farm Credit bank	Federal Agency Securities	\$ 3,666,736
Federal Home Loan Mortgage Corporation	Federal Agency Securities	1,502,585

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, 2016, 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, 2016, no City investments were held by the same broker-dealer (counterparty) that was used by the City to buy the securities.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, Continued

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, 2016, 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, 2016, the City had \$ 2,101,305 invested in LAIF, which had invested 2.81% 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 1.000621222 to the total investments held by LAIF.

H. Investment Valuation

Investments (except for money market accounts included in investments classified as restricted cash and investments) are measured at fair value on a recurring basis. *Recurring* fair value measurements, are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investment fair value measurements at June 30, 2016 are described on the following page.

Investments included in restricted cash and investments included money market accounts and guaranteed investment contracts are not subject to fair value measurement.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, Continued

H. Investment Valuation, Continued

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Securities of U.S. Government				
Treasury and Agencies:				
Federal Farm Credit Bank Bonds (FFCB)	\$ 3,666,736	\$ -	\$ 3,666,736	\$ -
Federal Home Loan Mortg Corp Notes (FHLMC)	1,502,585	-	1,502,585	-
Negotiable Certificates of Deposit				
Safra National Bank	250,130	-	250,130	-
American Plus Bank	248,712		248,712	
Cambridge Trust	248,903		248,903	
Capital One Bank	498,946	-	498,946	-
Compass Bank	249,424	-	249,424	-
Local Agency Investment Fund	2,101,305	-	2,101,305	-
Total investments subject to fair value	\$ 8,766,741	\$ -	\$ 8,766,741	\$ -

Federal Farm Credit Bank Bonds, Federal Home Loan Mortgage Corporate Notes, and Negotiable Certificates of Deposit categorized as Level 2 are valued based on matrix pricing which use observable market inputs such as yield curves and market indices that are derived principally from or corroborated by observable market data by correlation to other means.

The City's fair value for its investment in the State of California Local Agency Investment Fund (LAIF) is based on the fair market value factors provided by LAIF that are calculated based on the total fair market value of the pool. LAIF includes investments categorized as Level 1 such as United States Treasury securities, Federal Agency securities, and supranational debentures that are valued based on prices quoted in active markets and investments categorized as Level 2 such as negotiable certificates of deposit and bank notes that are based on market corroborated pricing utilizing inputs such as yield curves and indices that are derived principally from or corroborated by observable market data by correlation to other means. The City categorized its investments in LAIF based on the lowest significant input used to determine the fair market value of the total pool.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

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	\$ 353,793	\$ (18,018)	\$ 335,775
Measure I Special Revenue Fund	374,432	-	374,432
Barstow Fire Protection District Special Revenue Fund	97,578	-	97,578
Nonmajor Governmental Funds	308,991	-	308,991
Enterprise Funds			
Wastewater Reclamation	1,211,725	(338,252)	873,473
Solid Waste Disposal	578,374	(217,700)	360,674
CNG/LNG Fueling Station	4,605	-	4,605
	<u>\$ 2,929,498</u>	<u>\$ (573,970)</u>	<u>\$ 2,355,528</u>

4. INTERFUND BALANCES

The following table presents the interfund balances as of June 30, 2016:

<u>Due to General Fund</u>	<u>Due from Other Funds</u>
Measure I Special Revenue Fund	\$ 97,366
Barstow Fire Protection District Fund	1,045,129
Non-Major Governmental Funds	245,095
Wastewater Reclamation Fund	1,499,277
Total	<u>\$ 2,886,867</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, 2016.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

4. INTERFUND BALANCES, Continued

The following table presents advances as of June 30, 2016:

	Advances from Other Funds			Total
	Measure I Special Revenue Fund	Barstow Fire Protection District Special Revenue Fund	Wastewater Reclamation Enterprise Fund	
Advances to Other Funds				
General Fund	\$ 2,000,000	\$ 600,000	\$ 4,097,308	\$ 6,697,308
Total	\$ 2,000,000	\$ 600,000	\$ 4,097,308	\$ 6,697,308

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. In fiscal year 2010, the General Fund advanced \$2.36 million to the Wastewater fund for sewer line repairs and facility capital upgrades. The advance will be paid over 10 years from customer revenues at the current LAIF interest rate plus 1%. In fiscal year 2015, the General Fund advanced \$5 million to the Wastewater fund to cover major capital facility improvements. The funds were advanced for a period of three years at a 2% interest rate. As of June 30, 2016, the total amount owed to the General Fund from the Wastewater Fund is \$4,097,308.

In fiscal year 2015, the General Fund advanced \$400,000 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. In fiscal year 2016, the General Fund advanced an addition \$200,000 to the Barstow Fire Protection District Special Revenue Fund. As of June 30, 2016, the total amount owed to the General Fund from the Barstow Fire Protection District Special Revenue Fund is \$600,000.

In fiscal year 2016, the General Fund advance \$2,000,000 to the Measure I Special Revenue Fund to complete the Henderson /Cameron Area Road Project.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

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 fund financial statements, total transfers were \$9,603,953 as follows:

Transfers Out	General Fund	Measure I Special Revenue Fund	City Capital Projects Fund	Non-major Governmental Funds	Non-major Enterprise Funds	Total
Major Funds						
General Fund	\$ -	\$ -	\$ 530,866	\$ 12,642	\$ 1,664,868	\$ 2,208,376
Measure I Special Revenue Fund	-	-	3,051,861	1,445,585	-	4,497,446
City Capital Projects Fund	6,138	-	-	-	-	6,138
Non-major Govtl Funds		44	2,576,596	-	-	2,576,640
Total Govt Funds	6,138	44	6,159,323	1,458,227	1,664,868	9,288,600
Non-major Enterprise Funds	315,353	-	-	-	-	315,353
Total	<u>\$ 321,491</u>	<u>\$ 44</u>	<u>\$ 6,159,323</u>	<u>\$ 1,458,227</u>	<u>\$ 1,664,868</u>	<u>\$ 9,603,953</u>

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

The transfers of \$530,866 from the General Fund, \$3,051,861 from the Measure I Fund, \$2,576,596 from Non-major governmental funds to the City Capital Projects Fund were for capital project expenditures. The transfer of \$1,445,585 from the Measure I Special Revenue Fund to the Non-major governmental funds was to provide funds for debt service. The General Fund provided funds to Non-major enterprise funds to pay outstanding obligations as part of the sale of the CNG/LNG Fueling Station.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

6. CAPITAL ASSETS

A summary of changes in the governmental activities capital assets at June 30, 2016 is as follows:

	Balance July 1, 2015 (as restated)	Increases	Decreases	Balance June 30, 2016
Non-depreciable assets:				
Work in progress	\$ 8,527,782	\$ 474,533	\$ (6,630,329)	\$ 2,371,986
Land	9,800,485	-	-	9,800,485
Intangible Asset - Water Rights	85,000	-	-	85,000
Total non-depreciable assets	<u>18,413,267</u>	<u>474,533</u>	<u>(6,630,329)</u>	<u>12,257,471</u>
Depreciable assets:				
Buildings and improvements	26,894,753	64,206	(2,200)	26,956,759
Machinery and equipment	4,825,096	3,919,954	(2,012,761)	6,732,289
Property under capital lease	1,323,234	-	-	1,323,234
Infrastructure	99,872,229	14,413,154	(1,874,580)	112,410,803
Total depreciable assets	<u>132,915,312</u>	<u>18,397,314</u>	<u>(3,889,541)</u>	<u>147,423,085</u>
Less accumulated depreciation:				
Buildings and improvements	(14,396,125)	(543,741)	2,200	(14,937,666)
Machinery and equipment	(3,456,615)	(3,870,497)	1,993,377	(5,333,735)
Property under capital lease	(393,546)	(112,343)	-	(505,889)
Infrastructure	(45,770,517)	(3,201,732)	1,312,171	(47,660,078)
Total accumulated depreciation	<u>(64,016,803)</u>	<u>(7,728,313)</u>	<u>3,307,748</u>	<u>(68,437,368)</u>
Total depreciable assets, net	<u>68,898,509</u>	<u>10,669,001</u>	<u>(581,793)</u>	<u>78,985,717</u>
Total capital assets	<u>\$ 87,311,776</u>	<u>\$ 11,143,534</u>	<u>\$ (7,212,122)</u>	<u>\$ 91,243,188</u>

Current year increases in depreciable assets included capital assets transferred from the Transit Enterprise Fund that had a historical cost of \$6,276,804 and accumulated depreciation of \$3,669,990.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

6. CAPITAL ASSETS, Continued

A summary of changes in the business-type activities capital assets at June 30, 2016 is as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Non-depreciable assets:				
Work in progress	\$ 11,388,777	\$ 144,577	\$ (10,388,029)	\$ 1,145,325
Land	1,733,787	-	(76,150)	1,657,637
Total non-depreciable assets	<u>13,122,564</u>	<u>144,577</u>	<u>(10,464,179)</u>	<u>2,802,962</u>
Depreciable assets:				
Buildings and improvements	2,497,958	64,206	(2,256,070)	306,094
Machinery and equipment	7,531,424	13,026	(5,473,676)	2,070,774
Property under capital lease	51,031	-	-	51,031
Infrastructure	24,238,806	10,478,375	(4,910,648)	29,806,533
Total depreciable assets	<u>34,319,219</u>	<u>10,555,607</u>	<u>(12,640,394)</u>	<u>32,234,432</u>
Less accumulated depreciation:				
Buildings and improvements	(893,746)	(81,085)	789,624	(185,207)
Machinery and equipment	(6,183,111)	(121,346)	4,903,195	(1,401,262)
Property under capital lease	(14,884)	(6,379)	-	(21,263)
Infrastructure	(9,534,642)	(749,044)	1,434,578	(8,849,108)
Total accumulated depreciation	<u>(16,626,383)</u>	<u>(957,854)</u>	<u>7,127,397</u>	<u>(10,456,840)</u>
Total depreciable assets, net	<u>17,692,836</u>	<u>9,597,753</u>	<u>(5,512,997)</u>	<u>21,777,592</u>
Total capital assets	<u>\$ 30,815,400</u>	<u>\$ 9,742,330</u>	<u>\$ (15,977,176)</u>	<u>\$ 24,580,554</u>

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

	Governmental Activities	Business-type Activities
General government	\$ 419,183	\$ -
Public Safety	222,036	-
Recreation	310,339	-
Community Development	12,810	-
Public Works	3,093,955	-
Wastewater Reclamation	-	820,789
Solid Waste Disposal	-	23,871
Transit	-	-
CNG/LNG Fueling Station	-	113,194
Total depreciation expense	<u>\$ 4,058,323</u>	<u>\$ 957,854</u>

Increase of \$7,728,313 in governmental activities accumulated depreciation includes \$4,058,323 of current year depreciation expense and beginning accumulated depreciation amounts for depreciable capital assets transferred from business type activities of \$3,669,990

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

7. LONG-TERM DEBT

During the year ended June 30, 2016, the following changes occurred in liabilities reported in long-term debt:

	Balance June 30, 2015	Additions	Deletions	Bond Discount/ Premium	Balance June 30, 2016	Due Within One Year
Governmental Activities:						
Measure I TRIP COP, Series 2012	\$ 8,276,499	\$ -	\$ (1,145,000)	\$ (112,750)	\$ 7,018,749	\$ 1,190,000
Capital lease agreements	2,574,443	-	(481,776)	-	2,092,667	596,906
Compensated absences	2,507,663	2,036,540	(1,893,124)	-	2,651,079	1,060,432
PARS Supplemental Retirement	116,082	-	(58,042)	-	58,040	58,040
Claims and judgements payable	1,809,728	716,412	(716,285)	-	1,809,855	373,991
Total governmental activities	<u>\$ 15,284,415</u>	<u>\$ 2,752,952</u>	<u>\$ (4,294,227)</u>	<u>\$ (112,750)</u>	<u>\$ 13,630,390</u>	<u>\$ 3,279,369</u>
Business type Activities:						
Certificates of Participation	\$ 1,225,279	\$ -	\$ (305,000)	\$ 15,193	\$ 935,472	\$ 315,000
Pollution remediation liability	6,472,744	-	(86,873)	-	6,385,871	180,000
Capital lease agreement	1,544,288	-	(231,475)	-	1,312,813	248,976
Compensated absences	149,248	140,035	(96,547)	-	192,736	77,094
Total business-type activities	<u>\$ 9,391,559</u>	<u>\$ 140,035</u>	<u>\$ (719,895)</u>	<u>\$ 15,193</u>	<u>\$ 8,826,892</u>	<u>\$ 821,070</u>

Compensated absences, claims and judgement payable, and net pension liability typically have been liquidated by the General Fund for governmental activities.

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, 2016 were \$2,405,543.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

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
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	1,340,000	165,200	1,505,200
2021	1,395,000	-	1,395,000
Subtotal	6,455,000	\$ 795,000	\$ 7,250,000
Bond Premium	563,749		
Total	<u>\$ 7,018,749</u>		

B. Capital Lease Agreements

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 2016, the City made an annual lease payment of \$100,461.

During fiscal year 2014, 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, 2016

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
2017	\$ 737,520	\$ 133,290	\$ 870,810
2018	646,534	105,398	751,932
2019	717,996	77,897	795,893
2020	617,386	49,049	666,435
2021	647,650	18,786	666,436
2022	38,394	153	38,547
Total	\$ 3,405,480	\$ 384,573	\$ 3,790,053
Governmental activities	\$ 2,092,667	\$ 219,927	\$ 2,312,594
Business type activities	1,312,813	164,646	1,477,459
Total	\$ 3,405,480	\$ 384,573	\$ 3,790,053

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, 2016, was \$2,651,079 for governmental activities and \$192,736 for business-type activities.

E. PARS Retirement Supplemental

During the fiscal year ended June 30, 2013, 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 \$58,040 for the annuity contracts for 4 years. As of June 30, 2016, the City has outstanding obligations for 6 employees. The balance of the accrued benefits, as of June 30, 2016 was \$58,040.

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 \$2,502,519 against the total principal and interest payment of \$349,454. The outstanding balance at June 30, 2016 is \$935,372.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

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
2017	\$ 315,000	\$ 32,671	\$ 347,671
2018	325,000	20,189	345,189
2019	340,000	6,885	346,885
Subtotal	980,000	\$ 59,745	\$ 1,039,745
Bond discount	(44,528)		
Total	\$ 935,472		

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 \$2,469,130 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 \$180,000 for the design in fiscal year 2017 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, 2016 is as follows:

Obligating Event	Liability
Pollution poses an imminent danger to the public or environment:	
Quarterly groundwater sampling	\$ 3,355,602
Operation and maintenance of groundwater	2,894,457
Replacement drinking water	135,812
Total by obligating event	\$ 6,385,871

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

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, 2016, the following changes occurred in liabilities reported in long-term debt for Fiduciary Funds:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Fiduciary Funds: Successor Agency Private Purpose Trust					
Redevelopment Tax Allocation Bonds:					
2004 Tax Allocation Bonds	\$ 5,655,000	-	(610,000)	5,045,000	635,000
Total fiduciary funds	\$ 5,655,000	\$ -	\$ (610,000)	\$ 5,045,000	\$ 635,000

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

7. LONG-TERM DEBT, Continued

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 \$844,380. The principal amount outstanding at June 30, 2016 is \$5,045,000.

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

Year Ending June 30,	Principal	Interest	Total
2004 Tax Allocation Bonds			
2017	\$ 635,000	\$ 209,480	\$ 844,480
2018	660,000	182,920	842,920
2019	690,000	154,225	844,225
2020	720,000	123,550	843,550
2021	745,000	90,948	835,948
2022-2023	1,595,000	75,397	1,670,397
Total	\$ 5,045,000	\$ 836,520	\$ 5,881,520

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.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

8. RISK MANAGEMENT, Continued

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.

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 \$1,000,000 for employee theft, 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 \$31,202.

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, 2016

8. RISK MANAGEMENT, Continued

	2016	2015	2014
<u>Workers' Compensation</u>			
Liability, July 1	\$ 1,520,167	\$ 1,382,784	\$ 1,794,626
Incurred claims and changes in estimates	606,222	498,370	234,080
Claim payments	(556,933)	(360,987)	(645,922)
Liability, June 30	<u>\$ 1,569,456</u>	<u>\$ 1,520,167</u>	<u>\$ 1,382,784</u>
Due within one year	313,891	304,033	276,557
Due in more than one year	1,255,565	1,216,134	1,106,227
	<u>\$ 1,569,456</u>	<u>\$ 1,520,167</u>	<u>\$ 1,382,784</u>
<u>General Liability</u>			
Liability, July 1	\$ 289,561	\$ 300,706	\$ 560,579
Incurred claims and changes in estimates	110,190	295,700	(77,622)
Claim payments	(159,351)	(306,845)	(182,251)
Liability, June 30	<u>\$ 240,400</u>	<u>\$ 289,561</u>	<u>\$ 300,706</u>
Due within one year	\$ 60,100	\$ 72,390	\$ 140,145
Due in more than one year	180,300	217,171	160,561
	<u>\$ 240,400</u>	<u>\$ 289,561</u>	<u>\$ 300,706</u>

9. RETIREMENT PLANS

A. Summary of Pension Plan Balances

Pension related balances presented on the Statement of Net Position as of June 30, 2016 by individual plan are described in the following table:

	Deferred Employer Contributions	Deferred Outflows - Pension	Net Pension Liability	Deferred Inflows - Pension
CALPERS Cost Sharing Plan	2,051,026	510,764	14,413,454	2,260,369
SBCERA - Barstow Fire Protection District	1,407,336	6,416,937	12,395,608	2,786,383
Total	<u>3,458,362</u>	<u>6,927,701</u>	<u>26,809,062</u>	<u>5,046,752</u>

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

9. RETIREMENT PLANS, Continued

B. CALPERS Safety and Miscellaneous Employees Plans

Plan Description

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

Benefits Provided

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

The rate plan provisions and benefits in effect at June 30, 2016 are summarized as follows:

	Safety - Classic	Miscellaneous - Classic
Hire Date	Prior to January 1, 2013	Prior to January 1, 2013
Benefit vesting schedule	5 years service	5 years service
Benefit payment	Monthly for life	Monthly for life
Retirement age	50	55
Monthly benefits, as a % of annual salary	3%	2.7%
Required employee contribution rates	9.000%	8.000%
Required employer contribution rates	18.524%	10.958%
Required UAL payment	\$ 344,745	\$ 549,010
	Safety - PEPRA	Miscellaneous - PEPRA
Hire Date	On or after January 1, 2013	On or after January 1, 2013
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	57	62
Monthly benefits, as a % of annual salary	2.70%	2.00%
Required employee contribution rates	11.500%	6.250%
Required employer contribution rates	11.153%	6.237%
Required UAL payment	\$ -	\$ -

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

9. RETIREMENT PLANS, Continued

B. CALPERS Safety and Miscellaneous Employees Plans, Continued

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

The City's contributions to the Plan for the year ended June 30, 2015 were \$2,255,263.

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

As of June 30, 2016, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$14,413,454.

The City's net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The City's proportionate of the net pension liability was based on the City's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The City's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 were as follows:

Proportion - June 30, 2014	0.16302%
Proportion - June 30, 2015	0.20999%
Change - Increase (Decrease)	0.04697%

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

9. RETIREMENT PLANS, Continued

B. CALPERS Safety and Miscellaneous Employees Plans, Continued

For the year ended June 30, 2016, the City recognized pension expense of \$2,597,016. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Pension contributions subsequent to measurement date	\$ 2,051,026	\$ -
Changes of assumptions	-	970,463
Differences between expected and actual experience	-	81,491
Changes in employer's proportion	510,764	-
Differences between the employer's contribution and the employer's proportionate share of contributions	-	718,781
Net differences between projected and actual earnings on plan investments	-	489,634
	<u> </u>	<u> </u>
Total	<u>\$ 2,561,790</u>	<u>\$ 2,260,369</u>

\$2,051,026 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	
<u> </u>	
2017	\$ (785,276)
2018	(803,012)
2019	(772,557)
2020	611,240

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

9. RETIREMENT PLANS, Continued

B. CALPERS Safety and Miscellaneous Employees Plans, Continued

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

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return ⁽¹⁾	7.65%
Mortality	Derived by CalPERS membership data for all funds

(1) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

9. RETIREMENT PLANS, Continued

B. CALPERS Safety and Miscellaneous Employees Plans, Continued

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100%		

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

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

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

9. RETIREMENT PLANS, Continued

B. CALPERS Safety and Miscellaneous Employees Plans, Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.65%
Net Pension Liability	\$ 28,606,522
Current Discount Rate	7.65%
Net Pension Liability	\$ 14,413,454
1% Increase	8.65%
Net Pension Liability	\$ 2,726,126

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

Payable to the Pension Plan

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

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

9. RETIREMENT PLANS, Continued

C. *San Bernardino County Employees' Retirement Association (SBCERA)*

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.

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.

Benefits Provided

SBCERA provides service retirement, disability, death and survivor benefits to eligible employees. Generally, any employee of the County of San Bernardino or participating employers who is appointed to a regular position whose service is greater than fifty percent of the full standard of hours required by a participating SBCERA employer (e.g. 20 hours per week or more) must become a member of SBCERA effective on the first day of employment. There are separate retirement benefits for General and Safety member employees. Safety membership is extended to those involved in active law enforcement and fire suppression. All other members are classified as General Members.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

9. RETIREMENT PLANS, Continued

C. San Bernardino County Employees' Retirement Association (SBCERA), Continued

There are currently two tiers applicable to both General and Safety members. Members with membership dates before January 1, 2013 are included in General Tier 1 or Safety Tier 1. Any new member who becomes a member on or after January 1, 2013 is designated as General Tier 2 or Safety Tier 2 and is subject to the provisions of California Public Employees' Pension Reform Act of 2013 (CalPEPRA), California Government Code 7522 et seq. and Assembly Bill (AB) 197.

General members prior to January 1, 2013, are eligible to retire once they attain the age of 70 regardless of service or at age 50 and have acquired 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General members who are first hired on or after January 1, 2013, are eligible to retire once they attain the age of 70 regardless of service or at age 52 and have acquired five or more years of retirement service credit.

Safety members prior to January 1, 2013, are eligible to retire once they attain the age of 70 regardless of service or at age 50 and have acquired 10 or more years of retirement service credit. A member with 20 years of service is eligible to retire regardless of age. Safety members who are first hired on or after January 1, 2013, are eligible to retire once they attain the age of 70 regardless of service or at age 50, and have acquired five or more years of retirement service credit.

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

General Tier 1 benefit is calculated pursuant to the provisions of California Government Code of Section 31676.15. The monthly allowance is equal to 2% of final compensation times years of accrued retirement service credit times age factor from Section 31676.15. General Tier 2 benefit is calculated pursuant to the provisions found in California Government Code Section 7522.20(a). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.20(a).

Safety Tier 1 benefit is calculated pursuant to the provisions of California Government Code Section 31664.1. The monthly allowance is equal to 3% of final compensation times years of accrued retirement service credit times age factor from Section 31664.1. Safety Tier 2 benefit is calculated pursuant to the provisions found in California Government Code Section 7522.25(d). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.25(d).

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

9. RETIREMENT PLANS, Continued

C. San Bernardino County Employees' Retirement Association (SBCERA)

For Tier 1 members, the maximum monthly retirement allowance is 100% of final compensation. There is no final compensation limit on the maximum retirement benefit for Tier 2 members. However, the maximum amount of compensation earnable that can be taken into account for 2015 for Tier 1 members with membership dates on or after July 1, 1996 is \$265,000. The maximum amount of pensionable compensation for Tier 2 members that can be taken into account for 2016 is equal to \$140,424. These limits are adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

Final average compensation consists of the highest 12 consecutive months for Tier 1 members and the highest 36 consecutive months for Tier 2 members

The member may elect an unmodified retirement allowance, or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner. An eligible surviving spouse or domestic partner is one married to or registered with the member one year prior to the effective retirement date or at least two years prior to the date of death and has attained age 55 on or prior to the date of death. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

SBCERA provides an annual cost-of-living benefit to all retirees. The cost-of-living adjustment, based upon the Consumer Price Index for All Urban Consumers for the Los Angeles-Riverside-Orange County Area, is capped at 2.0%.

The County of San Bernardino and participating employers contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from SBCERA's actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2015 for 2014-2015 (based on the June 30, 2013 valuation) was 24.73% of compensation.

All members are required to make contributions to SBCERA regardless of the retirement plan or tier in which they are included. The average member contribution rate as of June 30, 2015 for 2014-2015 (based on the June 30, 2013 valuation) was 10.51% of compensation.

Fire safety members contribute the required employee share of their pension. The percentage of pay varies between 10.94-16.87%.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

9. RETIREMENT PLANS, Continued

C. San Bernardino County Employees' Retirement Association (SBCERA)

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 69.01%. Employees hired after January 1, 2013 are Tier 2 employees and the total pension cost is 58.61%. The employer's costs are capped at 42% with the employee paying the difference.

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

The City's contributions to the Plan for the year ended June 30, 2015 were \$1,420,488.

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

As of June 30, 2016, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$12,395,608.

The City's net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2015. The City's proportionate of the net pension liability was based on the City's share of all actual contributions, actuarially determined.

The City's proportionate share of the net pension liability for the Plan as of June 30, 2015 and 2015 were as follows:

	<u>Safety</u>
Proportion - June 30, 2014	0.416%
Proportion - June 30, 2015	0.638%
Change - Increase (Decrease)	0.222%

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

9. RETIREMENT PLANS, Continued

C. San Bernardino County Employees' Retirement Association (SBCERA)

For the year ended June 30, 2016, the City recognized pension expense of \$2,220,114. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Pension contributions subsequent to measurement date	\$ 1,407,336	\$ -
Changes of assumptions or other inputs	1,424,138	-
Changes in employer's proportion and differences between the employer's contribution and the employer's proportionate share of contributions	4,992,799	-
Net differences between projected and actual earnings on plan investments	-	726,644
Difference between expected and actual experience in the total pension liability	-	2,059,739
Total	<u>\$ 7,824,273</u>	<u>\$ 2,786,383</u>

\$1,407,336 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	
<u> </u>	
2017	\$ 291,873
2018	291,873
2019	844,585
2020	1,284,840
2021	694,765
2022	222,618

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

9. RETIREMENT PLANS, Continued

C. San Bernardino County Employees' Retirement Association (SBCERA)

Actuarial Assumptions - The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date		June 30, 2015
Measurement Date		June 30, 2015
Actuarial Cost Method		Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate		7.50%
Inflation		3.25%
Projected Salary Increase	(2)	General: 4.60% to 13.75% and Safety: 4.55 to 13.75%
Cost of Living Adjustments		Contingent upon price index with a 2.00% maximum
Investment Rate of Return	(1)	7.50%

Mortality

Mortality rates are based on the RP-2000 Combined Healthy mortality table projected to 2020 using Projection Scale BB. For healthy General members, no adjustments are made. For healthy Safety members, ages are set back two years for males and one year for females. For disabled General members, ages are set forward seven years for males and set forward eight years for females. For disabled Safety members, ages are set forward two years for males and females. Beneficiaries are assumed to have the same mortality as a General member of the opposite sex who is receiving a service retirement.

(1) Net of pension plan investment expenses, including inflation

(2) Includes inflation at 3.25%, plus real across the board salary increases of 0.50%, plus merit and promotional increases that vary by service.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

9. RETIREMENT PLANS, Continued

C. San Bernardino County Employees' Retirement Association (SBCERA)

Discount Rate - The discount rates used to measure the Total Pension Liability was 7.50% as of June 30, 2015. The projection of cash flows used to determine the discount rate assumed employer and member contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.50% was applied to all periods of projected benefit payments to determine the Total Pension Liability as of both June 30, 2015, respectively.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin.

The June 30, 2015 target allocations (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption is summarized in the table on the following page.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

9. RETIREMENT PLANS, Continued

C. San Bernardino County Employees' Retirement Association (SBCERA)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Large Cap U.S. Equity	5.00%	5.94%
Small Cap U.S. Equity	2.00%	6.50%
Developed International Equity	6.00%	6.87%
Emerging Market Equity	6.00%	8.06%
U.S. Core Fixed Income	2.00%	0.69%
High Yield/Credit Strategies	13.00%	3.10%
Global Core Fixed Income	1.00%	0.30%
Emerging Market Debt	6.00%	4.16%
Real Estate	9.00%	4.96%
Cash & Equivalents	2.00%	-0.03%
International Credit	10.00%	6.76%
Absolute Return	13.00%	2.88%
Real Assets	6.00%	6.85%
Long/Short Equity	3.00%	4.86%
Private Equity	16.00%	9.64%
Total	100%	

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

9. RETIREMENT PLANS, Continued

C. San Bernardino County Employees' Retirement Association (SBCERA)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.50%
Net Pension Liability	\$ 16,744,495
Current Discount Rate	7.50%
Net Pension Liability	\$ 12,395,609
1% Increase	8.50%
Net Pension Liability	\$ 8,796,524

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

Payable to the Pension Plan

At June 30, 2016 the City reported a payable of \$51,514 for outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

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, 2016:

	<u>Fire</u>	<u>Police</u>	<u>Miscellaneous</u>	<u>Total</u>
Retired Employees receiving OPEB Benefits	1	27	70	98

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.

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, 2016, the City contributed \$74,901 and \$725,965 to the plan for Fire employees and Police and Miscellaneous employees respectively.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

10. POST-EMPLOYMENT HEALTH CARE BENEFITS, Continued

C. Funding Policy, Continued

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 obligation for Fire employees as of July 1, 2015, the most recent actuarial valuation was \$173,416. The City's OPEB actuarial accrued liability obligation for Police and Miscellaneous employees as of July 1, 2013, the most recent actuarial valuation was \$8,466,621. The ARC for Fire employees was \$74,901 and \$725,965 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	\$ 74,901	\$ 725,965	\$ 800,866
Interest on net OPEB obligation	9,149	-	9,149
Amortization of net OPEB obligation	(8,136)	-	(8,136)
Annual OPEB cost	75,914	725,965	801,879
Payments made	(74,901)	(725,965)	(800,866)
Increase (decrease) in net OPEB obligation	1,013	-	1,013
Net OPEB obligation - beginning of the year	130,694	-	130,694
Net OPEB obligation - end of the year	\$ 131,707	\$ -	\$ 131,707

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
6/30/2014	781,600	99.8%	129,217
6/30/2015	783,859	99.8%	130,694
6/30/2016	801,879	99.9%	131,707

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

10. POST-EMPLOYMENT HEALTH CARE BENEFITS, Continued

C. Funding Status and Progress, Continued

Fire Employees

As of June 30, 2015, the most recent valuation date, the actuarial accrued liability for benefits was \$328,745, and the actuarial value of assets was \$155,329, resulting in an unfunded actuarial accrued liability (UAAL) of \$173,416 and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 47.2%. Covered payroll for the year was \$1,923,352 and the UAAL as a percentage of covered payroll was 9.0%.

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 7.00 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, 2016

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, 2016, 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, 2016 the City had nonspendable fund balance of inventories and prepaid amount of \$219,845, deposits of \$681,604, due from Successor Agency Trust Fund of \$1,082,021, and advances to other funds of \$6,697,308.

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, 2016 the City had restricted fund balances of: \$25,901 for public safety, \$132,566 for streets and highways, \$7 for parks and recreation, \$1,078,627 for debt service, \$693,515 for low and moderate income housing, and \$10,553 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, 2016, the City has unassigned fund balance of \$3,955,318 for emergency contingency, and \$988,830 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, 2016, the City General Fund had an unassigned fund balance of \$12,063,100.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

12. FUND BALANCE FOR GOVERNMENTAL FUNDS, Continued

The schedule on the following page illustrates the City's fund balances as of June 30, 2016 for its governmental funds:

	Major Governmental Funds					Total Government
	General Fund	Measure I Special Revenue Fund	Barstow Fire Protection District Special Revenue Fund	City Capital Projects Fund	Non Major Government Funds	
Fund Balances						
Nonspendable fund balance:						
Prepays & Inventory	219,845	-	-	-	-	219,845
Deposits	681,604	-	-	-	-	681,604
Due from Successor Agency Trust Fund	1,082,021	-	-	-	-	1,082,021
Advances to other funds	6,697,308	-	-	-	-	6,697,308
	<u>8,680,778</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,680,778</u>
Restricted fund balance for:						
Public Safety/Fire Protection	-	-	-	4,696	21,205	25,901
Streets & Highway	-	-	-	113,953	18,613	132,566
Parks and Recreation	-	-	-	7	-	7
Debt Service	-	-	-	-	1,078,627	1,078,627
Low & Moderate Income Housing	-	-	-	-	693,515	693,515
Other Purposes	-	-	-	169	10,384	10,553
	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,825</u>	<u>1,822,344</u>	<u>1,941,169</u>
Unassigned fund balance						
Emergency Contingency Policy	3,955,318	-	-	-	-	3,955,318
Working Capital Reserve	988,830	-	-	-	-	988,830
Other	7,118,952	(1,747,298)	(1,759,404)	-	(138,936)	3,473,314
	<u>12,063,100</u>	<u>(1,747,298)</u>	<u>(1,759,404)</u>	<u>-</u>	<u>(138,936)</u>	<u>8,417,462</u>
Total Fund Balances	<u>20,743,878</u>	<u>(1,747,298)</u>	<u>(1,759,404)</u>	<u>118,825</u>	<u>1,683,408</u>	<u>19,039,409</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, 2016

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 2015-16 from the Redevelopment Property Tax Trust Fund (RPTTF) include the following:

1994 Bonds	Principal	\$165,000
	Interest	5,775
2004 Bonds	Principal	420,000
	Interest	254,980
	Pool loan repayment to the City of Barstow	\$225,649

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. Five parcels were held in the Land Held for Resale asset account by the Agency totaling \$3,350,164.

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, 2016

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

The following funds have expenditures in excess of appropriations:

Barstow Harvey House Foundation \$ 38,991

- The City did not budget in fiscal year 2015/16 for this fund as there was anticipated to be minimal activity.

Redevelopment Housing Successor \$ 1,314

- The City did not budget in fiscal year 2015/16 for this fund as there was anticipated to be minimal activity.

Barstow Community Services Foundation \$ 200

- The City did not budget in fiscal year 2015/16 for this fund as there was anticipated to be minimal activity.

The following funds have negative fund balance as of June 30, 2016:

Measure I-Special Revenue Fund-\$1,747,298 - On September 8, 2015, the City Council approved an interfund loan agreement in the amount of \$2 million to cover the costs of completing the Henderson / Cameron Area Road Project. The funds are scheduled to be paid back periodically over the next fiscal years, with the loan completely paid by fiscal year 2020/21.

Barstow Fire Protection District Fund-\$1,759,404 - As projected by staff and discussed with the Board, the District's expenditures exceeded revenues for the fiscal year. The District had reduced its operating expenditures to its lowest, yet sustainable limit. Salaries and benefits continued to be monitored but pension costs remained high with the San Bernardino County Employees' Retirement Association. Management was aware of ongoing fiscal issues and the Board was also aware of the increasing fund balance deficit. The Board will meet in Fiscal Year 2017 to review options and decide how to address the ongoing negative fund balance.

Grants-\$120,694 - The City receives certain grants that are on a reimbursement basis which results in negative fund balance until reimbursements are received.

Harvey House Foundation-\$18,163 - The Foundation recently has become more active and in order to promote increased activity. Expenditures were made in excess of revenues to help facilitate increased activity. It is expected the Foundation will receive revenue to offset these expenditures in the coming years.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

15. PRIOR PERIOD ADJUSTMENT

The City recorded prior period adjustments to correct employer contributions made to SBCERA in the prior fiscal year and reclassify property held for development to capital assets.

Government-wide Statements

	Net Position, as Previously Reported	Prior Period Adjustment		Capital Assets	Net Position as Restated
		Deferred Employer Pension Contributions	Property held for Resale		
Government-Wide Statements					
Governmental Activities	\$ 79,251,712	\$ 134,118	\$ (98,001)	\$ 98,001	\$ 79,385,830

Fund Financial Statements

	Fund Balance, as Previously Reported	Prior Period Adjustment		Fund Balance as Restated
		Property held for Resale		
Fund Financial Statements				
General Fund	\$ 25,408,100	\$ (98,001)		\$ 25,310,099

16. BARSTOW FIRE PROTECTION DISTRICT

The Barstow Fire Protection District (District) continues to have on going losses in fiscal year 2016. In fiscal year 2015, GASB 68 or the recording of pension liability was implemented. In FY2016, the District reported a negative fund balance of \$1,759,404 and negative government-wide net position of \$8,649,409.

As in fiscal year 2015, the Board, in conjunction with management studied and reviewed a variety of options to address this issue. The two major considerations in fiscal year 2016 are:

1. Management has continued to pursue a change of its retirement provider to either the *California Public Employees' Retirement System (CALPERS)*, or entering into the San Bernardino County Pool under *San Bernardino County Employees' Retirement Association (SBCERA)*, as opposed to its current position in SBCERA in a separate, smaller pool. All options to reduce pension costs are being sought. Management is hopeful, this will result in substantial savings that, in time, will reduce the deficit.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

16. BARSTOW FIRE PROTECTION DISTRICT, Continued

2. The economy has shown improvement and new development is underway within the City of Barstow. This growth, should result in an increase in property tax revenue which will be beneficial to the District. Management meets with Hdl Coren & Cone, an experienced property tax tracking firm, to review property tax trends and discuss changes to projected growth on a quarterly basis.

The Board and management will continue to monitor the Barstow Fire Protection District financial situation. Management will keep the Board informed of developing highlights, changes and concerns regarding the District.

17. SPECIAL ITEMS

A. Transfer of Oversight Responsibilities of Transit Activities

In 2012 San Bernardino Associated Governments (SANBAG) met with the City of Barstow (Barstow) and Victor Valley Transit Authority (VVTA), for consideration of consolidating of Barstow Area Transit (BAT) with Needles Area Transit and VVTA. SANBAG conducted a feasibility study and the results provided that the inclusion of Needles Transit was not logical. However, after all considerations, it was agreed that merging BAT and VVTA had merit which would likely include reduced expenses, improved services, more professional transit administration as well as future economies yet to be identified.

On July 25, 2013, an independent feasibility study was completed with the results showing a number of efficiencies, including financial savings, being achieved through the merger of the BAT and VVTA systems. On October 25, 2013 the VVTA and BAT Board of Directors voted unanimously to move forward with the merger of Barstow Area Transit (BAT) into the VVTA JPA. Before any further discussion of a legal merger, the Barstow City Council wanted a demonstration of some of the benefits from VVTA administering and overseeing operations of BAT. This began September 1, 2014 through a one-year Intergovernmental Agreement (IGA).

A joint ad hoc committee comprised of representatives from San Bernardino County, VVTA, and Barstow reviewed the existing Joint Powers Agreement (JPA) governing the VVTA and amended the JPA to include Barstow Area Transit (BAT) and the County of San Bernardino, Third District. A Public Hearing was held on May 18, 2015 to provide for public comment on the merger.

On June 1, 2015, Barstow's City Council approved merging the Barstow Area Transit (BAT) with Victor Valley Transit Joint Powers Authority (VVTA). On July 30, 2015, the *Amendment of a Joint Powers Agreement* was filed with the California Secretary of State. The Barstow Area Transit (BAT) system began operations under VVTA effective July 1, 2015.

City of Barstow
Notes to Basic Financial Statements
For the year ended June 30, 2016

17. SPECIAL ITEMS, Continued

B. Sale of CNG/LNG Fueling Station

Victor Valley Transit Authority (VVTA), purchased land parcels APN 0427-062-40 and APN 0427-062-41 as approved by the California Department of Finance's (DOF), Long Range Property Management Plan (LRPMP) with a combined appraised value of \$180,000. The two land parcels, approximately 6.65 acres, were a part of the former redevelopment agency. The sale of property was approved on March 21, 2016 by the City Council and on March 28, 2016, by the City of Barstow Successor Agency Oversight Board. Per the DOF, fees associated with the sale of property are to be paid from the proceeds of the sale and then the net proceeds of the sale shall be distributed among the taxing entities by the County of San Bernardino in the same manner as the ad valorem property tax.

VVTA also purchased the CNG/LNG Fueling Equipment for \$634,500. The CNG/LNG Fueling Equipment is separate from the RDA property, therefore, the \$634,500 from the proceeds of the sale went to the City of Barstow General Fund to satisfy advances made to the CNG/LNG Fueling Station Fund.

**REQUIRED
SUPPLEMENTARY INFORMATION**

City of Barstow
Required Supplementary Information
For the year ended June 30, 2016

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, 2016.

City of Barstow
Required Supplementary Information, Continued
For the year ended June 30, 2016

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

A. 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
	Original	Final		Positive (Negative)
REVENUES:				
Property taxes	\$ 3,906,185	\$ 3,906,185	\$ 3,728,138	\$ (178,047)
Sales and use taxes	7,840,000	7,840,000	7,670,993	(169,007)
Transient occupancy tax	2,900,100	2,900,100	2,857,509	(42,591)
Motor vehicle fees, in lieu, unrestricted	10,000	10,000	9,444	(556)
Franchise taxes	961,004	961,004	958,732	(2,272)
Business license taxes	188,000	188,000	199,380	11,380
Other taxes	30,000	30,000	97,706	67,706
Licenses and permits	219,689	219,689	271,604	51,915
Fines and penalties	124,000	124,000	140,692	16,692
From other agencies	931,079	931,079	554,176	(376,903)
Charges for current services	745,743	765,343	808,388	43,045
Other	787,511	787,511	59,841	(727,670)
Use of money and property	1,191,640	1,191,640	519,998	(671,642)
Total revenues	19,834,951	19,854,551	17,876,601	(1,977,950)
EXPENDITURES:				
Current:				
General government	3,870,864	3,266,379	3,350,641	(84,262)
Public safety	8,924,254	9,030,142	9,152,640	(122,498)
Recreation	2,378,847	2,486,318	2,502,390	(16,072)
Community development	2,356,101	2,510,052	2,429,666	80,386
Public works	2,757,050	2,875,215	2,785,638	89,577
Capital outlay	528,742	701,455	357,360	344,095
Debt service:				
Interest and fiscal charges	-	-	166	(166)
Total expenditures	20,815,858	20,869,561	20,578,501	291,060
REVENUES OVER (UNDER) EXPENDITURES	(980,907)	(1,015,010)	(2,701,900)	(1,686,890)
OTHER FINANCING SOURCES (USES):				
Transfers in	2,000,000	2,006,100	321,491	(1,684,609)
Transfers out	(2,598,837)	(3,439,554)	(2,208,376)	1,231,178
Proceeds from sale of assets	10,000	10,000	22,564	12,564
Total other financing sources (uses)	(588,837)	(1,423,454)	(1,864,321)	(440,867)
Net change in fund balance	\$ (1,569,744)	\$ (2,438,464)	(4,566,221)	\$ (2,127,757)
FUND BALANCE:				
Beginning of year, as restated			25,310,099	
End of year			<u>\$ 20,743,878</u>	

City of Barstow
Required Supplementary Information, Continued
For the year ended June 30, 2016

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

A. Budgetary Comparison Schedules, Continued

Budgetary Comparison Schedule, Measure I Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
From other agencies	\$ 2,150,000	\$ 2,913,475	\$ 2,526,837	\$ (386,638)
Use of money and property	-	-	1,181	1,181
Total revenues	2,150,000	2,913,475	2,528,018	(385,457)
EXPENDITURES:				
Debt service:				
Principal retirement	1,145,000	-	-	-
Interest and fiscal charges	304,000	-	-	-
Total expenditures	1,449,000	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	701,000	2,913,475	2,528,018	(385,457)
OTHER FINANCING SOURCES (USES):				
Transfers in	2,000,000	2,000,000	44	(1,999,956)
Transfers out	(2,514,700)	(5,293,452)	(4,497,446)	796,006
Total other financing sources (uses)	(514,700)	(3,293,452)	(4,497,402)	(1,203,950)
Net change in fund balance	\$ 186,300	\$ (379,977)	(1,969,384)	\$ (1,589,407)
FUND BALANCE:				
Beginning of year			222,086	
End of year			\$ (1,747,298)	

City of Barstow
Required Supplementary Information, Continued
For the year ended June 30, 2016

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

A. Budgetary Comparison Schedules, Continued

Budgetary Comparison Schedule, Barstow Fire Protection District Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Property taxes	\$ 3,950,000	\$ 3,950,000	\$ 3,712,981	\$ (237,019)
Licenses and permits	30,190	30,190	38,339	8,149
From other agencies	750,118	901,219	687,571	(213,648)
Other	1,000	1,000	6,806	5,806
Use of money and property	9,000	9,000	6,727	(2,273)
Total revenues	4,740,308	4,891,409	4,452,424	(438,985)
EXPENDITURES:				
Current:				
Public safety	4,945,281	4,945,281	4,756,779	188,502
Capital outlay	114,578	272,192	270,249	1,943
Debt service:				
Interest and fiscal charges	4,000	4,000	5,668	(1,668)
Total expenditures	5,063,859	5,221,473	5,032,696	188,777
REVENUES OVER (UNDER) EXPENDITURES	(323,551)	(330,064)	(580,272)	(250,208)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	-	-	48	48
Total other financing sources (uses)	-	-	48	48
Net change in fund balance	\$ (323,551)	\$ (330,064)	(580,224)	\$ (250,160)
FUND BALANCE:				
Beginning of year			(1,179,180)	
End of year			\$ (1,759,404)	

City of Barstow
Required Supplementary Information, Continued
For the year ended June 30, 2016

2. DEFINED BENEFIT PENSION PLAN

A. CalPERS Cost Sharing Plan

Schedule of the City's Proportionate Share of the Net Pension Liability - Last 10 Years*

Fiscal year:	2016	2015
Measurement date:	6/30/2015	6/30/2014
Proportion of the net pension liability	0.20999%	0.16302%
Proportionate share of the net pension liability	\$ 14,413,454	\$ 9,892,651
Covered employee payroll	\$ 12,849,152	\$ 12,447,895
Proportionate Share of the net pension liability as percentage of covered employee payroll	112.17%	79.47%
Plan fiduciary net position as a percentage of the total pension liability	78.40%	79.82%

Notes to Schedule:

*- Fiscal year 2015 was the 1st year of implementation.

Schedule of Contributions - Last 10 Years*

Fiscal year	2016	2015
Contractually required contribution (actuarially determined)	\$ 2,051,026	\$ 2,255,263
Contribution in relation to the actuarially determined contributions	(2,051,026)	(2,255,263)
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 12,619,025	\$ 12,849,152
Contributions as a percentage of covered employee payroll	16.25%	17.55%

Note to Schedule

Valuation date: 6/30/2013 6/30/2012

* - Fiscal year 2015 was the 1 st year of implementation.

City of Barstow
Required Supplementary Information, Continued
For the year ended June 30, 2016

2. DEFINED BENEFIT PENSION PLAN, Continued

B. SBCERA Cost Sharing Plan

Schedule of the City's Proportionate Share of the Net Pension Liability – Last 10 Years*

Fiscal year:	2016	2015	2014	2013
Measurement date:	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Proportion of the net pension liability	0.63800%	0.16302%	0.20999%	0.16302%
Proportionate share of the net pension liability	\$ 12,395,608	\$ 7,076,400	\$ 7,032,983	\$ 8,236,719
Covered employee payroll	\$ 2,965,579	\$ 1,863,261	\$ 1,607,162	\$ 1,661,960
Proportionate Share of the net pension liability as percentage of covered employee payroll	417.98%	379.79%	437.60%	495.60%
Plan fiduciary net position as a percentage of the total pension liability	80.98%	82.47%	78.17%	71.73%

Notes to Schedule:

*- Only 4 years of information available.

Schedule of Contributions – Last 10 Years*

Fiscal year	2016	2015
Contractually required contribution (actuarially determined)	\$ 1,407,336	\$ 1,420,488
Contribution in relation to the actuarially determined contributions	(1,407,336)	(1,420,488)
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 2,936,195	\$ 2,965,579
Contributions as a percentage of covered employee payroll	47.93%	47.90%

Note to Schedule

Valuation date: 6/30/2014 6/30/2013

* - Fiscal year 2015 was the 1 st year of implementation.

City of Barstow
Required Supplementary Information, Continued
For the year ended June 30, 2016

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%
7/1/2015	\$ 155,329	\$ 328,745	\$ 173,416	47.25%	\$ 1,923,352	9.0%

* 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

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**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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
From other agencies	\$ 326,145	\$ 326,145	\$ 102,146	\$ (223,999)
Use of money and property	-	-	1,422	1,422
Total revenues	326,145	326,145	103,568	(222,577)
EXPENDITURES:				
Current:				
Capital outlay	5,349,024	14,303,060	6,247,082	8,055,978
Total expenditures	5,349,024	14,303,060	6,247,082	8,055,978
REVENUES OVER (UNDER) EXPENDITURES	(5,022,879)	(13,976,915)	(6,143,514)	7,833,401
OTHER FINANCING SOURCES (USES):				
Transfers in	5,349,024	14,303,060	6,159,323	(8,143,737)
Transfers out	(75,000)	(168,860)	(6,138)	162,722
Total other financing sources (uses)	5,274,024	14,134,200	6,153,185	(7,981,015)
Net change in fund balance	\$ 251,145	\$ 157,285	\$ 9,671	\$ (147,614)
FUND BALANCE:				
Beginning of year			109,154	
End of year			\$ 118,825	

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.

Barstow Community Services Foundation Fund is used to account for activities of the Barstow Community Services Foundation Inc.

Local Transportation Fund is used to account for revenue received as allocated excess transit funds after transit needs are met.

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, 2016

	Special Revenue			
	Gas Tax	Grants	Assets Seizure	Barstow Harvey House Foundation
ASSETS				
Cash and investments	\$ -	\$ 323,767	\$ 22,489	\$ -
Cash and investments held by fiscal agents	-	-	-	-
Accounts receivable, net	-	305,131	-	-
Accrued interest	-	783	50	8
Taxes receivable	35,738	-	-	-
Due from Successor Agency Trust Fund	-	-	-	-
Total assets	\$ 35,738	\$ 629,681	\$ 22,539	\$ 8
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	-	164,219	-	6,710
Due to other funds	35,693	197,862	-	11,461
Unearned revenue	-	176,431	1,334	-
Total liabilities	35,693	538,512	1,334	18,171
Deferred Inflow of Resources:				
Unavailable revenue	-	211,863	-	-
Total deferred inflow of resources:	-	211,863	-	-
Fund Balances:				
Restricted	45	-	21,205	-
Unassigned	-	(120,694)	-	(18,163)
Total fund balances	45	(120,694)	21,205	(18,163)
Total liabilities, deferred inflows of resources, and fund balances	\$ 35,738	\$ 629,681	\$ 22,539	\$ 8

Special Revenue				Debt Service	Total
Redevelopment	Barstow				Non Major
Housing	Community	Local	Flood Control	Measure I	Governmental
Successor	Services	Transportation	Special Revenue Fund	TRIP	Funds
\$ 225,365	\$ -	\$ 18,474	\$ 6,524	\$ -	\$ 596,619
-	-	-	-	1,079,478	1,079,478
-	-	-	3,860	-	308,991
164	-	94	-	-	1,099
-	-	-	-	-	35,738
1,269,913	-	-	-	-	1,269,913
<u>\$ 1,495,442</u>	<u>\$ -</u>	<u>\$ 18,568</u>	<u>\$ 10,384</u>	<u>\$ 1,079,478</u>	<u>\$ 3,291,838</u>
801,927	-	-	-	851	\$ 973,707
-	79	-	-	-	245,095
-	-	-	-	-	177,765
<u>801,927</u>	<u>79</u>	<u>-</u>	<u>-</u>	<u>851</u>	<u>1,396,567</u>
-	-	-	-	-	211,863
-	-	-	-	-	211,863
693,515	-	18,568	10,384	1,078,627	1,822,344
-	(79)	-	-	-	(138,936)
<u>693,515</u>	<u>(79)</u>	<u>18,568</u>	<u>10,384</u>	<u>1,078,627</u>	<u>1,683,408</u>
<u>\$ 1,495,442</u>	<u>\$ -</u>	<u>\$ 18,568</u>	<u>\$ 10,384</u>	<u>\$ 1,079,478</u>	<u>\$ 3,291,838</u>

City of Barstow

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the year ended June 30, 2016

	Special Revenue			
	Gas Tax	Grants	Assets Seizure	Barstow Harvey House Foundation
REVENUES:				
From other agencies	\$ 489,347	\$ 642,362	\$ 4,334	\$ -
Charges for current services	-	-	-	-
Other	10,152	-	-	3,477
Use of money and property	184	2,086	128	50
Total revenues	499,683	644,448	4,462	3,527
EXPENDITURES:				
Current:				
Public safety	-	123,008	496	-
Recreation	-	-	-	38,991
Community development	-	142,635	-	-
Public works	489,199	-	-	-
Capital outlay	-	55,207	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	489,199	320,850	496	38,991
REVENUES OVER (UNDER) EXPENDITURES	10,484	323,598	3,966	(35,464)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(185,152)	(420,337)	-	-
Proceeds from sale of assets	-	-	-	1,720
Total other financing sources (uses)	(185,152)	(420,337)	-	1,720
SPECIAL ITEM				
Transfer of residual equity due to termination of Transit activities	-	-	-	-
Net change in fund balances	(174,668)	(96,739)	3,966	(33,744)
FUND BALANCES:				
Beginning of year	174,713	(23,955)	17,239	15,581
End of year	\$ 45	\$ (120,694)	\$ 21,205	\$ (18,163)

Redevelopment Housing Successor	Special Revenue			Flood Control Special Revenue Fund	Debt Service Measure I TRIP	Total Non-Major Governmental Funds
	Barstow Community Services	Local Transportation				
\$ -	\$ -	\$ -	\$ 1,706,664	\$ -	\$ 2,842,707	
-	140	-	-	-	140	
-	215	-	-	-	13,844	
34,702	-	76	8	13,174	50,408	
34,702	355	76	1,706,672	13,174	2,907,099	
-	-	-	-	-	123,504	
-	-	-	-	-	38,991	
1,314	200	-	-	-	144,149	
-	-	-	-	-	489,199	
-	-	-	-	-	55,207	
-	-	-	-	1,145,000	1,145,000	
-	-	-	-	305,709	305,709	
1,314	200	-	-	1,450,709	2,301,759	
33,388	155	76	1,706,672	(1,437,535)	605,340	
-	-	12,642	-	1,445,585	1,458,227	
-	-	(274,819)	(1,696,288)	(44)	(2,576,640)	
-	-	-	-	-	1,720	
-	-	(262,177)	(1,696,288)	1,445,541	(1,116,693)	
-	-	280,669	-	-	280,669	
33,388	155	18,568	10,384	8,006	(230,684)	
660,127	(234)	-	-	1,070,621	1,914,092	
\$ 693,515	\$ (79)	\$ 18,568	\$ 10,384	\$ 1,078,627	\$ 1,683,408	

City of Barstow

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

Gas Tax Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
From other agencies	\$ 520,000	\$ 520,000	\$ 489,347	\$ (30,653)
Other	-	10,152	10,152	-
Use of money and property	-	-	184	184
Total revenues	520,000	530,152	499,683	(30,469)
EXPENDITURES:				
Current:				
Public works	520,000	520,000	489,199	30,801
Total expenditures	520,000	520,000	489,199	30,801
REVENUES OVER (UNDER) EXPENDITURES	-	10,152	10,484	(61,270)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(185,152)	(185,152)	-
Total other financing sources (uses)	-	(185,152)	(185,152)	-
Net change in fund balance	\$ -	\$ (175,000)	(174,668)	\$ (61,270)
FUND BALANCE:				
Beginning of year			174,713	
End of year			\$ 45	

City of Barstow

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

Grants Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
From other agencies	\$ 733,387	\$ 7,220,549	\$ 642,362	\$ (6,578,187)
Use of money and property	-	-	2,086	2,086
Total revenues	733,387	7,220,549	644,448	(6,576,101)
EXPENDITURES:				
Current:				
Public safety	122,610	122,975	123,008	(33)
Community development	449,418	508,845	142,635	366,210
Capital outlay	-	55,200	55,207	(7)
Total expenditures	572,028	687,020	320,850	366,170
REVENUES OVER (UNDER) EXPENDITURES	161,359	6,533,529	323,598	(6,209,931)
OTHER FINANCING SOURCES (USES):				
Transfers out	(360,487)	(6,518,175)	(420,337)	6,097,838
Total other financing sources (uses)	(360,487)	(6,518,175)	(420,337)	6,097,838
Net change in fund balance	\$ (199,128)	\$ 15,354	(96,739)	\$ (112,093)
FUND BALANCE:				
Beginning of year			(23,955)	
End of year			<u>\$ (120,694)</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, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
From other agencies	\$ -	\$ -	\$ 4,334	\$ 4,334
Use of money and property	-	-	128	128
Total revenues	-	-	4,462	4,462
EXPENDITURES:				
Current:				
Public safety	5,000	17,280	496	16,784
Total expenditures	5,000	17,280	496	16,784
Net change in fund balance	\$ (5,000)	\$ (17,280)	3,966	\$ 21,246
FUND BALANCE:				
Beginning of year			17,239	
End of year			\$ 21,205	

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, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 50	\$ 50
Total revenues	-	-	3,527	50
EXPENDITURES:				
Current:				
Recreation	-	-	38,991	(38,991)
Total expenditures	-	-	38,991	(38,991)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(35,464)	(38,941)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	-	-	1,720	1,720
Total other financing sources (uses)	-	-	1,720	1,720
Net change in fund balance	\$ -	\$ -	(33,744)	\$ (38,941)
FUND BALANCE:				
Beginning of year			15,581	
End of year			\$ (18,163)	

City of Barstow

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

Redevelopment Housing Successor

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 34,702	\$ 34,702
Total revenues	-	-	34,702	34,702
EXPENDITURES:				
Current:				
Community development	-	-	1,314	(1,314)
Total expenditures	-	-	1,314	(1,314)
Net change in fund balance	\$ -	\$ -	33,388	\$ 33,388
FUND BALANCE:				
Beginning of year			660,127	
End of year			<u>\$ 693,515</u>	

City of Barstow

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

Barstow Community Services Foundation

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for current services	\$ -	\$ -	\$ 140	\$ 140
Other	-	-	215	215
Total revenues	-	-	355	215
EXPENDITURES:				
Current:				
Community development	-	-	200	(200)
Total expenditures	-	-	200	(200)
Net change in fund balance	\$ -	\$ -	155	\$ 15
FUND BALANCE:				
Beginning of year			(234)	
End of year			<u>\$ (79)</u>	

City of Barstow

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

Barstow Local Transportation Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
From other agencies	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	76	76
Total revenues	-	-	76	76
EXPENDITURES:				
Current:				
Public works	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	76	76
OTHER FINANCING SOURCES (USES):				
Transfers in	-	12,642	12,642	-
Transfers out	-	(274,820)	(274,819)	1
Total other financing sources (uses)	-	(262,178)	(262,177)	1
SPECIAL ITEM:				
Transfer of residual equity due to termination of Transit activities		262,178	280,669	18,491
Net change in fund balance	\$ -	\$ -	18,568	\$ 18,568
FUND BALANCE:				
Beginning of year			-	
End of year			\$ 18,568	

City of Barstow

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

Flood Control Special Revenue Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
From other agencies	\$ 1,883,647	\$ 1,883,647	\$ 1,706,664	\$ (176,983)
Use of money and property	-	-	8	8
Total revenues	1,883,647	1,883,647	1,706,672	8
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	1,883,647	1,883,647	1,706,672	8
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,800,000)	(1,883,647)	(1,696,288)	187,359
Total other financing sources (uses)	(1,800,000)	(1,883,647)	(1,696,288)	187,359
Net change in fund balance	\$ 83,647	\$ -	10,384	\$ 187,367
FUND BALANCE:				
Beginning of year			-	
End of year			\$ 10,384	

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, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ 13,000	\$ 13,174	\$ 174
Total revenues	-	13,000	13,174	174
EXPENDITURES:				
Debt Service:				
Principal retirement	-	1,145,000	1,145,000	-
Interest and fiscal charges	-	309,500	305,709	3,791
Total expenditures	-	1,454,500	1,450,709	3,791
REVENUES OVER (UNDER) EXPENDITURES	-	(1,441,500)	(1,437,535)	3,965
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,454,500	1,445,585	(8,915)
Transfers out	-	-	(44)	(44)
Total other financing sources (uses)	-	1,454,500	1,445,541	(8,959)
Net change in fund balance	\$ -	\$ 13,000	8,006	\$ (4,994)
FUND BALANCE:				
Beginning of year			1,070,621	
End of year			<u>\$ 1,078,627</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.

Victor Valley Transit Authority accounts for sales of transit bus tickets to pass to VVTA.

City of Barstow
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2016

	Public Improvement District 91-1	Landscape Assessment District	Other Agency	Transit Big River
ASSETS				
Cash and investments	\$ 99,597	\$ 66,688	\$ 32,283	\$ -
Accounts receivable	-	51	-	-
Interest receivable	222	148	73	-
Total assets	\$ 99,819	\$ 66,887	\$ 32,356	\$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 577	\$ 23,295	\$ -
Deposits	-	66,310	3,999	-
Due to bondholders	99,819	-	-	-
Due to other agencies	-	-	5,062	-
Total liabilities	\$ 99,819	\$ 66,887	\$ 32,356	\$ -



<u>Transit Trona</u>	<u>Developer Deposits</u>	<u>Victor Valley Transit Authority</u>	<u>Total Agency Funds</u>
\$ -	\$ 9,538	\$ 5,955	\$ 214,061
-	-	-	51
-	61	-	504
<u>\$ -</u>	<u>\$ 9,599</u>	<u>\$ 5,955</u>	<u>\$ 214,616</u>

\$ -	\$ -	\$ 5,955	\$ 29,827
-	9,599	-	79,908
-	-	-	99,819
-	-	-	5,062
<u>\$ -</u>	<u>\$ 9,599</u>	<u>\$ 5,955</u>	<u>\$ 214,616</u>

City of Barstow
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Public Improvement District 91-1				
Assets:				
Cash and investments	\$ 99,054	\$ 543	\$ -	\$ 99,597
Interest receivable	144	222	144	222
Total assets	\$ 99,198	\$ 765	\$ 144	\$ 99,819
Liabilities:				
Due to bondholders	\$ 99,198	\$ 765	\$ 144	\$ 99,819
Total liabilities	\$ 99,198	\$ 765	\$ 144	\$ 99,819
Landscape Assessment District				
Assets:				
Cash and investments	\$ 57,288	\$ 9,400	\$ -	\$ 66,688
Taxes receivable	55	51	55	51
Interest receivable	85	148	85	148
Total assets	\$ 57,428	\$ 9,599	\$ 140	\$ 66,887
Liabilities:				
Accounts Payable	\$ 1,022	\$ 577	\$ 1,022	\$ 577
Deposits	56,406	9,904	-	66,310
Total liabilities	\$ 57,428	\$ 10,481	\$ 1,022	\$ 66,887
Other Agency				
Assets:				
Cash and investments	\$ 29,889	\$ 2,394	\$ -	\$ 32,283
Interest receivable	44	73	44	73
Total assets	\$ 29,933	\$ 2,467	\$ 44	\$ 32,356
Liabilities:				
Accounts payable	\$ -	\$ 23,295	\$ -	\$ 23,295
Deposits	-	3,999	-	3,999
Due to other agencies	29,933	5,062	29,933	5,062
Total liabilities	\$ 29,933	\$ 32,356	\$ 29,933	\$ 32,356

City of Barstow
Combining Statement of Changes in Assets and Liabilities, Continued
Agency Funds
For the year ended June 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Transit - Big River				
Assets:				
Cash and investments	\$ 27,027	\$ -	\$ 27,027	\$ -
Accounts Receivable	-	-	-	-
Interest receivable	48	-	48	-
Total assets	\$ 27,075	\$ -	\$ 27,075	\$ -
Liabilities:				
Accounts payable	\$ 257	\$ -	\$ 257	\$ -
Deposits	26,818	-	26,818	-
Total liabilities	\$ 27,075	\$ -	\$ 27,075	\$ -
Transit - Trona				
Assets:				
Cash and investments	\$ 61,580	\$ -	\$ 61,580	\$ -
Accounts Receivable	-	-	-	-
Interest receivable	98	-	98	-
Total assets	\$ 61,678	\$ -	\$ 61,678	\$ -
Liabilities:				
Accounts payable	\$ 2,295	\$ -	\$ 2,295	\$ -
Deposits	59,383	-	59,383	-
Total liabilities	\$ 61,678	\$ -	\$ 61,678	\$ -
Developer Deposits				
Assets:				
Cash and investments	\$ 20,213	\$ 9,538	\$ 20,213	\$ 9,538
Interest receivable	29	61	29	61
Total assets	\$ 20,242	\$ 9,599	\$ 20,242	\$ 9,599
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits	20,242	9,599	20,242	9,599
Total liabilities	\$ 20,242	\$ 9,599	\$ 20,242	\$ 9,599
	Balance		Balance	
	June 30, 2015	Additions	Deductions	June 30, 2016
Victor Valley Transit Authority				
Assets:				
Cash and investments	\$ -	\$ 5,955	\$ -	\$ 5,955
Total assets	\$ -	\$ 5,955	\$ -	\$ 5,955
Liabilities:				
Accounts payable	\$ -	\$ 5,955	\$ -	\$ 5,955
Total liabilities	\$ -	\$ 5,955	\$ -	\$ 5,955

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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	142
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	152
These schedules contain information to help the reader assess the City’s most significant local revenues sources, property tax and sales tax.	
Debt Capacity	162
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	169
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	172
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			
	2007	2008	2009	2010
Governmental Activities:				
Net investment in				
capital assets	\$ 75,092,771	\$ 63,939,275	\$ 58,651,372	\$ 65,754,048
Restricted	10,536,166	19,980,860	23,996,154	7,467,900
Unrestricted	25,416,537	30,585,194	32,172,987	39,910,774
Total Governmental Activities Net Position	\$ 111,045,474	\$ 114,505,329	\$ 114,820,513	\$ 113,132,722
Business-type Activities:				
Net investment in				
capital assets	\$ 13,069,478	\$ 13,296,278	\$ 16,080,466	\$ 14,309,391
Restricted				
Unrestricted	8,376,130	(881,594)	(2,300,969)	(3,002,623)
Total Business-type Activities Net Position	\$ 21,445,608	\$ 12,414,684	\$ 13,779,497	\$ 11,306,768
Primary Government:				
Net investment in				
capital assets	\$ 88,162,249	\$ 77,235,553	\$ 74,731,838	\$ 80,063,439
Restricted	10,536,166	19,980,860	23,996,154	7,467,900
Unrestricted	33,792,667	29,703,600	29,872,018	36,908,151
Total Primary Government Net Position	\$ 132,491,082	\$ 126,920,013	\$ 128,600,010	\$ 124,439,490

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 68,836,403	\$ 72,765,415	\$ 76,148,543	\$ 73,335,444	\$ 76,362,833	\$ 80,392,246
13,313,448	6,609,675	4,937,538	6,079,590	2,245,332	1,912,180
32,818,270	29,552,965	23,982,795	1,591,292	777,665	(4,892,883)
<u>\$ 114,968,121</u>	<u>\$ 108,928,055</u>	<u>\$ 105,068,876</u>	<u>\$ 81,006,326</u>	<u>\$ 79,385,830</u>	<u>\$ 77,411,543</u>
\$ 11,609,403	\$ 14,530,286	\$ 15,734,425	\$ 23,983,537	\$ 28,045,832	\$ 22,332,269
(1,046,331)	(4,779,780)	(5,850,933)	(10,547,818)	(14,863,742)	(12,179,023)
<u>\$ 10,563,072</u>	<u>\$ 9,750,506</u>	<u>\$ 9,883,492</u>	<u>\$ 13,435,719</u>	<u>\$ 13,182,090</u>	<u>\$ 10,153,246</u>
\$ 80,445,806	\$ 87,295,701	\$ 91,882,968	\$ 97,318,981	\$ 104,408,665	\$ 102,724,515
13,313,448	6,609,675	4,937,538	6,079,590	2,245,332	1,912,180
31,771,939	24,773,185	18,131,862	(8,956,526)	(14,086,077)	(17,071,906)
<u>\$ 125,531,193</u>	<u>\$ 118,678,561</u>	<u>\$ 114,952,368</u>	<u>\$ 94,442,045</u>	<u>\$ 92,567,920</u>	<u>\$ 87,564,789</u>

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

	Fiscal Year			
	2007	2008	2009	2010
Expenses:				
Governmental activities:				
General government	2,852,043	5,186,329	7,328,056	6,094,918
Public safety	6,971,475	7,169,661	7,755,294	8,431,831
Recreation		1,839,427	2,522,146	2,169,160
Public works	3,755,588	4,503,709	3,811,039	5,631,968
Community development	4,628,881	3,308,455	3,208,592	3,394,422
Unallocated depreciation	-	-	-	-
Interest on long-term debt	880,548	977,402	1,014,907	470,703
Total Governmental Activities Expenses	19,088,535	22,984,983	25,640,034	26,193,002
Business-type Activities:				
Wastewater	2,746,749	13,033,007	2,901,787	3,247,228
Solid Waste	4,195,541	3,974,067	4,045,892	4,011,446
Transit Services	2,678,016	3,168,024	3,237,953	3,372,469
Interest on long-term debt	-	-	-	-
Other Enterprise Funds	298,069	386,788	297,942	398,573
Total Business-type Activities Expenses	9,918,375	20,561,886	10,483,574	11,029,716
Total Primary Government Expenses	29,006,910	43,546,869	36,123,608	37,222,718
Program revenues:				
Governmental activities:				
Charges for services:				
General government	1,609,778	1,973,746	1,648,299	1,560,775
Operating grants and contributions	3,796,362	3,353,033	2,705,247	2,188,144
Capital grants and contributions	2,217,854	1,001,826	903,617	950,770
Total governmental activities program revenues	7,623,994	6,328,605	5,257,163	4,699,689
Business-type activities:				
Charges for services:				
Wastewater	3,273,734	3,473,018	3,195,509	3,069,587
Solid Waste	3,522,318	3,746,302	3,748,330	3,634,446
Transit Services	239,540	252,459	351,130	253,898
Other business-type activities	165,914	160,244	106,903	130,852
Operating grants and contributions	1,980,839	2,698,498	2,694,980	2,580,170
Capital grants and contributions	91,237	960,443	1,462,475	419,872
Total business-type activities program revenues	9,273,582	11,290,964	11,559,327	10,088,825
Total primary government program revenues	16,897,576	17,619,569	16,816,490	14,788,514

(Continued)

Fiscal Year					
2011	2012	2013	2014	2015	2016
5,419,817	4,372,577	3,979,122	3,040,319	2,340,584	3,453,207
11,379,248	13,910,834	14,781,347	13,263,509	13,655,432	14,618,441
1,651,047	2,226,201	1,980,078	2,647,726	2,777,589	2,840,457
3,284,720	4,976,071	5,928,990	11,353,600	6,882,670	7,863,741
4,390,903	3,233,598	2,646,525	2,068,450	2,458,665	2,567,843
-	-	-	-	-	-
571,721	373,524	132,321	260,017	239,143	188,887
26,697,456	29,092,805	29,448,383	32,633,621	28,354,083	31,532,576
3,514,998	4,398,844	3,479,553	3,933,499	5,217,340	5,183,363
4,213,429	3,989,240	4,095,682	4,605,465	4,350,342	4,588,155
2,890,641	2,943,943	2,714,135	2,916,096	2,685,773	127,671
-	-	-	-	-	-
343,653	336,203	324,043	382,573	473,911	391,844
10,962,721	11,668,230	10,613,413	11,837,633	12,727,366	10,291,033
37,660,177	40,761,035	40,061,796	44,471,254	41,081,449	41,823,609
1,502,836	1,200,799	1,543,686	1,430,544	1,490,257	1,569,444
2,977,984	595,522	436,434	861,484	1,702,084	1,045,110
54,290	4,099,782	3,297,685	7,793,386	3,978,333	5,488,502
4,535,110	5,896,103	5,277,805	10,085,414	7,170,674	8,103,056
3,221,304	4,025,728	4,297,624	4,930,118	5,530,122	5,514,969
3,876,407	4,062,908	3,785,422	4,040,347	4,023,189	4,121,294
610,343	688,374	186,984	610,918	169,247	129,803
49,508	34,136	94,831	75,831	69,973	58,451
2,018,897	2,044,518	2,381,538	1,849,657	2,275,972	219,038
151,117	-	-	4,779,757	405,234	-
9,927,576	10,855,664	10,746,399	16,286,628	12,473,737	10,043,555
14,462,686	16,751,767	16,024,204	26,372,042	19,644,411	18,146,611

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

	Fiscal Year			
	2007	2008	2009	2010
Net revenues (expenses):				
Governmental activities	(11,464,541)	(16,656,378)	(20,382,871)	(21,493,313)
Business-type activities	(644,793)	(9,270,922)	1,075,753	(940,891)
Total net revenues (expenses)	<u>(12,109,334)</u>	<u>(25,927,300)</u>	<u>(19,307,118)</u>	<u>(22,434,204)</u>
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Taxes:				
Property taxes	5,129,433	5,734,799	7,894,148	8,359,770
Sales tax	6,662,596	5,925,848	6,084,702	5,802,928
Transient occupancy taxes	2,281,494	2,455,043	2,484,223	2,392,610
Other taxes	1,181,430	1,153,309	1,150,982	1,110,266
Motor vehicle in lieu, unrestricted	1,651,504	1,889,772	63,143	110,643
Investment income	2,396,289	2,483,993	2,537,309	1,775,846
Other general revenues	770,348	419,527	483,548	253,459
Gain (loss) on sale of assets	80,768	-	-	-
Transfers	-	-	-	-
Special item - merger of fire district				
Extraordinary item - gain due to dissolution of RDA				
Inventory Adjustment for Capital Assets	-	-	-	-
Total Governmental Activities	<u>20,153,862</u>	<u>20,062,291</u>	<u>20,698,055</u>	<u>19,805,522</u>
Business-type activities:				
Investment Income	-	-	-	-
Use of money and property	368,282	293,548	289,060	177,265
Other revenue	-	392	-	-
Special item-impairment loss	-	-	-	(1,709,103)
Transfers	-	-	-	-
Total Business-type Activities	<u>368,282</u>	<u>293,940</u>	<u>289,060</u>	<u>(1,531,838)</u>
Total Primary Government	<u>20,522,144</u>	<u>20,356,231</u>	<u>20,987,115</u>	<u>18,273,684</u>
Changes in Net Position:				
Governmental activities	8,689,321	3,405,913	315,184	(1,687,791)
Business-type activities	(276,511)	(8,976,982)	1,364,813	(2,472,729)
Total Primary Government	<u>8,412,810</u>	<u>(5,571,069)</u>	<u>1,679,997</u>	<u>(4,160,520)</u>

Fiscal Year					
2011	2012	2013	2014	2015	2016
(22,162,346)	(23,196,702)	(24,170,578)	(22,548,207)	(21,183,409)	(23,429,520)
(1,035,145)	(812,566)	132,986	4,448,995	(253,629)	(247,478)
(23,197,491)	(24,009,268)	(24,037,592)	(18,099,212)	(21,437,038)	(23,676,998)
10,106,231	9,581,086	8,750,763	7,288,665	7,398,978	7,441,119
6,589,010	6,942,387	7,346,732	7,532,540	7,259,449	7,670,993
2,541,970	2,626,389	2,649,694	2,748,763	2,892,232	2,857,509
1,107,418	1,213,263	1,126,099	1,178,629	1,211,911	1,265,262
110,786	24,459	-	-	-	-
1,903,747	1,297,074	328,226	693,341	471,980	482,812
334,103	91,654	109,885	141,895	328,363	199,570
-	-	-	-	-	-
(183,479)	-	-	-	-	1,537,968
1,487,959	-	-	-	-	-
-	311,238	-	-	-	-
-	-	-	-	-	-
23,997,745	22,087,550	20,311,399	19,583,833	19,562,913	21,455,233
-	-	-	-	-	-
105,720	-	-	-	-	-
2,250	-	-	-	-	-
-	-	-	-	-	-
183,479	-	-	-	-	(2,781,366)
291,449	-	-	-	-	(2,781,366)
24,289,194	22,087,550	20,311,399	19,583,833	19,562,913	18,673,867
1,835,399	(1,109,152)	(3,859,179)	(2,964,374)	(1,620,496)	(1,974,287)
(743,696)	(812,566)	132,986	4,448,995	(253,629)	(3,028,844)
1,091,703	(1,921,718)	(3,726,193)	1,484,621	(1,874,125)	(5,003,131)

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

	Fiscal Year			
	2007	2008**	2009**	2010**
General Fund:				
Reserved	\$ 218,659	\$ 1,623,614	\$ 1,075,061	\$ 3,119,315
Nonspendable*				
Restricted*				
Assigned*				
Unreserved/Unassigned*	29,774,340	13,397,822	14,077,368	7,403,967
Total General Fund	\$ 29,992,999	\$ 15,021,436	\$ 15,152,429	\$ 10,523,282
All Other Governmental Funds:				
Reserved	\$ 7,216,481	\$ 11,147,285	\$ 10,903,385	\$ 9,678,496
Nonspendable*				
Restricted*				
Assigned*				
Unreserved/Unassigned*, reported in:				
Special revenue funds	6,449,950	24,704,172	24,494,870	25,272,143
Debt Service	(2,375,041)	(1,078,693)	(26,730)	1,483,316
Capital projects funds	7,412,771	8,918,847	9,037,542	7,210,373
Total all other governmental funds	\$ 18,704,161	\$ 43,691,611	\$ 44,409,067	\$ 43,644,328

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

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 4,155,542	\$ 6,025,426	\$ 5,819,857	\$ 5,391,889	\$ 10,843,398	\$ 8,680,778
5,943,956	-	-	-	-	-
4,425,000	-	-	-	-	-
18,756,466	25,449,432	22,749,055	21,445,217	14,466,701	12,063,100
<u>\$ 33,280,964</u>	<u>\$ 31,474,858</u>	<u>\$ 28,568,912</u>	<u>\$ 26,837,106</u>	<u>\$ 25,310,099</u>	<u>\$ 20,743,878</u>
\$ 5,150,568	\$ -	\$ -	\$ -	\$ -	\$ -
8,442,243	6,935,670	15,283,195	6,266,281	2,269,521	1,941,169
5,977,305	-	-	-	-	-
(11,336)	-	(229,905)	(4,178,949)	(1,203,369)	(3,645,638)
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 19,558,780</u>	<u>\$ 6,935,670</u>	<u>\$ 15,053,290</u>	<u>\$ 2,087,332</u>	<u>\$ 1,066,152</u>	<u>\$ (1,704,469)</u>

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

	Fiscal Year			
	2007	2008	2009	2010
Revenues:				
Taxes	\$ 16,906,457	\$ 17,158,769	\$ 17,677,199	\$ 17,776,217
Licenses and permits	467,676	330,523	157,319	131,610
Fines and forfeitures	210,687	189,967	111,180	131,389
Rental income	-	-	-	-
From other agencies	6,000,893	8,970,828	3,131,095	3,141,460
Charges for services	901,135	1,416,576	1,261,364	1,232,865
Use of Money and Property	2,396,287	2,484,002	2,537,309	1,775,849
Other	813,953	463,290	593,469	326,843
Total Revenues	<u>27,697,088</u>	<u>31,013,955</u>	<u>25,468,935</u>	<u>24,516,233</u>
Expenditures				
Current:				
General government	3,111,934	4,438,516	6,360,460	6,398,855
Public safety	6,971,475	7,169,661	7,693,503	11,504,311
Public works	3,755,588	1,643,649	1,670,133	1,929,250
Recreation	1,400,592	1,839,427	1,877,647	1,816,436
Community development	3,228,289	3,308,455	3,207,583	3,391,348
Debt service:	-	-	-	-
Principal retirement	825,349	870,210	1,103,698	1,190,588
Interest and fiscal charges	887,647	858,029	870,144	656,716
Capital Outlay	754,602	2,230,093	2,010,835	3,437,099
Total Expenditures	<u>20,935,476</u>	<u>22,358,040</u>	<u>24,794,003</u>	<u>30,324,603</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,761,612</u>	<u>8,655,915</u>	<u>674,932</u>	<u>(5,808,370)</u>
Other financing sources (uses):				
Transfers in	1,534,800	1,592,942	1,849,139	1,500,963
Transfers out	(1,534,800)	(1,539,000)	(1,849,139)	(1,500,963)
Proceeds from sale of assets	128,704	13,597	-	-
Capital leases	-	-	173,517	414,484
Issuance of bonds				
Issuance premium				
Special item - merger of fire district	-	-	-	-
Extraordinary loss on dissolution of RDA	-	-	-	-
Transfer of residual equity due to termination	-	-	-	-
Total Other Financing Sources (Uses)	<u>128,704</u>	<u>67,539</u>	<u>173,517</u>	<u>414,484</u>
Net Change in Fund Balances	<u>\$ 6,890,316</u>	<u>\$ 8,723,454</u>	<u>\$ 848,449</u>	<u>\$ (5,393,886)</u>
Debt service as a percentage of noncapital expenditures	8.6%	8.6%	8.7%	6.9%

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 20,455,415	\$ 20,387,584	\$ 19,873,288	\$ 18,558,246	\$ 18,540,422	\$ 19,035,503
160,411	196,868	204,981	472,222	429,256	509,323
129,349	106,341	104,690	142,409	125,915	140,692
-	-	-	-	-	-
2,977,499	4,915,206	3,907,154	5,075,232	9,278,029	6,713,437
1,156,934	677,688	1,099,480	750,382	1,281,351	808,528
1,903,747	990,102	328,226	768,427	586,238	579,736
332,229	91,654	71,385	82,362	115,621	80,491
<u>27,115,584</u>	<u>27,365,443</u>	<u>25,589,204</u>	<u>25,849,280</u>	<u>30,356,832</u>	<u>27,867,710</u>
5,122,706	3,076,341	3,061,475	2,882,514	2,934,731	3,350,641
10,698,792	13,338,769	13,427,720	13,473,842	14,493,181	14,032,923
2,505,479	2,746,018	3,481,396	3,108,045	3,050,005	3,274,837
1,300,759	1,547,172	1,520,643	2,333,991	2,380,982	2,541,381
3,278,264	3,035,640	2,552,355	2,147,003	2,427,110	2,573,815
-	-	-	-	-	-
490,000	510,000	-	1,070,000	1,100,000	1,145,000
578,895	382,583	447,390	386,172	356,970	311,543
8,090,746	9,775,072	7,233,394	15,212,059	6,162,422	6,929,898
<u>32,065,641</u>	<u>34,411,595</u>	<u>31,724,373</u>	<u>40,613,626</u>	<u>32,905,401</u>	<u>34,160,038</u>
(4,950,057)	(7,046,152)	(6,135,169)	(14,764,346)	(2,548,569)	(6,292,328)
10,988,832	24,557,219	5,596,067	13,715,655	5,401,533	7,939,085
(11,172,311)	(24,557,219)	(5,596,067)	(13,715,655)	(5,401,533)	(9,288,600)
23,107	41,770	23,296	33,374	382	24,332
3,128,993	264,473	651,548	33,208	-	-
		9,770,000	-	-	-
		901,999	-	-	-
653,570	-	-	-	-	-
	(7,023,762)	-	-	-	-
	(7,023,762)	-	-	-	280,669
<u>3,622,191</u>	<u>(13,741,281)</u>	<u>11,346,843</u>	<u>66,582</u>	<u>382</u>	<u>(1,044,514)</u>
<u>\$ (1,327,866)</u>	<u>\$ (20,787,433)</u>	<u>\$ 5,211,674</u>	<u>\$ (14,697,764)</u>	<u>\$ (2,548,187)</u>	<u>\$ (7,336,842)</u>
4.5%	3.6%	0.7%	5.7%	5.4%	5.3%

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
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%
2015	1,051,514,240	103,609,217	562,232	1,155,685,689	1.07%
2016	1,075,574,231	100,176,764	1,091,097	1,176,842,092	1.83%

*Exempt values are not included in Total Assessed Value.

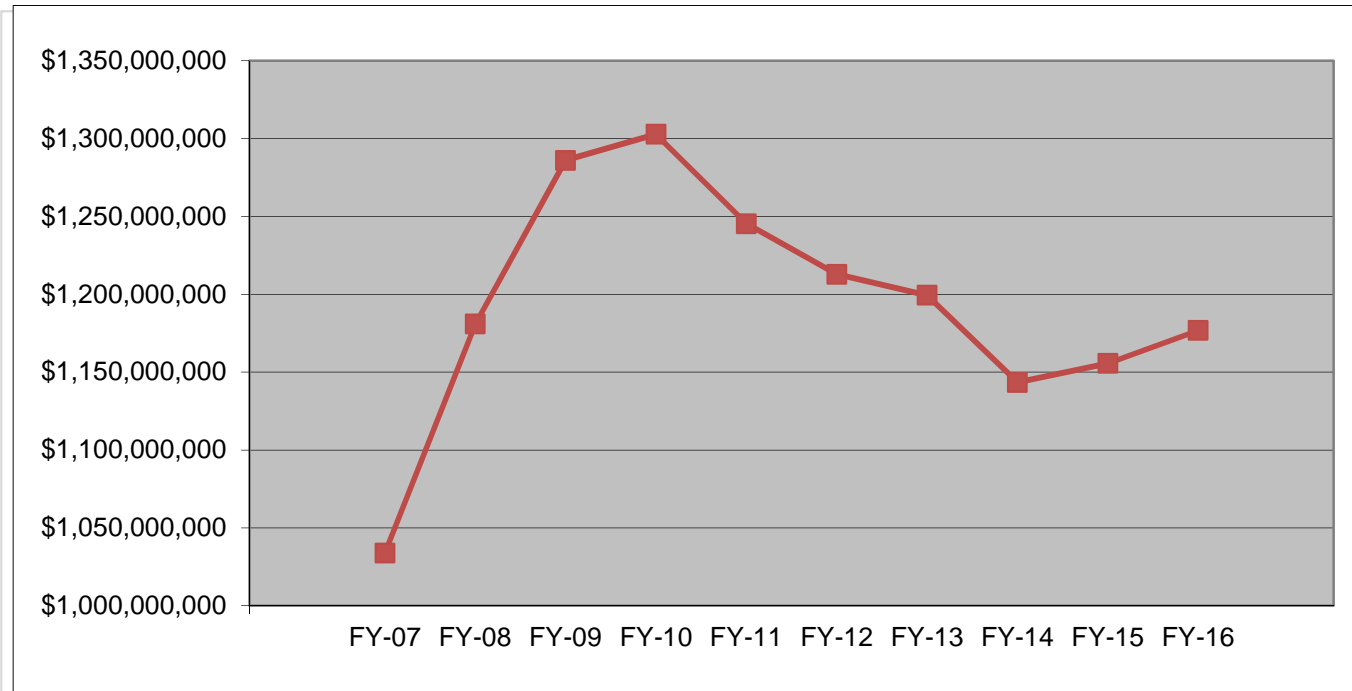
CITY OF BARSTOW
Assessed Value of Taxable Property by Class
Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Vacant Land	SBE Non Unitary	Unsecured	Other	Total Taxable Assessed Value (a)	Total Direct Tax Rate
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	0.392%
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	31,696,028	1,245,377,885	0.413%
2011-12	537,307,938	344,666,172	33,358,242	168,757,467	2,186,442	105,571,293	21,084,157	1,212,931,711	0.410%
2012-13	520,704,582	354,140,448	30,209,573	173,103,339	2,165,193	104,914,213	14,250,390	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	0.150%
2014-15	525,855,023	344,691,557	29,536,256	99,024,673	562,232	103,609,217	52,406,731	1,155,685,689	0.150%
2015-16	541,740,544	352,020,034	28,283,445	100,095,186	1,091,097	100,176,764	53,435,022	1,176,842,092	0.150%

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			
	2007	2008	2009	2010
Direct & Overlapping (2) Tax Rates				
Basic Levy (1)	1.000	1.000	1.000	1.000
Barstow Unified School Bond	0.0392	0.0378	0.0352	0.0312
Mojave Water Agency	0.1675	0.1675	0.1675	0.1675
Total Direct & Overlapping Rates	<u>\$ 1.2067</u>	<u>\$ 1.2053</u>	<u>\$ 1.2027</u>	<u>\$ 1.1987</u>
City's Share of 1% Levy Per Prop 13 (3)	0.14974	0.14974	0.14974	0.14974
General Obligation Debt Rate				
Redevelopment Rate (4)	1.0000	1.0000	1.0000	1.0000
Total Direct Rate (5)	0.36126	0.37067	0.39225	0.40558

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.

Fiscal Year					
2011	2012	2013	2014	2015	2016
1.000	1.000	1.000	1.000	1.000	1.000
0.0370	0.0401	0.0393	0.0370	0.0474	0.0329
0.1675	0.1675	0.1675	0.1675	0.1675	0.1675
<u>\$ 1.2045</u>	<u>\$ 1.2076</u>	<u>\$ 1.2068</u>	<u>\$ 1.2045</u>	<u>\$ 1.2149</u>	<u>\$ 1.2004</u>
0.14974	0.14974	0.14974	0.14974	0.14974	0.14974
1.0000	1.0000	N/A	N/A	N/A	N/A
0.41321	0.41035	0.40408	0.14996	0.14998	0.15012

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

Owner	2016		2007	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Hospital of Barstow Inc	\$ 47,558,043	4.04%		
Barstow Outlet Mall			\$ 29,223,193	2.83%
FRO2MO Barstow LLC	\$ 25,529,174	2.17%		
Burlington Northern & Santa Fe Railway			\$ 27,069,124	2.62%
Pilot Travel Center LLC	\$ 13,158,651	1.12%		
Tanger Properties			\$ 13,935,445	1.35%
TVL Properties	\$ 12,241,834	1.04%		
Fred and Robin Rosenberg Family Limited			\$ 12,205,840	1.18%
Fred and Robin Rosenberg Family Limited	\$ 12,191,666	1.04%		
TA Operating Corporation			\$ 8,462,470	0.82%
Walmart Real Estate Business Trust	\$ 11,547,905	0.98%		
FREE II LLC			8,125,240	0.79%
Lee family Irrevocable Trust	\$ 10,850,679	0.92%		
Newmark International Inc			\$ 7,922,980	0.77%
Home Depot USA Inc	\$ 10,433,056	0.89%		
Rimrock Road Apartments LLC			\$ 7,766,025	0.75%
Hospitality Express II LLC	\$ 9,628,512	0.82%		
Walmart Real Estate Business Trust			\$ 7,536,850	0.73%
T T Group Inc	\$ 8,843,403	0.75%		
Hospital of Barstow Inc			\$ 7,357,308	0.71%
TOTAL OF TOP TEN:	\$ 161,982,923	13.77%	\$ 129,604,475	12.55%

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 Fiscal Year of Levy		Collected in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percentage of Levy
2007	4,299,793	4,135,757	96%	250,301	4,386,058	102%
2008	4,779,533	4,554,195	95%	353,719	4,907,914	103%
2009	5,007,662	4,776,851	95%	291,054	5,067,905	101%
2010	4,899,986	4,725,586	96%	185,877	4,911,463	100%
2011	4,681,170	4,545,103	97%	139,819	4,684,922	100%
2012	4,609,714	4,446,347	96%	108,383	4,554,730	99%
2013	4,587,850	4,415,853	96%	77,953	4,493,806	98%
2014	4,511,674	4,410,513	98%	56,120	4,466,633	99%
2015	4,598,336	4,506,775	98%	46,250	4,553,025	99%
2016	4,730,324	4,634,977	98%	-	4,634,977	98%

Source: San Bernardino Auditor-Controller Recorder

Includes Barstow Park & Recreation and Barstow Fire Protection District

CITY OF BARSTOW
Top 25 Sales Tax Producers (Alphabetically)
For the Fiscal Year 2016

<u>Business Name</u>	<u>Business Category</u>
76 Station	Service Stations
Arco	Service Stations
Arco AM PM	Service Stations
Barstow Shell	Service Stations
Calvin Klein	Family Apparel
Chevron	Service Stations
Circle K	Service Stations
Coach	Womens Apparel
Crossroads Fuel & Food	Service Stations
Del Taco	Quick-Service Restaurants
Food 4 Less	Grocery Store Liquor
Home Depot	Lumber / Building Materials
In N Out Burgers	Quick-Service Restaurants
Love's Gas Station	Service Stations
McDonalds	Quick-Service Restaurants
Michael Kors	Family Apparel
Mojave Ford/Nissan of Barstow	New Motor Vehicle Dealers
Mojave Toyota Chrysler Dodge Jeep Ram	New Motor Vehicle Dealers
Nike	Shoe Store
Pilot Travel Center	Service Stations
Ralph Lauren	Family Apparel
Travel Center of America	Service Stations
USA Gasoline	Service Stations
Valero Corner Store	Service Stations
Walmart	Discount Dept Stores

Percent of Fiscal Year Total Paid by Top 25 Accounts = 67.98%

Period: April 2015 thru March 2016

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

CITY OF BARSTOW
Top 25 Sales Tax Producers (Alphabetically)
For the Fiscal Year 2007

<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
McDonalds	Quick-Service Restaurants
Old Navy	Family Apparel
Pilot Travel Center	Service Stations
Polo Ralph Lauren Factory Store	Family Apparel
Service Rock Products	Contractors
Soutar's Ford/Nissan	New Motor Vehicle Dealers
Soutar's Chrysler Dodge Jeep Ram & Toyota	New Motor Vehicle Dealers
Terrible Herbst	Service Stations
Truck Stops of America	Service Stations
Union 76	Service Stations
Valero Corner Store	Service Stations
Valmont Newmark	Heavy Industrial
Walmart	Discount Dept Stores

Percent of Fiscal Year Total Paid by Top 25 Accounts = 67.75%
 Period: April 2006 thru March 2007

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			
	2006	2007	2008	2009
Apparel Stores	\$ 62,002	\$ 70,633	\$ 84,723	\$ 82,239
Food Stores	\$ 13,991	\$ 14,482	\$ 14,359	\$ 14,444
Eating & Drinking Places	\$ 69,525	\$ 70,880	\$ 70,118	\$ 69,684
Auto Dealers & Supplies	\$ 53,458	\$ 48,622	\$ 34,576	\$ 25,624
Service Stations	\$ 249,389	\$ 246,925	\$ 253,247	\$ 208,597
Other Retail Stores	\$ 103,859	\$ 108,170	\$ 98,227	\$ 89,297
All Other Outlets	\$ 88,341	\$ 93,515	\$ 80,425	\$ 84,069
Total	\$ 640,565	\$ 653,227	\$ 635,675	\$ 573,954

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

2010	2011	2012	2013	2014	2015
\$ 104,156	\$ 123,300	\$ 137,736	\$ 135,352	\$ 135,237	\$ 133,118
\$ 14,238	\$ 14,353	\$ 14,641	\$ 21,655	\$ 30,608	\$ 29,275
\$ 70,006	\$ 71,305	\$ 73,932	\$ 72,971	\$ 77,770	\$ 80,662
\$ 25,195	\$ 31,037	\$ 30,649	\$ 27,451	\$ 27,707	\$ 36,925
\$ 244,239	\$ 264,587	\$ 286,436	\$ 293,119	\$ 301,849	\$ 263,449
\$ 86,629	\$ 87,449	\$ 90,904	\$ 91,167	\$ 91,911	\$ 91,998
\$ 89,711	\$ 82,285	\$ 101,508	\$ 94,923	\$ 94,180	\$ 87,920
<u>\$ 634,174</u>	<u>\$ 674,316</u>	<u>\$ 735,806</u>	<u>\$ 736,638</u>	<u>\$ 759,262</u>	<u>\$ 723,347</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		Measure I	Capital Lease	
	Bonds	Loans	TRIP	Agreements	
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
2015	-	-	8,276,499	2,574,443	10,850,942
2016	-	-	7,018,749	2,092,667	9,111,416

¹ These ratios are calculated using personal income and population from the DEMOGRAPHIC AND ECONOMIC STATICS tab in the Statistical Section, as this is the most current, available data.

The City of Barstow does not have Tax Allocation Bonds for 2012-2016.

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
3,380,000	-	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	20,580,485	109.68%	848
2,028,159	2,137,571	4,165,730	7,362,880	37.54%	320
1,766,808	1,968,975	3,735,783	17,745,293	87.23%	766
1,500,766	1,757,803	3,258,569	15,982,627	83.27%	686
1,225,279	1,544,289	2,769,568	3,994,847	20.42%	172
935,472	1,312,813	2,248,285	3,183,757	17.79%	131

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
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%	-
2015	-	0.00%	-
2016	-	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, 2016

	Total Debt	Percentage	City's share of
	<u>6/30/2016</u>	<u>Applicable (1)</u>	Debt
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Barstow Unified School District	\$ 9,582,761	59.382%	\$ 5,690,435
Mojave Water Agency	10,405,000	3.810%	396,431
Overlapping Tax and Assessment Debt			<u>\$ 6,086,866</u>
<u>City of Barstow-DIRECT DEBT:</u>			
Measure I TRIP COP, Series 2012	\$ 7,018,749	100.000%	7,018,749
Capital Lease Agreements	2,092,667	100.000%	2,092,667
Total Direct Debt			<u>\$ 9,111,416</u>
<u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
San Bernardino County General Fund Obligations	\$ 435,550,000	0.627%	2,730,899
San Bernardino County Pension Obligations Bonds	419,370,824	0.627%	2,629,455
San Bernardino County Flood Control District General Fund Obligations	78,165,000	0.627%	490,095
Overlapping General Fund Obligation Debt			<u>5,850,448</u>
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$ 5,045,000	100.00%	\$ 5,045,000
COMBINED TOTAL DEBT			<u>\$ 26,093,730</u>

(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.

2015-16 City's Assessed Valuation : \$1,176,842,092

Ratios to 2015-16 Assessed Valuation:

Overlapping Tax and Assessment Debt	0.52%
Direct Debt	0.77%
Overlapping General Fund Obligation Debt	0.50%
Overlapping Tax Increment Debt-Successor Agency	0.43%
Combined Total Debt	2.22%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$399,085,858):

Total overlapping Tax Increment Debt 1.26%

CITY OF BARSTOW
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2007	2008	2009	2010
Assessed valuation	\$ 1,033,849,366	\$ 1,180,934,285	\$ 1,285,994,393	\$ 1,302,738,721
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	258,462,342	295,233,571	321,498,598	325,684,680
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	38,769,351	44,285,036	48,224,790	48,852,702
Total net debt applicable to limit:	<hr/>			
Legal debt margin	<u>\$ 38,769,351</u>	<u>\$ 44,285,036</u>	<u>\$ 48,224,790</u>	<u>\$ 48,852,702</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					
2011	2012	2013	2014	2015	2016
\$ 1,245,957,805	\$ 1,212,931,711	\$ 1,199,487,738	\$ 1,143,477,603	\$ 1,155,685,689	\$ 1,176,842,092
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
311,489,451	303,232,928	299,871,935	285,869,401	288,921,422	294,210,523
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
46,723,418	45,484,939	44,980,790	42,880,410	43,338,213	44,131,578
<u>\$ 46,723,418</u>	<u>\$ 45,484,939</u>	<u>\$ 44,980,790</u>	<u>\$ 42,880,410</u>	<u>\$ 43,338,213</u>	<u>\$ 44,131,578</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 Increment (1)	Debt Service (1)	
		Principal and Interest	Coverage
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	-	-	-
2015	-	-	-
2016	-	-	-

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.

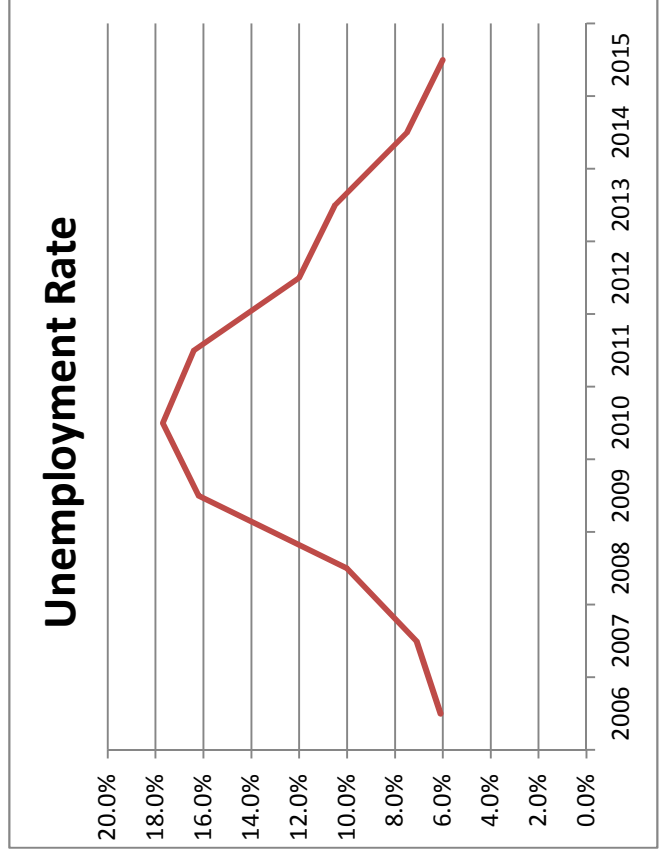
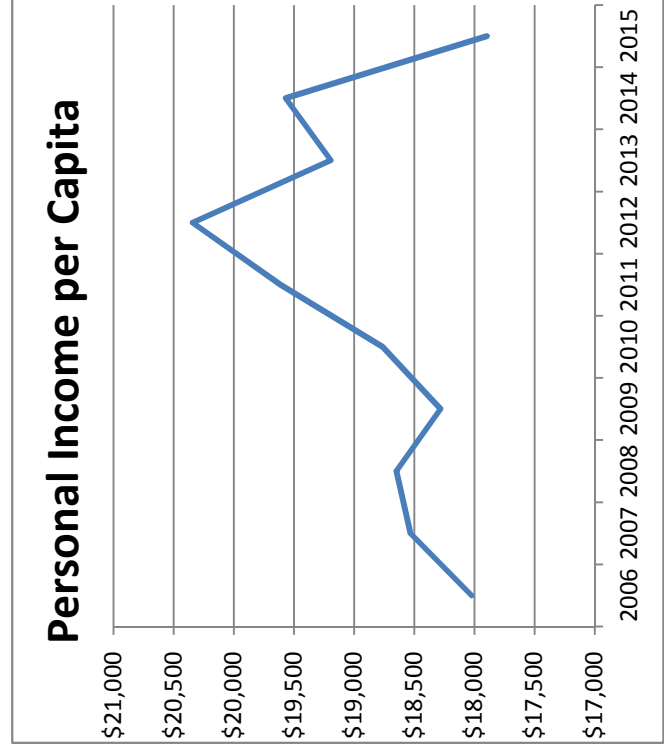
CITY OF BARSTOW
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar	Population	Personal Income	Per Capita	Unemployment	Median Age	% of Pop 25+ with High School Degree	% of Pop 25+ with Bachelor's Degree
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%			
2009	24,174	\$ 441,931	18,281	16.2%	32.4	78.8%	9.3%
2010	24,281	\$ 455,609	18,764	17.7%	31.5	78.2%	9.8%
2011	23,019	\$ 451,449	19,612	16.4%	33.1	78.9%	9.4%
2012	23,168	\$ 471,330	20,344	12.0%	33.3	81.0%	9.2%
2013	23,292	\$ 447,043	19,193	10.5%	32.9	79.8%	9.7%
2014	23,265	\$ 455,250	19,568	7.5%	33.7	82.4%	10.6%
2015	24,360	\$ 435,931	17,895	6%	31.2	80.3%	11.8%

Sources: HdL Coren & Cone

(1) Population: California State Department of Finance

(2) Unemployment Data: California Employment Development Department



**CITY OF BARSTOW
Principal Employers
2016 and Eight Years Ago****

Employer	2016		2009	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Ft. Irwin National Training Center*	22,700	73.5%	5,565	42.7%
Marine Corps Logistics Base*	2,071	6.7%	2,123	16.3%
Northrup Grunman	467	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	596	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	167	0.5%	131	1.0%
Other Employers	700	2.3%	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 2015 was 30,900 of major employers. Fort Irwin National Training Ctr includes soldiers training on rotaion at the facility for 2016.

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	20	21	21	19	22	22	21	13	15	17
Police Safety										
Sworn	37	38	40	40	40	41	41	37	37	38
Non-Sworn	16	18	18	18	19	13	13	17	16	19
Fire Safety**										
Sworn						20	23	23	23	28
Non-Sworn						1	1	1	1	1
Recreation		15	15	15	16	19	18	16	14	17
Community Service	24	18	18	19	18	32	31	36	33	26
Community Developer	12	12	12	12	7	10	10	10	12	10
Redevelopment	2	4	4	3	4	2	-	-	-	-
Solid Waste	1	1	1	1	2	1	2	2	3	1
Wastewater	1	1	1	1	1	8	9	8	9	11
Transit	1	1	1	1	1	1	1	1	-	-
Total	114	129	131	129	130	170	170	164	163	167

**Fire District added November 17, 2010

Source: City of Barstow Adopted Budget-Authorized Positions

CITY OF BARSTOW
Operating Indicators
by Function
Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police:										
Arrests	2,703	2,907	2,915	3,223	2,766	2,795	2,672	2,959	2,911	2,762
Parking citations issued	995	431	366	666	313	201	266	489	522	286
Fire Services:										
Fire Calls	255	257	219	207	170	188	140	199	222**	242
Medical Aid Calls	3,811	3,837	3,585	3,625	3,867	4,050	3,636	3,452	4079**	4597
Parks and recreation:										
Number of recreation classes	34	34	18	19	14	16	14	14	14	14
Number of facility rentals	40	39	52	60	68	70	139	68	99	85
Sewer:										
New connections	103	103	12	9	9	17	30	4	2	5
Average/Millions of Gallons Sewage Treatment	2.57	2.56	2.40	2.70	2.20	2.13	2.11	2.11	2.11	1.98
Building Department:										
Permits	392	301	402	555	558	663	870	533	879	720
Fire Permits										
Fire Permits	*	*	*	*	*	*	*	*	61	-
Construction Fire Permits#										88
Annual Permit to Operate#										323

Source: City of Barstow

* Data not available

**The City of Barstow assumed dispatching services from County of San Bernardino. Incident tracking has changed due to enhanced software.

Permits now processed and tracked through the Building & Planning Department of the City of Barstow.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Fire District **										
Stations	2	2	2	2	3	3	3	3	3	3
Public Works:										
Streets (miles)	88	88	88	89	89	90	91	91	91	91
Streetlights	*	*	1,001	1,001	1,001	1,001	1,081	1,081	1,081	1,081
Traffic signals	19	19	19	20	20	21	21	22	22	22
Parks and Recreation:										
Parks	10	10	10	10	10	10	10	10	10	10
Community pools	2	2	1	1	1	1	1	1	1	1
Community centers	3	3	3	3	3	3	3	3	3	3
Wastewater:										
Sanitary sewers (miles)	80	80	113	113	113	117	117	117	113	113
Storm sewers (miles)	2	2	2	2	2	15	15	16	16	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