

# Comprehensive Annual Financial Report



**City of Barstow, California  
Fiscal Year Ended  
June 30, 2017**

220 East Mountain View, Suite A \* Barstow, CA 92311-2888 \*  
[www.barstowca.org](http://www.barstowca.org)



**City of Barstow**  
**Comprehensive Annual Financial Report**  
**For the year ended June 30, 2017**

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January 29, 2018

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, 2017.

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, 2017. 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 1.1% from January 1, 2016 to January 1, 2017. The population for the City of Barstow had a slight increase of .5% according the California Department of Finance. The unemployment rate as of October 2017 for this City is 4.2%, which is a modest decline from 5.4% in October 2016. Staff continues to pursue development opportunities in the area that will provide job opportunities for citizens.

Sales tax revenue increased 14.4% or \$904 thousand from fiscal year 2016. General fund property tax revenue had an increase of approximately \$65,860 from the previous fiscal year. Our Transient Occupancy Tax continues to be a major source of revenue for the City and came in at \$3.06 million for fiscal year 2017. 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 2018. 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 a recently completed and opening of Super Walmart, Marshalls, Fallas, Tractor Supply and Habits Burger. New retail stores, hotels, and restaurants will continue to be a focus of economic development.

## LONG-TERM FINANCIAL PLANNING

The City continues to maintain a Council mandated reserve of 20% Working Capital and 5% for emergencies. The fiscal Year 2017-18 budget falls within the policy guidelines set by the City Council for budgetary and planning purposes. 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, 2016. The award for the Certificate of Achievement for Excellence in Financial Reporting for the period ended June 30, 2016 was the tenth 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 this report was made possible by the effort of the entire Finance Department staff. We would like to express our appreciation to all members of the department who assisted and contributed material to this document. We also would like to acknowledge the Mayor and City Council members for their interest, dedication and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

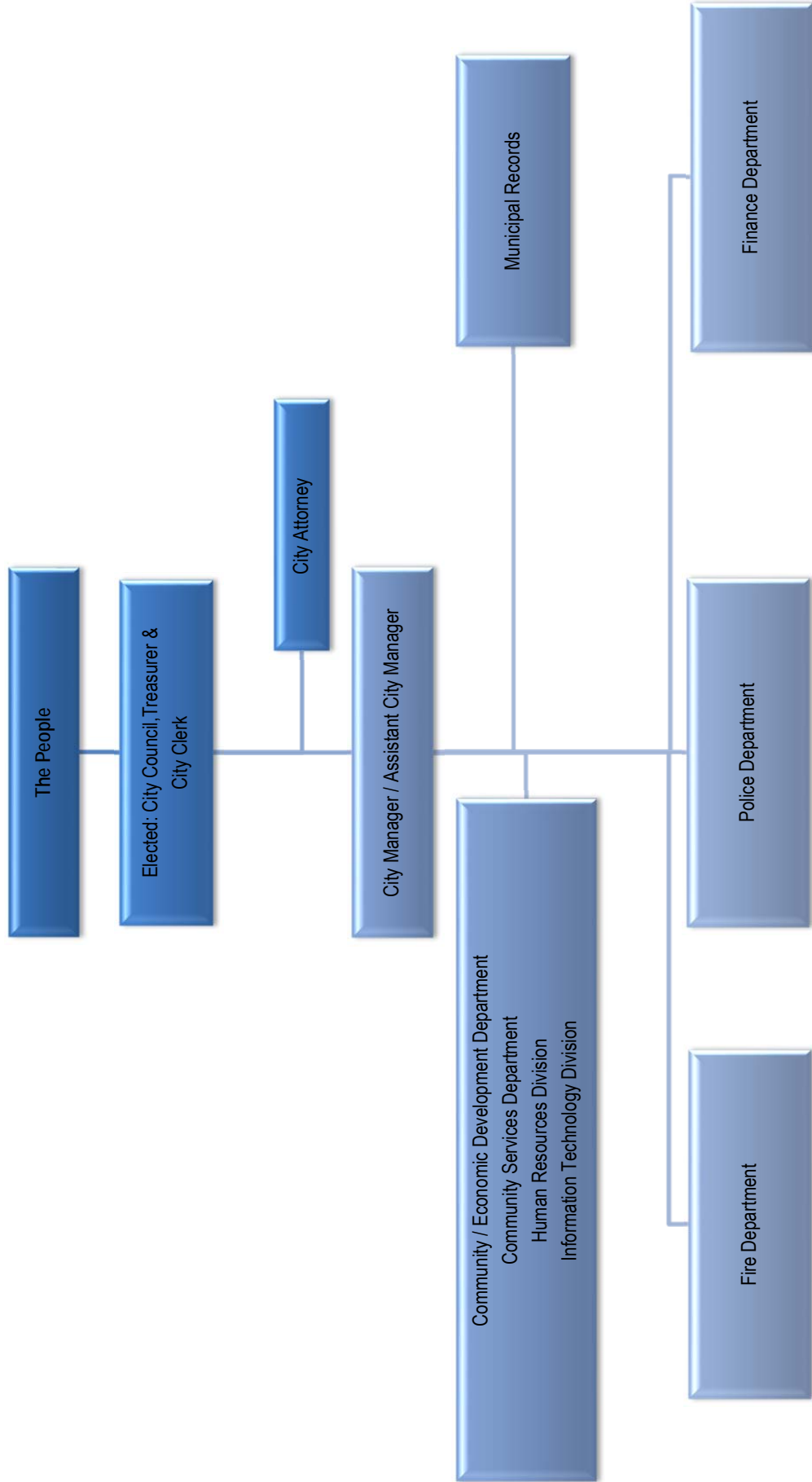
Respectfully submitted,

Cindy Prothro  
Acting City Manager

Patricia Rosenberg  
Finance Director



## CITY OF BARSTOW ORGANIZATIONAL CHART



**City of Barstow**  
**List of Elected and Appointed Officials**  
**June 30, 2017**

***Elected Officials***

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

***Appointed Officials***

City Manager	Charles C. Mitchell
Assistant City Manager	Cindy Prothro
Finance Director	Patricia Rosenberg
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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**City of Barstow**  
**California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

*Christopher P. Morrill*

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, 2017, 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, 2017, 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 5-21, 103-107, 108-109, and 110 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 114 to 133 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 114 to 133 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 114 to 133 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 January 29, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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  
January 29, 2018

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**CITY OF BARSTOW**  
**Management's Discussion and Analysis**  
**June 30, 2017**

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, 2017. 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 \$26.2 million.
- The cost of governmental activities was \$35.0 million.
- The business-type activities program and general revenues were \$14.5 million.
- The cost of business-type activities was \$6.4 million.
- The General Fund reported expenditures in excess of revenues, or net changes in fund balance of \$3.9 million.
- For the General Fund, actual budgeted revenues were less than budget estimates by \$2.2 million, and actual expenditures were more than final budget by \$482 thousand.
- The Measure I Special Revenue Fund, a major governmental fund, ended the fiscal year with a deficit \$1.7 million in fund balance.
- The Barstow Fire Protection District ended the fiscal year with a deficit fund balance of \$1.7 million.
- Total Non-Major Governmental Funds had a total fund balance of \$1.9 million.

**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, 2017**

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, and solid waste disposal.

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, 2017**

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 2017. 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 and solid waste disposal.

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 42-44 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 47-48 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 50-101 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, which 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 45. Required supplementary information can be found on page 104-110 of this report.

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**Management's Discussion and Analysis**  
**June 30, 2017**

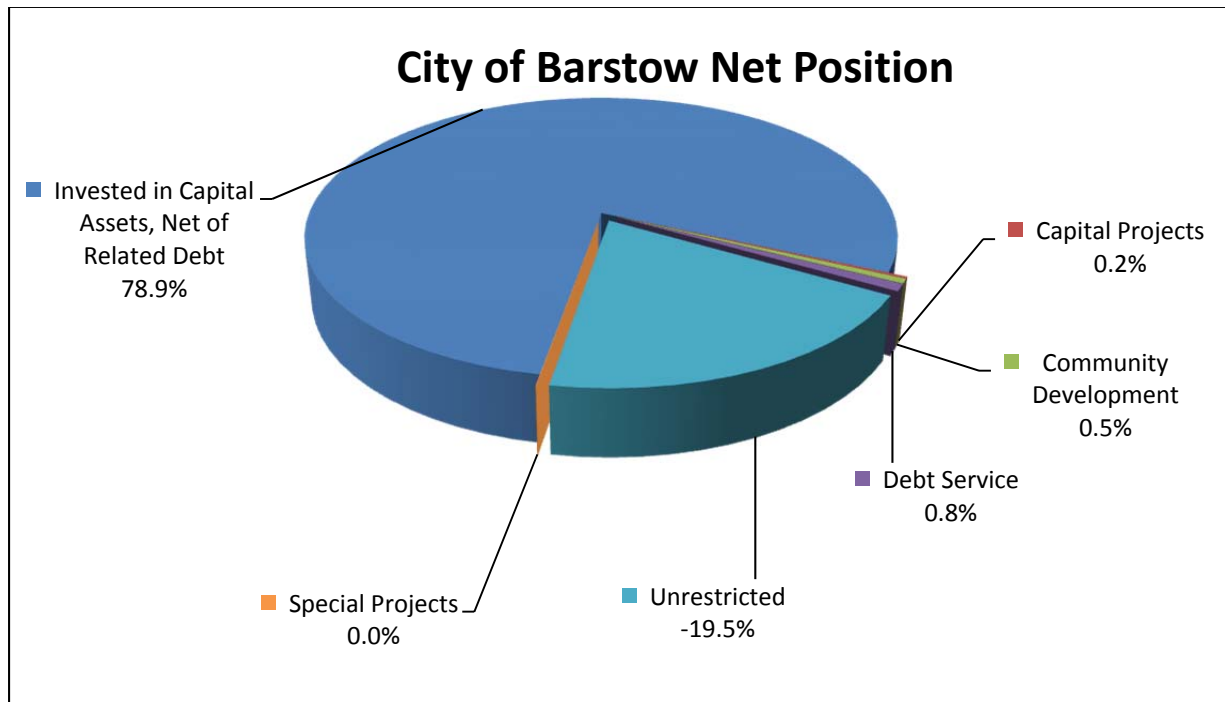
Supplementary information for the major government City Capital Projects fund and non-major governmental funds, such as Gas Tax special revenue fund, Grants, Asset Seizure, Barstow Harvey House Foundation, Redevelopment Housing Successor, Barstow Community Services Foundation, Local Transportation Fund and Flood Control special revenue funds, as well as the Measure I TRIP debt service fund are located on page 111-133 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 \$80.6 million at the close of the most recent fiscal year, a decrease of 8% over the previous year.

The largest portion, \$104 million, represents Investment in Capital Assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The second largest portion of the City's net position, Unrestricted, is a deficit of \$25.8 million. The third largest portion, Restricted for Debt Service, is \$1.1 million. The remaining balances are restricted for capital projects and are detailed below.



As shown in the total column for 2017 in the following chart (City of Barstow Net Position), an additional portion of the City's net position, \$2.12 million, represents resources that are subject to restrictions on how they may be used. Of this restricted amount, \$287 thousand is restricted for capital projects, \$1.01 million for debt service, \$703 thousand for community development, and \$42 thousand for special projects.

**CITY OF BARSTOW**  
**Management's Discussion and Analysis**  
**June 30, 2017**

**CITY OF BARSTOW NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 18,338,572	\$ 22,495,021	\$ (3,091,154)	\$ (4,107,846)	\$ 15,247,418	\$ 18,387,175
Capital assets	89,237,204	91,243,188	24,109,045	24,580,554	113,346,249	115,823,742
<b>Total Assets</b>	<b>107,575,776</b>	<b>113,738,209</b>	<b>21,017,891</b>	<b>20,472,708</b>	<b>128,593,667</b>	<b>134,210,917</b>
Total deferred outflows of resources	<b>15,695,870</b>	<b>11,089,020</b>	<b>578,512</b>	<b>190,798</b>	<b>16,274,382</b>	<b>11,279,818</b>
Current Liabilities	6,228,703	6,134,052	1,269,374	1,447,533	7,498,077	7,581,585
Long-term Liabilities	42,406,211	36,456,634	8,546,573	8,840,975	50,952,784	45,297,609
<b>Total Liabilities</b>	<b>48,634,914</b>	<b>42,590,686</b>	<b>9,815,947</b>	<b>10,288,508</b>	<b>58,450,861</b>	<b>52,879,194</b>
Total deferred inflows of resources	<b>5,629,750</b>	<b>4,825,000</b>	<b>162,041</b>	<b>221,752</b>	<b>5,791,791</b>	<b>5,046,752</b>
Net Position:						
Net invested in capital assets	81,895,762	80,392,246	22,376,249	22,332,269	104,272,011	102,724,515
Restricted	2,122,953	1,912,180			2,122,953	1,912,180
Unrestricted	(15,011,733)	(4,892,883)	(10,757,834)	(12,179,023)	(25,769,567)	(17,071,906)
<b>Total Net Position</b>	<b>\$ 69,006,982</b>	<b>\$ 77,411,543</b>	<b>\$ 11,618,415</b>	<b>\$ 10,153,246</b>	<b>\$ 80,625,397</b>	<b>\$ 87,564,789</b>

**City of Barstow Changes in Net position**

The City of Barstow's overall net position decreased by \$6.9 million from the prior year. The reasons for this overall decrease are discussed in the following sections for governmental activities (a decrease of \$8.4 million) and business-type activities (an increase of \$1.5 million).

**Governmental Activities**

Governmental activities decreased net position by \$8.4 million for fiscal year 2017 as shown in the chart above and on the page 10. A reduction in current and other assets is primarily due to a decrease of Cash and Investment of approximately \$3 million as compared to prior year. A temporary borrowing of Cash was used to the following funds: \$1.5 million to Barstow Fire Protection District for operation and prepayment of retirement fund; \$1.8 million to wastewater reclamation and non-major fund to pay for expense for which the expected reimbursement has yet been received as of June 30, 2017. Overall, total revenue was less than last year primarily due to reduction in grant funding receipts and a change in the franchise agreement for Solid Waste Fund; a franchise agreement that allowed Burrtec to be responsible for both hauler revenue and its related expenditures. Total expenditures increased due to an increase cost for all employee's salaries and benefits.

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

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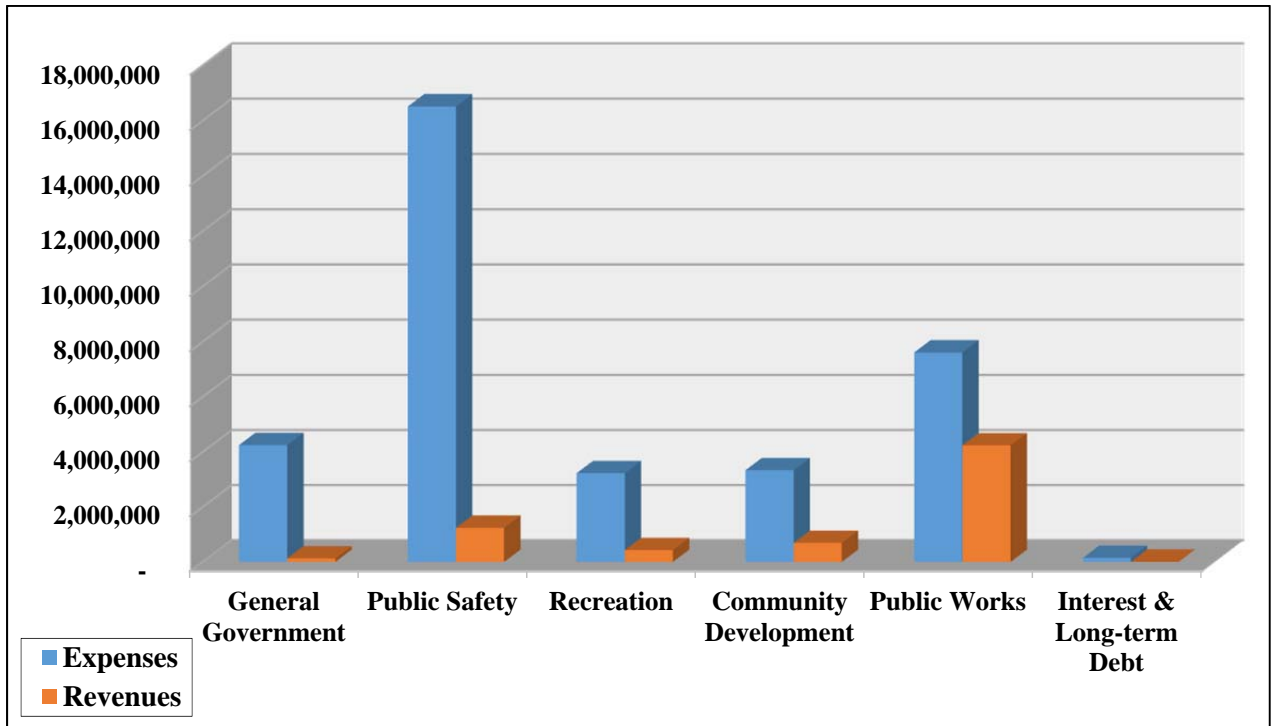
**Governmental & Business-Type Activities Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program Revenues						
Charges for service	\$ 1,702,142	\$ 1,569,444	\$ 7,308,801	\$ 9,824,517	\$ 9,010,943	\$ 11,393,961
Operating contributions and grants	638,283	1,045,110	524,058	219,038	1,162,341	1,264,148
Capital contributions and grants	4,365,660	5,488,502	-	-	4,365,660	5,488,502
Total Program Revenues	6,706,085	8,103,056	7,832,859	10,043,555	14,538,944	18,146,611
General Revenues						
Property taxes	7,970,015	7,441,119	-	-	7,970,015	7,441,119
Other taxes	4,320,452	4,122,771	-	-	4,320,452	4,122,771
Sales & use tax	7,166,274	7,670,993	-	-	7,166,274	7,670,993
Other revenues	478,828	682,382	-	-	478,828	682,382
Total General Revenues	19,935,569	18,567,750	-	1,349,515	19,935,569	19,917,265
<b>Total Revenues</b>	<b>26,641,654</b>	<b>26,670,806</b>	<b>7,832,859</b>	<b>11,393,070</b>	<b>34,474,513</b>	<b>38,063,876</b>
<b>Expenses</b>						
General government	4,243,537	3,453,207	-	-	4,243,537	3,453,207
Public & fire safety	16,507,044	14,618,441	-	-	16,507,044	14,618,441
Recreation	3,221,250	2,840,457	-	-	3,221,250	2,840,457
Community development	3,328,046	2,567,843	-	-	3,328,046	2,567,843
Public works	7,603,005	7,863,741	-	-	7,603,005	7,863,741
Interest on long-term debt	143,333	188,887	-	-	143,333	188,887
Wastewater	-	-	3,991,004	5,183,363	3,991,004	5,183,363
Solid waste	-	-	2,376,686	4,588,155	2,376,686	4,588,155
Transit	-	-	-	127,671	-	127,671
CNG/LNG fueling station	-	-	-	391,844	-	391,844
<b>Total Expenses</b>	<b>35,046,215</b>	<b>31,532,576</b>	<b>6,367,690</b>	<b>10,291,033</b>	<b>41,413,905</b>	<b>41,823,609</b>
Excess (Deficiency) of Revenues over	(8,404,561)	(4,861,770)	1,465,169	1,102,037	(6,939,392)	(3,759,733)
	<b>(8,404,561)</b>	<b>(4,861,770)</b>	<b>1,465,169</b>	<b>1,102,037</b>	<b>(6,939,392)</b>	<b>(3,759,733)</b>
<b>Special Items</b>						
Transfers	-	(1,349,515)	-	1,349,515	-	-
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)
<b>Total Special Items</b>	<b>-</b>	<b>1,537,968</b>	<b>-</b>	<b>(2,781,366)</b>	<b>-</b>	<b>(1,243,398)</b>
<b>Restatement to add net pension:</b>						
Changes in Net Position	(8,404,561)	(1,974,287)	1,465,169	(3,028,844)	(6,939,392)	(5,003,131)
Net position beginning of year (restated)	77,411,543	79,385,830	10,153,246	13,182,090	87,564,789	92,567,920
<b>Net Position June 30</b>	<b>\$ 69,006,982</b>	<b>\$ 77,411,543</b>	<b>\$ 11,618,415</b>	<b>\$ 10,153,246</b>	<b>\$ 80,625,397</b>	<b>\$ 87,564,789</b>

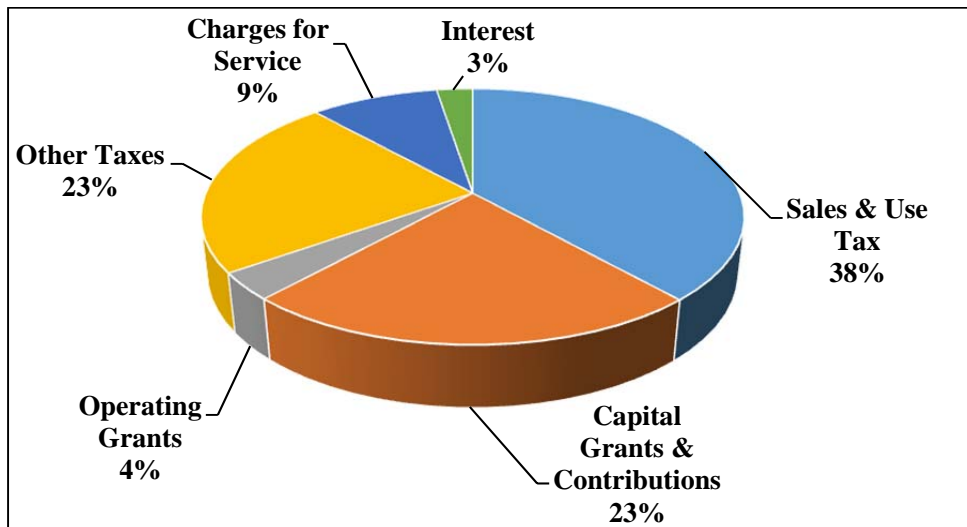
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**Governmental Activities**

**Governmental Activities - Expenses and Program Revenues for FY 2016/17**



**Governmental Activities - Revenues by Source**



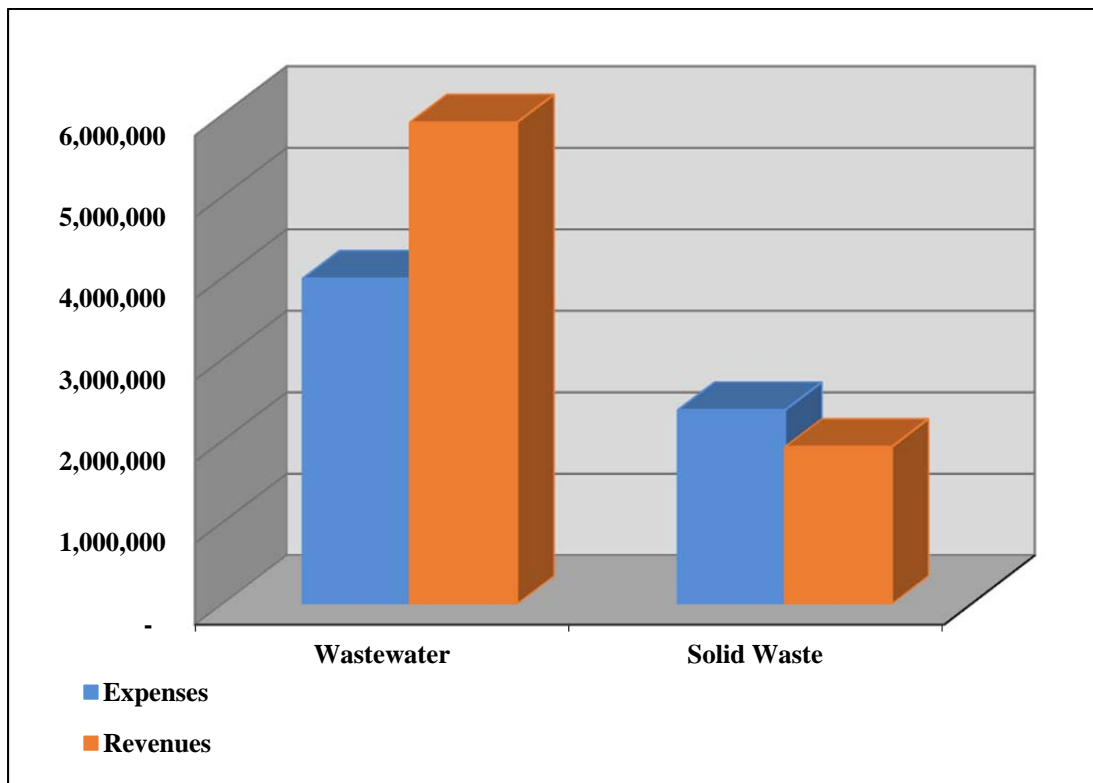
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**Business-type Activities**

Business-type activities increased net position by \$1.4 million as shown in the chart on page 10. When comparing fiscal year 2017 to fiscal year 2016, the main reasons for the increase is due to close out of the Transit Fund and State OES reimbursement. The City no longer has to absorb the loss for the Transit services and CNG/LNG fueling station. The Wastewater Reclamation Fund received \$524 thousand from the California State Office of Emergency Services for the reimbursement of August 2014 flood damage and loss on sales of equipment in fiscal year 2016.

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

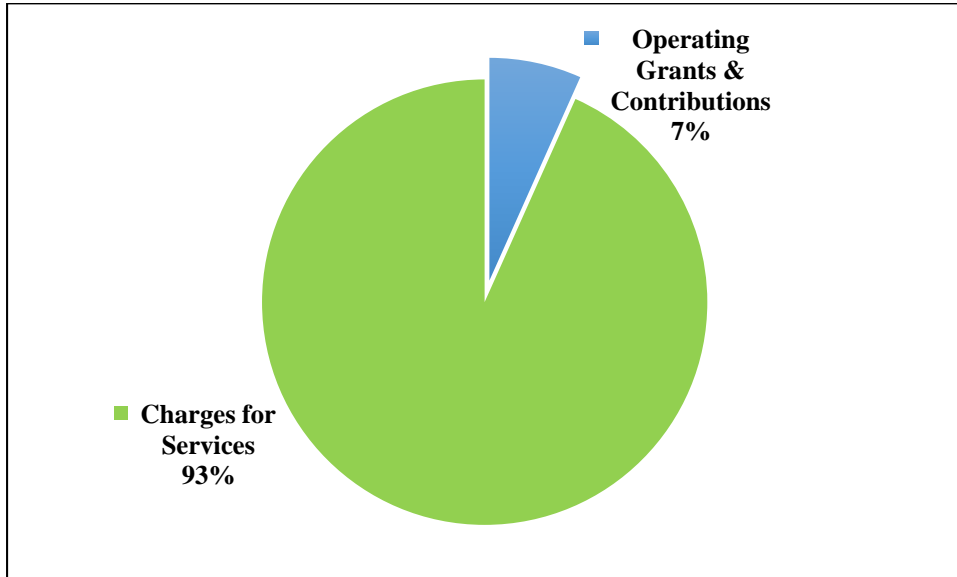
**Business-Type Activities - Expenses and Program Revenues**





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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.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14.6 million a decrease of 23% when compared to the fund balances of the prior year. In fiscal year 2017, expenditures were more than revenue by \$4.6 million. Further analysis discusses the underlying changes in the major government funds with major changes:

*General Fund-* There was a decrease in fund balance of \$3.9 million from the previous fiscal year. A transfer of \$564 thousand to Non Major Fund for capital projects was recorded. General Fund revenues were more than the previous fiscal year due to increase in all categories of revenue except for Sales Tax. Expenditures increased mainly due to increase in all employee's salaries and benefits. There is little or no changes in Capital project expenditures from the previous year due to the completion of budgeted projects.

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*Measure I-* The fund had a decrease of \$42 thousand in fund balance as compared to prior fiscal year. Main reason for the decrease was due to reduction in Measure I tax revenue receipt from San Bernardino County Transportation Authority (SBCTA).

*Barstow Fire Protection District-* As anticipated per the fiscal year 2017 budget, total expenditures were greater than revenues by approximately \$629 thousand. The main reason is the increasing pension expenditures which continue to plague the District. Revenues are comparable with the previous fiscal year.

The *non-spendable* portion of fund balance is 52% or \$7.7 million. 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, 2017, the major amounts designated as non-spendable were loans from the following funds:

- \$575 thousand due from the Successor Agency for the swimming pool loan
- \$1.7 million due from the Measure I Special Revenue Fund
- \$2.9 million Wastewater Reclamation Fund loans
- \$1.5 million Barstow Fire Protection District loan

*Restricted funds* constitute 15% or \$2.1 million 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 \$1.1 million for debt service as part of the Total Road Improvement Program (TRIP) financing.
- The Successor Agency Trust Fund constitutes \$703 thousand of the restricted fund balance.
- \$339 thousand is restricted for Capital, Streets & Highway projects. This restriction is part of Measure I, the Development Fund, and Gas Tax funds.

Approximately 33% or \$4.9 million constitutes *unassigned fund balance*, which is available for spending at the government's discretion. This balance is approximately \$3.6 million less than last year, due to the ongoing capital improvement program and the use of funds to cover project costs. The City adopted Council Fund Balance Policy #4548-2010, and has reserved \$3.96 million of fund balance for Working Capital and \$449 thousand for emergency contingency in compliance with its guidelines.

More details about the fund balance for governmental funds can be found on page 97.

### **Proprietary Funds**

At year-end, the total net position of all proprietary funds was \$11.6 million, or an increase of 14% over the previous fiscal year's fund balance. Details for the change are discussed below. Overall, this resulted in an increase of \$1.5 million in net position.

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- The *Wastewater Fund* had an increase in net position of \$1.9 million. The increase is primarily due to receipt of OES reimbursement and a previously recorded loss on sales of equipment from 2016.
- *Solid Waste* had a decrease in net position of \$450 thousand due to an approved contract increase for the disposal contractor. The increase also included a CPI adjustment.

Detailed information can be found on pages 42 – 44.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The schedule below summarizes the General Fund budgetary highlights and actual amounts for fiscal year 2017.

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Total Revenues</b>	<b>\$19,940,118</b>	<b>\$20,355,453</b>	<b>\$18,169,988</b>	<b>(2,185,465)</b>
	-	-	-	-
<b>Expenditures:</b>				
General Government	4,204,973	3,847,119	3,627,594	219,525
Public Safety	8,799,281	9,180,233	9,518,993	(338,760)
Recreation	2,369,065	2,435,803	2,567,524	(131,721)
Community Development	2,278,850	2,429,860	2,580,387	(150,527)
Public Works	2,732,302	2,802,879	2,947,892	(145,013)
Capital Outlay	384,062	453,776	389,095	64,681
Interest & Fiscal Charges	-	-	60	(60)
<b>Total Expenditures</b>	<b>20,768,533</b>	<b>21,149,670</b>	<b>21,631,545</b>	<b>(481,875)</b>
Revenues Over (Under) Expenditures	(828,415)	(794,217)	(3,461,557)	(2,667,340)
Other Financing Sources (Uses)	1,501,598	1,049,160	(440,489)	(1,489,649)
<b>Net Change in Fund Balance</b>	<b>673,183</b>	<b>254,943</b>	<b>(3,902,046)</b>	<b>(4,156,989)</b>
<b>Fund balance, beginning of the year</b>			<b>20,743,878</b>	-
<b>Fund balance, end of year</b>			<b>\$16,841,832</b>	

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**Comparison of Original to Final Budget**

*Revenues:*

The original revenue budget to the final amended revenue budget increased by \$415 thousand. The Worker's Comp claim budget increased to reflect additional claim receipts. Additional revenue from other agencies budget increased to account for CALTRANS reimbursement on East Barstow Drainage and transfer from the Successor Agency Fund.

*Expenditures:*

The difference in the original expenditure budget and the final amended expenditure budget was an increase in appropriations of \$381 thousand. This was due primarily to an increase in public safety unfunded liability of \$130 thousand and Capital Projects transfer. Other adjustments included replacement of police vehicles, ADA compliance review and upgraded of a new phone system. The changes within the expenditures categories between the original and final budget are due to the reallocation.

**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 \$396 thousand 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.
- *Sales & Use Taxes and Transient Occupancy Tax* were \$734 thousand lower than expected. Projected revenues were higher due to anticipation of several new businesses such as Super Walmart, Marshalls, and Habit Grill that were slightly delayed.
- *From Other Agencies* were less than anticipated by \$250 thousand. CALTRANS reimbursement for East Barstow Drainage did not pay as expected, for a budget amount of approximately \$465 thousand. However, the unbudgeted amount of \$189 thousand for the dispatch cost charged to BFPD has been accounted for in this fiscal year.
- *Other*- the Wastewater scheduled principal payment for approximately \$241 thousand 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 \$572 thousand and was paid as scheduled and recorded against the balance owed in the liability account.

**Expenditures**- Major increases in all departments were due to increases in salaries and benefits. Other increase also included workers' compensation claims, vehicle fuel costs, and legal fees.

**CITY OF BARSTOW**  
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**CAPITAL ASSET AND DEBT ADMINISTRATION**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounts to \$113 million (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 decrease of \$2 million from the previous fiscal year. Approximately \$2 million in work in progress was added for fiscal year 2017.

The major projects for fiscal year 2017 were:

- First Avenue Bridge Replacement over BNSF- \$5.6 million.
- Route 66 Signage - \$150 thousand
- LaVerne Drainage Improvement Phase II- \$3.4 million
- West Section 7 Engineering- \$2.4 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 \$236 thousand from fiscal year 2016.

The City added approximately \$1.1 million in new infrastructure for fiscal year 2017, mainly as a transfer of completed projects from Work in Progress. The infrastructure added was Henderson/Cameron sewer line repair that started in fiscal year 2014.

Therefore, the decrease of \$1.1 million is due to the following factors:

- There was a transfer of Henderson/Cameron sewer line repair from work in progress to infrastructure.
- A replacement of new equipment and vehicle. A Screw Press of \$416 thousand and a lease vehicle of \$28 thousand.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land & Intangible Assets	\$ 9,885,485	\$ 9,885,485	\$ 1,657,637	\$ 1,657,637	\$ 11,543,122	\$ 11,543,122
Work in progress	4,264,054	2,371,986	-	1,145,325	\$ 4,264,054	\$ 3,517,311
Buildings & Structures	11,504,683	12,019,093	114,469	120,887	\$ 11,619,152	\$ 12,139,980
Machinery and equipment	2,031,837	2,215,899	1,051,824	699,280	\$ 3,083,661	\$ 2,915,179
Infrastructure	61,551,145	64,750,725	21,285,115	20,957,425	\$ 82,836,260	\$ 85,708,150
<b>Total</b>	<b>\$ 89,237,204</b>	<b>\$ 91,243,188</b>	<b>\$ 24,109,045</b>	<b>\$ 24,580,554</b>	<b>\$ 113,346,249</b>	<b>\$ 115,823,742</b>

Additional information on the City's capital assets can be found in Note 6 of Notes to Financial Statements on page 69 & 70 of this report.

**Long-term Debt**

At the end of the current fiscal year, the City of Barstow had total debt outstanding of \$20.8 million. Of this debt amount, governmental activities accounts for \$12.7 million, and \$8 million is related to business-type activities. The City has no general obligation bond debt or tax allocation bond debt, as shown in the chart below.

**City of Barstow's Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	Total 2017	Total 2016
Measure I-TRIP COP	\$ 5,715,999	\$ 7,018,749	\$ -	\$ -	\$ 5,715,999	\$ 7,018,749
Capital Lease Agreement	1,625,443	2,092,667	1,096,637	1,312,813	2,722,080	3,405,480
Certificates of Participation	-	-	636,159	935,472	636,159	935,472
Pollution Remediation Liabili	-	-	6,063,255	6,385,871	6,063,255	6,385,871
PARS Supplemental Retireme	-	58,040	-	-	-	58,040
Claims & Judgments Payable	2,719,752	1,809,855	-	-	2,719,752	1,809,855
Compensated Absences	2,658,551	2,651,079	203,962	192,736	2,862,513	2,843,815
<b>Total</b>	<b>\$ 12,719,745</b>	<b>\$ 13,630,390</b>	<b>\$ 8,000,013</b>	<b>\$ 8,826,892</b>	<b>\$ 20,719,758</b>	<b>\$ 22,457,282</b>

In total, all categories of debt decreased, with the exception of claims payable, which increased by \$909 thousand and compensated absences, which increased by \$18 thousand. The categories that decreased did so because no new debt was added for fiscal year 2017 and only reflect the scheduled payment decrease.

**CITY OF BARSTOW**  
**Management's Discussion and Analysis**  
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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 as part of the road and street reconstruction projects. These projects are now complete 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

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 current development. Other debt variances are discussed below:

- Capital Lease-The City replaced 4 new leased vehicles for fiscal year 2017. The decrease from the previous fiscal year reflects the scheduled lease payment.
- Certificates of Participation for the Wastewater bond decreased by \$300 thousand due to scheduled payments.
- Pollution remediation expenses in the Soapmine Road area reduced the liability by \$322 thousand.
- The early retirement incentive offered December 2012, and accepted by six employees, decreased by \$58,000. This debt was satisfied in January 2017.
- Claims and judgments payable increased by \$909 thousand. This was primarily due to the filing of new claims.

Additional information on the City's long-term debt can be found in Note 7 on page 71 to 76 of this report.

**CITY OF BARSTOW**  
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**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 the 2018 fiscal year budget. General Fund revenues for the fiscal year 2018 budget were projected at \$20 million and General Fund operating expenditures at \$20.3 million and capital expenditures of \$171 thousand.

- The City's executive management team continues its commitment to improving the infrastructure for its residents. This is evidenced by the continued projects such as: 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 and West Section 7.
- Property tax revenue was comparable to fiscal year 2017 at \$7.8 million.
- Sales and use taxes is a major source of revenue for the City. In fiscal year 2016, actual sales tax revenue was \$7.7 million and decreased to \$7.1 million for fiscal year 2017. This decrease is due to a decrease in fuel prices for consumers, a slight decrease consumer in goods sold at the Outlet due to a reduction in foreign tourism. 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 November 2017 was 3.6%. This is a slight decline from October 2016 of 5.4%. This rate remains stable when compared with rate of 5.7% in October 2015. 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, increased slightly by \$180 thousand, or 6% for fiscal year 2017. At \$3.05 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 2018.



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**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, 2017**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 5,627,652	\$ 10,272	\$ 5,637,924
Cash and investments with fiscal agents	-	2	2
Accounts receivable, net	1,215,416	1,349,687	2,565,103
Accrued interest	14,475	-	14,475
Taxes receivable	855,107	-	855,107
Due from other governmental agencies	1,532,644	-	1,532,644
Inventories and prepayments	980,635	10,421	991,056
Total current assets	10,225,929	1,370,382	11,596,311
Noncurrent assets:			
Cash and investments with fiscal agents	1,080,098	-	1,080,098
Due from Successor Agency Trust Fund	1,844,855	-	1,844,855
Deposits	726,154	-	726,154
Internal balances	4,461,536	(4,461,536)	-
Capital assets:			
Not being depreciated	14,149,539	1,657,637	15,807,176
Being depreciated, net	75,087,665	22,451,408	97,539,073
Total capital asset	89,237,204	24,109,045	113,346,249
Total noncurrent assets	97,349,847	19,647,509	116,997,356
<b>Total assets</b>	107,575,776	21,017,891	128,593,667
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred employer pension contributions	3,241,559	405,954	3,647,513
Deferred outflows of resources - pension	12,454,311	172,558	12,626,869
<b>Total deferred outflows of resources</b>	15,695,870	578,512	16,274,382
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	2,623,047	359,085	2,982,132
Deposits	54,935	68,075	123,010
Unearned revenue	212,741	-	212,741
Interest payable	26,910	6,652	33,562
Long-term debt due within one year	3,311,070	815,562	4,126,632
Total current liabilities	6,228,703	1,249,374	7,478,077
Noncurrent liabilities:			
Net OPEB obligation	535,641	-	535,641
Net pension liability	32,461,895	1,382,122	33,844,017
Long-term debt due in more than one year	9,408,675	7,184,451	16,593,126
Total noncurrent liabilities	42,406,211	8,566,573	50,972,784
<b>Total liabilities</b>	48,634,914	9,815,947	58,450,861
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pension	5,629,750	162,041	5,791,791
<b>Total deferred inflows of resources</b>	5,629,750	162,041	5,791,791
<b>NET POSITION</b>			
Net investment in capital assets	81,895,762	22,376,249	104,272,011
Restricted for:			
Capital projects	287,007	-	287,007
Debt service	1,090,482	-	1,090,482
Community development	703,404	-	703,404
Special projects	42,060	-	42,060
Total restricted	2,122,953	-	2,122,953
Unrestricted (deficit)	(15,011,733)	(10,757,834)	(25,769,567)
<b>Total net position</b>	\$ 69,006,982	\$ 11,618,415	\$ 80,625,397

See accompanying Notes to Basic Financial Statements.

**City of Barstow**  
**Statement of Activities**  
**For the year ended June 30, 2017**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<b>Governmental activities:</b>					
General government	\$ 4,243,537	\$ 93,310	\$ 15,044	\$ 16,787	\$ 125,141
Public safety	16,507,044	596,835	563,300	74,515	1,234,650
Recreation	3,221,250	424,265	-	2,354	426,619
Community development	3,328,046	587,732	58,804	41,301	687,837
Public works	7,603,005	-	1,135	4,230,703	4,231,838
Interest on long-term debt	143,333	-	-	-	-
<b>Total governmental activities</b>	<b>35,046,215</b>	<b>1,702,142</b>	<b>638,283</b>	<b>4,365,660</b>	<b>6,706,085</b>
<b>Business-type activities:</b>					
Wastewater	3,991,004	5,382,396	524,058	-	5,906,454
Solid waste disposal	2,376,686	1,926,405	-	-	1,926,405
<b>Total business-type activities</b>	<b>6,367,690</b>	<b>7,308,801</b>	<b>524,058</b>	<b>-</b>	<b>7,832,859</b>
<b>Total primary government</b>	<b>\$ 41,413,905</b>	<b>\$ 9,010,943</b>	<b>\$ 1,162,341</b>	<b>\$ 4,365,660</b>	<b>\$ 14,538,944</b>

**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

**Total general revenues**

**Change in net position**

**Net position - beginning of year**

**Net position - end of year**



Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (4,118,396)	\$ -	\$ (4,118,396)
(15,272,394)	-	(15,272,394)
(2,794,631)	-	(2,794,631)
(2,640,209)	-	(2,640,209)
(3,371,167)	-	(3,371,167)
(143,333)	-	(143,333)
<u>(28,340,130)</u>	<u>-</u>	<u>(28,340,130)</u>
-	1,915,450	1,915,450
-	(450,281)	(450,281)
-	1,465,169	1,465,169
<u>(28,340,130)</u>	<u>1,465,169</u>	<u>(26,874,961)</u>
7,970,015	-	7,970,015
3,056,078	-	3,056,078
1,011,945	-	1,011,945
219,094	-	219,094
33,335	-	33,335
7,166,274	-	7,166,274
19,456,741	-	19,456,741
278,153	-	278,153
200,675	-	200,675
<u>19,935,569</u>	<u>-</u>	<u>19,935,569</u>
(8,404,561)	1,465,169	(6,939,392)
77,411,543	10,153,246	87,564,789
<u>\$ 69,006,982</u>	<u>\$ 11,618,415</u>	<u>\$ 80,625,397</u>

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# FUND FINANCIAL STATEMENTS

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*Governmental Funds Financial Statements*

*Enterprise Funds Financial Statements*

*Fiduciary Funds Financial Statements*

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## 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.

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

**City of Barstow**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

	Major Funds		
	General Fund	Measure I Special Revenue Fund	Barstow Fire Protection District Special Revenue Fund
<b>ASSETS</b>			
Cash and investments	\$ 4,922,552	\$ -	\$ -
Cash and investments held by fiscal agents	-	-	-
Accounts receivable, net	394,092	337,727	43,299
Accrued interest	11,662	1,622	-
Taxes receivable	809,838	-	-
Due from other governmental agencies	1,532,644	-	-
Due from other funds	3,285,991	-	-
Advances to other funds	6,169,863	-	-
Due from Successor Agency Trust Fund	574,942	-	-
Deposits	726,154	-	-
Prepayments	51,117	-	832,312
Inventory	97,206	-	-
<b>Total assets</b>	<b>\$ 18,576,061</b>	<b>\$ 339,349</b>	<b>\$ 875,611</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	1,343,278	38,313	253,706
Deposits	53,196	-	-
Due to other funds	-	182,709	1,510,537
Advances from other funds	-	1,750,000	1,500,000
Unearned revenue	-	-	-
<b>Total liabilities</b>	<b>1,396,474</b>	<b>1,971,022</b>	<b>3,264,243</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenues	337,755	73,438	-
<b>Fund Balances: (Note 12)</b>			
Nonspendable	7,619,282	-	832,312
Restricted	-	-	-
Unassigned	9,222,550	(1,705,111)	(3,220,944)
<b>Total fund balances</b>	<b>16,841,832</b>	<b>(1,705,111)</b>	<b>(2,388,632)</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 18,576,061</b>	<b>\$ 339,349</b>	<b>\$ 875,611</b>

See accompanying Notes to Basic Financial Statements.

Non-Major Governmental Funds		Total Governmental Funds	
\$	705,100	\$	5,627,652
	1,080,098		1,080,098
	440,298		1,215,416
	1,191		14,475
	45,269		855,107
	-		1,532,644
	-		3,285,991
	-		6,169,863
	1,269,913		1,844,855
	-		726,154
	-		883,429
	-		97,206
<u>\$</u>	<u>3,541,869</u>	<u>\$</u>	<u>23,332,890</u>
\$	987,750	\$	2,623,047
	1,739		54,935
	51,072		1,744,318
	-		3,250,000
	212,741		212,741
<u></u>	<u>1,253,302</u>	<u></u>	<u>7,885,041</u>
	435,758		846,951
	-		8,451,594
	2,122,945		2,122,945
	(270,136)		4,026,359
<u></u>	<u>1,852,809</u>	<u></u>	<u>14,600,898</u>
<u>\$</u>	<u>3,541,869</u>	<u>\$</u>	<u>23,332,890</u>

**City of Barstow**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2017**

**Total Fund Balances - Total Governmental Funds** \$ 14,600,898

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. 89,237,204

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

	Net OPEB obligation	(535,641)	
	Net pension liability	(32,461,895)	
	Compensated absences	(2,658,551)	
	Certificates of Participation	(5,715,999)	
	Capital leases	(1,625,443)	
	Claims and judgments payable	<u>(2,719,752)</u>	(45,717,281)

Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are deferred. 3,241,559

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	12,454,311
Deferred inflows of resources - pension	(5,629,750)

Accrued interest payable for the current portion of interest due on debt service has not been reported in the governmental fund activity. (26,910)

Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred on the modified accrual basis in governmental funds. 846,951

**Net Position of Governmental Activities** \$ 69,006,982

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, 2017**

	Major Funds		
	General Fund	Measure I Special Revenue Fund	Barstow Fire Protection District Special Revenue Fund
<b>REVENUES:</b>			
Property taxes	\$ 3,947,325	\$ -	\$ 4,039,840
Sales and use taxes	7,166,274	-	-
Transient occupancy tax	3,056,078	-	-
Motor vehicle fees, in lieu, unrestricted	10,913	-	-
Franchise taxes	1,011,945	-	-
Business license taxes	219,094	-	-
Other taxes	33,335	-	-
Licenses and permits	292,084	-	63,119
Fines and penalties	216,117	-	-
Revenues from other agencies	1,070,672	1,747,916	276,868
Charges for current services	700,514	-	-
Other	52,186	-	4,330
Use of money and property	393,451	1,739	9,720
<b>Total revenues</b>	<b>18,169,988</b>	<b>1,749,655</b>	<b>4,393,877</b>
<b>EXPENDITURES:</b>			
Current:			
General government	3,627,594	-	-
Public safety	9,518,993	-	4,816,932
Recreation	2,567,524	-	-
Community development	2,580,387	-	-
Public works	2,947,892	-	-
Capital outlay	389,095	-	204,026
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	60	-	2,147
<b>Total expenditures</b>	<b>21,631,545</b>	<b>-</b>	<b>5,023,105</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,461,557)</b>	<b>1,749,655</b>	<b>(629,228)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers out	(564,619)	(1,707,468)	-
Capital lease financing	124,130	-	-
<b>Total other financing sources (uses)</b>	<b>(440,489)</b>	<b>(1,707,468)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(3,902,046)</b>	<b>42,187</b>	<b>(629,228)</b>
<b>FUND BALANCES:</b>			
Beginning of year	20,743,878	(1,747,298)	(1,759,404)
End of year	\$ 16,841,832	\$ (1,705,111)	\$ (2,388,632)

See accompanying Notes to Basic Financial Statements.

Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 7,987,165
-	7,166,274
-	3,056,078
-	10,913
-	1,011,945
-	219,094
-	33,335
-	355,203
-	216,117
2,065,716	5,161,172
12,176	712,690
11,811	68,327
25,986	430,896
<u>2,115,689</u>	<u>26,429,209</u>
6,324	3,633,918
83,827	14,419,752
7,769	2,575,293
258,831	2,839,218
470,701	3,418,593
2,059,180	2,652,301
-	
1,190,000	1,190,000
260,568	262,775
<u>4,337,200</u>	<u>30,991,850</u>
<u>(2,221,511)</u>	<u>(4,562,641)</u>
3,486,269	3,486,269
(1,214,182)	(3,486,269)
-	124,130
<u>2,272,087</u>	<u>124,130</u>
50,576	(4,438,511)
1,802,233	19,039,409
<u>\$ 1,852,809</u>	<u>\$ 14,600,898</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, 2017

**Net Change in Fund Balances - Total Governmental Funds** \$ (4,438,511)

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. 2,359,300

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. (4,196,283)

Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are deferred. 3,241,559

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:

Loss on disposal of capital assets are not recorded on the Government Funds Statement of Revenues, Expenditures, and Changes in Fund Balance (169,001)

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. 6,693

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. (403,934)

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. (5,927,448)

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. 212,419

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	1,190,000	
Decrease in Measure I TRIP Certificates of Participation, Series 2012 original issuance premium	112,750	
Payments on capital lease obligations	591,354	
Capital lease financing	(124,130)	
Net increase in claims and judgments	(909,897)	
Payments on PARS supplemental retirement liability	58,040	
Net increase in compensated absences	(7,472)	910,645

**Change in Net Position of Governmental Activities** \$ (8,404,561)

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.

**City of Barstow**  
**Statement of Net Position**  
**Enterprise Funds**  
**June 30, 2017**

	Wastewater Reclamation	Solid Waste Disposal	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ -	\$ 10,272	\$ 10,272
Cash and investments with fiscal agents	2	-	2
Accounts receivable, net	1,305,203	44,484	1,349,687
Prepays	-	10,421	10,421
<b>Total current assets</b>	<b>1,305,205</b>	<b>65,177</b>	<b>1,370,382</b>
Noncurrent assets:			
Capital assets:			
Not being depreciated	1,657,637	-	1,657,637
Being depreciated, net	22,037,634	413,774	22,451,408
<b>Total capital assets</b>	<b>23,695,271</b>	<b>413,774</b>	<b>24,109,045</b>
<b>Total noncurrent assets</b>	<b>23,695,271</b>	<b>413,774</b>	<b>24,109,045</b>
<b>Total assets</b>	<b>25,000,476</b>	<b>478,951</b>	<b>25,479,427</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred employer pension contributions	181,958	223,996	405,954
Deferred outflows of resources - pension	77,345	95,213	172,558
<b>Total deferred outflows of resources</b>	<b>259,303</b>	<b>319,209</b>	<b>578,512</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	162,910	196,175	359,085
Deposits Payable	-	68,075	68,075
Due to other funds	1,541,673	-	1,541,673
Interest payable	6,652	-	6,652
Pollution remediation liability - due within one year	160,000	-	160,000
Compensated absences payable - due within one year	67,610	13,976	81,586
Capital lease payable - due within one year	248,976	-	248,976
Long-term debt - due within one year	325,000	-	325,000
<b>Total current liabilities</b>	<b>2,512,821</b>	<b>278,226</b>	<b>2,791,047</b>
Noncurrent liabilities:			
Advances from other funds	2,919,863	-	2,919,863
Pollution remediation liability - due in more than one year	5,903,255	-	5,903,255
Compensated absences payable - due in more than one year	101,415	20,961	122,376
Capital lease payable - due in more than one year	847,661	-	847,661
Long-term debt - due in more than one year	311,159	-	311,159
Net pension liability	619,500	762,622	1,382,122
<b>Total noncurrent liabilities</b>	<b>10,702,853</b>	<b>783,583</b>	<b>11,486,436</b>
<b>Total liabilities</b>	<b>13,215,674</b>	<b>1,061,809</b>	<b>14,277,483</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pension	72,631	89,410	162,041
<b>Total deferred inflows of resources</b>	<b>72,631</b>	<b>89,410</b>	<b>162,041</b>
<b>NET POSITION</b>			
Net investment in capital assets	21,962,475	413,774	22,376,249
Unrestricted (deficit)	(9,991,001)	(766,833)	(10,757,834)
<b>Total net position</b>	<b>\$ 11,971,474</b>	<b>\$ (353,059)</b>	<b>\$ 11,618,415</b>

See accompanying Notes to Basic Financial Statements.

**City of Barstow**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Enterprise Funds**  
**For the year ended June 30, 2017**

	Wastewater Reclamation	Solid Waste Disposal	Total
<b>OPERATING REVENUES:</b>			
Services charges	\$ 5,383,677	\$ 1,926,645	\$ 7,310,322
Other revenue	969	-	969
<b>Total operating revenues</b>	<b>5,384,646</b>	<b>1,926,645</b>	<b>7,311,291</b>
<b>OPERATING EXPENSES:</b>			
General administration	1,121,069	512,735	1,633,804
Cost of services	1,712,555	1,820,956	3,533,511
Insurance expenses and claims	104,134	17,737	121,871
Depreciation	890,840	25,258	916,098
<b>Total operating expenses</b>	<b>3,828,598</b>	<b>2,376,686</b>	<b>6,205,284</b>
<b>OPERATING INCOME</b>	<b>1,556,048</b>	<b>(450,041)</b>	<b>1,106,007</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest income	(2,250)	(240)	(2,490)
Interest expense	(162,406)	-	(162,406)
Grants and contributions	524,058	-	524,058
<b>Total nonoperating revenues (expenses)</b>	<b>359,402</b>	<b>(240)</b>	<b>359,162</b>
<b>Change in net position</b>	<b>1,915,450</b>	<b>(450,281)</b>	<b>1,465,169</b>
<b>NET POSITION:</b>			
Beginning of year	10,056,024	97,222	10,153,246
End of year	<b>\$ 11,971,474</b>	<b>\$ (353,059)</b>	<b>\$ 11,618,415</b>

See accompanying Notes to Basic Financial Statements.

**City of Barstow**  
**Statement of Cash Flows**  
**Enterprise Funds**  
**For the year ended June 30, 2017**

	Wastewater Reclamation	Solid Waste Disposal	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 4,952,916	\$ 2,295,260	\$ 7,248,176
Cash payments to suppliers of goods and services	(2,208,019)	(2,008,503)	(4,216,522)
Cash payments to employees for services	(1,007,941)	(462,834)	(1,470,775)
<b>Net cash provided by (used in) operating activities</b>	<b>1,736,956</b>	<b>(176,077)</b>	<b>1,560,879</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Payments on interfund borrowing	(1,136,094)	-	(1,136,094)
<b>Net cash provided by (used) in noncapital financing activities</b>	<b>(1,136,094)</b>	<b>-</b>	<b>(1,136,094)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Capital grants and contributions	524,058	-	524,058
Principal payments on long-term debt and capital lease	(559,444)	-	(559,444)
Interest paid on long-term debt and capital lease	(149,751)	-	(149,751)
Acquisition of capital assets	(416,321)	-	(416,321)
<b>Net cash (used) in capital and related financing activities</b>	<b>(601,458)</b>	<b>-</b>	<b>(601,458)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest on investments	-	897	897
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>897</b>	<b>897</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(596)</b>	<b>(175,180)</b>	<b>(175,776)</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>598</b>	<b>185,452</b>	<b>186,050</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 2</b>	<b>\$ 10,272</b>	<b>\$ 10,274</b>
<b>FINANCIAL STATEMENT PRESENTATION:</b>			
Cash and investments	\$ -	\$ 10,272	\$ 10,272
Restricted cash and investments with fiscal agents	2	-	2
<b>Total</b>	<b>\$ 2</b>	<b>\$ 10,272</b>	<b>\$ 10,274</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 1,556,048	\$ (450,041)	\$ 1,106,007
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	890,840	25,258	916,098
Changes in assets and liabilities:			
Accounts receivable	(431,730)	316,190	(115,540)
Prepays	6,876	39,932	46,808
Deferred employer pension contributions	(96,465)	(118,691)	(215,156)
Deferred outflows of resources - pension	(77,345)	(95,213)	(172,558)
Accounts payable and accrued liabilities	(25,724)	(207,349)	(233,073)
Deposits payable	-	52,425	52,425
Net pension liability	245,289	301,677	546,966
Deferred inflows of resources - pension	(26,730)	(32,981)	(59,711)
Pollution remediation liability	(322,615)	-	(322,615)
Compensated absences payable	18,512	(7,284)	11,228
<b>Total adjustments</b>	<b>180,908</b>	<b>273,964</b>	<b>454,872</b>
<b>Net cash provided (used) in operating activities</b>	<b>\$ 1,736,956</b>	<b>\$ (176,077)</b>	<b>\$ 1,560,879</b>
<b>Noncash items:</b>			
Capital lease financing	\$ 28,268	\$ -	\$ 28,268

See accompanying Notes to Basic Financial Statements.



## FIDUCIARY FUND FINANCIAL STATEMENTS

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**City of Barstow**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2017**

	Agency Funds	Private Purpose Trust Fund Successor Agency Trust Fund
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 206,679	\$ 1,212,476
Taxes and liens receivable	3,542	74,000
Interest receivable	294	810
Due from City of Barstow	-	45,461
Total current assets	<u>210,515</u>	<u>1,332,747</u>
Noncurrent assets:		
Property held for resale	-	3,350,164
<b>Total assets</b>	<u><u>\$ 210,515</u></u>	<u><u>4,682,911</u></u>
<b>LIABILITIES</b>		
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	\$ 25,303	-
Deposits	83,431	-
Due to bondholders	96,711	-
Due to other agencies	5,070	-
Interest payable	-	65,593
Payable to City of Barstow	-	1,844,855
Bonds Payable - due within one year	-	660,000
Total current liabilities	<u>210,515</u>	<u>2,570,448</u>
Noncurrent liabilities:		
Bonds Payable - due in more than one year	-	3,750,000
<b>Total liabilities</b>	<u><u>\$ 210,515</u></u>	<u><u>6,320,448</u></u>
<b>NET POSITION:</b>		
Held in trust for dissolution of RDA		<u>(1,637,537)</u>
<b>Total net position</b>		<u><u>\$ (1,637,537)</u></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, 2017**

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	Successor Agency Trust Fund
	<u>                    </u>
<b>ADDITIONS:</b>	
From other agencies	\$ 1,659,962
<b>Total additions</b>	<u>1,659,962</u>
<b>DEDUCTIONS:</b>	
Administration	240,195
Interest expense	272,280
<b>Total Deductions</b>	<u>512,475</u>
<b>Change in net position</b>	1,147,487
<b>NET POSITION:</b>	
Beginning of year	<u>(2,785,024)</u>
End of year	<u>\$ (1,637,537)</u>

See accompanying Notes to Basic Financial Statements.

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# NOTES TO BASIC FINANCIAL STATEMENTS

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**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

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**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, 2017**

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**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, 2017**

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**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 2017. 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, 2017**

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**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.

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

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

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Accounting and Measurement Focus, Continued***

**Fiduciary Fund Financial Statements**

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

The City reports the following fiduciary funds:

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

***C. Cash and Investments***

The City pools idle cash from all funds for the purpose of increasing income through investment activities. In compliance with Governmental Accounting Standards Board Statement No. 31, the City's investments are stated at fair value. Market value is used for those securities for which market quotations are readily available. For securities that lack readily available market quotations, reasonable estimates of fair value are used based on the market value of similar investments. The City generally holds all investments until maturity or until market values equal or exceed cost. Therefore, the fair value of securities in the investment pool does not necessarily reflect realized gains or losses but rather the fair value of those investments as of June 30, 2017.

***D. Cash and Cash Equivalents***

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

***E. Use of Estimates***

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

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***F. Receivables and Payables***

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

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

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

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

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

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

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

***G. Inventories and Prepayments***

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

***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.

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**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 capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. 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, 2017**

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**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, 2017 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, 2017**

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**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.

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.

**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.

**P. New Pronouncements**

In 2017, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*– The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans 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 (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this statement were not applicable to the City.

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*P. New Pronouncement, Continued*

- GASB Statement No. 77, *Tax Abatement Disclosure*- This Statement addresses the financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. There was no impact on net position as a result of implementation of this statement.
- GASB Statement No. 78, *Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans*- The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this statement were not applicable to the City.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14* - The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this statement were not applicable to the City.

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*P. New Pronouncement, Continued*

- GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statement No. 67, No. 68, and No. 73* - This Statement addresses certain issues that had been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in the required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City updated covered employee payroll information in the required supplementary information as part of implementation of this accounting standard. The City updated amounts reported for covered payroll related to its pension plans and recalculated related ratios presented in required supplementary information as a result of implementing this statement.

**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	\$ 5,627,652	\$ 10,272	\$ 1,419,155	\$ 7,057,079
Restricted cash and investments	1,080,098	2	-	1,080,100
<b>Total cash and investments</b>	<b>\$ 6,707,750</b>	<b>\$ 10,274</b>	<b>\$ 1,419,155</b>	<b>\$ 8,137,179</b>



**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

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**2. CASH AND INVESTMENTS, Continued**

Cash and investments as of June 30, 2017 consist of the following:

Deposits:	
Cash on hand	\$ 2,789
Deposits with financial institution	2,599,060
Total deposits	<u>2,601,849</u>
Investments:	
Local Agency Investment funds	1,922
Investments	4,453,308
Total investments	<u>4,455,230</u>
Total City Treasury	<u>7,057,079</u>
Restricted cash and investments	
Cash with fiscal agent	<u>1,080,100</u>
Total restricted cash and investments	<u>1,080,100</u>
<b>Total cash and investments</b>	<b><u><u>\$ 8,137,179</u></u></b>

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 \$2,599,060 at June 30, 2017. Bank balances before reconciling items were \$2,867,674, 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 67.

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

**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	None	None	None
U.S. Agencies	None	None	None
Time Certificates of Deposit	N/A	30%	N/A
Local agency Bonds	5 years	N/A	N/A
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
Mortgage Backed Securities	5 years	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	10%

\*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, 2017**

**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)	\$ 3,657,814	\$ 2,995,450	\$ 662,364
Federal Home Loan Mortg. Corp. Notes (FHLMC)	499,415	499,415	-
Negotiable Certificates of Deposit			
American Plus Bank	47,975	47,975	
Capital One Bank	248,104	248,104	
Local Agency Investment Fund	1,922	1,922	
<b>Total</b>	<b>\$ 4,455,230</b>	<b>\$ 3,792,866</b>	<b>\$ 662,364</b>

**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)	\$ 499,415	N/A	\$ 499,415	\$ -	\$ -	\$ -	\$ -
Federal Home Loan Mortg. Corp. Notes (FHLMC)	3,657,814	A	3,657,814	-	-	-	-
Certificates of Deposit							
American Plus Bank	47,975	N/A	-				47,975
Capital One Bank	248,104	N/A	-	248,104			
Local Agency Investment Funds	1,922	N/A	-				1,922
<b>Total</b>	<b>\$ 4,455,230</b>		<b>\$ 4,157,229</b>	<b>\$ 248,104</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49,897</b>

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

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**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	\$ 3,657,814
Federal Home Loan Mortgage Corporation	Federal Agency Securities	499,415

*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, 2017, 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, 2017, 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, 2017**

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**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, 2017, 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, 2017, the City had \$ 1,922 invested in LAIF, which had invested 2.89% 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 0.998940671 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, 2017 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, 2017**

**2. CASH AND INVESTMENTS, Continued**

*H. Investment Valuation, Continued*

Investment Type	Fair Value	Not Subject to Disclosure	Fair Value Measurement Using		
			Level 1	Level 2	Level 3
Securities of U.S. Government					
Treasury and Agencies:					
Federal Farm Credit Bank Bonds (FFCB)	\$ 3,657,814	\$ -	\$ -	\$ 3,657,814	\$ -
Federal Home Loan Mortg Corp Notes (FHLMC)	499,415	-	-	499,415	-
Negotiable Certificates of Deposit					
American Plus Bank	47,975	-	-	47,975	-
Capital One Bank	248,104	-	-	248,104	-
Local Agency Investment Fund	1,922	1,922	-	-	-
Total investments subject to fair value	\$ 4,455,230	\$ 1,922	\$ -	\$ 4,453,308	\$ -

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.

**3. ACCOUNTS RECEIVABLE**

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

	Accounts Receivable	Allowances for Uncollectibles	Accounts Receivable, Net
<b>Governmental Funds</b>			
General Fund	\$ 410,422	\$ (16,330)	\$ 394,092
Measure I Special Revenue Fund	337,727	-	337,727
Barstow Fire Protection District			
Special Revenue Fund	43,299	-	43,299
Nonmajor Governmental Funds	440,299	-	440,299
<b>Enterprise Funds</b>			
Wastewater Reclamation	1,305,203	-	1,305,203
Solid Waste Disposal	44,484	-	44,484
	<u>\$ 2,581,434</u>	<u>\$ (16,330)</u>	<u>\$ 2,565,104</u>

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

**4. INTERFUND BALANCES**

The following table presents the interfund balances as of June 30, 2017:

<u>Due to General Fund</u>	<u>Due from Other Funds</u>
Measure I Special Revenue Fund	\$ 182,709
Barstow Fire Protection District Fund	1,510,537
Non-Major Governmental Funds	51,072
Wastewater Reclamation Fund	1,541,673
<b>Total</b>	<b>\$ 3,285,991</b>

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. Measure I Special Revenue Fund and Non-Major Governmental Funds have expenses for which the expected reimbursement has not yet been received as of June 30, 2017.

The following table presents advances as of June 30, 2017:

	<u>Advances from Other Funds</u>			<u>Total</u>
	<u>Measure I Special Revenue Fund</u>	<u>Barstow Fire Protection District Special Revenue Fund</u>	<u>Wastewater Reclamation Enterprise Fund</u>	
Advances to Other Funds				
General Fund	\$ 1,750,000	\$ 1,500,000	\$ 2,919,863	\$ 6,169,863
Total	<u>\$ 1,750,000</u>	<u>\$ 1,500,000</u>	<u>\$ 2,919,863</u>	<u>\$ 6,169,863</u>

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, 2017, the total amount owed to the General Fund from the Wastewater Fund is \$2,919,863.

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, 2017, the total amount owed to the General Fund from the Barstow Fire Protection District Special Revenue Fund is \$1,500,000.

In fiscal year 2017, the General Fund advanced \$1,750,000 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, 2017**

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**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 \$3,486,269 as follows:

<u>Transfers Out</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
Major Funds		
General Fund	\$ 564,619	\$ 564,619
Measure I Special Revenue Fund	1,707,468	1,707,468
Non-major Govtl Funds	1,214,182	1,214,182
Total	<u>\$ 3,486,269</u>	<u>\$ 3,486,269</u>

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

The transfers of \$564,619 from the General Fund, \$1,707,468 from the Measure I Fund, \$1,214,182 from Non-major governmental funds to Non-major governmental funds were for capital project and debt service expenditures.



**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

**6. CAPITAL ASSETS**

A summary of changes in the governmental activities capital assets at June 30, 2017 is as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Non-depreciable assets:				
Work in progress	\$ 2,371,986	\$ 1,948,148	\$ (56,080)	\$ 4,264,054
Land	9,800,485	-	-	9,800,485
Intangible Asset-Water Rights	85,000	-	-	85,000
<b>Total non-depreciable assets</b>	<b>12,257,471</b>	<b>1,948,148</b>	<b>(56,080)</b>	<b>14,149,539</b>
Depreciable assets:				
Buildings and improvements	26,956,759	-	-	26,956,759
Machinery and equipment	6,732,289	243,712	-	6,976,001
Property under capital lease	1,323,234	124,130	(352,902)	1,094,462
Infrastructure	112,410,803	99,390	-	112,510,193
<b>Total depreciable assets</b>	<b>147,423,085</b>	<b>467,232</b>	<b>(352,902)</b>	<b>147,537,415</b>
Less accumulated depreciation:				
Buildings and improvements	(14,937,666)	(514,410)	-	(15,452,076)
Machinery and equipment	(5,333,735)	(308,613)	-	(5,642,348)
Property under capital lease	(505,889)	(74,290)	183,901	(396,278)
Infrastructure	(47,660,078)	(3,298,970)	-	(50,959,048)
<b>Total accumulated depreciation</b>	<b>(68,437,368)</b>	<b>(4,196,283)</b>	<b>183,901</b>	<b>(72,449,750)</b>
<b>Total depreciable assets, net</b>	<b>78,985,717</b>	<b>(3,729,051)</b>	<b>(169,001)</b>	<b>75,087,665</b>
<b>Total capital assets</b>	<b>\$ 91,243,188</b>	<b>\$ (1,780,903)</b>	<b>\$ (225,081)</b>	<b>\$ 89,237,204</b>

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

**6. CAPITAL ASSETS, Continued**

A summary of changes in the business-type activities capital assets at June 30, 2017 is as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Non-depreciable assets:				
Work in progress	\$ 1,145,325	\$ -	\$ (1,145,325)	\$ -
Land	1,657,637	-	-	1,657,637
Total non-depreciable assets	<u>2,802,962</u>	<u>-</u>	<u>(1,145,325)</u>	<u>1,657,637</u>
Depreciable assets:				
Buildings and improvements	306,094	-	-	306,094
Machinery and equipment	2,070,774	416,321	-	2,487,095
Property under capital lease	51,031	28,268	-	79,299
Infrastructure	29,806,533	1,145,325	-	30,951,858
Total depreciable assets	<u>32,234,432</u>	<u>1,589,914</u>	<u>-</u>	<u>33,824,346</u>
Less accumulated depreciation:				
Buildings and improvements	(185,207)	(6,418)	-	(191,625)
Machinery and equipment	(1,401,262)	(85,666)	-	(1,486,928)
Property under capital lease	(21,263)	(6,379)	-	(27,642)
Infrastructure	(8,849,108)	(817,635)	-	(9,666,743)
Total accumulated depreciation	<u>(10,456,840)</u>	<u>(916,098)</u>	<u>-</u>	<u>(11,372,938)</u>
Total depreciable assets, net	<u>21,777,592</u>	<u>673,816</u>	<u>-</u>	<u>22,451,408</u>
<b>Total capital assets</b>	<u>\$ 24,580,554</u>	<u>\$ 673,816</u>	<u>\$ (1,145,325)</u>	<u>\$ 24,109,045</u>

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

	Governmental Activities	Business-type Activities
General government	\$ 406,312	\$ -
Public Safety	206,617	-
Recreation	233,801	-
Community Development	4,496	-
Public Works	3,345,057	-
Wastewater Reclamation	-	890,840
Solid Waste Disposal	-	25,258
<b>Total depreciation expense</b>	<u>\$ 4,196,283</u>	<u>\$ 916,098</u>

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

**7. LONG-TERM DEBT**

During the year ended June 30, 2017, the following changes occurred in liabilities reported in long-term debt:

	Balance June 30, 2016	Additions	Deletions	Bond Discount/ Premium	Balance June 30, 2017	Due Within One Year
<b>Governmental Activities:</b>						
Measure I TRIP COP, Series 2012	\$ 7,018,749	\$ -	\$ (1,190,000)	\$ (112,750)	\$ 5,715,999	\$ 1,240,000
Capital lease agreements	2,092,667	124,130	(591,354)	-	1,625,443	441,693
Compensated absences	2,651,079	2,325,842	(2,318,370)	-	2,658,551	1,063,420
PARS Supplemental Retirement	58,040	-	(58,040)	-	-	-
Claims and judgements payable	1,809,855	1,126,844	(216,947)	-	2,719,752	565,957
Total governmental activities	<u>\$ 13,630,390</u>	<u>\$ 3,576,816</u>	<u>\$ (4,374,711)</u>	<u>\$ (112,750)</u>	<u>\$ 12,719,745</u>	<u>\$ 3,311,070</u>
<b>Business type Activities:</b>						
Certificates of Participation	\$ 935,472	\$ -	\$ (315,000)	\$ 15,687	\$ 636,159	\$ 325,000
Pollution remediation liability	6,385,871	-	(322,616)	-	6,063,255	160,000
Capital lease agreement	1,312,813	28,268	(244,444)	-	1,096,637	248,976
Compensated absences	192,736	157,593	(146,367)	-	203,962	81,586
Total business-type activities	<u>\$ 8,826,892</u>	<u>\$ 185,861</u>	<u>\$ (1,028,427)</u>	<u>\$ 15,687</u>	<u>\$ 8,000,013</u>	<u>\$ 815,562</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, 2017 were \$1,747,916

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

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**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
2018	\$ 1,240,000	\$ 210,600	\$ 1,451,000
2019	1,290,000	161,000	1,505,200
2020	1,340,000	109,400	1,395,000
2021	1,395,000	55,800	1,395,000
Subtotal	5,265,000	\$ 536,800	\$ 5,746,200
Bond Premium	450,999		
Total	\$ 5,715,999		

**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 2017, the City made an annual lease payment of \$189,352.

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 expired in June 2017.

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

**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
2018	\$ 614,851	\$ 105,398	\$ 720,249
2019	642,353	77,897	720,250
2020	671,202	49,048	720,250
2021	701,465	18,785	720,250
2022	92,209	153	92,362
<b>Total</b>	<b>\$ 2,722,080</b>	<b>\$ 251,281</b>	<b>\$ 2,973,361</b>
Governmental activities	\$ 1,625,443	\$ 143,230	\$ 1,768,673
Business type activities	1,096,637	108,051	1,204,688
<b>Total</b>	<b>\$ 2,722,080</b>	<b>\$ 251,281</b>	<b>\$ 2,973,361</b>

**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, 2017, was \$2,658,551 for governmental activities and \$203,962 for business-type activities.

**E. Certificates of Participation**

The California Statewide Communities Development Authority issued its Water and Wastewater Revenue Bonds, Series 2004B bonds in the amount of \$7,850,000 in September 2004. The City of Barstow received \$3,850,000 of the proceeds to defease and repay in full the Barstow Public Facilities Corporation 1994 Certificates of Participation and for certain improvements to wastewater facilities. Installment payments are made which correspond to the debt service payments on the bonds. The City's installment payments vary from \$230,000 to \$340,000 with payments due semiannually starting on October 1, 2005. Interest on installment payments varies from 2.00% to 4.05%. The certificates of participation are secured and to be serviced from all gross income and revenue received from the ownership or operation of the wastewater facilities less operation and maintenance costs excluding depreciation, through the fiscal year 2019. Net revenue recognized during the year was \$1,556,048 against the total principal and interest payment of \$347,671. The outstanding balance at June 30, 2017 is \$636,159.

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

**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
2018	\$ 325,000	\$ 20,189	\$ 345,189
2019	340,000	6,885	346,885
Subtotal	665,000	\$ 27,074	\$ 692,074
Bond discount	(28,841)		
<b>Total</b>	<b>\$ 636,159</b>		

*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 \$2,791,745 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 \$160,000 for the design in fiscal year 2016 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, 2017 is as follows:

Obligating Event	Liability
Pollution poses an imminent danger to the public or environment:	
Quarterly groundwater sampling	\$ 3,291,987
Operation and maintenance of groundwater	2,639,938
Replacement drinking water	131,330
Total by obligating event	<b>\$ 6,063,255</b>

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

**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, 2017, the following changes occurred in liabilities reported in long-term debt for Fiduciary Funds:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
<b>Fiduciary Funds: Successor Agency Private Purpose Trust</b>					
Redevelopment Tax Allocation Bonds:					
2004 Tax Allocation Bonds	\$ 5,045,000	-	(635,000)	4,410,000	660,000
Total fiduciary funds	\$ 5,045,000	\$ -	\$ (635,000)	\$ 4,410,000	\$ 660,000

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

**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, 2017 is \$4,410,000.

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

Year Ending June 30,	Principal	Interest	Total
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	780,000	56,245	836,245
2023	815,000	19,152	834,152
Total	<u>\$ 4,410,000</u>	<u>\$ 627,040</u>	<u>\$ 5,037,040</u>

**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, 2017**

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**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 \$44,550.

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, 2017**

**8. RISK MANAGEMENT, Continued**

	2017	2016	2015
<u>Workers' Compensation</u>			
Liability, July 1	\$ 1,569,456	\$ 1,520,167	\$ 1,382,784
Incurring claims and changes in estimates	1,214,420	606,222	498,370
Claim payments	(504,257)	(556,933)	(360,987)
Liability, June 30	<u>\$ 2,279,619</u>	<u>\$ 1,569,456</u>	<u>\$ 1,520,167</u>
Due within one year	455,924	313,891	304,033
Due in more than one year	1,823,695	1,255,565	1,216,134
	<u>\$ 2,279,619</u>	<u>\$ 1,569,456</u>	<u>\$ 1,520,167</u>
<u>General Liability</u>			
Liability, July 1	\$ 240,400	\$ 289,561	\$ 300,706
Incurring claims and changes in estimates	(87,576)	110,190	295,700
Claim payments	287,309	(159,351)	(306,845)
Liability, June 30	<u>\$ 440,133</u>	<u>\$ 240,400</u>	<u>\$ 289,561</u>
Due within one year	\$ 110,033	\$ 60,100	\$ 72,390
Due in more than one year	330,100	180,300	217,171
	<u>\$ 440,133</u>	<u>\$ 240,400</u>	<u>\$ 289,561</u>

**9. RETIREMENT PLANS**

**A. Summary of Pension Plan Balances**

Pension related balances presented on the Statement of Net Position as of June 30, 2017 by individual plan are described in the following table:

	Deferred Employer Contributions	Deferred Outflows - Pension	Net Pension Liability	Deferred Inflows - Pension	Pension Expense
CALPERS Cost Sharing Plan	\$ 2,388,566	\$ 4,987,135	\$ 21,062,463	\$ 1,385,965	\$ 4,243,156
SBCERA - Barstow Fire Protection District	1,258,947	7,639,734	12,781,554	4,405,826	2,189,928
<b>Total</b>	<u>\$ 3,647,513</u>	<u>\$ 12,626,869</u>	<u>\$ 33,844,017</u>	<u>\$ 5,791,791</u>	<u>\$ 6,433,084</u>

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

**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, 2017 are summarized as follows:

	<u>Safety - Classic</u>	<u>Miscellaneous - Classic</u>
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	19.536%	11.634%
Required UAL payment	\$ 412,810	\$ 547,436
	<u>Safety - PEPRA</u>	<u>Miscellaneous - PEPRA</u>
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	12.082%	6.555%
Required UAL payment	\$ -	\$ -

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

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**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 measurement period ended June 30, 2016 were \$2,739,637.

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

As of June 30, 2017, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$21,062,463.

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, 2016, 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 rolled forward to June 30, 2016 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 the measurement dates June 30, 2015 and 2016 were as follows:

Proportion - June 30, 2015	0.20999%
Proportion - June 30, 2016	0.24341%
Change - Increase (Decrease)	<u>0.03342%</u>

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

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**9. RETIREMENT PLANS, Continued**

**B. CALPERS Safety and Miscellaneous Employees Plans, Continued**

For the year ended June 30, 2017, the City recognized pension expense of \$4,243,156. At June 30, 2017, 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	\$ 2,388,566	\$ -
Changes of assumptions	-	(753,017)
Differences between expected and actual experience	-	(42,012)
Changes in employer's proportion	1,164,939	-
Differences between the employer's contribution and the employer's proportionate share of contributions	-	(590,936)
Net differences between projected and actual earnings on plan investments	3,822,196	-
	<u>                    </u>	<u>                    </u>
Total	\$ 7,375,701	\$ (1,385,965)

\$2,388,566 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, 2018.

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>	
2018	\$ 322,910
2019	364,989
2020	1,921,125
2021	992,146

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

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**9. RETIREMENT PLANS, Continued**

**B. CALPERS Safety and Miscellaneous Employees Plans, Continued**

*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, 2016
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 <sup>(1)</sup>	7.50%
Mortality	Derived by CalPERS membership data for all funds

(1) Net of pension plan administrative expenses.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 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, 2017**

**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	20.00%	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	1.00%	-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, 2017**

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**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	\$ 35,644,191
Current Discount Rate	7.65%
Net Pension Liability	\$ 21,062,463
1% Increase	8.65%
Net Pension Liability	\$ 9,043,045

*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, 2017 the City reported a payable of \$0 for outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.



**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

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**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, 2017**

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**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, 2017**

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**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 2016 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 2017 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.

All members are required to make contributions to SBCERA regardless of the retirement plan or tier in which they are included.

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, 2017**

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**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. 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 measurement period ended June 30, 2016 were \$1,407,336.

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

As of June 30, 2017, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$12,781,554.

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, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2016. 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 the measurement dates June 30, 2015 and 2016 were as follows:

Proportion - June 30, 2015	0.638%
Proportion - June 30, 2016	0.518%
Change - Increase (Decrease)	<u>-0.120%</u>

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

**9. RETIREMENT PLANS, Continued**

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

For the year ended June 30, 2017, the City recognized pension expense of \$2,189,928. At June 30, 2017, 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	\$ 1,258,947	\$ -
Changes of assumptions or other inputs	882,621	-
Changes in employer's proportion and differences between the employer's contribution and the employer's proportionate share of contributions	3,988,354	(2,470,783)
Net differences between projected and actual earnings on plan investments	2,768,759	-
Difference between expected and actual experience in the total pension liability	-	(1,935,043)
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 8,898,681</u>	<u>\$ (4,405,826)</u>

\$1,258,947 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, 2018.

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>	
2018	\$ 554,456
2019	1,003,055
2020	1,352,983
2021	836,386
2022	(369,636)
2023	(143,336)

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

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**9. RETIREMENT PLANS, Continued**

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

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

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
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 administrative 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, 2017**

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**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, 2016. 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, 2016, 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, 2016 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, 2017**

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**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%	

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**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

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**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	\$ 16,943,279
Current Discount Rate	7.50%
Net Pension Liability	\$ 12,781,554
1% Increase	8.50%
Net Pension Liability	\$ 9,332,923

*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, 2017 the City reported a payable of \$38,782 for outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

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**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 CalPERS health plan is an agent multiple employer defined benefit plan.

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, Riverstone Capital, apart from City employees. The City provides retiree medical benefits to eligible retirees and their spouses in accordance with their labor agreements. The health insurance plan is a single employer defined benefit plan.

*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, 2017:

	<u>Fire</u>	<u>Police</u>	<u>Miscellaneous</u>	<u>Total</u>
Retired Employees receiving OPEB Benefits	1	28	75	104

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, 2017, the City contributed \$12,099 and \$628,957 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, 2017**

**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, 2015, the most recent actuarial valuation was \$10,885,338. The ARC for Fire employees was \$77,308 and \$966,843 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	\$ 77,308	\$ 966,843	\$ 1,044,151
Interest on net OPEB obligation	9,219	-	9,219
Amortization of net OPEB obligation	(8,380)	-	(8,380)
Annual OPEB cost	78,147	966,843	1,044,990
Payments made	(12,099)	(628,957)	(641,056)
Increase (decrease) in net OPEB obligation	66,048	337,886	403,934
Net OPEB obligation - beginning of the year	131,707	-	131,707
Net OPEB obligation - end of the year	\$ 197,755	\$ 337,886	\$ 535,641

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
Fire Employees			
6/30/2015	\$ 80,745	97.9%	\$ 130,694
6/30/2016	75,914	98.7%	131,707
6/30/2017	78,147	15.5%	197,755
Police and Miscellaneous Employees			
6/30/2015	\$ 703,114	100.0%	-
6/30/2016	725,965	100.0%	-
6/30/2017	966,843	65.1%	337,886

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

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**10. POST-EMPLOYMENT HEALTH CARE BENEFITS, Continued**

*C. Funding Status and Progress, Continued*

Fire Employees

As of July 1, 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, 2015, the most recent valuation date, the actuarial accrued liability for benefits was \$10,885,338, and the actuarial value of assets was \$805,954, resulting in an unfunded actuarial accrued liability (UAAL) of \$10,079,384 and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 7.4%. Covered payroll for the year was \$10,085,135 and the UAAL as a percentage of covered payroll was 99.9%.

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 6 percent annually. The UAAL is being amortized as a level percentage of projected payroll over a closed 30 year period. 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, 2017**

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**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, 2017, 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, 2017 the City had nonspendable fund balance of inventories and prepaid amount of \$980,635, deposits of \$726,154, due from Successor Agency Trust Fund of \$574,942, and advances to other funds of \$6,169,863.

*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, 2017 the City had restricted fund balances of: \$23,978 for public safety, \$25,688 for streets and highways, \$1,628 for parks and recreation, \$1,080,098 for debt service, \$703,404 for low and moderate income housing, and \$288,149 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, 2017, the City has unassigned fund balance of \$3,955,318 for emergency contingency, and \$448,830 for working capital reserve. 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, 2017, the City General Fund had an unassigned fund balance of \$9,222,550.

**City of Barstow**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2017**

**12. FUND BALANCE FOR GOVERNMENTAL FUNDS, Continued**

The schedule on the following page illustrates the City's fund balances as of June 30, 2017 for its governmental funds:

	Major Governmental Funds				Total Government
	General Fund	Measure I Special Revenue Fund	Barstow		
			Fire Protection District Special Revenue Fund	Non Major Government Funds	
Fund Balances					
<b>Nonspendable fund balance:</b>					
Prepays & Inventory	148,323	-	832,312	-	980,635
Deposits	726,154	-	-	-	726,154
Due from Successor Agency Trust Fund	574,942	-	-	-	574,942
Advances to other funds	6,169,863	-	-	-	6,169,863
	<u>7,619,282</u>	<u>-</u>	<u>832,312</u>	<u>-</u>	<u>8,451,594</u>
<b>Restricted fund balance for:</b>					
Public Safety/Fire Protection	-	-	-	23,978	23,978
Streets & Highway	-	-	-	25,688	25,688
Parks and Recreation	-	-	-	1,628	1,628
Debt Service	-	-	-	1,080,098	1,080,098
Low & Moderate Income Housing	-	-	-	703,404	703,404
Other Purposes	-	-	-	288,149	288,149
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,122,945</u>	<u>2,122,945</u>
<b>Unassigned fund balance</b>					
Emergency Contingency Policy	3,955,318	-	-	-	3,955,318
Working Capital Reserve	448,830	-	-	-	448,830
Other	4,818,402	(1,705,111)	(3,220,944)	(270,136)	(377,789)
	<u>9,222,550</u>	<u>(1,705,111)</u>	<u>(3,220,944)</u>	<u>(270,136)</u>	<u>4,026,359</u>
<b>Total Fund Balances</b>	<u><u>16,841,832</u></u>	<u><u>(1,705,111)</u></u>	<u><u>(2,388,632)</u></u>	<u><u>1,852,809</u></u>	<u><u>14,600,898</u></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, 2017**

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**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 2016-17 from the Redevelopment Property Tax Trust Fund (RPTTF) include the following:

2004 Bonds	Principal	\$	635,000
	Interest		209,480
Pool loan repayment to the City of Barstow		\$	507,079

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, 2017**

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

The following funds have expenditures in excess of appropriations:

General Fund \$ 481,875

- Expenditures in excess of appropriation for the General Fund were primarily due to an increase in salaries and benefits for public safety, recreation, community development, and public works.

Barstow Harvey House Foundation \$ 7,769

- The City did not budget in fiscal year 2016/17 for this fund as there was anticipated to be minimal activity.

Redevelopment Housing Successor \$ 2,503

- The City did not budget in fiscal year 2016/17 for this fund as there was anticipated to be minimal activity.

Barstow Community Services Foundation \$ 11,496

- The City did not budget in fiscal year 2016/17 for this fund as there was anticipated to be minimal activity.

The following funds have negative fund balance as of June 30, 2017:

**Measure I-Special Revenue Fund-\$1,705,111** - 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-\$2,388,632** - 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.

**Grants-\$254,988** - The City receives certain grants that are on a reimbursement basis which results in negative fund balance until reimbursements are received.

**Harvey House Foundation-\$15,148** - 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, 2017**

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**15. BARSTOW FIRE PROTECTION DISTRICT**

The Barstow Fire Protection District (District) continues to have on going losses in fiscal year 2017. In fiscal year 2016, GASB 68 or the recording of pension liability was implemented. In FY2017, the District reported a negative fund balance of \$2,388,632 and negative government-wide net position of \$10,338,181.

As in fiscal year 2016, The Board in conjunction with management studied and reviewed a variety of options to address this issue. The two major considerations in fiscal year 2017 are:

- The Board has decided to hold a special municipal election on November 7, 2017. A Measure to levy a Transaction and Use Tax of One-Half of One Percent. In order for the Measure to pass, it required two-thirds of the majority vote. Unfortunately, the Measure narrowly missed by one percent.
- On April 2017, the Board approved a \$900,000 loan agreement between General Fund II and BFPD to cover the initial payment to SBCERRA for retirement contribution. The payment will help stabilize the expenditures of the BFPD.
- The balance of the loan outstanding as of June 30, 2017 was \$1.5 million.

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.

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**City of Barstow**  
**Required Supplementary Information**  
**For the year ended June 30, 2017**

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**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, 2017.

**City of Barstow**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2017**

**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 Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 4,343,877	\$ 4,343,877	\$ 3,947,325	\$ (396,552)
Sales and use taxes	7,900,000	7,900,000	7,166,274	(733,726)
Transient occupancy tax	3,100,500	3,100,500	3,056,078	(44,422)
Motor vehicle fees, in lieu, unrestricted	10,000	10,000	10,913	913
Franchise taxes	986,900	986,900	1,011,945	25,045
Business license taxes	220,000	220,000	219,094	(906)
Other taxes	60,000	60,000	33,335	(26,665)
Licenses and permits	307,700	307,700	292,084	(15,616)
Fines and penalties	124,000	124,000	216,117	92,117
From other agencies	687,079	1,321,107	1,070,672	(250,435)
Charges for current services	1,093,425	894,732	700,514	(194,218)
Other	300,467	300,467	52,186	(248,281)
Use of money and property	806,170	786,170	393,451	(392,719)
<b>Total revenues</b>	<b>19,940,118</b>	<b>20,355,453</b>	<b>18,169,988</b>	<b>(2,185,465)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	4,204,973	3,847,119	3,627,594	219,525
Public safety	8,799,281	9,180,233	9,518,993	(338,760)
Recreation	2,369,065	2,435,803	2,567,524	(131,721)
Community development	2,278,850	2,429,860	2,580,387	(150,527)
Public works	2,732,302	2,802,879	2,947,892	(145,013)
Capital outlay	384,062	453,776	389,095	64,681
Debt service:				
Interest and fiscal charges	-	-	60	(60)
<b>Total expenditures</b>	<b>20,768,533</b>	<b>21,149,670</b>	<b>21,631,545</b>	<b>(481,875)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(828,415)</b>	<b>(794,217)</b>	<b>(3,461,557)</b>	<b>(2,667,340)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,750,000	1,750,000	-	(1,750,000)
Transfers out	(258,402)	(710,840)	(564,619)	146,221
Capital lease financing	-	-	124,130	124,130
Proceeds from sale of assets	10,000	10,000	-	(10,000)
<b>Total other financing sources (uses)</b>	<b>1,501,598</b>	<b>1,049,160</b>	<b>(440,489)</b>	<b>(1,489,649)</b>
<b>Net change in fund balance</b>	<b>\$ 673,183</b>	<b>\$ 254,943</b>	<b>(3,902,046)</b>	<b>\$ (4,156,989)</b>
<b>FUND BALANCE:</b>				
Beginning of year			20,743,878	
End of year			\$ 16,841,832	

**City of Barstow**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2017**

**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		
<b>REVENUES:</b>				
From other agencies	\$ 2,300,000	\$ 2,250,000	\$ 1,747,916	\$ (502,084)
Use of money and property	-	-	1,739	1,739
<b>Total revenues</b>	<b>2,300,000</b>	<b>2,250,000</b>	<b>1,749,655</b>	<b>(500,345)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,300,000</b>	<b>2,250,000</b>	<b>1,749,655</b>	<b>(500,345)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(2,551,000)	(3,088,422)	(1,707,468)	1,380,954
<b>Total other financing sources (uses)</b>	<b>(2,551,000)</b>	<b>(3,088,422)</b>	<b>(1,707,468)</b>	<b>1,380,954</b>
<b>Net change in fund balance</b>	<b>\$ (251,000)</b>	<b>\$ (838,422)</b>	<b>42,187</b>	<b>\$ 880,609</b>
<b>FUND BALANCE:</b>				
Beginning of year			(1,747,298)	
End of year			\$ (1,705,111)	

**City of Barstow**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2017**

**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 Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 4,100,000	\$ 4,100,000	\$ 4,039,840	\$ (60,160)
Licenses and permits	31,000	31,000	63,119	32,119
From other agencies	157,084	1,028,968	276,868	(752,100)
Other	6,000	6,000	4,330	(1,670)
Use of money and property	8,000	8,000	9,720	1,720
<b>Total revenues</b>	<b>4,302,084</b>	<b>5,173,968</b>	<b>4,393,877</b>	<b>(780,091)</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	4,342,524	5,115,592	4,816,932	298,660
Capital outlay	117,278	216,094	204,026	12,068
Debt service:				
Interest and fiscal charges	4,000	4,000	2,147	1,853
<b>Total expenditures</b>	<b>4,463,802</b>	<b>5,335,686</b>	<b>5,023,105</b>	<b>312,581</b>
<b>Net change in fund balance</b>	<b>\$ (161,718)</b>	<b>\$ (161,718)</b>	<b>(629,228)</b>	<b>\$ (467,510)</b>
<b>FUND BALANCE:</b>				
Beginning of year			(1,759,404)	
End of year			\$ (2,388,632)	

**City of Barstow**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2017**

**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:	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date:	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.24341%	0.20999%	0.16302%
Proportionate share of the net pension liability	\$ 21,062,463	\$ 14,413,454	\$ 9,892,651
Covered payroll	\$ 10,244,777	\$ 10,085,135	\$ 10,139,297
Proportionate Share of the net pension liability as percentage of covered payroll	205.59%	142.92%	97.57%
Plan fiduciary net position as a percentage of the total pension liability	74.06%	78.40%	79.82%

**Notes to Schedule:**

\*- Intended to show information for ten years, additional years' information will be displayed as it becomes available.

Schedule of Contributions – Last 10 Years\*

Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 2,388,566	\$ 2,051,026	\$ 2,255,263
Contribution in relation to the actuarially determined contributions	<u>(2,388,566)</u>	<u>(2,051,026)</u>	<u>(2,255,263)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 11,891,452	\$ 10,244,777	\$ 10,085,135
Contributions as a percentage of covered payroll	20.09%	20.02%	22.36%

**Note to Schedule**

Valuation date: 6/30/2014 6/30/2013 6/30/2012

\*- Intended to show information for ten years, additional years' information will be displayed as it becomes available.



**City of Barstow**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2017**

**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:	2017	2016	2015	2014	2013
Measurement date:	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Proportion of the net pension liability	0.51800%	0.63800%	0.16302%	0.20999%	0.16302%
Proportionate share of the net pension liability	\$ 12,781,554	\$ 12,395,608	\$ 7,076,400	\$ 7,032,983	\$ 8,236,719
Covered payroll	\$ 2,518,304	\$ 2,036,785	\$ 1,863,261	\$ 1,607,162	\$ 1,661,960
Proportionate Share of the net pension liability as percentage of employee payroll	507.55%	608.59%	379.79%	437.60%	495.60%
Plan fiduciary net position as a percentage of the total pension liability	76.86%	80.98%	82.47%	78.17%	71.73%

**Notes to Schedule:**

\*- Intended to show information for ten years, additional years' information will be displayed as it becomes available.

Schedule of Contributions – Last 10 Years\*

Fiscal year	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 1,258,947	\$ 1,407,336	\$ 1,420,488
Contribution in relation to the actuarially determined contributions	(1,258,947)	(1,407,336)	(1,420,488)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 1,776,774	\$ 2,518,304	\$ 2,036,785
Contributions as a percentage of covered payroll	70.86%	55.88%	69.74%
<b>Note to Schedule</b>			
Valuation date:	6/30/2015	6/30/2014	6/30/2013

\*- Intended to show information for ten years, additional years' information will be displayed as it becomes available.

**City of Barstow**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2017**

**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
7/1/2011	\$ 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%
7/1/2015	\$ 805,954	\$ 10,885,338	\$ 10,079,384	7.40%	\$ 10,085,135	99.9%

\* Based on the most recent actuarial valuation available

\*\* Annual payroll of active employees covered by the plan

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# SUPPLEMENTARY INFORMATION

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## 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)

### CAPITAL PROJECT FUNDS

*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.

### 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, 2017**

	Special Revenue			
	Gas Tax	Grants	Assets Seizure	Barstow Harvey House Foundation
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 113,311	\$ 23,943	\$ -
Cash and investments held by fiscal agents	-	-	-	-
Accounts receivable, net	-	440,298	-	-
Accrued interest	-	436	35	-
Taxes receivable	45,269	-	-	-
Due from Successor Agency Trust Fund	-	-	-	-
<b>Total assets</b>	<b>\$ 45,269</b>	<b>\$ 554,045</b>	<b>\$ 23,978</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	-	160,534	-	-
Due to other funds	37,663	-	-	13,409
Unearned revenue	-	212,741	-	-
<b>Total liabilities</b>	<b>37,663</b>	<b>373,275</b>	<b>-</b>	<b>15,148</b>
<b>Deferred Inflow of Resources:</b>				
Unavailable revenue	-	435,758	-	-
<b>Total deferred inflow of resources:</b>	<b>-</b>	<b>435,758</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	7,606	-	23,978	-
Unassigned	-	(254,988)	-	(15,148)
<b>Total fund balances</b>	<b>7,606</b>	<b>(254,988)</b>	<b>23,978</b>	<b>(15,148)</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 45,269</b>	<b>\$ 554,045</b>	<b>\$ 23,978</b>	<b>\$ -</b>

Redevelopment Housing Successor	Special Revenue			Capital Projects	Debt Service	Total Non Major Governmental Funds
	Barstow Community Services	Local Transportation	Flood Control	City Capital Projects	Measure I TRIP	
\$ 235,076	\$ 1,628	\$ 18,056	\$ 10,376	\$ 302,710	\$ -	\$ 705,100
-	-	-	-	-	1,080,098	1,080,098
-	-	-	-	-	-	440,298
342	-	26	-	352	-	1,191
-	-	-	-	-	-	45,269
1,269,913	-	-	-	-	-	1,269,913
<u>\$ 1,505,331</u>	<u>\$ 1,628</u>	<u>\$ 18,082</u>	<u>\$ 10,376</u>	<u>\$ 303,062</u>	<u>\$ 1,080,098</u>	<u>\$ 3,541,869</u>
801,927	-	-	-	25,289	-	\$ 987,750
-	-	-	-	-	-	51,072
-	-	-	-	-	-	212,741
801,927	-	-	-	25,289	-	1,253,302
-	-	-	-	-	-	435,758
-	-	-	-	-	-	435,758
703,404	1,628	18,082	10,376	277,773	1,080,098	2,122,945
-	-	-	-	-	-	(270,136)
703,404	1,628	18,082	10,376	277,773	1,080,098	1,852,809
<u>\$ 1,505,331</u>	<u>\$ 1,628</u>	<u>\$ 18,082</u>	<u>\$ 10,376</u>	<u>\$ 303,062</u>	<u>\$ 1,080,098</u>	<u>\$ 3,541,869</u>



**City of Barstow**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2017**

	Special Revenue			
	Gas Tax	Grants	Assets Seizure	Barstow Harvey House Foundation
<b>REVENUES:</b>				
From other agencies	\$ 478,181	\$ 1,425,600	\$ 3,026	\$ -
Charges for current services	-	-	-	6,674
Other	-	-	-	4,110
Use of money and property	55	192	-	-
<b>Total revenues</b>	<b>478,236</b>	<b>1,425,792</b>	<b>3,026</b>	<b>10,784</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	6,324	-	-
Public safety	-	83,574	253	-
Recreation	-	-	-	7,769
Community development	-	244,824	-	-
Public works	470,675	-	-	-
Capital outlay	-	11,642	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>470,675</b>	<b>346,364</b>	<b>253</b>	<b>7,769</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>7,561</b>	<b>1,079,428</b>	<b>2,773</b>	<b>3,015</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	(1,213,722)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(1,213,722)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>7,561</b>	<b>(134,294)</b>	<b>2,773</b>	<b>3,015</b>
<b>FUND BALANCES:</b>				
Beginning of year	45	(120,694)	21,205	(18,163)
End of year	\$ 7,606	\$ (254,988)	\$ 23,978	\$ (15,148)

Redevelopment Housing Successor	Special Revenue			Flood Control	Capital Projects	Debt Service	Total Non-Major Governmental Funds
	Barstow Community Services	Local Transportation	City Capital Projects		Measure I TRIP		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 158,909	\$ -	\$ 2,065,716
-	5,502	-	-	-	-	-	12,176
-	7,701	-	-	-	-	-	11,811
12,392	-	-	-	-	41	13,306	25,986
12,392	13,203	-	-	-	158,950	13,306	2,115,689
-	-	-	-	-	-	-	6,324
-	-	-	-	-	-	-	83,827
-	-	-	-	-	-	-	7,769
2,503	11,496	-	8	-	-	-	258,831
-	-	26	-	-	-	-	470,701
-	-	-	-	-	2,047,538	-	2,059,180
-	-	-	-	-	-	1,190,000	1,190,000
-	-	-	-	-	-	260,568	260,568
2,503	11,496	26	8	2,047,538	1,450,568	4,337,200	
9,889	1,707	(26)	(8)	(1,888,588)	(1,437,262)	(2,221,511)	
-	-	-	-	2,047,536	1,438,733	3,486,269	
-	-	(460)	-	-	-	(1,214,182)	
-	-	(460)	-	2,047,536	1,438,733	2,272,087	
9,889	1,707	(486)	(8)	158,948	1,471	50,576	
693,515	(79)	18,568	10,384	118,825	1,078,627	1,802,233	
\$ 703,404	\$ 1,628	\$ 18,082	\$ 10,376	\$ 277,773	\$ 1,080,098	\$ 1,852,809	

**City of Barstow**

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

**Gas Tax Fund**

**For the year ended June 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
From other agencies	\$ 487,128	\$ 465,191	\$ 478,181	\$ 12,990
Other	-	-	-	-
Use of money and property	-	-	55	55
<b>Total revenues</b>	<b>487,128</b>	<b>465,191</b>	<b>478,236</b>	<b>13,045</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	487,128	465,191	470,675	(5,484)
<b>Total expenditures</b>	<b>487,128</b>	<b>465,191</b>	<b>470,675</b>	<b>(5,484)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>7,561</b>	<b>\$ 18,529</b>
<b>FUND BALANCE:</b>				
Beginning of year			45	
End of year			<b>\$ 7,606</b>	

# City of Barstow

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

### Grants Fund

For the year ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
From other agencies	\$ 284,748	\$ 7,121,917	\$ 1,425,600	\$ (5,696,317)
Use of money and property	-	-	192	192
<b>Total revenues</b>	<b>284,748</b>	<b>7,121,917</b>	<b>1,425,792</b>	<b>(5,696,125)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	6,324	6,324	6,324	-
Public safety	80,000	174,857	83,574	91,283
Community development	59,409	425,683	244,824	180,859
Capital outlay	-	11,425	11,642	(217)
<b>Total expenditures</b>	<b>145,733</b>	<b>618,289</b>	<b>346,364</b>	<b>271,925</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>139,015</b>	<b>6,503,628</b>	<b>1,079,428</b>	<b>(5,424,200)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(143,452)	(6,478,947)	(1,213,722)	5,265,225
<b>Total other financing sources (uses)</b>	<b>(143,452)</b>	<b>(6,478,947)</b>	<b>(1,213,722)</b>	<b>5,265,225</b>
<b>Net change in fund balance</b>	<b>\$ (4,437)</b>	<b>\$ 24,681</b>	<b>(134,294)</b>	<b>\$ (158,975)</b>
<b>FUND BALANCE:</b>				
Beginning of year			(120,694)	
End of year			<u>\$ (254,988)</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, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
From other agencies	\$ 1,000	\$ 1,000	\$ 3,026	\$ 2,026
Use of money and property	-	-	-	-
<b>Total revenues</b>	<b>1,000</b>	<b>1,000</b>	<b>3,026</b>	<b>2,026</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	5,459	17,267	253	17,014
<b>Total expenditures</b>	<b>5,459</b>	<b>17,267</b>	<b>253</b>	<b>17,014</b>
<b>Net change in fund balance</b>	<b>\$ (4,459)</b>	<b>\$ (16,267)</b>	<b>2,773</b>	<b>\$ 19,040</b>
<b>FUND BALANCE:</b>				
Beginning of year			21,205	
End of year			<u>\$ 23,978</u>	

**City of Barstow**

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

**Barstow Harvey House Foundation Fund**

**For the year ended June 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	-	-	4,110	-
<b>EXPENDITURES:</b>				
Current:				
Recreation	-	-	7,769	(7,769)
<b>Total expenditures</b>	-	-	7,769	(7,769)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	(3,659)	(7,769)
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of assets	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	-
<b>Net change in fund balance</b>	\$ -	\$ -	(3,659)	\$ (7,769)
<b>FUND BALANCE:</b>				
Beginning of year			(18,163)	
End of year			\$ (21,822)	

# City of Barstow

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

### Redevelopment Housing Successor

For the year ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 12,392	\$ 12,392
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>12,392</b>	<b>12,392</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	2,503	(2,503)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>2,503</b>	<b>(2,503)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>9,889</b>	<b>\$ 9,889</b>
<b>FUND BALANCE:</b>				
Beginning of year			693,515	
End of year			<u>\$ 703,404</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, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for current services	\$ -	\$ -	\$ 5,502	\$ 5,502
Other	-	-	7,701	7,701
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>13,203</b>	<b>7,701</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	11,496	(11,496)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>11,496</b>	<b>(11,496)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,707</b>	<b>\$ (3,795)</b>
<b>FUND BALANCE:</b>				
Beginning of year			(79)	
End of year			\$ 1,628	



# 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, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
From other agencies	\$ 276,282	\$ 276,282	\$ -	\$ (276,282)
<b>Total revenues</b>	<u>276,282</u>	<u>276,282</u>	<u>-</u>	<u>(276,282)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	-	26	(26)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>26</u>	<u>(26)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>276,282</u>	<u>276,282</u>	<u>(26)</u>	<u>(276,308)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	12,642	-	(12,642)
Transfers out	-	(274,820)	(460)	274,360
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(262,178)</u>	<u>(460)</u>	<u>261,718</u>
<b>Net change in fund balance</b>	<u>\$ 276,282</u>	<u>\$ 14,104</u>	<u>(486)</u>	<u>\$ (14,590)</u>
<b>FUND BALANCE:</b>				
Beginning of year			18,568	
End of year			<u>\$ 18,082</u>	

# 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, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
From other agencies	\$ 1,135,000	\$ 1,135,000	\$ -	\$ (1,135,000)
<b>Total revenues</b>	<b>1,135,000</b>	<b>1,135,000</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	8	(8)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>(8)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,135,000</b>	<b>1,135,000</b>	<b>(8)</b>	<b>(8)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,135,000)	(1,135,000)	-	1,135,000
<b>Total other financing sources (uses)</b>	<b>(1,135,000)</b>	<b>(1,135,000)</b>	<b>-</b>	<b>1,135,000</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(8)</b>	<b>\$ 1,134,992</b>
<b>FUND BALANCE:</b>				
Beginning of year			10,384	
End of year			<u>\$ 10,376</u>	

# 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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
From other agencies	\$ 200,000	\$ 200,000	\$ 158,909	\$ (41,091)
Use of money and property	-	-	41	41
<b>Total revenues</b>	<u>200,000</u>	<u>200,000</u>	<u>158,950</u>	<u>(41,050)</u>
<b>EXPENDITURES:</b>				
Current:				
Capital outlay	2,584,352	10,077,209	2,047,538	8,029,671
<b>Total expenditures</b>	<u>2,584,352</u>	<u>10,077,209</u>	<u>2,047,538</u>	<u>8,029,671</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,384,352)</u>	<u>(9,877,209)</u>	<u>(1,888,588)</u>	<u>7,988,621</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,584,352	10,077,209	2,047,536	(8,029,673)
Transfers out	-	(75,000)	-	75,000
<b>Total other financing sources (uses)</b>	<u>2,584,352</u>	<u>10,002,209</u>	<u>2,047,536</u>	<u>(7,954,673)</u>
<b>Net change in fund balance</b>	<u>\$ 200,000</u>	<u>\$ 125,000</u>	<u>\$ 158,948</u>	<u>\$ 33,948</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>118,825</u>	
End of year			<u>\$ 277,773</u>	

# 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, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ 13,000	\$ 13,306	\$ 306
<b>Total revenues</b>	<b>-</b>	<b>13,000</b>	<b>13,306</b>	<b>306</b>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal retirement	1,190,000	1,190,000	1,190,000	-
Interest and fiscal charges	263,000	263,000	260,568	2,432
<b>Total expenditures</b>	<b>263,000</b>	<b>1,453,000</b>	<b>1,450,568</b>	<b>2,432</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(263,000)</b>	<b>(1,440,000)</b>	<b>(1,437,262)</b>	<b>2,738</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,453,000	1,453,000	1,438,733	(14,267)
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,453,000</b>	<b>1,453,000</b>	<b>1,438,733</b>	<b>(14,267)</b>
<b>Net change in fund balance</b>	<b>\$ 1,190,000</b>	<b>\$ 13,000</b>	<b>1,471</b>	<b>\$ (11,529)</b>
<b>FUND BALANCE:</b>				
Beginning of year			1,078,627	
End of year			<u>\$ 1,080,098</u>	

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## 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.

*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, 2017**

	Public Improvement District 91-1	Landscape Assessment District	Other Agency	Developer Deposits
<b>ASSETS</b>				
Cash and investments	\$ 96,570	\$ 73,592	\$ 30,061	\$ 1,599
Accounts receivable	-	3,542	-	-
Interest receivable	141	97	48	8
<b>Total assets</b>	<b>\$ 96,711</b>	<b>\$ 77,231</b>	<b>\$ 30,109</b>	<b>\$ 1,607</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 160	\$ 20,286	\$ -
Deposits	-	77,071	4,753	1,607
Due to bondholders	96,711	-	-	-
Due to other agencies	-	-	5,070	-
<b>Total liabilities</b>	<b>\$ 96,711</b>	<b>\$ 77,231</b>	<b>\$ 30,109</b>	<b>\$ 1,607</b>

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Victor Valley Transit Authority	Total Agency Funds
\$ 4,857	\$ 206,679
-	3,542
-	294
<u>\$ 4,857</u>	<u>\$ 210,515</u>

\$ 4,857	\$ 25,303
-	83,431
-	96,711
-	5,070
<u>\$ 4,857</u>	<u>\$ 210,515</u>



**City of Barstow**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2017**

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>Public Improvement District 91-1</b>				
<b>Assets:</b>				
Cash and investments	\$ 99,597	\$ -	\$ 3,027	\$ 96,570
Interest receivable	222	141	222	141
<b>Total assets</b>	<b>\$ 99,819</b>	<b>\$ 141</b>	<b>\$ 3,249</b>	<b>\$ 96,711</b>
<b>Liabilities:</b>				
Due to bondholders	\$ 99,819	\$ 141	\$ 3,249	\$ 96,711
<b>Total liabilities</b>	<b>\$ 99,819</b>	<b>\$ 141</b>	<b>\$ 3,249</b>	<b>\$ 96,711</b>
<b>Landscape Assessment District</b>				
<b>Assets:</b>				
Cash and investments	\$ 66,688	\$ 6,904	\$ -	\$ 73,592
Taxes receivable	51	3,542	51	3,542
Interest receivable	148	97	148	97
<b>Total assets</b>	<b>\$ 66,887</b>	<b>\$ 10,543</b>	<b>\$ 199</b>	<b>\$ 77,231</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 577	\$ 160	\$ 577	\$ 160
Deposits	66,310	10,761	-	77,071
<b>Total liabilities</b>	<b>\$ 66,887</b>	<b>\$ 10,921</b>	<b>\$ 577</b>	<b>\$ 77,231</b>
<b>Other Agency</b>				
<b>Assets:</b>				
Cash and investments	\$ 32,283	\$ -	\$ 2,222	\$ 30,061
Interest receivable	73	48	73	48
<b>Total assets</b>	<b>\$ 32,356</b>	<b>\$ 48</b>	<b>\$ 2,295</b>	<b>\$ 30,109</b>
<b>Liabilities:</b>				
Accounts payable	\$ 23,295	\$ -	\$ 3,009	\$ 20,286
Deposits	3,999	4,753	3,999	4,753
Due to other agencies	5,062	5,070	5,062	5,070
<b>Total liabilities</b>	<b>\$ 32,356</b>	<b>\$ 9,823</b>	<b>\$ 12,070</b>	<b>\$ 30,109</b>

**City of Barstow**  
**Combining Statement of Changes in Assets and Liabilities, Continued**  
**Agency Funds**  
**For the year ended June 30, 2017**

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>Developer Deposits</b>				
<b>Assets:</b>				
Cash and investments	\$ 9,538	\$ 1,599	\$ 9,538	\$ 1,599
Interest receivable	61	8	61	8
<b>Total assets</b>	<b>\$ 9,599</b>	<b>\$ 1,607</b>	<b>\$ 9,599</b>	<b>\$ 1,607</b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits	9,599	1,607	9,599	1,607
<b>Total liabilities</b>	<b>\$ 9,599</b>	<b>\$ 1,607</b>	<b>\$ 9,599</b>	<b>\$ 1,607</b>
<b>Victor Valley Transit Authority</b>				
<b>Assets:</b>				
Cash and investments	\$ 5,955	\$ 4,857	\$ 5,955	\$ 4,857
<b>Total assets</b>	<b>\$ 5,955</b>	<b>\$ 4,857</b>	<b>\$ 5,955</b>	<b>\$ 4,857</b>
<b>Liabilities:</b>				
Accounts payable	\$ 5,955	\$ 4,857	\$ 5,955	\$ 4,857
<b>Total liabilities</b>	<b>\$ 5,955</b>	<b>\$ 4,857</b>	<b>\$ 5,955</b>	<b>\$ 4,857</b>

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# STATISTICAL SECTION

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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.

<b>Index</b>	<b>Page</b>
<b>Financial Trends</b>	136
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	146
These schedules contain information to help the reader assess the City’s most significant local revenues sources, property tax and sales tax.	
<b>Debt Capacity</b>	156
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.	
<b>Demographic and Economic Information</b>	163
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
<b>Operating Information</b>	166
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			
	2008	2009	2010	2011
Governmental Activities:				
Net investment in				
capital assets	\$ 63,939,275	\$ 58,651,372	\$ 65,754,048	\$ 68,836,403
Restricted	19,980,860	23,996,154	7,467,900	13,313,448
Unrestricted	30,585,194	32,172,987	39,910,774	32,818,270
Total Governmental Activities Net Position	<u>\$ 114,505,329</u>	<u>\$ 114,820,513</u>	<u>\$ 113,132,722</u>	<u>\$ 114,968,121</u>
Business-type Activities:				
Net investment in				
capital assets	\$ 13,296,278	\$ 16,080,466	\$ 14,309,391	\$ 11,609,403
Restricted				
Unrestricted	(881,594)	(2,300,969)	(3,002,623)	(1,046,331)
Total Business-type Activities Net Position	<u>\$ 12,414,684</u>	<u>\$ 13,779,497</u>	<u>\$ 11,306,768</u>	<u>\$ 10,563,072</u>
Primary Government:				
Net investment in				
capital assets	\$ 77,235,553	\$ 74,731,838	\$ 80,063,439	\$ 80,445,806
Restricted	19,980,860	23,996,154	7,467,900	13,313,448
Unrestricted	29,703,600	29,872,018	36,908,151	31,771,939
Total Primary Government Net Position	<u>\$ 126,920,013</u>	<u>\$ 128,600,010</u>	<u>\$ 124,439,490</u>	<u>\$ 125,531,193</u>

Fiscal Year

2012	2013	2014	2015	2016	2017
\$ 72,765,415	\$ 76,148,543	\$ 73,335,444	\$ 76,362,833	\$ 80,392,246	\$ 81,895,762
6,609,675	4,937,538	6,079,590	2,245,332	1,912,180	2,122,953
29,552,965	23,982,795	1,591,292	777,665	(4,892,883)	(15,011,733)
<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>	<u>\$ 69,006,982</u>
\$ 14,530,286	\$ 15,734,425	\$ 23,983,537	\$ 28,045,832	\$ 22,332,269	\$ 22,376,249
(4,779,780)	(5,850,933)	(10,547,818)	(14,863,742)	(12,179,023)	(10,757,834)
<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>	<u>\$ 11,618,415</u>
\$ 87,295,701	\$ 91,882,968	\$ 97,318,981	\$ 104,408,665	\$ 102,724,515	\$ 104,272,011
6,609,675	4,937,538	6,079,590	2,245,332	1,912,180	2,122,953
24,773,185	18,131,862	(8,956,526)	(14,086,077)	(17,071,906)	(25,769,567)
<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>	<u>\$ 80,625,397</u>

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses:				
Governmental activities:				
General government	5,186,329	7,328,056	6,094,918	5,419,817
Public safety	7,169,661	7,755,294	8,431,831	11,379,248
Recreation	1,839,427	2,522,146	2,169,160	1,651,047
Public works	4,503,709	3,811,039	5,631,968	3,284,720
Community development	3,308,455	3,208,592	3,394,422	4,390,903
Unallocated depreciation	-	-	-	-
Interest on long-term debt	977,402	1,014,907	470,703	571,721
Total Governmental Activities Expenses	<u>22,984,983</u>	<u>25,640,034</u>	<u>26,193,002</u>	<u>26,697,456</u>
Business-type Activities:				
Wastewater	13,033,007	2,901,787	3,247,228	3,514,998
Solid Waste	3,974,067	4,045,892	4,011,446	4,213,429
Transit Services	3,168,024	3,237,953	3,372,469	2,890,641
Interest on long-term debt	-	-	-	-
Other Enterprise Funds	386,788	297,942	398,573	343,653
Total Business-type Activities Expenses	<u>20,561,886</u>	<u>10,483,574</u>	<u>11,029,716</u>	<u>10,962,721</u>
Total Primary Government Expenses	<u>43,546,869</u>	<u>36,123,608</u>	<u>37,222,718</u>	<u>37,660,177</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	1,973,746	1,648,299	1,560,775	1,502,836
Operating grants and contributions	3,353,033	2,705,247	2,188,144	2,977,984
Capital grants and contributions	1,001,826	903,617	950,770	54,290
Total governmental activities program revenues	<u>6,328,605</u>	<u>5,257,163</u>	<u>4,699,689</u>	<u>4,535,110</u>
Business-type activities:				
Charges for services:				
Wastewater	3,473,018	3,195,509	3,069,587	3,221,304
Solid Waste	3,746,302	3,748,330	3,634,446	3,876,407
Transit Services	252,459	351,130	253,898	610,343
Other business-type activities	160,244	106,903	130,852	49,508
Operating grants and contributions	2,698,498	2,694,980	2,580,170	2,018,897
Capital grants and contributions	960,443	1,462,475	419,872	151,117
Total business-type activities program revenues	<u>11,290,964</u>	<u>11,559,327</u>	<u>10,088,825</u>	<u>9,927,576</u>
Total primary government program revenues	<u>17,619,569</u>	<u>16,816,490</u>	<u>14,788,514</u>	<u>14,462,686</u>

(Continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
4,372,577	3,979,122	3,040,319	2,340,584	3,453,207	4,243,537
13,910,834	14,781,347	13,263,509	13,655,432	14,618,441	16,507,044
2,226,201	1,980,078	2,647,726	2,777,589	2,840,457	3,221,250
4,976,071	5,928,990	11,353,600	6,882,670	7,863,741	7,603,005
3,233,598	2,646,525	2,068,450	2,458,665	2,567,843	3,328,046
-	-	-	-	-	-
373,524	132,321	260,017	239,143	188,887	143,333
29,092,805	29,448,383	32,633,621	28,354,083	31,532,576	35,046,215
4,398,844	3,479,553	3,933,499	5,217,340	5,183,363	3,991,004
3,989,240	4,095,682	4,605,465	4,350,342	4,588,155	2,376,686
2,943,943	2,714,135	2,916,096	2,685,773	127,671	-
-	-	-	-	-	-
336,203	324,043	382,573	473,911	391,844	-
11,668,230	10,613,413	11,837,633	12,727,366	10,291,033	6,367,690
40,761,035	40,061,796	44,471,254	41,081,449	41,823,609	41,413,905
1,200,799	1,543,686	1,430,544	1,490,257	1,569,444	1,702,142
595,522	436,434	861,484	1,702,084	1,045,110	638,283
4,099,782	3,297,685	7,793,386	3,978,333	5,488,502	4,365,660
5,896,103	5,277,805	10,085,414	7,170,674	8,103,056	6,706,085
4,025,728	4,297,624	4,930,118	5,530,122	5,514,969	5,382,396
4,062,908	3,785,422	4,040,347	4,023,189	4,121,294	1,926,405
688,374	186,984	610,918	169,247	129,803	-
34,136	94,831	75,831	69,973	58,451	-
2,044,518	2,381,538	1,849,657	2,275,972	219,038	524,058
-	-	4,779,757	405,234	-	-
10,855,664	10,746,399	16,286,628	12,473,737	10,043,555	7,832,859
16,751,767	16,024,204	26,372,042	19,644,411	18,146,611	14,538,944



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

	Fiscal Year			
	2008	2009	2010	2011
Net revenues (expenses):				
Governmental activities	(16,656,378)	(20,382,871)	(21,493,313)	(22,162,346)
Business-type activities	(9,270,922)	1,075,753	(940,891)	(1,035,145)
Total net revenues (expenses)	(25,927,300)	(19,307,118)	(22,434,204)	(23,197,491)
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Taxes:				
Property taxes	5,734,799	7,894,148	8,359,770	10,106,231
Sales tax	5,925,848	6,084,702	5,802,928	6,589,010
Transient occupancy taxes	2,455,043	2,484,223	2,392,610	2,541,970
Other taxes	1,153,309	1,150,982	1,110,266	1,107,418
Motor vehicle in lieu, unrestricted	1,889,772	63,143	110,643	110,786
Investment income	2,483,993	2,537,309	1,775,846	1,903,747
Other general revenues	419,527	483,548	253,459	334,103
Gain (loss) on sale of assets	-	-	-	-
Transfers	-	-	-	(183,479)
Special item - merger of fire district				1,487,959
Extraordinary item - gain due to dissolution of RDA				-
Inventory Adjustment for Capital Assets	-	-	-	-
Total Governmental Activities	20,062,291	20,698,055	19,805,522	23,997,745
Business-type activities:				
Investment Income	-	-	-	-
Use of money and property	293,548	289,060	177,265	105,720
Other revenue	392	-	-	2,250
Special item-impairment loss	-	-	(1,709,103)	-
Transfers	-	-	-	183,479
Total Business-type Activities	293,940	289,060	(1,531,838)	291,449
Total Primary Government	20,356,231	20,987,115	18,273,684	24,289,194
Changes in Net Position:				
Governmental activities	3,405,913	315,184	(1,687,791)	1,835,399
Business-type activities	(8,976,982)	1,364,813	(2,472,729)	(743,696)
Total Primary Government	(5,571,069)	1,679,997	(4,160,520)	1,091,703

Fiscal Year

2012	2013	2014	2015	2016	2017
(23,196,702)	(24,170,578)	(22,548,207)	(21,183,409)	(23,429,520)	(28,340,130)
(812,566)	132,986	4,448,995	(253,629)	(247,478)	1,465,169
(24,009,268)	(24,037,592)	(18,099,212)	(21,437,038)	(23,676,998)	(26,874,961)
9,581,086	8,750,763	7,288,665	7,398,978	7,441,119	7,970,015
6,942,387	7,346,732	7,532,540	7,259,449	7,670,993	7,166,274
2,626,389	2,649,694	2,748,763	2,892,232	2,857,509	3,056,078
1,213,263	1,126,099	1,178,629	1,211,911	1,265,262	1,264,374
24,459	-	-	-	-	-
1,297,074	328,226	693,341	471,980	482,812	278,153
91,654	109,885	141,895	328,363	199,570	200,675
-	-	-	-	-	-
-	-	-	-	1,537,968	-
-	-	-	-	-	-
311,238	-	-	-	-	-
-	-	-	-	-	-
22,087,550	20,311,399	19,583,833	19,562,913	21,455,233	19,935,569
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(2,781,366)	-
-	-	-	-	(2,781,366)	-
22,087,550	20,311,399	19,583,833	19,562,913	18,673,867	19,935,569
(1,109,152)	(3,859,179)	(2,964,374)	(1,620,496)	(1,974,287)	(8,404,561)
(812,566)	132,986	4,448,995	(253,629)	(3,028,844)	1,465,169
(1,921,718)	(3,726,193)	1,484,621	(1,874,125)	(5,003,131)	(6,939,392)

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

	Fiscal Year			
	2008**	2009**	2010**	2011
General Fund:				
Reserved	\$ 1,623,614	\$ 1,075,061	\$ 3,119,315	
Nonspendable*				\$ 4,155,542
Restricted*				5,943,956
Assigned*				4,425,000
Unreserved/Unassigned*	13,397,822	14,077,368	7,403,967	18,756,466
<b>Total General Fund</b>	<b>\$ 15,021,436</b>	<b>\$ 15,152,429</b>	<b>\$ 10,523,282</b>	<b>\$ 33,280,964</b>
All Other Governmental Funds:				
Reserved	\$ 11,147,285	\$ 10,903,385	\$ 9,678,496	
Nonspendable*				\$ 5,150,568
Restricted*				8,442,243
Assigned*				5,977,305
Unreserved/Unassigned*, reported in:				
Special revenue funds	24,704,172	24,494,870	25,272,143	(11,336)
Debt Service	(1,078,693)	(26,730)	1,483,316	-
Capital projects funds	8,918,847	9,037,542	7,210,373	-
<b>Total all other governmental funds</b>	<b>\$ 43,691,611</b>	<b>\$ 44,409,067</b>	<b>\$ 43,644,328</b>	<b>\$ 19,558,780</b>

*Source: Barstow Finance Department*

\* FY11 Implementation of GASB 54 Fund Balance Classifications.

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

Fiscal Year

2012	2013	2014	2015	2016	2017
\$ 6,025,426	\$ 5,819,857	\$ 5,391,889	\$ 10,843,398	\$ 8,680,778	\$ 7,619,282
-	-	-	-	-	-
-	-	-	-	-	-
<u>25,449,432</u>	<u>22,749,055</u>	<u>21,445,217</u>	<u>14,466,701</u>	<u>12,063,100</u>	<u>9,222,550</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>	<u>\$ 16,841,832</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 832,312
6,935,670	15,283,195	6,266,281	2,269,521	1,941,169	2,122,945
-	-	-	-	-	-
-	(229,905)	(4,178,949)	(1,203,369)	(3,645,638)	(5,196,191)
-	-	-	-	-	-
-	-	-	-	-	-
<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>	<u>\$ (2,240,934)</u>

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

	Fiscal Year			
	2008	2009	2010	2011
<b>Revenues:</b>				
Taxes	\$ 17,158,769	\$ 17,677,199	\$ 17,776,217	\$ 20,455,415
Licenses and permits	330,523	157,319	131,610	160,411
Fines and forfeitures	189,967	111,180	131,389	129,349
Rental income	-	-	-	-
From other agencies	8,970,828	3,131,095	3,141,460	2,977,499
Charges for services	1,416,576	1,261,364	1,232,865	1,156,934
Use of Money and Property	2,484,002	2,537,309	1,775,849	1,903,747
Other	463,290	593,469	326,843	332,229
<b>Total Revenues</b>	<b>31,013,955</b>	<b>25,468,935</b>	<b>24,516,233</b>	<b>27,115,584</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	4,438,516	6,360,460	6,398,855	5,122,706
Public safety	7,169,661	7,693,503	11,504,311	10,698,792
Public works	1,643,649	1,670,133	1,929,250	2,505,479
Recreation	1,839,427	1,877,647	1,816,436	1,300,759
Community development	3,308,455	3,207,583	3,391,348	3,278,264
<b>Debt service:</b>	-	-	-	-
Principal retirement	870,210	1,103,698	1,190,588	490,000
Interest and fiscal charges	858,029	870,144	656,716	578,895
<b>Capital Outlay</b>	<b>2,230,093</b>	<b>2,010,835</b>	<b>3,437,099</b>	<b>8,090,746</b>
<b>Total Expenditures</b>	<b>22,358,040</b>	<b>24,794,003</b>	<b>30,324,603</b>	<b>32,065,641</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>8,655,915</b>	<b>674,932</b>	<b>(5,808,370)</b>	<b>(4,950,057)</b>
<b>Other financing sources (uses):</b>				
Transfers in	1,592,942	1,849,139	1,500,963	10,988,832
Transfers out	(1,539,000)	(1,849,139)	(1,500,963)	(11,172,311)
Proceeds from sale of assets	13,597	-	-	23,107
Capital leases	-	173,517	414,484	3,128,993
Issuance of bonds				
Issuance premium				
Special item - merger of fire district	-	-	-	653,570
Extraordinary loss on dissolution of RDA	-	-	-	
Transfer of residual equity due to termination	-	-	-	
<b>Total Other Financing Sources (Uses)</b>	<b>67,539</b>	<b>173,517</b>	<b>414,484</b>	<b>3,622,191</b>
<b>Net Change in Fund Balances</b>	<b>\$ 8,723,454</b>	<b>\$ 848,449</b>	<b>\$ (5,393,886)</b>	<b>\$ (1,327,866)</b>
<b>Debt service as a percentage of noncapital expenditures*</b>	8.6%	8.7%	6.9%	4.5%

\*Starting from fiscal year 2017, noncapital expenditures only excludes capitalized expenditures instead of capital outlay.

		Fiscal Year									
		2012	2013	2014	2015	2016	2017				
\$	20,387,584	\$	19,873,288	\$	18,558,246	\$	18,540,422	\$	19,035,503	\$	19,265,710
	196,868		204,981		472,222		429,256		509,323		574,297
	106,341		104,690		142,409		125,915		140,692		216,117
	-		-		-		-		-		-
	4,915,206		3,907,154		5,075,232		9,278,029		6,713,437		5,161,172
	677,688		1,099,480		750,382		1,281,351		808,528		712,690
	990,102		328,226		768,427		586,238		579,736		430,896
	91,654		71,385		82,362		115,621		80,491		68,327
	<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>		<u>26,429,209</u>
	3,076,341		3,061,475		2,882,514		2,934,731		3,350,641		3,633,918
	13,338,769		13,427,720		13,473,842		14,493,181		14,032,923		14,419,752
	2,746,018		3,481,396		3,108,045		3,050,005		3,274,837		3,418,593
	1,547,172		1,520,643		2,333,991		2,380,982		2,541,381		2,575,293
	3,035,640		2,552,355		2,147,003		2,427,110		2,573,815		2,839,218
	-		-		-		-		-		-
	510,000		-		1,070,000		1,100,000		1,145,000		1,190,000
	382,583		447,390		386,172		356,970		311,543		262,775
	9,775,072		7,233,394		15,212,059		6,162,422		6,929,898		2,652,301
	<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>		<u>30,991,850</u>
	<u>(7,046,152)</u>		<u>(6,135,169)</u>		<u>(14,764,346)</u>		<u>(2,548,569)</u>		<u>(6,292,328)</u>		<u>(4,562,641)</u>
	24,557,219		5,596,067		13,715,655		5,401,533		7,939,085		3,486,269
	(24,557,219)		(5,596,067)		(13,715,655)		(5,401,533)		(9,288,600)		(3,486,269)
	41,770		23,296		33,374		382		24,332		-
	264,473		651,548		33,208		-		-		124,130
			9,770,000		-		-		-		-
			901,999		-		-		-		-
	-		-		-		-		-		-
	(7,023,762)		-		-		-		-		-
	(7,023,762)		-		-		-		280,669		-
	<u>(13,741,281)</u>		<u>11,346,843</u>		<u>66,582</u>		<u>382</u>		<u>(1,044,514)</u>		<u>124,130</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>	\$	<u>(4,438,511)</u>
	3.6%		0.7%		5.7%		5.4%		5.3%		5.1%

**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
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%
2017	1,179,227,750	92,848,517	1,090,047	1,273,166,314	8.18%

\*Exempt values are not included in Total Assessed Value.

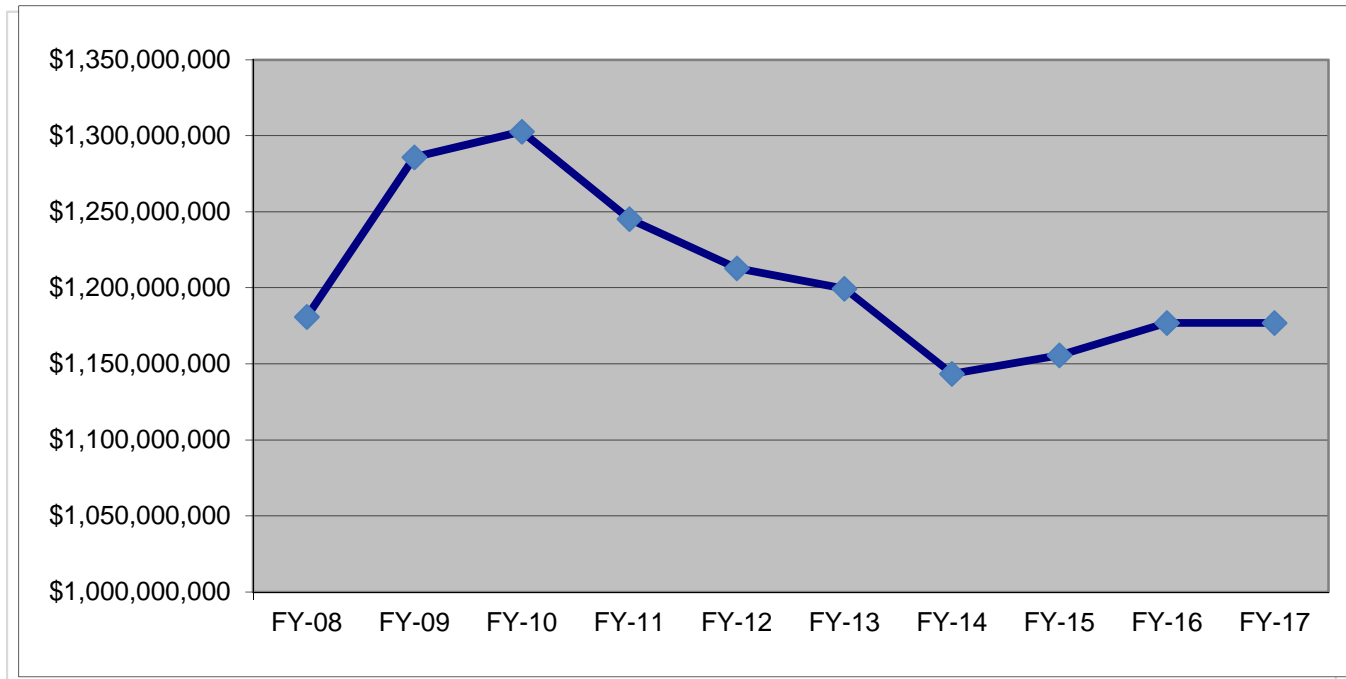
**CITY OF BARSTOW**  
**Assessed Value of Taxable Property by Class**  
**Last Ten Fiscal Years**

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Vacant Land	SBE Non Unitary	Unsecured	Other	Total Taxable Assessed Value (a)	Total Direct Tax Rate
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%
2016-17	558,991,827	436,522,540	28,978,583	100,797,408	1,090,047	92,848,517	53,937,392	1,273,166,314	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			
	2008	2009	2010	2011
<b>Direct &amp; Overlapping (2) Tax Rates</b>				
Basic Levy (1)	1.000	1.000	1.000	1.000
Barstow Unified School Bond	0.0378	0.0352	0.0312	0.0370
Mojave Water Agency	0.1675	0.1675	0.1675	0.1675
<b>Total Direct &amp; Overlapping Rates</b>	<b>\$ 1.2053</b>	<b>\$ 1.2027</b>	<b>\$ 1.1987</b>	<b>\$ 1.2045</b>
City's Share of 1% Levy Per Prop 13 (3)	0.14974	0.14974	0.14974	0.14974
<b>General Obligation Debt Rate</b>				
Redevelopment Rate (4)	1.0000	1.0000	1.0000	1.0000
<b>Total Direct Rate (5)</b>	<b>0.37067</b>	<b>0.39225</b>	<b>0.40558</b>	<b>0.41321</b>

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

**NOTE:**

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

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

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

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

(5) Total Direct Rate is the weighted average of all individual direct rates applied to the City. Beginning in 2013/2014 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

Fiscal Year

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
1.000	1.000	1.000	1.000	1.000	1.000
0.0401	0.0393	0.0370	0.0474	0.0329	0.0394
<u>0.1675</u>	<u>0.1675</u>	<u>0.1675</u>	<u>0.1675</u>	<u>0.1675</u>	<u>0.1675</u>
<u>\$ 1.2076</u>	<u>\$ 1.2068</u>	<u>\$ 1.2045</u>	<u>\$ 1.2149</u>	<u>\$ 1.2004</u>	<u>\$ 1.2069</u>
0.14974	0.14974	0.14974	0.14974	0.14974	0.14974
1.0000	N/A	N/A	N/A	N/A	N/A
0.41035	0.40408	0.14996	0.14998	0.15012	0.15012

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

Owner	2017		2008	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Barstow Industrial Park LLC			\$ 15,244,131	1.29%
Barstow Outlet LLC			\$ 28,245,487	2.39%
Fred and Robin Rosenberg Family Limited	\$ 11,505,271	0.90%	\$ 12,454,142	1.05%
Free II LLC			\$ 8,287,745	0.70%
FRO2MO Barstow LLC	\$ 105,769,734	8.31%		0.00%
Home Depot USA Inc	\$ 10,458,068	0.82%	\$ 10,315,295	0.87%
Hospital of Barstow Inc	\$ 48,194,846	3.79%		0.00%
Hospitality Express II LLC	\$ 10,085,588	0.79%		0.00%
Lee Family Irrevocable Trust	\$ 10,991,176	0.86%		0.00%
Pilot Travel Center LLC	\$ 12,856,730	1.01%		0.00%
Service Rock Products Corporation			\$ 8,257,475	0.70%
Suk Hee Suh			\$ 10,350,000	0.88%
T T Group Inc	\$ 8,978,266	0.71%		0.00%
TA Operating Corp			\$ 8,944,023	0.76%
Tanger Properties LP			\$ 13,801,637	1.17%
TVL Properties	\$ 12,428,522	0.98%		0.00%
Walmart Real Estate Business Trust	\$ 11,543,622	0.91%	\$ 10,595,856	0.90%
<b>TOTAL OF TOP TEN:</b>	<b>\$ 242,811,823</b>	<b>19.07%</b>	<b>\$ 126,495,791</b>	<b>10.71%</b>
<b>CITY TOTAL</b>	\$ 1,273,166,314		\$ 1,180,934,285	

\*\*Listed alphabetically

Source: Hdl Coren & Cone-San Bernardino County Assessor

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the		Collected in Subsequent Years	Total Collections to Date	
		Fiscal Year of Levy	Percent of Levy		Amount	Percentage of Levy
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%	46,118	4,681,095	99%
2017	4,806,434	4,729,391	98%	-	4,729,391	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 2017**

<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
Del Taco	Quick-Service Restaurants
Food 4 Less	Grocery Store Liquor
Home Depot	Lumber / Building Materials
In N Out Burgers	Quick-Service Restaurants
Lenwood Arco	Service Stations
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
Stater Bros	Grocery Store
Travel Center of America	Service Stations
Valero Corner Store	Service Stations
Walmart	Discount Dept Stores

Percent of Fiscal Year Total Paid by Top 25 Accounts = 68.50%  
 Period: July 2016 Thru March 2017

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

**CITY OF BARSTOW**  
**Top 25 Sales Tax Producers (Alphabetically)**  
**For the Fiscal Year 2008**

<u>Business Name</u>	<u>Business Category</u>
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
Home Depot	Building Materials
Ideal Chevrolet Pontiac Buick	New Motor Vehicle Dealers
Imperial Valley Lumber Company	Lumber/Building Materials
McDonalds	Quick-Service Restaurants
McDonalds	Quick-Service Restaurants
Pikess Mobil	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
Stater Bros	Grocery Stores
Terrible Herbst	Service Stations
Travel Centers 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 = 65.89%  
 Period: July 2007 thru March 2008

*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			
	2007	2008	2009	2010
Apparel Stores	\$ 70,633	\$ 84,723	\$ 82,239	\$ 104,156
Food Stores	\$ 14,482	\$ 14,359	\$ 14,444	\$ 14,238
Eating & Drinking Places	\$ 70,880	\$ 70,118	\$ 69,684	\$ 70,006
Auto Dealers & Supplies	\$ 48,622	\$ 34,576	\$ 25,624	\$ 25,195
Service Stations	\$ 246,925	\$ 253,247	\$ 208,597	\$ 244,239
Other Retail Stores	\$ 108,170	\$ 98,227	\$ 89,297	\$ 86,629
All Other Outlets	\$ 93,515	\$ 80,425	\$ 84,069	\$ 89,711
<b>Total</b>	<b>\$ 653,227</b>	<b>\$ 635,675</b>	<b>\$ 573,954</b>	<b>\$ 634,174</b>

*Source: State of California Board of Equalization and The HdI 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

2011	2012	2013	2014	2015	2016
\$ 123,300	\$ 137,736	\$ 135,352	\$ 135,237	\$ 133,118	\$ 134,075
\$ 14,353	\$ 14,641	\$ 21,655	\$ 30,608	\$ 29,275	\$ 25,481
\$ 71,305	\$ 73,932	\$ 72,971	\$ 77,770	\$ 80,662	\$ 85,830
\$ 31,037	\$ 30,649	\$ 27,451	\$ 27,707	\$ 36,925	\$ 39,768
\$ 264,587	\$ 286,436	\$ 293,119	\$ 301,849	\$ 263,449	\$ 250,760
\$ 87,449	\$ 90,904	\$ 91,167	\$ 91,911	\$ 91,998	\$ 96,335
\$ 82,285	\$ 101,508	\$ 94,923	\$ 94,180	\$ 87,920	\$ 88,032
<u>\$ 674,316</u>	<u>\$ 735,806</u>	<u>\$ 736,638</u>	<u>\$ 759,262</u>	<u>\$ 723,347</u>	<u>\$ 720,281</u>



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

Fiscal Year Ended June 30	Governmental Activities					Wastewater Certificates of Participation
	Tax Allocation		Measure I	Capital Lease	<b>Total</b>	
	Bonds	Loans	TRIP	Agreements	<b>Governmental Activities</b>	
2008	10,610,209	3,963,575	-	-	<b>14,573,784</b>	3,140,000
2009	9,525,588	5,442,620	-	154,440	<b>15,122,648</b>	2,900,000
2010	8,335,000	5,094,383	-	465,845	<b>13,895,228</b>	2,650,000
2011	7,845,000	4,731,252	-	3,407,341	<b>15,983,593</b>	2,279,943
2012	-	-	-	3,197,150	<b>3,197,150</b>	2,028,159
2013	-	-	10,671,999	3,337,511	<b>14,009,510</b>	1,766,808
2014	-	-	9,849,249	2,874,809	<b>12,724,058</b>	1,500,766
2015	-	-	8,276,499	2,574,443	<b>10,850,942</b>	1,225,279
2016	-	-	7,018,749	2,092,667	<b>9,111,416</b>	935,472
2017	-	-	5,715,999	1,625,443	<b>7,341,442</b>	636,157

<sup>1</sup> These ratios are calculated using personal income and population for the prior calendar year

Business-type				
Wastewater Capital Lease Agreements	<b>Total Business-type Activities</b>	<b>Total Primary Government</b>	Percentage of Personal Income <sup>1</sup>	Debt Per Capita <sup>1</sup>
-	<b>3,140,000</b>	<b>17,713,784</b>	95.59%	744
-	<b>2,900,000</b>	<b>18,022,648</b>	96.65%	757
-	<b>2,650,000</b>	<b>16,545,228</b>	90.51%	684
2,316,949	<b>4,596,892</b>	<b>20,580,485</b>	109.68%	848
2,137,571	<b>4,165,730</b>	<b>7,362,880</b>	37.54%	320
1,968,975	<b>3,735,783</b>	<b>17,745,293</b>	87.23%	766
1,757,803	<b>3,258,569</b>	<b>15,982,627</b>	83.27%	686
1,544,289	<b>2,769,568</b>	<b>3,994,847</b>	20.42%	172
1,312,813	<b>2,248,285</b>	<b>3,183,757</b>	17.79%	131
1,096,638	<b>1,732,795</b>	<b>2,368,952</b>	13.58%	98

**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 <sup>1</sup>	Per Capita
2008	10,610,209	0.83%	445
2009	9,525,588	0.73%	400
2010	8,335,000	0.67%	345
2011	7,845,000	0.65%	323
2012	-	0.00%	-
2013	-	0.00%	-
2014	-	0.00%	-
2015	-	0.00%	-
2016	-	0.00%	-
2017	-	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).

<sup>1</sup> 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, 2017**

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt	Percentage	City's share of
	<u>6/30/2017</u>	<u>Applicable (1)</u>	Debt
Barstow Unified School District	\$ 9,536,853	59.349%	\$ 5,660,027
Mojave Water Agency	9,085,000	3.721%	338,053
<b>Overlapping Tax and Assessment Debt</b>			<b>\$ 5,998,080</b>
<u>City of Barstow-DIRECT DEBT:</u>			
Measure I TRIP COP, Series 2012	\$ 5,715,999	100.000%	\$ 5,715,999
Capital Lease Agreements	1,625,443	100.000%	\$ 1,625,443
<b>Total Direct Debt</b>			<b>\$ 7,341,442</b>
<u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
San Bernardino County General Fund Obligations	\$ 399,400,000	0.611%	\$ 2,440,334
San Bernardino County Pension Obligations Bonds	379,612,328	0.611%	2,319,431
San Bernardino County Flood Control District General Fund Obligations	73,680,000	0.611%	450,185
<b>Overlapping General Fund Obligation Debt</b>			<b>\$ 5,209,950</b>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$ 4,410,000	100.00%	\$ 4,410,000
<b>COMBINED TOTAL DEBT</b>			<b>\$ 22,959,472</b>

(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.

2016-17 City's Assessed Valuation : 1,273,166,314

Ratios to 2016-17 Assessed Valuation:

Overlapping Tax and Assessment Debt	0.47%
Direct Debt	0.58%
Overlapping General Fund Obligation Debt	0.41%
Overlapping Tax Increment Debt-Successor Agency	0.35%
<b>Combined Total Debt</b>	<b>1.80%</b>

Ratios to Redevelopment Successor Agency Incremental Valuation (\$404,261,192):

Total overlapping Tax Increment Debt 1.09%

**CITY OF BARSTOW**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	Fiscal Year			
	2008	2009	2010	2011
Assessed valuation	\$ 1,180,934,285	\$ 1,285,994,393	\$ 1,302,738,721	\$ 1,245,957,805
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	295,233,571	321,498,598	325,684,680	311,489,451
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	44,285,036	48,224,790	48,852,702	46,723,418
Total net debt applicable to limit:				
Legal debt margin	<u>\$ 44,285,036</u>	<u>\$ 48,224,790</u>	<u>\$ 48,852,702</u>	<u>\$ 46,723,418</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

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

Fiscal Year

2012	2013	2014	2015	2016	2017
\$ 1,212,931,711	\$ 1,199,487,738	\$ 1,143,477,603	\$ 1,155,685,689	\$ 1,176,842,092	\$ 1,273,166,314
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
303,232,928	299,871,935	285,869,401	288,921,422	294,210,523	318,291,579
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
45,484,939	44,980,790	42,880,410	43,338,213	44,131,578	47,743,737
<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>	<u>\$ 47,743,737</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**CITY OF BARSTOW**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

Fiscal Year Ended	Tax Allocation Bonds		
	Tax	Debt Service (1)	Coverage
	Increment (1)	Principal and Interest	
June 30			
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	-	-	-
2017	-	-	-

*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.

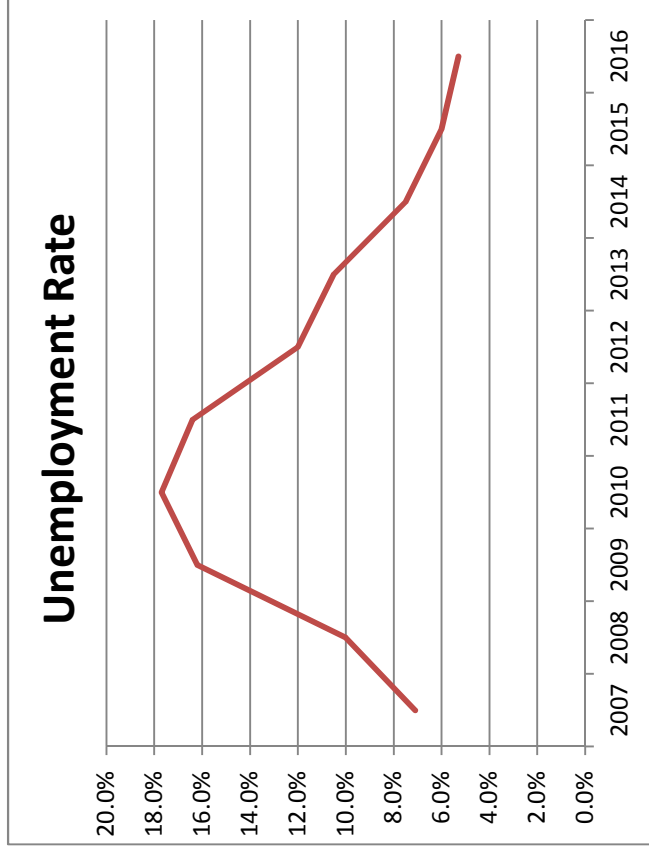
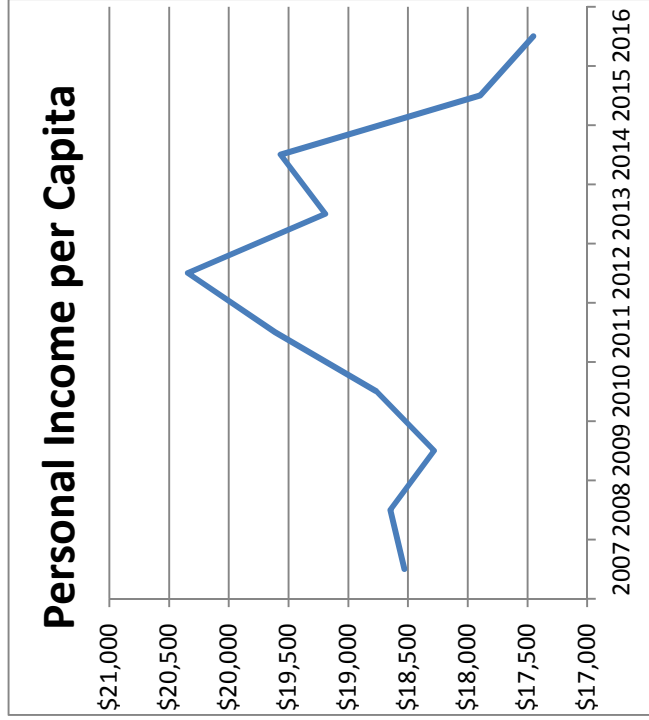
**CITY OF BARSTOW**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

Calendar	Population	Personal Income	Per Capita	Unemployment	Median Age	% of Pop 25+ with High School Degree	% of Pop 25+ with Bachelor's Degree
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%		78.8%	9.3%
2010	24,281	\$ 455,609	18,764	17.7%		78.2%	9.8%
2011	23,019	\$ 451,449	19,612	16.4%		78.9%	9.4%
2012	23,168	\$ 471,330	20,344	12.0%		81.0%	9.2%
2013	23,292	\$ 447,043	19,193	10.5%		79.8%	9.7%
2014	23,265	\$ 455,250	19,568	7.5%		82.4%	10.6%
2015	24,360	\$ 435,931	17,895	6%		80.3%	11.8%
2016	24,248	\$ 423,134	17,450	5%		79.8%	11.5%

Sources: HdL Coren & Cone

(1) Population: California State Department of Finance

(2) Unemployment Data: California Employment Development Department





**CITY OF BARSTOW**  
**Principal Employers**  
**2017 and Eight Years Ago\*\***

Employer	2017		2009	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
<b>Ft. Irwin National Training Center*</b>	22,700	73.5%	5,565	42.7%
<b>Marine Corps Logistics Base*</b>	2,071	6.7%	2,123	16.3%
<b>Northrup Grunman</b>	467	1.5%	1,210	9.3%
BNSF Railroad	1,000	3.2%	950	7.3%
Barstow Unified School District	680	2.2%	675	5.2%
<b>Raytheon Technical Services Co, LLC*</b>	501	1.6%	396	3.0%
Outlets at Barstow	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%
<b>Silver Valley School District*</b>	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	215	0.7%	121	0.9%
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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	21	21	19	22	22	21	13	15	17	16
<b>Police Safety</b>										
Sworn	38	40	40	40	41	41	37	37	38	38
Non-Sworn	18	18	18	19	13	13	17	16	19	19
<b>Fire Safety**</b>										
Sworn					20	23	23	23	28	20
Non-Sworn					1	1	1	1	1	1
Recreation	15	15	15	16	19	18	16	14	17	17
Community Service	18	18	19	18	32	31	36	33	26	21
Community Developer	12	12	12	7	10	10	10	12	10	16
Redevelopment	4	4	3	4	2	-	-	-	-	-
Solid Waste	1	1	1	2	1	2	2	3	1	1
Wastewater	1	1	1	1	8	9	8	9	11	11
Transit	1	1	1	1	1	1	1	-	-	-
<b>Total</b>	<b>129</b>	<b>131</b>	<b>129</b>	<b>130</b>	<b>170</b>	<b>170</b>	<b>164</b>	<b>163</b>	<b>167</b>	<b>160</b>

\*\*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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police:										
Arrests	2,907	2,915	3,223	2,766	2,795	2,672	2,959	2,911	2,762	2,625
Parking citations issued	431	366	666	313	201	266	489	522	286	501
Fire Services:										
Fire Calls	257	219	207	170	188	140	199	222**	242	311
Medical Aid Calls	3,837	3,585	3,625	3,867	4,050	3,636	3,452	4,079**	4,597	5,380
Parks and recreation:										
Number of recreation classes	34	18	19	14	16	14	14	14	14	14
Number of facility rentals	39	52	60	68	70	139	68	99	85	64
Sewer:										
New connections	103	12	9	9	17	30	4	2	5	4
Average/Millions of Gallons Sewage Treatment	2.56	2.40	2.70	2.20	2.13	2.11	2.11	2.11	1.98	2.03
Building Department:										
Permits	301	402	555	558	663	870	533	879	720	1,106
Fire Permits										
Fire Permits	*	*	*	*	*	*	*	61	-	-
Construction Fire Permits#									88	99
Annual Permit to Operate#									323	347

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**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Police:</b>										
Stations	2	2	2	2	2	2	2	2	2	2
<b>Fire District **</b>										
Stations	2	2	2	3	3	3	3	3	3	3
<b>Public Works:</b>										
Streets (miles)	88	88	89	89	90	91	91	91	91	91
Streetlights	*	1,001	1,001	1,001	1,001	1,081	1,081	1,081	1,081	1,081
Traffic signals	19	19	20	20	21	21	22	22	22	22
<b>Parks and Recreation:</b>										
Parks	10	10	10	10	10	10	10	10	10	10
Community pools	2	1	1	1	1	1	1	1	1	1
Community centers	3	3	3	3	3	3	3	3	3	3
<b>Wastewater:</b>										
Sanitary sewers (miles)	80	113	113	113	117	117	117	113	113	113
Storm sewers (miles)	2	2	2	2	15	15	16	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