

Comprehensive Annual Financial Report



**Fiscal Year Ended
June 30, 2019**

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City of Barstow
Comprehensive Annual Financial Report
For the year ended June 30, 2019

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March 31, 2020

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, 2019.

Responsibility for the accuracy of the data, and the completeness and fairness of the presentation(s), 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 accordance 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, 2019. 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 is elected at large while the council members are elected by districts.



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 roadways, parks, streets, and other infrastructure; recreational and cultural activities; utilities services of sewer and solid waste collection (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 controls. 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, the City Manager has authority to transfer resources within any individual fund, and any supplemental appropriations and transfers between funds require approval from the governing body.

LOCAL ECONOMY

Major industries located within the city's boundaries, or in close proximity, included major military installations with both military and civilian personnel, national defense contractors, transportation and rail firms, as well as numerous educational and financial institutions. The most current population figures show San Bernardino County has increased its population by 1% from January 1, 2018 to January 1, 2019. The population for the City of Barstow had a slight increase of .3% according the California Department of Finance. The unemployment rate as of June 2019 for this City is 6.1%, which is a modest decline from 6.4% in June 2018. Staff continues to pursue development opportunities in the areas that will provide job opportunities for residents.

Sales tax revenue, excluding Measure Q, was flat at \$7.3 million vs. \$7.4 million in fiscal year 2018. General fund property tax revenue slightly declined by \$53 thousand due to a one-time unitary tax correction in fiscal year 2018. Our transient occupancy tax continues to be a major source of revenue for the City and came in at \$3.3 million for fiscal year 2019, up from \$3.15 million in fiscal year 2018. At this time, City management is cautious due to the unknown impacts of the COVID-19 pandemic.

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 continued its efforts to improve infrastructure in fiscal year 2019. The major infrastructure projects are pavement preservation, the First Avenue Bridge over the BNSF Classification Yard project, and the First Avenue Bridge over the Mojave River project.
- Barring ongoing impacts from the COVID-19 pandemic, there are construction developments that began in fiscal year 2020, and are scheduled to be completed in fiscal year 2021, that would have a positive impact on both job growth and Transient Occupancy Taxes in the future. Additionally, in fiscal year 2020, there has been permit submittals for the construction of two



hotels. We expect the occupancy rate to increase and not negatively impact occupancy of current hotels.

- Staff continues to coordinate with potential retail and industrial developers for new projects. New developments in fiscal year 2019 included the opening of a Best Western Plus Hotel, a Dunkin Donuts/Baskin Robbins store, and Storage Locker, a new self-storage facility. New retail stores, hotels, and restaurants will continue to be a focus of economic development.
- The Council was successful in the November 6, 2018, ballot measure to support and improve police and fire services, assist with maintenance and street repairs, and help fund senior and youth recreation programs. Income from the new special sales tax began to be collected on April 1, 2019, and the City recognized over \$2 million in revenue for the 4th quarter of fiscal year 2019.

LONG-TERM FINANCIAL PLANNING

The City continues to maintain a Council mandated reserve of 20% Working Capital and 5% for emergencies. The Fiscal Year 2019-20 Budget falls within the policy guidelines set by the City Council for budgetary and planning purposes. The City's financial condition is continuously being monitored and has improved due to the passage of Measure Q; a 1% special tax to fund specific senior and youth recreation programs; assist with maintaining roads and parks; and improve police and fire services. 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 provided service levels. Current economic factors, including the anticipated impacts of the COVID-19 pandemic, continue to play an important role in the management of city finances.

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, 2018. The award for the Certificate of Achievement for Excellence in Financial Reporting for the period ended June 30, 2018, was the eleventh 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.

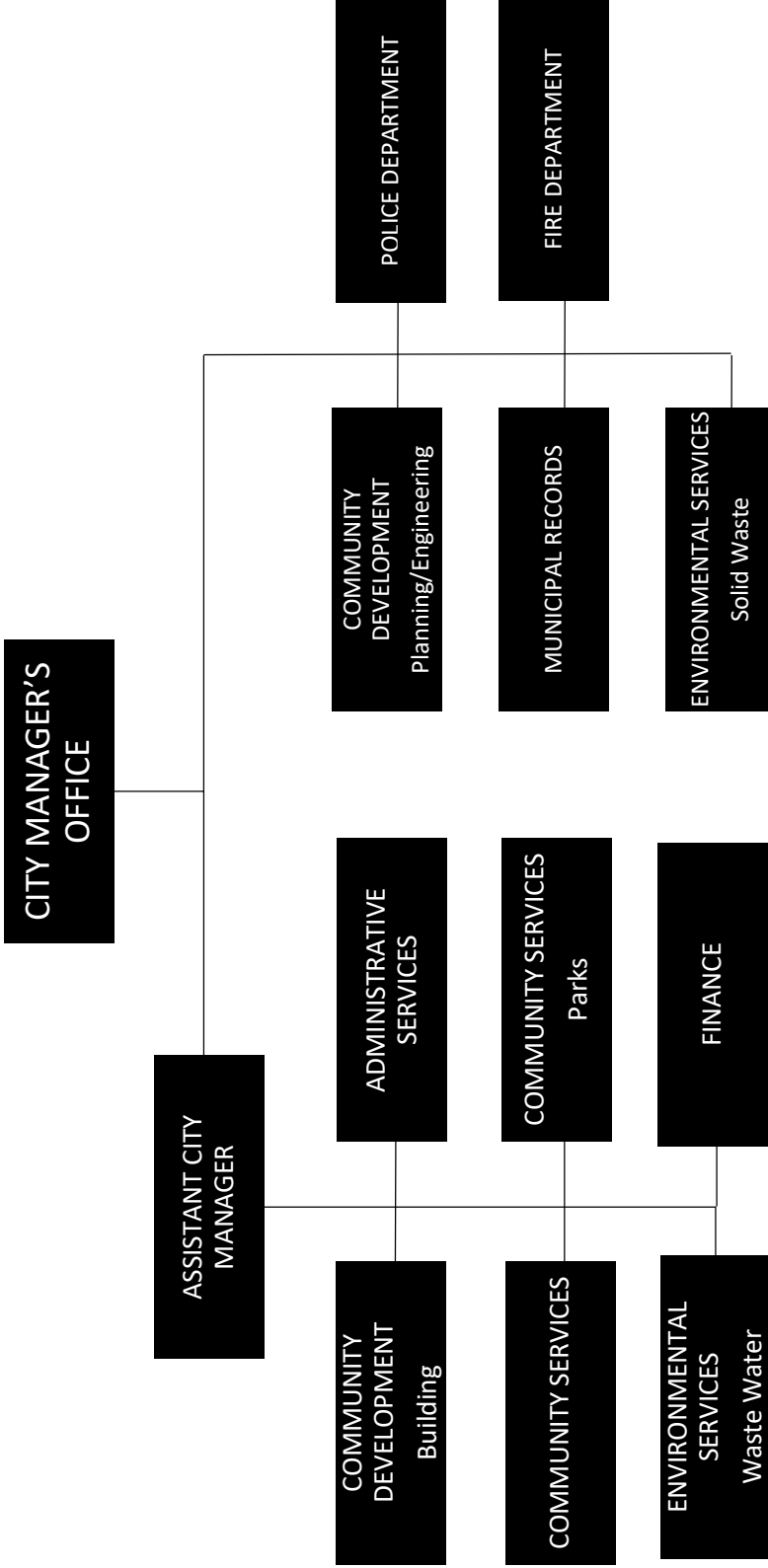
The preparation of this report was made possible by the effort of the entire Finance Department staff. We would like to express our appreciation to all members of the department who assisted and contributed material to this document. We also would like to acknowledge the Mayor and City Council members for their interest, dedication and support, in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Nikki Salas
City Manager

Cindy Prothro
Assistant City Manager / Finance Director

CITY OF BARSTOW



City of Barstow
List of Elected and Appointed Officials
June 30, 2019

Elected Officials

Mayor	Julie Hackbarth-McIntyre
Council Member, Mayor Pro Tem	Carmen Hernandez
Council Member	Richard A. Harpole
Council Member	James M. Noble
Council Member	Timothy R. Silva
City Treasurer	Michael J. Lewis
City Clerk	JoAnne V. Cousino

Appointed Officials

City Manager	Nikki Salas
Assistant City Manager	Cindy Prothro
Finance Director	Patricia Rosenberg
City Attorney	Terri Highsmith
Chief of Police	Albert Ramirez
Fire Chief	Jamie Williams



Government Finance Officers Association

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

Presented to

**City of Barstow
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

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, 2019, 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.

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, 2019, 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 information on pages 5-17, 102-111 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 115 to 132 and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

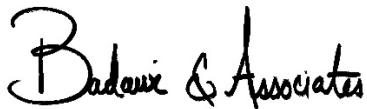
The combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 115 to 132 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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 115 to 132 are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2020 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, CPAs
Berkeley, California
March 31, 2020

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CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2019

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, 2019. 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 \$32.9 million.
- The cost of governmental activities was \$34.3 million.
- The business-type activities program and general revenues were \$7.7 million.
- The cost of business-type activities was \$6.1 million.
- The General Fund reported net changes in fund balance of \$.4 million.
- For the General Fund, actual budgeted revenues were greater than budget estimates by \$1.6 million, and actual expenditures were more than final budget by \$1.7 million.
- The Measure I Special Revenue Fund, a major governmental fund, ended the fiscal year with a deficit \$1.5 million in fund balance.
- The Barstow Fire Protection District ended the fiscal year with a deficit fund balance of \$5.6 million.
- Total Non-Major Governmental Funds had a total fund balance of \$4.3 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, 2019

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 Grants special revenue 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, Asset Seizure, Barstow Harvey House Foundation, Redevelopment Housing Successor Fund, Barstow Community Services Foundation, the Local Transportation Fund, the Flood Control Fund and the Capital Projects Fund. The Measure I TRIP debt service fund is also combined with the non-major governmental funds.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2019

The City adopted an annual appropriated budget for its governmental and proprietary funds in fiscal year 2019. A budgetary comparison has been provided for the general fund on page 103.

The basic governmental fund financial statements can be found on pages 30-36 of this report.

Proprietary funds

The City maintains two 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 38-40 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 43-44 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 46-99 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, the Barstow Fire Protection District special revenue fund and Grants 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. Required supplementary information can be found on page 102-111 of this report.

Supplementary information for the 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 and Capital Projects fund are located on page 115-132 of this report.

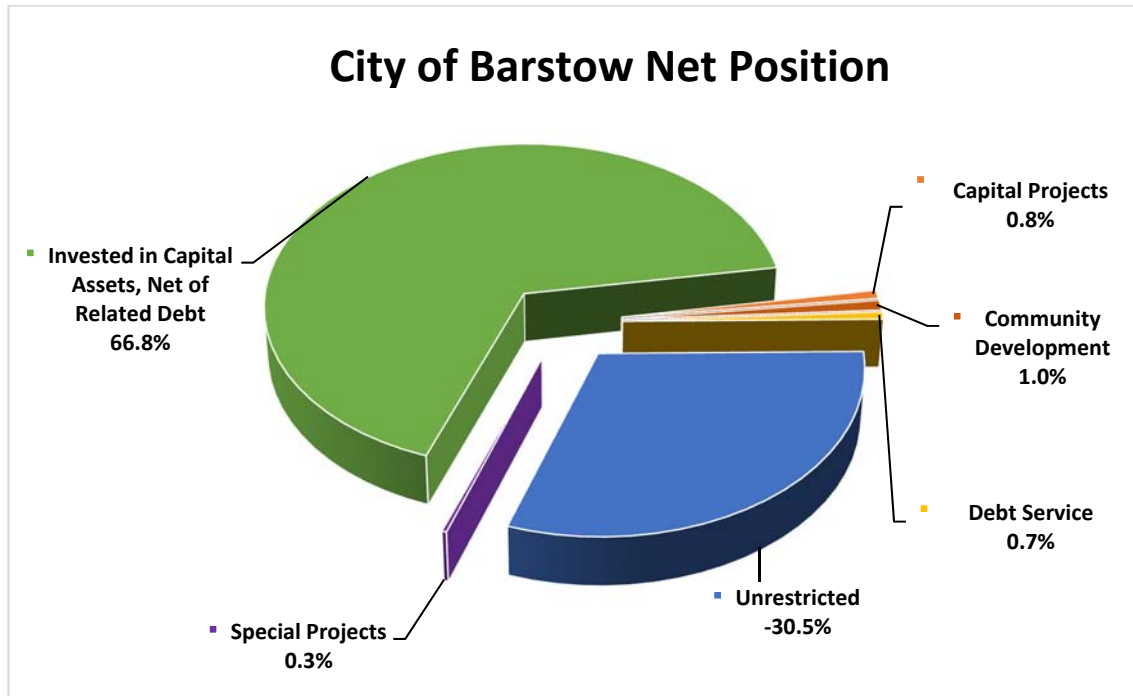
CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2019

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 \$62.2 million at the close of the most recent fiscal year, an increase of .3% over the previous year.

The largest portion, \$106 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 \$48.6 million. The third largest portion, Restricted for Community Development, is \$1.5 million. The remaining balances are restricted for capital projects and are detailed below.



As shown in the total column for 2019 in the following chart (City of Barstow Net Position), an additional portion of the City's net position, \$4.3 million, represents resources that are subject to restrictions on how they may be used. Of this restricted amount, \$1.3 million is restricted for capital projects, \$1.1 million for debt service, \$1.5 million for community development, and \$428 thousand for special projects.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2019

CITY OF BARSTOW NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 14,807,841	\$ 16,583,244	\$ (1,167,641)	\$ (1,833,315)	\$ 13,640,200	\$ 14,749,929
Capital assets	88,048,224	89,134,173	23,092,627	23,250,797	111,273,971	112,384,970
Total Assets	102,856,065	105,717,417	21,924,986	21,417,482	124,914,171	127,134,899
Total deferred outflows of resources	16,114,884	16,804,315	598,465	739,018	16,713,349	17,543,333
Current Liabilities	5,633,091	6,034,282	929,263	1,595,149	6,562,354	7,629,431
Long-term Liabilities	57,991,993	58,851,114	7,403,678	7,898,521	65,395,671	66,749,635
Total Liabilities	63,625,084	64,885,396	8,332,941	9,493,670	71,958,025	74,379,066
Total deferred inflows of resources	7,142,469	8,119,011	234,777	225,606	7,377,246	8,344,617
Net Position:						
Net invested in capital assets	83,892,867	82,945,793	22,493,982	22,036,073	106,386,849	104,981,866
Restricted	4,376,375	2,815,993	-	-	4,376,375	2,815,993
Unrestricted	(40,065,846)	(36,244,461)	(8,538,249)	(9,598,849)	(48,604,095)	(45,843,310)
Total Net Position	\$ 48,203,396	\$ 49,517,325	\$ 13,955,733	\$ 12,437,224	\$ 62,159,129	\$ 61,954,549

City of Barstow Changes in Net position

The City of Barstow's overall net position increased by \$.2 million from the prior year. The reasons for this overall increase are discussed in the following sections for governmental activities (a decrease of \$1.3 million) and business-type activities (an increase of \$1.5 million).

Governmental Activities

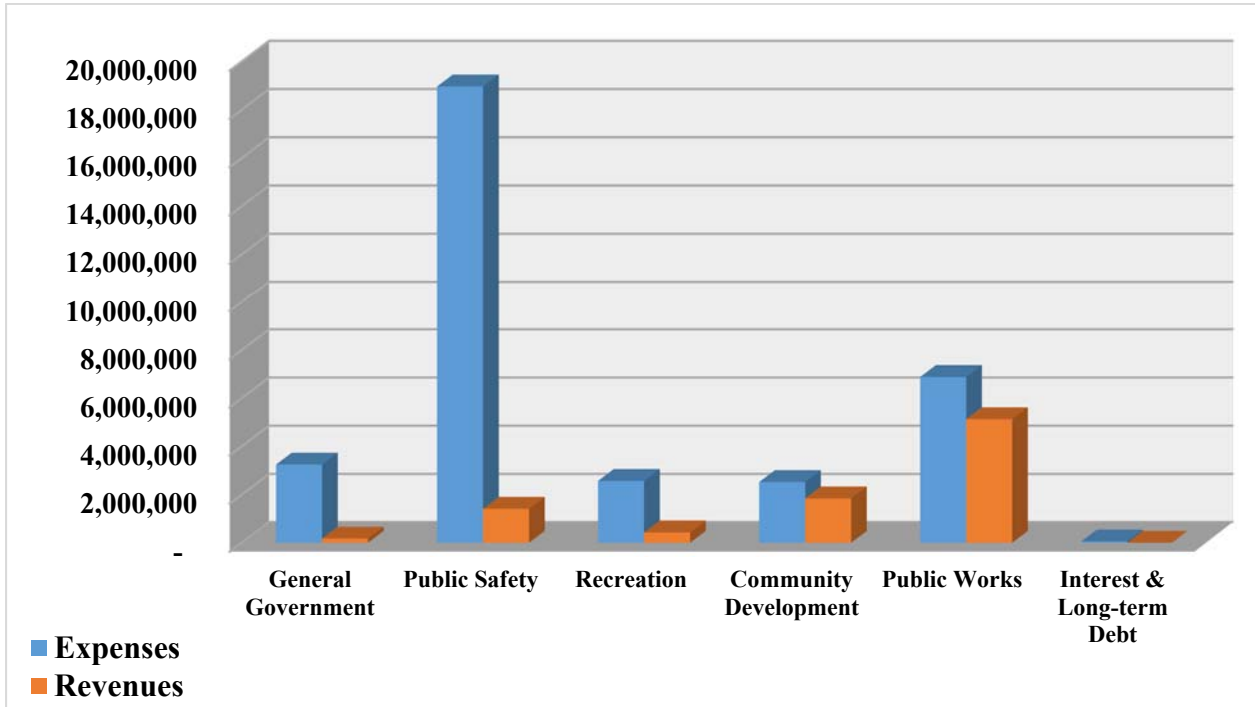
Governmental activities decreased net position by \$1.3 million for fiscal year 2019 as shown in the chart above and on the page 10. A reduction in current and other assets is primarily due to increased Public Safety costs, including FLSA corrections and increased overtime due to illness and injury. Overall, total revenue was more than last year primarily due to increase in tax revenues from the first quarter activity. The City implemented a retirement incentive program in September 2018, which led to a decrease of expenditures in all areas, except Public Safety.

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

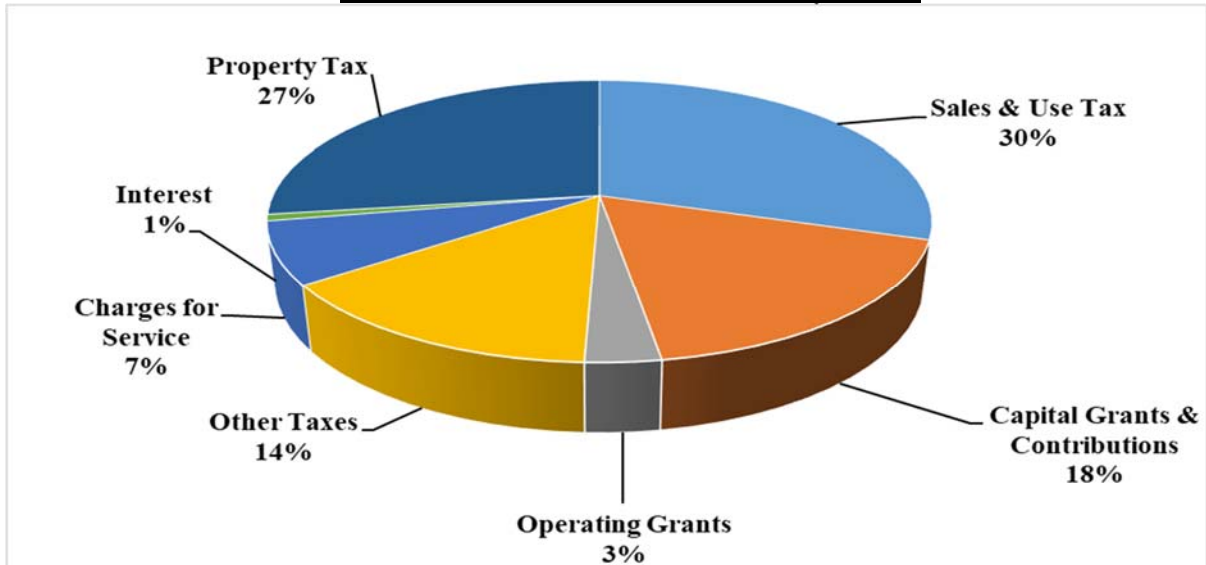
CITY OF BARSTOW
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Governmental Activities

Governmental Activities - Expenses and Program Revenues for FY 2018/19



Governmental Activities - Revenues by Source



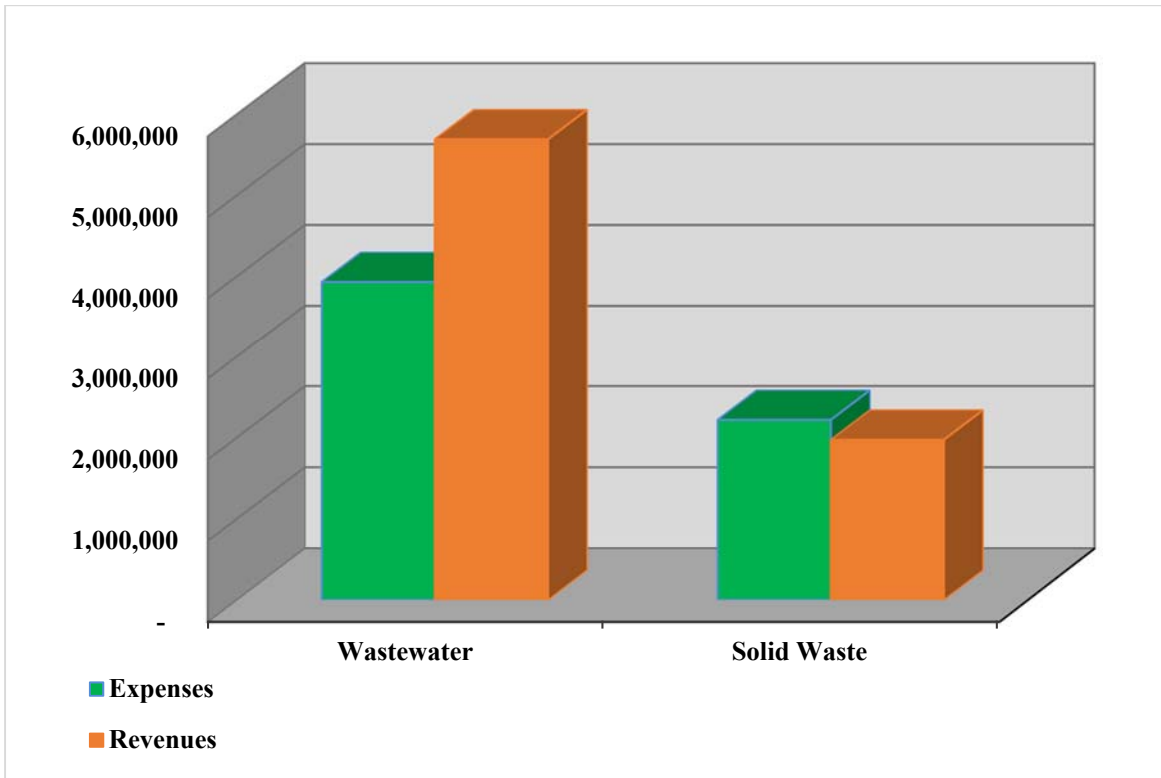
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Business-type Activities

Business-type activities increased net position by \$1.5 million as shown in the chart on page 10. As was the case in Fiscal Year 2019, the increase reflected deferred maintenance and cost containment while Wastewater repays the City General Fund for Capital Improvement loans made in prior years. Wastewater revenues were 5% higher with increased monitoring of industrial discharge flow, new sewer connection fees, and the opening of a new Best Western Plus contributing to the increase. Solid Waste expenditures exceeded revenues by \$245 thousand. To stabilize Solid Waste's financial condition, City Council took action in August 2018 to address the situation. City Council approved the elimination of the Solid Waste hauler subsidy over a 3 year period; and in 2020, the City will bring the utility billing process in-house.

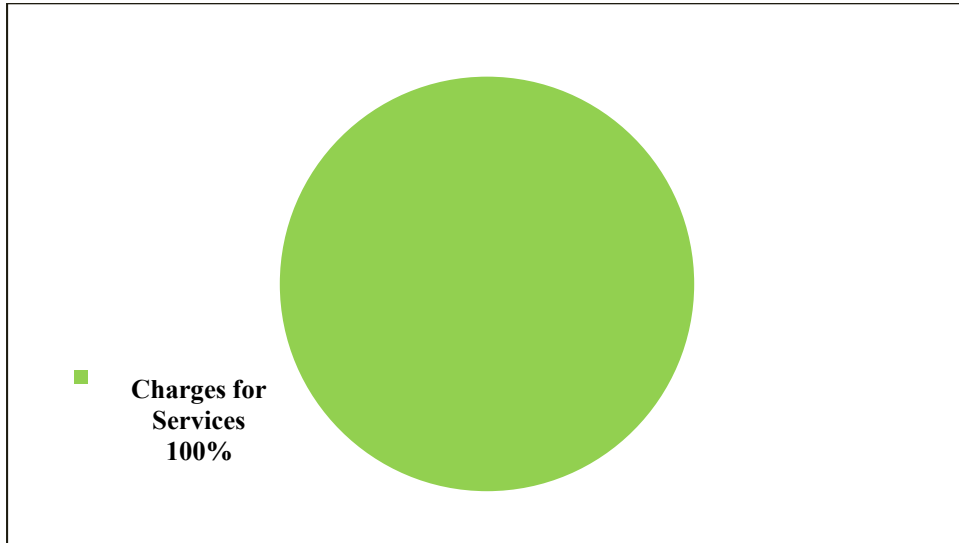
The chart below illustrates business-type expenses and revenues. The second chart on the following page shows Business-type revenues by category.

Business-Type Activities - Expenses and Program Revenues



CITY OF BARSTOW
Management's Discussion and Analysis
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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 \$10.1 million, a decrease of 15% when compared to the fund balances of the prior year. In fiscal year 2019, expenditures were more than revenue by \$2.5 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 \$393 thousand from the previous fiscal year. General Fund revenues were more than the previous fiscal year primarily due to the first quarter of Measure Q – 1% Transaction Tax and sale of property. Expenditures decreased mainly due to cuts in salaries and benefits from the retirement incentive program in September 2018. 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 an increase of \$300 thousand in fund balance as compared to prior fiscal year. The main reason for the increase was due to reimbursements for prior year expenditures related to the Capital Improvement Project for the 1st Street Bridge Project.

Barstow Fire Protection District- As anticipated per the fiscal year budget, total expenditures were greater than revenues by approximately \$2.2 million. The main reason is increasing salaries, benefits, and pension expenditures. Revenues showed a decrease from the prior fiscal year due to delayed reimbursements of \$311 thousand from the SAFER grant and a decline in property tax revenues due to one-time prior year payment received in fiscal year 2018 versus fiscal year 2019.

The *non-spendable* portion of fund balance is 80% or \$8.1 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, 2019, the major amounts designated as non-spendable were loans from the following funds:

- \$1.7 million due from the Measure I Special Revenue Fund
- \$0.8 million Wastewater Reclamation Fund loans
- \$4.6 million Barstow Fire Protection District loan

Restricted funds constitute 43% or \$4.4 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 TRIP debt will be paid off in fiscal year 2021 using the restrict debt reserve and \$383 thousand in cash, freeing up over \$1.0 million in fiscal year 2021 for projects.
- The Housing Successor Agency Trust Fund constitutes \$1.5 million of the restricted fund balance.
- Gas Tax (\$602 thousand) and Local Transportation (\$404 thousand) account for \$1.1 million restricted for street related projects.
- The remaining of \$1.8 million is restricted for Capital and Streets & Highway projects. This restriction is part of Development Impact, Local Transportation and Gas Tax funds.

Approximately (23%) or \$2.3 million constitutes *unassigned fund balance*, which is available for spending at the government's discretion. This balance is approximately \$5.4 million less than last year, due primarily to the advance to Barstow Fire Protection District increasing by \$3.1 million to \$4.6 million for their operating cost advances, including the second annual retirement payment of \$832 thousand to SBCERA to fund the transfer of the Fire District from San Bernardino County Other Safety to San Bernardino County Safety. In addition, the general fund, the capital improvement program grants and the Barstow Fire Protection District have a combined \$1.9 million in deferred inflows pending reimbursement payments received later in fiscal year 2019 adding to the restricted fund balance

More details about the fund balance for governmental funds can be found on page 101.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2019

Proprietary Funds

At year-end, the total net position of all proprietary funds was \$14.0 million, or an increase of 12% 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.

- The *Wastewater Fund* had an increase in net position of \$1.8 million. The increase is primarily due to the increased monitoring of industrial discharge flow, new sewer connection fees, and the opening of a new Best Western Plus contributing to the increase
- *Solid Waste* had a decrease in net position of \$245 thousand due to an increase in cost of services for the landfill disposal fee and subsidy hauler.

Detailed information can be found on pages 38-40.

GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal 2019 yearend actual revenues of \$20.9 million exceeded the final budgeted revenues of \$19.3 million by \$1.6 million (8.3%). Actual revenue benefitted from an unexpected \$2.1 million in the initial quarter of Measure Q – 1% Transaction Tax activity. The Property Tax actuals underperformed budget by \$297 thousand due to the budget reflecting the increased performance of FY 2018, which included one-time prior year adjustments. Sales Tax actuals also underperformed budget by \$141 thousand. The budgeting of sales tax has been problematic as the state has simultaneously had a rocky implementation of the new sales tax reporting system at the same time that SB1 Gas Tax taxes have gone into effect. The SB1 Gas Taxes have had a negative impact on diesel fuel sales to the interstate truckers.

Actual expenditures in the General Fund ended the fiscal year exceeding the amended budget by \$1.7 million (8.6%). Of this amount, \$804 thousand was attributed to General Government with additional retirement payouts, a reduction in the Gas Tax cost allocation due to reduced revenues from the state from the original projected allocations, increased legal fees, increased claims, transfer of the retirement incentive cost to general government. Public Safety accounted for \$761 thousand, which included unbudgeted FLSA corrections, reinstatement of unfunded Public Safety positions, increased overtime and related costs due to illness and injury in excess of the budget, additional leave payouts from resignations, increased billable overtime which generated additional revenue. The remaining \$156 thousand was from additional overtime and professional services covering critical functions affected by retirements, illnesses, and injuries. Due to timing issues in the recognition of the expenditure, certain excess expenditures such as the FLSA corrections, the impact of illness and injury would not be apparent until after the close of the fiscal year. Other excess expenditures, including the reinstatement of unfunded Public Safety positions, leave payouts from resignations, additional professional services and legal fees should have been addressed prior to incurring the expenditures. Changes have been implemented, including new management, to provide additional control and monitoring of the expenditures relative to budget.

The fiscal 2019 year-end actual budgetary performance resulted in a net decrease in fund balance of \$392 thousand.

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Management’s Discussion and Analysis
June 30, 2019

CAPITAL ASSET AND DEBT ADMINISTRATION

The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$111 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 1% or \$1.2 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 \$1.1 million from the previous fiscal year. Approximately \$2.1 million in work in progress was added for fiscal year 2019.

The major projects for fiscal year 2019 were:

- First Avenue Bridge Replacement over BNSF- \$2.5 million.
- Yucca Avenue Bridge Project - \$35 thousand.
- Route 66 Signage - \$50 thousand.
- Pavement Preservation -\$40 thousand.
- Dana Park and Sturnacle ADA Bathrooms - \$512 thousand.

Increases were offset by normal depreciation, the surplus of equipment which had reached end-of-life and replaced with \$554 thousand in new machinery and equipment, the removal of improved or reconstructed streets and roads due to recording new or upgraded streets/roads.

The City added approximately \$361 thousand in new infrastructure from pavement preservation and \$541 thousand in building improvements with the addition of the ADA Bathrooms at Dana and Sturnacle Parks for fiscal year 2019, mainly as a transfer of completed projects from Work in Progress.

Business-type Activities decreased by \$158 thousand from fiscal year 2018 primarily due to annual depreciation expense.

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land & Intangible Assets	\$ 9,885,485	\$ 9,885,485	\$ 1,657,637	\$ 1,657,637	\$ 11,543,122	\$ 11,543,122
Work in progress	9,358,421	7,290,788	-	36,758	9,358,421	7,327,546
Buildings & Structures	11,034,885	10,999,645	101,633	108,051	11,136,518	11,107,696
Machinery and equipment	1,938,213	2,217,705	1,383,686	980,322	3,321,899	3,198,027
Infrastructure	55,831,220	58,740,550	19,949,671	20,468,029	75,780,891	79,208,579
Total	\$ 88,048,224	\$ 89,134,173	\$ 23,092,627	\$ 23,250,797	\$ 111,140,851	\$ 112,384,970

Additional information on the City’s capital assets can be found in Note 6 of Notes to Financial Statements on page 62 & 63 of this report.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2019

Long-term Debt

At the end of the current fiscal year, the City of Barstow had total debt outstanding of \$14 million. Of this debt amount, governmental activities accounts for \$7.8 million, and \$6.2 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	
	2019	2018	2019	2018	Total 2019	Total 2018
Measure I-TRIP COP	\$ 2,960,499	\$ 4,363,249	\$ -	\$ -	\$ 2,960,499	\$ 4,363,249
Capital Lease Agreement	1,195,399	1,825,131	598,645	887,323	1,794,044	2,712,454
Certificates of Participation	-	-	-	327,402	-	327,402
Pollution Remediation Liability	-	-	5,527,464	5,672,367	5,527,464	5,672,367
Claims & Judgments Payable	1,535,582	2,116,291	-	-	1,535,582	2,116,291
Compensated Absences	2,110,178	2,598,573	116,326	204,144	2,226,504	2,802,717
Total	\$ 7,801,658	\$ 10,903,244	\$ 6,242,435	\$ 7,091,236	\$ 14,044,093	\$ 17,994,480

In total, all categories of debt decreased. Excluding the Pollution Remediation Liability, which is in a monitoring and maintenance phase, 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 future development. Other debt variances are discussed below:

- Capital Lease-The City replaced several new leased vehicles for fiscal year 2018. The decrease from the previous fiscal year reflects the scheduled lease payment, as well as an adjustment to fiscal year 2019 in both the governmental and business-type activities.
- The Certificates of Participation for Wastewater were satisfied in fiscal year 2019.
- Pollution remediation expenses in the Soapmine Road area reduced the liability by \$145 thousand.
- Claims and judgments payable decreased by \$6 thousand. The City actively works to reduce the number of annual claims.

Additional information on the City's long-term debt can be found in Note 7 on page 64 to 68 of this report.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2019

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 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 cost reductions through retirement incentives during the 2019 fiscal year that have had a continued effect into the FY 2020 fiscal year budget. General Fund revenues for the fiscal year 2019 budget were projected at \$20.8 million and General Fund operating expenditures at \$20.0 million and capital expenditures of \$217 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 West Section 7.
- Sales and use taxes is a major source of revenue for the City. In fiscal year 2019, actual sales tax revenue was \$7.3 million, slightly less than the 7.4 million for fiscal year 2018. 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 June 2019 was 6.1%. This is a 4.7% decline from June 2018 of 6.4%. Economic improvement is reflective in the transient occupancy tax increase and stable sales tax. The City's Economic Division team is actively working with prospective employers and new businesses acquiring land and buildings in Barstow to explore ways to bring both new businesses and additional 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 \$174 thousand, or 5.5% for fiscal year 2019. At \$3.3 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 monitored to ensure resources and expenses are in-line with budgeted projections.

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, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 3,700,249	\$ -	\$ 3,700,249
Accounts receivable, net	2,491,390	930,857	3,422,247
Taxes receivable	975,915	-	975,915
Due from other governmental agencies	3,079,797	-	3,079,797
Inventories and prepayments	113,048	14,809	127,857
Total current assets	<u>10,360,399</u>	<u>945,666</u>	<u>11,306,065</u>
Noncurrent assets:			
Cash and investments with fiscal agents	1,088,849	-	1,088,849
Due from Successor Agency Trust Fund	312,931	-	312,931
Deposits	932,355	-	932,355
Internal balances	2,113,307	(2,113,307)	-
Capital assets:			
Not being depreciated	19,243,906	1,657,637	20,901,543
Being depreciated, net	68,804,318	21,434,990	90,239,308
Total capital assets	<u>88,048,224</u>	<u>23,092,627</u>	<u>111,140,851</u>
Total noncurrent assets	<u>92,495,666</u>	<u>20,979,320</u>	<u>113,474,986</u>
Total assets	<u>102,856,065</u>	<u>21,924,986</u>	<u>124,781,051</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred employer pension contributions	4,120,132	182,733	4,302,865
Deferred employer OPEB contributions	755,462	-	755,462
Deferred outflows of resources - pension	11,239,290	415,732	11,655,022
Deferred outflows of resources - OPEB	312,750	-	312,750
Total deferred outflows of resources	<u>16,427,634</u>	<u>598,465</u>	<u>17,026,099</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	2,681,795	443,498	3,125,293
Deposits	14,320	85,544	99,864
Unearned revenue	30,356	-	30,356
Interest payable	26,910	-	26,910
Long-term debt due within one year	2,879,710	400,221	3,279,931
Total current liabilities	<u>5,633,091</u>	<u>929,263</u>	<u>6,562,354</u>
Noncurrent liabilities:			
Net OPEB liability	17,798,846	-	17,798,846
Net pension liabilities	35,271,739	1,561,464	36,833,203
Long-term debt due in more than one year	4,921,408	5,842,214	10,763,622
Total noncurrent liabilities	<u>57,991,993</u>	<u>7,403,678</u>	<u>65,395,671</u>
Total liabilities	<u>63,625,084</u>	<u>8,332,941</u>	<u>71,958,025</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	6,661,571	234,777	6,896,348
Deferred inflows of resources - OPEB	793,648	-	793,648
Total deferred inflows of resources	<u>7,455,219</u>	<u>234,777</u>	<u>7,689,996</u>
NET POSITION			
Net investment in capital assets	<u>83,892,867</u>	<u>22,493,982</u>	<u>106,386,849</u>
Restricted for:			
Capital projects	1,275,337	-	1,275,337
Debt service	1,093,379	-	1,093,379
Community development	1,524,305	-	1,524,305
Special projects	428,259	-	428,259
Total restricted	<u>4,321,280</u>	<u>-</u>	<u>4,321,280</u>
Unrestricted (deficit)	<u>(40,010,751)</u>	<u>(8,538,249)</u>	<u>(48,549,000)</u>
Total net position	<u>\$ 48,203,396</u>	<u>\$ 13,955,733</u>	<u>\$ 62,159,129</u>

City of Barstow
Statement of Activities
For the year ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 3,195,349	\$ 118,520	\$ 57,394	\$ -	\$ 175,914
Public safety	18,968,397	513,367	896,358	-	1,409,725
Recreation	2,573,335	428,431	-	1,132	429,563
Community development	2,522,157	1,258,200	47,123	537,007	1,842,330
Public works	6,937,058	-	1,135	5,132,563	5,133,698
Interest on long-term debt	55,104	-	-	-	-
Total governmental activities	34,251,400	2,318,518	1,002,010	5,670,702	8,991,230
Business-type activities:					
Wastewater	3,928,331	5,691,682	-	-	5,691,682
Solid waste disposal	2,216,662	1,971,820	-	-	1,971,820
Total business-type activities	6,144,993	7,663,502	-	-	7,663,502
Total primary government	\$ 40,396,393	\$ 9,982,020	\$ 1,002,010	\$ 5,670,702	\$ 16,654,732

General Revenues:

Taxes:

- Property taxes
- Sales and use taxes
- Transient occupancy taxes
- Franchise taxes
- Business license taxes
- Other 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
\$ (3,019,435)	\$ -	\$ (3,019,435)
(17,558,672)	-	(17,558,672)
(2,143,772)	-	(2,143,772)
(679,827)	-	(679,827)
(1,803,360)	-	(1,803,360)
(55,104)	-	(55,104)
(25,260,170)	-	(25,260,170)
-	1,763,351	1,763,351
-	(244,842)	(244,842)
-	1,518,509	1,518,509
(25,260,170)	1,518,509	(23,741,661)
8,774,293	-	8,774,293
9,690,333	-	9,690,333
3,320,952	-	3,320,952
1,023,994	-	1,023,994
233,526	-	233,526
59,958	-	59,958
23,103,056	-	23,103,056
242,147	-	242,147
601,038	-	601,038
23,946,241	-	23,946,241
(1,313,929)	1,518,509	204,580
49,517,325	12,437,224	61,954,549
\$ 48,203,396	\$ 13,955,733	\$ 62,159,129

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FUND FINANCIAL STATEMENTS

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.

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

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

City of Barstow
Balance Sheet
Governmental Funds
June 30, 2019

	Major Funds		
	General Fund	Measure I Special Revenue Fund	Barstow Fire Protection District Special Revenue Fund
ASSETS			
Cash and investments	\$ 581,603	\$ -	\$ -
Cash and investments held by fiscal agents	-	-	-
Accounts receivable, net	284,640	549,209	327,559
Taxes receivable	855,084	-	-
Due from other governmental agencies	3,079,796	-	-
Due from other funds	2,968,634	-	-
Advances to other funds	7,066,183	-	-
Due from Successor Agency Trust Fund	-	-	-
Deposits	932,355	-	-
Prepayments	74,974	-	-
Inventory	38,074	-	-
Total assets	\$ 15,881,343	\$ 549,209	\$ 327,559
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,605,454	\$ 38,991	\$ 711,144
Deposits	14,318	-	-
Due to other funds	-	287,937	334,167
Advances from other funds	-	1,700,000	4,573,696
Unearned revenue	-	-	-
Total liabilities	1,619,772	2,026,928	5,619,007
Deferred inflows of resources:			
Unavailable revenues	306,971	51,787	311,032
Fund Balances: (Note 12)			
Nonspendable	8,111,586	-	-
Restricted	-	-	-
Unassigned	5,843,014	(1,529,506)	(5,602,480)
Total fund balances	13,954,600	(1,529,506)	(5,602,480)
Total liabilities, deferred inflows of resources, and fund balances	\$ 15,881,343	\$ 549,209	\$ 327,559

Major Funds		Non-Major	Total
Grants	Governmental	Governmental	Governmental
Special Revenue Fund	Funds	Funds	Funds
\$ 254,204	\$ 2,864,441	\$ 3,700,248	
-	1,088,849	1,088,849	
1,329,982	-	2,491,390	
-	120,830	975,914	
-	-	3,079,796	
-	-	2,968,634	
-	-	7,066,183	
-	312,931	312,931	
-	-	932,355	
-	-	74,974	
-	-	38,074	
<u>\$ 1,584,186</u>	<u>\$ 4,387,051</u>	<u>\$ 22,729,348</u>	

\$ 290,790	\$ 35,415	\$ 2,681,794
-	-	14,318
1,011,959	13,751	1,647,814
-	-	6,273,696
-	30,356	30,356
<u>1,302,749</u>	<u>79,522</u>	<u>10,647,978</u>

<u>1,273,139</u>	<u>-</u>	<u>1,942,929</u>
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-	-	8,111,586
-	4,376,375	4,376,375
(991,702)	(68,846)	(2,349,520)

<u>(991,702)</u>	<u>4,307,529</u>	<u>10,138,441</u>
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<u>\$ 1,584,186</u>	<u>\$ 4,387,051</u>	<u>\$ 22,729,348</u>
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City of Barstow
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2019

Total Fund Balances - Total Governmental Funds	\$ 10,138,441
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.	88,048,224
Long-term debt and compensated absences have not been included in the governmental fund activity.	
Net OPEB liability	(17,798,846)
Net pension liability	(35,271,739)
Long-term debt due within one year	(2,879,710)
Long-term debt due in more than one year	<u>(4,921,408)</u>
	(60,871,703)
Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are deferred.	4,120,132
Employer contributions for OPEB were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are deferred.	755,462
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	11,239,290
Deferred outflows of resources - OPEB	312,750
Deferred inflows of resources - pension	(6,661,571)
Deferred inflows of resources - OPEB	(793,648)
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.	<u>1,942,929</u>
Net Position of Governmental Activities	<u><u>\$ 48,203,396</u></u>

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City of Barstow
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2019

	Major Funds		
	General	Measure I	Barstow Fire
	Fund	Special Revenue Fund	Protection District Special Revenue Fund
REVENUES:			
Property taxes	\$ 4,399,249	\$ -	\$ 4,393,005
Sales and use taxes	9,383,362	-	-
Transient occupancy tax	3,320,952	-	-
Motor vehicle fees, in lieu, unrestricted	11,717	-	-
Franchise taxes	1,023,994	-	-
Business license taxes	233,526	-	-
Other taxes	59,958	-	-
Licenses and permits	207,183	-	49,597
Fines and penalties	114,564	-	-
Revenues from other agencies	560,936	2,144,080	161,922
Charges for current services	1,052,223	-	-
Other	107,557	-	1,483
Use of money and property	422,299	710	32,013
Total revenues	20,897,520	2,144,790	4,638,020
EXPENDITURES:			
Current:			
General government	3,909,039	-	-
Public safety	10,252,480	2,443	6,808,206
Recreation	2,428,174	-	-
Community development	2,512,082	-	-
Public works	2,762,468	-	-
Capital outlay	146,096	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	22,010,339	2,443	6,808,206
REVENUES OVER (UNDER) EXPENDITURES	(1,112,819)	2,142,347	(2,170,186)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	(1,843,451)	-
Proceeds from sale of assets	720,188	-	-
Total other financing sources (uses)	720,188	(1,843,451)	-
Net change in fund balances	(392,631)	298,896	(2,170,186)
FUND BALANCES:			
Beginning of year	14,347,231	(1,828,402)	(3,432,294)
End of year	\$ 13,954,600	\$ (1,529,506)	\$ (5,602,480)

Grants Special Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 8,792,254
-	-	9,383,362
-	-	3,320,952
-	-	11,717
-	-	1,023,994
-	-	233,526
-	-	59,958
-	-	256,780
-	-	114,564
2,022,897	1,162,106	6,051,941
-	1,115	1,053,338
-	815,360	924,400
(144)	17,461	472,339
2,022,753	1,996,042	31,699,125
-	-	3,909,039
190,334	-	17,253,463
-	1,150	2,429,324
43,159	435	2,555,676
-	454,703	3,217,171
9,060	3,217,536	3,372,692
-	1,290,000	1,290,000
-	167,854	167,854
242,553	5,131,678	34,195,219
1,780,200	(3,135,636)	(2,496,094)
-	4,645,038	4,645,038
(2,797,565)	(4,022)	(4,645,038)
-	-	720,188
(2,797,565)	4,641,016	720,188
(1,017,365)	1,505,380	(1,775,906)
25,663	2,802,149	11,914,347
\$ (991,702)	\$ 4,307,529	\$ 10,138,441

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, 2019

Net Change in Fund Balances - Total Governmental Funds	\$ (1,775,906)
Amounts reported for governmental activities in the statement of activities differ from the amounts reported in the statement of revenues, and changes in fund balances because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.	3,176,487
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.	(4,096,066)
In the statement of activities, only the gain or (loss) on the sale of capital assets is reported, whereas in the governmental funds proceeds from sales increases financial resources:	
Proceeds from sale of assets are not recorded on the Statement of Activities	(720,188)
Gain on disposal of capital assets are not recorded on the Government Funds Statement of Revenues, Expenditures, and Changes in Fund Balance	553,818
Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are deferred.	4,120,132
Employer contributions for OPEB were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are deferred.	755,462
OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(1,016,131)
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.	(6,652,009)
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.	1,238,346
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	1,290,000
Decrease in Measure I TRIP Certificates of Participation, Series 2012 original issuance premium	112,750
Decrease in capital lease obligations	630,272
Net decrease in claims and judgments	6,114
Net decrease in compensated absences	1,062,990
	3,102,126
Change in Net Position of Governmental Activities	\$ (1,313,929)

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, 2019

	Wastewater Reclamation	Solid Waste Disposal	Total
ASSETS			
Current assets:			
Accounts receivable, net	\$ 780,357	\$ 150,500	\$ 930,857
Prepays	1,010	13,799	14,809
Total current assets	<u>781,367</u>	<u>164,299</u>	<u>945,666</u>
Noncurrent assets:			
Capital assets:			
Not being depreciated	1,657,637	-	1,657,637
Being depreciated, net	21,069,687	365,303	21,434,990
Total capital assets	<u>22,727,324</u>	<u>365,303</u>	<u>23,092,627</u>
Total noncurrent assets	<u>22,727,324</u>	<u>365,303</u>	<u>23,092,627</u>
Total assets	<u>23,508,691</u>	<u>529,602</u>	<u>24,038,293</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred employer pension contributions	81,905	100,828	182,733
Deferred outflows of resources - pension	186,341	229,391	415,732
Total deferred outflows of resources	<u>268,246</u>	<u>330,219</u>	<u>598,465</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	195,141	248,357	443,498
Deposits Payable	-	85,544	85,544
Due to other funds	702,352	618,468	1,320,820
Pollution remediation liability - due within one year	80,000	-	80,000
Compensated absences payable - due within one year	41,055	5,476	46,531
Capital lease payable - due within one year	273,690	-	273,690
Total current liabilities	<u>1,292,238</u>	<u>957,845</u>	<u>2,250,083</u>
Noncurrent liabilities:			
Advances from other funds	792,487	-	792,487
Pollution remediation liability - due in more than one year	5,447,464	-	5,447,464
Compensated absences payable - due in more than one year	61,581	8,214	69,795
Capital lease payable - due in more than one year	324,955	-	324,955
Net pension liability	699,885	861,579	1,561,464
Total noncurrent liabilities	<u>7,326,372</u>	<u>869,793</u>	<u>8,196,165</u>
Total liabilities	<u>8,618,610</u>	<u>1,827,638</u>	<u>10,446,248</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	105,233	129,544	234,777
Total deferred inflows of resources	<u>105,233</u>	<u>129,544</u>	<u>234,777</u>
NET POSITION			
Net investment in capital assets	22,128,679	365,303	22,493,982
Unrestricted (deficit)	(7,075,585)	(1,462,664)	(8,538,249)
Total net position	<u>\$ 15,053,094</u>	<u>\$ (1,097,361)</u>	<u>\$ 13,955,733</u>

City of Barstow
Statement of Revenues, Expenses and Changes in Net Position
Enterprise Funds
For the year ended June 30, 2019

	Wastewater Reclamation	Solid Waste Disposal	Total
OPERATING REVENUES:			
Services charges	\$ 5,666,670	\$ 1,968,387	\$ 7,635,057
Other revenue	25,012	3,433	28,445
Total operating revenues	5,691,682	1,971,820	7,663,502
OPERATING EXPENSES:			
General administration	1,091,662	274,595	1,366,257
Cost of services	1,705,614	1,899,041	3,604,655
Insurance expenses and claims	115,235	19,814	135,049
Depreciation	936,321	23,212	959,533
Total operating expenses	3,848,832	2,216,662	6,065,494
OPERATING INCOME	1,842,850	(244,842)	1,598,008
NONOPERATING REVENUES (EXPENSES):			
Interest expense	(62,488)	-	(62,488)
Total nonoperating revenues (expenses)	(79,499)	-	(79,499)
Change in net position	1,763,351	(244,842)	1,518,509
NET POSITION:			
Beginning of year	13,289,743	(852,519)	12,437,224
End of year	\$ 15,053,094	\$ (1,097,361)	\$ 13,955,733

City of Barstow
Statement of Cash Flows
Enterprise Funds
For the year ended June 30, 2019

	Wastewater Reclamation	Solid Waste Disposal	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 5,972,260	\$ 1,856,700	\$ 7,828,960
Cash payments to suppliers of goods and services	(2,003,195)	(1,847,226)	(3,850,421)
Cash payments to employees for services	(1,131,762)	(227,469)	(1,359,231)
Net cash provided by (used in) operating activities	2,837,303	(217,995)	2,619,308
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Interfund borrowings	-	217,995	217,995
Payments on interfund borrowing	(1,337,127)	-	(1,337,127)
Net cash provided by (used) in noncapital financing activities	(1,337,127)	217,995	(1,119,132)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal payments on long-term debt and capital lease	(616,079)	-	(616,079)
Interest paid on long-term debt and capital lease	(65,723)	-	(65,723)
Acquisition of capital assets	(818,374)	-	(818,374)
Net cash (used) in capital and related financing activities	(1,500,176)	-	(1,500,176)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	-
CASH AND CASH EQUIVALENTS - Beginning of year	-	-	-
CASH AND CASH EQUIVALENTS - End of year	\$ -	\$ -	\$ -
FINANCIAL STATEMENT PRESENTATION:			
Cash and investments	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 1,842,850	\$ (244,842)	\$ 1,598,008
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	936,321	23,212	959,533
Changes in assets and liabilities:			
Accounts receivable	280,578	150,916	431,494
Prepays	10,733	11,231	21,964
Deferred employer pension contributions	249,345	306,940	556,285
Deferred outflows of resources - pension	(186,341)	(229,391)	(415,732)
Accounts payable and accrued liabilities	(19,864)	62,371	42,507
Deposits payable	-	(266,036)	(266,036)
Net pension liability	(38,173)	(46,991)	(85,164)
Deferred inflows of resources - pension	4,111	5,060	9,171
Pollution remediation liability	(144,903)	-	(144,903)
Compensated absences payable	(97,354)	9,535	(87,819)
Total adjustments	994,453	26,847	1,021,300
Net cash provided (used) in operating activities	\$ 2,837,303	\$ (217,995)	\$ 2,619,308

FIDUCIARY FUND FINANCIAL STATEMENTS

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City of Barstow
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Agency Funds	Private Purpose Trust Fund Successor Agency Trust Fund
ASSETS		
Current assets:		
Cash and investments	\$ 234,561	\$ 789,763
Taxes and liens receivable	60	50,000
Due from City of Barstow	-	45,461
Total current assets	<u>234,621</u>	<u>885,224</u>
Noncurrent assets:		
Property held for resale	-	2,864,598
Total assets	<u><u>\$ 234,621</u></u>	<u><u>3,749,822</u></u>
LIABILITIES		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 25,074	1,850
Deposits	108,732	-
Due to bondholders	95,746	-
Due to other agencies	5,069	-
Interest payable	-	46,463
Payable to City of Barstow	-	312,931
Bonds payable - due within one year	-	720,000
Total current liabilities	<u>234,621</u>	<u>1,081,244</u>
Noncurrent liabilities:		
Bonds payable - due in more than one year	-	2,340,000
Total liabilities	<u><u>\$ 234,621</u></u>	<u><u>3,421,244</u></u>
NET POSITION:		
Held in trust for dissolution of RDA		<u>328,578</u>
Total net position		<u><u>\$ 328,578</u></u>

City of Barstow
Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
For the year ended June 30, 2019

	Successor Agency Trust Fund
ADDITIONS:	
Investment income	\$ 269
From other agencies	1,479,355
Total additions	<u>1,479,624</u>
DEDUCTIONS:	
Administration	140,794
Interest expense	151,649
Total Deductions	<u>292,443</u>
Change in net position	1,187,181
NET POSITION:	
Beginning of year	<u>(858,603)</u>
End of year	<u>\$ 328,578</u>

NOTES TO BASIC FINANCIAL STATEMENTS

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

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.

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.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Financial Reporting Entity, Continued

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.

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.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

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 95% of its revenue source for fiscal year 2019. Minor sources of revenue are fees for permits, plan and specification review, and grants.
- The Grants fund accounts for transactions related to proceeds from grants restricted for various purposes specified in the respective grant agreements.

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.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

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.

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.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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. Fair 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, 2019.

D. Cash and Cash Equivalents

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

E. Use of Estimates

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

F. Receivables and Payables

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

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

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

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

Lien Date	1-Jan
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 of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Receivables and Payables, Continued

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.

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

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Net Position and Fund Equity, Continued

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, 2019 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.

M. 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.

N. Pension

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

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date July 1, 2017
Measurement Date June 30, 2018
Measurement Period July 1, 2017 to June 30, 2018

P. New Pronouncements

In 2019, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 83, *Certain Asset Retirement Obligations* – The objective of this statement is to provide financial statement users with information about asset retirement obligations (AROs) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. The requirements of this statement did not apply to the District for the current fiscal year.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* – The objective of this statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. The District reviewed and updated as necessary disclosures relating to long term debt as part of implementing this standard.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

2. CASH AND INVESTMENTS

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

	Government-Wide Statement of Net Position			Total
	Governmental Activities	Business-Type Activities	Fiduciary Funds	
Cash and investments	\$ 3,700,249	\$ -	\$ 1,024,324	\$ 4,724,573
Restricted cash and investments	1,088,849	-	-	1,088,849
Total cash and investments	\$ 4,789,098	\$ -	\$ 1,024,324	\$ 5,813,422

Cash and investments as of June 30, 2019 consist of the following:

Deposits:	
Cash on hand	\$ 1,740
Deposits with financial institution	4,607,816
Total deposits	4,609,556
Investments:	
Local Agency Investment funds	115,017
Total investments	115,017
Total City Treasury	4,724,573
Restricted cash and investments	
Cash with fiscal agent	1,088,849
Total restricted cash and investments	1,088,849
Total cash and investments	\$ 5,813,422

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 \$4,607,816 at June 30, 2019. Bank balances before reconciling items were \$4,440,498, 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 58.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

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
CA warrants, treasury notes and bonds	None	None	None
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	None
Federal Agency	None	None	None

*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.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

2. CASH AND INVESTMENTS, Continued

C. Disclosures Related to Interest Rate Risk

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

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

Investment Type	Fair Value	Investment Maturities (in years)	
		1 year or Less	2 years
Local Agency Investment Fund	\$ 115,017	\$ 115,017	\$ -
Total	\$ 115,017	\$ 115,017	\$ -

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
			Not Rated
Local Agency Investment Funds	\$ 115,017	N/A	\$ 115,017
Total	\$ 115,017		\$ 115,017

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

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>
LAIF	Investment Pool	\$ 115,017

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, 2019, \$4,190,498 of the City’s deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts. As of June 30, 2019, no City investments were held by the same broker-dealer (counterparty) that was used by the City to buy the securities.

G. Local Agency Investment Fund

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The balance is available for withdrawal on demand. The City’s investments with LAIF at June 30, 2019, include a portion of the pooled funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

2. CASH AND INVESTMENTS, Continued

G. Local Agency Investment Fund, Continued

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, 2019, the City had \$115,017 invested in LAIF, which had invested 1.77% of the pool investment funds in Structured Notes and Asset-Backed Securities. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The fair value of LAIF was calculated by applying a factor of 1.00171179 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, 2019 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.

Investment Type	Fair Value	Not Subject to Disclosure	Fair Value Measurement Using		
			Level 1	Level 2	Level 3
Local Agency Investment Fund	\$ 115,017	\$ 115,017	\$ -	\$ -	\$ -
Total investments subject to fair value	\$ 115,017	\$ 115,017	\$ -	\$ -	\$ -

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

3. ACCOUNTS RECEIVABLE

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

	<u>Accounts Receivable</u>	<u>Allowances for Uncollectibles</u>	<u>Accounts Receivable, Net</u>
Governmental Funds			
General Fund	\$ 326,664	\$ (42,024)	\$ 284,640
Measure I Special Revenue Fund	549,209		549,209
Barstow Fire Protection District			
Special Revenue Fund	327,559		327,559
Grants Fund	1,329,982		1,329,982
Enterprise Funds			
Wastewater Reclamation	1,233,977	(453,620)	780,357
Solid Waste Disposal	219,202	(68,702)	150,500
	<u>\$ 3,986,593</u>	<u>\$ (564,346)</u>	<u>\$ 3,422,247</u>

4. INTERFUND BALANCES

The following table presents the interfund balances as of June 30, 2019:

<u>Due to General Fund</u>	<u>Due from Other Funds</u>
Measure I Special Revenue Fund	\$ 287,937
Barstow Fire Protection District Fund	334,167
Grants Fund	1,011,959
Non-Major Governmental Funds	13,751
Wastewater Reclamation Fund	702,352
Solid Waste Disposal	618,468
Total	<u>\$ 2,968,634</u>

Capital projects, funded by reimbursable grants and capital allocations from Federal, State, and County sources, were approved by the City Council with the understanding that the General Fund lends monies to other funds with the expectation that the amounts will be repaid based on contractual commitments from other governmental entities. 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, 2019.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

4. INTERFUND BALANCES, Continued

The following table presents advances as of June 30, 2019:

	Advances from Other Funds			Total
	Measure I Special Revenue Fund	Barstow Fire Protection District Special Revenue Fund	Wastewater Reclamation Enterprise Fund	
Advances to Other Funds General Fund	\$ 1,700,000	\$ 4,573,696	\$ 792,487	\$ 7,066,183
Total	\$ 1,700,000	\$ 4,573,696	\$ 792,487	\$ 7,066,183

In fiscal year 2016, the General Fund advanced \$2,000,000 to the Measure I Special Revenue Fund to complete the Henderson /Cameron Area Road Project. Per San Bernardino County Transportation Authority (SBCTA), interest may not be charged on Measure I funds. As of June 30, 2019, the total amount owed to the General Fund is \$1,700,000.

Beginning in fiscal year 2015, the General Fund began advancing funds to the Barstow Fire Protection District Special Revenue Fund to cover operational expenditures for each fiscal year. Funds advanced accumulated to \$4,153,696 as of July 1, 2018. On October 1, 2018, the City and the Barstow Fire Protection District entered into a formal loan agreement with the balance due to be paid over a period of 5 years at a zero percent interest rate. The City has the option to declare at any point in time that the entire principal amount outstanding will be due and payable upon request. In fiscal year 2019, the General Fund advanced the Barstow Fire Protection District an additional \$420,000. As of June 30, 2019, the total amount owed to the General Fund from the Barstow Fire Protection District Special Revenue Fund is \$4,573,696.

In fiscal year 2015, the General Fund advanced \$5 million to the Wastewater fund to cover major capital facility improvements. The funds were advanced at a 2% interest rate. As of June 30, 2019, the total amount owed to the General Fund from the Wastewater Fund is \$792,487.

5. INTERFUND TRANSFERS

With Council approval, resources are transferred from one City fund to another. The transfers reflected are to record capital outlay and debt service for the year.

In the fund financial statements, total transfers were \$4,645,038 as follows:

Transfers Out	Non-major Governmental Funds
Major Funds	
Grants Fund	\$ 2,797,565
Measure I Special Revenue Fund	1,843,451
Non-major Govtl Funds	4,022
Total	\$ 4,645,038

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

5. INTERFUND TRANSFERS, Continued

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

The transfers of \$2,797,565 from the Grants Fund, \$1,843,451 from the Measure I Fund, \$4,022 from Non-major governmental funds to Non-major governmental funds were for capital improvements and debt services.

6. CAPITAL ASSETS

A summary of changes in the governmental activities capital assets at June 30, 2019 is as follows:

	Balance July 1, 2018	Increases	Decreases/ Adjustments	Balance June 30, 2019
Non-depreciable assets:				
Work in progress	\$ 7,290,788	\$ 2,592,392	\$ (524,759)	\$ 9,358,421
Land	9,800,485	-	-	9,800,485
Intangible Asset-Water Rights	85,000	-	-	85,000
Total non-depreciable assets	17,176,273	2,592,392	(524,759)	19,243,906
Depreciable assets:				
Buildings and improvements	26,956,759	541,927		27,498,686
Machinery and equipment	5,035,936	48,102	(1,465,621)	3,618,417
Property under capital lease	1,295,544	24,060		1,319,604
Infrastructure	112,975,423	361,645		113,337,068
Total depreciable assets	146,263,662	975,734	(1,465,621)	145,773,775
Less accumulated depreciation:				
Buildings and improvements	(15,957,114)	(506,687)		(16,463,801)
Machinery and equipment	(3,954,044)	(235,712)	1,432,371	(2,757,385)
Property under capital lease	(159,731)	(82,692)		(242,423)
Infrastructure	(54,234,873)	(3,270,975)		(57,505,848)
Total accumulated depreciation	(74,305,762)	(4,096,066)	1,432,371	(76,969,457)
Total depreciable assets, net	71,957,900	(3,120,332)	(33,250)	68,804,318
Total capital assets	\$ 89,134,173	\$ (527,940)	\$ (558,009)	\$ 88,048,224

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

6. CAPITAL ASSETS, Continued

A summary of changes in the business-type activities capital assets at June 30, 2019 is as follows:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Non-depreciable assets:				
Work in progress	\$ 36,758	\$ -	\$ (36,758)	\$ -
Land	1,657,637	-	-	1,657,637
Total non-depreciable assets	1,694,395	-	(36,758)	1,657,637
Depreciable assets:				
Buildings and improvements	306,094	-	-	306,094
Machinery and equipment	2,487,095	554,449	(51,031)	2,990,513
Property under capital lease	130,364	-	-	130,364
Infrastructure	30,951,858	300,683	-	31,252,541
Total depreciable assets	33,875,411	855,132	(51,031)	34,679,512
Less accumulated depreciation:				
Buildings and improvements	(198,043)	(6,418)	-	(204,461)
Machinery and equipment	(1,595,016)	(125,435)	34,020	(1,686,431)
Property under capital lease	(42,121)	(8,640)	-	(50,761)
Infrastructure	(10,483,829)	(819,040)	-	(11,302,869)
Total accumulated depreciation	(12,319,009)	(959,533)	34,020	(13,244,522)
Total depreciable assets, net	21,556,402	(104,401)	(17,011)	21,434,990
Total capital assets	\$ 23,250,797	(104,401)	\$ (53,769)	\$ 23,092,627

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

	Governmental Activities	Business-type Activities
General government	\$ 378,266	\$ -
Public Safety	194,603	-
Recreation	232,829	-
Community Development	5,488	-
Public Works	3,284,880	-
Wastewater Reclamation	-	936,321
Solid Waste Disposal	-	23,212
Total depreciation expense	\$ 4,096,066	\$ 959,533

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

7. LONG-TERM DEBT

During the year ended June 30, 2019, the following changes occurred in liabilities reported in long-term debt:

	Balance June 30, 2018	Additions	Deletions/ Adjustments	Bond Discount/ Premium	Balance June 30, 2019	Due Within One Year
Governmental Activities:						
Measure I TRIP COP, Series 2012	\$ 4,363,249	\$ -	\$ (1,290,000)	\$ (112,750)	\$ 2,960,499	\$ 1,340,000
Capital lease agreements	1,825,131	-	(629,732)	-	1,195,399	482,093
Compensated absences	2,598,573	869,678	(1,932,669)	-	1,535,582	614,233
Claims and judgements payable	2,116,291	815,569	(821,682)	-	2,110,178	443,384
Total governmental activities	<u>\$ 10,903,244</u>	<u>\$ 1,685,247</u>	<u>\$ (4,674,083)</u>	<u>\$ (112,750)</u>	<u>\$ 7,801,658</u>	<u>\$ 2,879,710</u>
Business type Activities:						
Certificates of Participation	\$ 327,402	\$ -	\$ (340,000)	\$ 12,598	\$ -	\$ -
Pollution remediation liability	5,672,367	-	(144,903)	-	5,527,464	80,000
Capital lease agreement	887,323	-	(288,677)	-	598,645	273,690
Compensated absences	204,144	63,218	(151,036)	-	116,326	46,531
Total business-type activities	<u>\$ 7,091,236</u>	<u>\$ 63,218</u>	<u>\$ (924,616)</u>	<u>\$ 12,598</u>	<u>\$ 6,242,435</u>	<u>\$ 400,221</u>

Compensated absences and claims and judgement payable 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, 2019 were \$2,144,080.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

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), Continued

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

Year Ending June 30,	Principal	Interest	Total
2020	\$ 1,340,000	\$ 109,400	\$ 1,449,400
2021	1,395,000	55,800	1,450,800
Subtotal	2,735,000	<u>\$ 165,200</u>	<u>\$ 2,900,200</u>
Bond Premium	225,499		
Total	<u>\$ 2,960,499</u>		

B. Capital Lease Agreements

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

The City entered into a multi-year capital lease program for vehicle replacement. Each year, vehicles in the fleet are evaluated and proposed additions and retirements are taken to the City Council for approval. The City makes an annual payment based on the leased vehicles in the fleet. In fiscal year 2019, they leased 26 new vehicles at a cost of \$607,005 and made an annual lease payment of \$208,666.

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

Year Ending June 30,	Principal	Interest	Total
2020	\$ 757,110	\$ 119,606	\$ 876,716
2021	809,232	64,799	874,031
2022	148,718	22,977	171,695
2023	78,444	5,261	83,705
Total	<u>1,793,504</u>	<u>212,643</u>	<u>2,006,147</u>
Governmental activities	1,195,399	169,452	1,364,851
Business-type activities	598,645	43,191	641,836
Total	<u>\$ 1,794,044</u>	<u>\$ 212,643</u>	<u>\$ 2,006,687</u>

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

7. LONG-TERM DEBT, Continued

C. *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, 2019, was \$1,535,582 for governmental activities and \$116,326 for business-type activities.

D. *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 \$3,327,536 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 \$80,000 for the design in fiscal year 2020 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, 2019 is as follows:

<u>Obligating Event</u>	<u>Liability</u>
Quarterly groundwater sampling	\$ 3,165,144
Operation and maintenance of groundwater	2,240,126
Replacement drinking water	<u>122,194</u>
Total by obligating event	<u>\$ 5,527,464</u>

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.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

7. LONG-TERM DEBT, Continued

D. Pollution Remediation Liability, Continued

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.

E. Fiduciary Funds - Successor Agency Private Purpose Trust Fund

During the year ended June 30, 2019, the following changes occurred in liabilities reported in long-term debt for Fiduciary Funds:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Fiduciary Funds: Successor Agency Private Purpose Trust					
Redevelopment Tax Allocation Bonds:					
2004 Tax Allocation Bonds	\$ 3,750,000	\$ -	\$ (690,000)	\$ 3,060,000	\$ 720,000
Total fiduciary funds	<u>\$ 3,750,000</u>	<u>\$ -</u>	<u>\$ (690,000)</u>	<u>\$ 3,060,000</u>	<u>\$ 720,000</u>

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 \$844,225. The principal amount outstanding at June 30, 2019 is \$3,060,000.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

7. LONG-TERM DEBT, Continued

E. Fiduciary Funds – Successor Agency Private Purpose Trust Fund, Continued

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

Year Ending June 30,	Principal	Interest	Total
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>\$ 3,060,000</u>	<u>\$ 289,895</u>	<u>\$ 3,349,895</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.

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.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

8. RISK MANAGEMENT, Continued

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.

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.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Workers' Compensation</u>			
Liability, July 1	\$ 1,838,232	\$ 2,279,619	\$ 1,569,456
Incurred claims and changes in estimates	385,735	487,697	1,214,420
Claim payments	<u>(540,766)</u>	<u>(929,083)</u>	<u>(504,257)</u>
Liability, June 30	<u>\$ 1,683,201</u>	<u>\$ 1,838,233</u>	<u>\$ 2,279,619</u>
Due within one year	\$ 336,641	\$ 367,646	\$ 455,924
Due in more than one year	<u>1,346,560</u>	<u>1,470,585</u>	<u>1,823,695</u>
	<u>\$ 1,683,201</u>	<u>\$ 1,838,232</u>	<u>\$ 1,569,456</u>
<u>General Liability</u>			
Liability, July 1	\$ 278,058	\$ 440,133	\$ 240,400
Incurred claims and changes in estimates	429,835	40,088	(87,576)
Claim payments	<u>(280,916)</u>	<u>(202,163)</u>	<u>287,309</u>
Liability, June 30	<u>\$ 426,977</u>	<u>\$ 278,058</u>	<u>\$ 440,133</u>
Due within one year	\$ 106,743	\$ 69,514	\$ 110,033
Due in more than one year	<u>320,234</u>	<u>208,543</u>	<u>330,100</u>
	<u>\$ 426,977</u>	<u>\$ 278,058</u>	<u>\$ 440,133</u>

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

9. RETIREMENT PLANS

A. Summary of Pension Plan Balances

Pension related balances presented on the Statement of Net Position as of June 30, 2019 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	\$ 2,677,140	\$ 5,010,307	\$24,207,027	\$ 2,143,146	\$ 4,193,524
SBCERA - Barstow Fire Protection District	1,625,725	6,644,715	12,626,176	4,753,202	2,710,721
Total	\$ 4,302,865	\$11,655,022	\$36,833,203	\$ 6,896,348	\$ 6,904,245

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 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.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

9. RETIREMENT PLANS, Continued

B. CALPERS Safety and Miscellaneous Employees Plans, Continued

The rate plan provisions and benefits in effect at June 30, 2019 are summarized as follows:

	Safety - Classic		Miscellaneous - Classic
Hire Date	Prior to January 1, 2013		Prior to January 1, 2013
Benefit vesting schedule	5 years service		5 years service
Benefit payment	Monthly for life		Monthly for life
Retirement age	50		55
Monthly benefits, as a % of annual salary	3%		2.7%
Required employee contribution rates	9.000%		8.000%
Required employer contribution rates	21.927%		13.182%
Required UAL payment	\$ 813,069		\$ 827,964
	Safety - PEPRA		Miscellaneous - PEPRA
Hire Date	On or after January 1, 2013		On or after January 1, 2013
Benefit vesting schedule	5 years service		5 years service
Benefit payments	Monthly for life		Monthly for life
Retirement age	57		62
Monthly benefits, as a % of annual salary	2.70%		2.00%
Required employee contribution rates	11.500%		6.250%
Required employer contribution rates	13.034%		6.985%
Required UAL payment	\$ 1,674		\$ 13,931

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, 2018 were \$2,533,831.

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

As of June 30, 2019, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$24,207,027.

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, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2017 rolled forward to June 30, 2018 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.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

9. RETIREMENT PLANS, Continued

B. CALPERS Safety and Miscellaneous Employees Plans, Continued

The City's proportionate share of the net pension liability for the Plan as of the measurement dates June 30, 2017 and 2018 were as follows:

Proportion - June 30, 2017	0.24901%
Proportion - June 30, 2018	0.25121%
Change - Increase (Decrease)	<u>0.00220%</u>

For the year ended June 30, 2019, the City recognized pension expense of \$4,193,524. At June 30, 2019, 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
Pension contributions subsequent to measurement date	\$ 2,677,140	\$ -
Changes of assumptions	2,562,620	493,968
Differences between expected and actual experience	635,448	71,186
Changes in employer's proportion	1,669,906	29,884
Differences between the employer's contribution and the employer's proportionate share of contributions	-	1,548,108
Net differences between projected and actual earnings on plan investments	<u>142,333</u>	<u>-</u>
Total	<u>\$ 7,687,447</u>	<u>\$ 2,143,146</u>

\$2,677,140 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, 2020.

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:	
2020	\$ 2,347,273
2021	1,265,461
2022	(553,497)
2023	(192,076)

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

9. RETIREMENT PLANS, Continued

B. CALPERS Safety and Miscellaneous Employees Plans, Continued

Actuarial Assumptions - The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry-Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by entry age and service
Mortality Rate Table	Derived by CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.00% thereafter

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 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 7.15% 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

9. RETIREMENT PLANS, Continued

B. CALPERS Safety and Miscellaneous Employees Plans, Continued

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 ¹	New Strategic Allocation	Real Return Years 1 - 10(a) ²	Real Return Years 11+(b) ³
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%
Total	100%		

- (1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities
(2) An expected inflation of 2.00% used for this period.
(3) An expected inflation of 2.92% used for this period.

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	6.15%
Net Pension Liability	\$ 40,971,666
Current Discount Rate	7.15%
Net Pension Liability	\$ 24,207,027
1% Increase	8.15%
Net Pension Liability	\$ 10,409,822

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, 2019 the City reported a payable of \$8,182 for outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

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.

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.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

9. RETIREMENT PLANS, Continued

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

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).

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.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

9. RETIREMENT PLANS, Continued

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

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 12.30% - 17.74%.

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 46% 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, 2018 were \$1,709,250.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

9. RETIREMENT PLANS, Continued

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

During the fiscal year, the City transferred from the "Other Safety" cost group within SBCERA to the "County Safety" cost group to achieve future savings in the cost of the City's contributions to SBCERA. Such transfer must be made in a manner that does not shift the present unfunded liability burden associated with the City, or a portion thereof, to the County. The Parties have agreed that the amount that must be contributed to SBCERA to effectuate the inclusion of the City into the present County Safety cost group, and avoid negatively impacting the County as a result thereof, is \$8,485,000 calculated as of June 30, 2018. The Parties have further agreed that this amount may be amortized over twenty years at SBCERA's assumed rate of return for investments, which is 7.5%, resulting in twenty annual payments of \$832,312 beginning on or before July 1, 2017, and continuing on or before each successive July 1 thereafter, through and including July 1, 2036. The payments are considered supplemental contributions in addition to the regular employer contribution rates annually set by the SBSERA Board of Retirement and approved by the County Board of Supervisors.

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

As of June 30, 2019, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$12,626,176.

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, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2018. 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, 2017 and 2018 were as follows:

Proportion - June 30, 2017	0.378%
Proportion - June 30, 2018	0.498%
Change - Increase (Decrease)	<u>0.120%</u>

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

9. RETIREMENT PLANS, Continued

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

For the year ended June 30, 2019, the City recognized pension expense of \$2,710,721. At June 30, 2019, 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
Pension contributions subsequent to measurement date	\$ 1,625,725	\$ -
Changes of assumptions or other inputs	2,560,741	-
Changes in employer's proportion and differences between the employer's contribution and the employer's proportionate share of contributions	4,001,461	3,628,379
Net differences between projected and actual earnings on plan investments	-	229,877
Difference between expected and actual experience in the total pension liability	82,513	894,946
Total	<u>\$ 8,270,440</u>	<u>\$ 4,753,202</u>

\$1,625,725 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, 2020.

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:	
2020	\$ 1,149,132
2021	644,450
2022	(535,606)
2023	168,373
2024	415,837
2025	49,327

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

9. RETIREMENT PLANS, Continued

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

Actuarial Assumptions - The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.25%
Inflation	3.00%
Projected Salary Increase ⁽²⁾	General: 4.50% to 14.5% and Safety: 4.7% to 14.5%
Cost of Living Adjustments	Contingent upon CPI increases with a 2% maximum
Investment Rate of Return ⁽¹⁾	7.25%

Mortality rates are based on the Headcount-Weighted RP 2014 Healthy Annuitant Mortality Table projected generationally using the two - dimensional mortality improvement scale MP-2016. For healthy General males members, the ages are set forward one year. No adjustment for healthy General female members. For Safety members, ages are set back one years. For disabled General members, ages are set forward seven years.

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

(2) Varying by service, including inflation 3% plus real across-the-board salary increase of 0.5% plus merit and promotional increases for both June 30, 2018 and 2017

Discount Rate - The discount rates used to measure the Total Pension Liability was 7.25% as of June 30, 2018. 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 7.25% was applied to all periods of projected benefit payments to determine the Total Pension Liability as of June 30, 2018.

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, Continued
For the year ended June 30, 2019

9. RETIREMENT PLANS, Continued

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

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, 2018 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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Large Cap U.S. Equity	8.00%	5.61%
Small Cap U.S. Equity	2.00%	6.37%
Developed International Equity	6.00%	6.96%
Emerging Market Equity	6.00%	9.28%
U.S. Core Fixed Income	2.00%	1.06%
High Yield/Credit Strategies	13.00%	3.65%
Global Core Fixed Income	1.00%	0.07%
Emerging Market Debt	6.00%	3.85%
Real Estate	9.00%	4.37%
Cash & Equivalents	2.00%	-0.17%
International Credit	11.00%	6.75%
Absolute Return	13.00%	3.56%
Real Assets	5.00%	6.35%
Private Equity	16.00%	8.47%
Total	100%	

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

9. RETIREMENT PLANS, Continued

C. San Bernardino County Employees' Retirement Association (SBCERA), 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	6.25%
Net Pension Liability	\$ 19,048,588
Current Discount Rate	7.25%
Net Pension Liability	\$ 12,626,176
1% Increase	8.25%
Net Pension Liability	\$ 7,358,229

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, 2019 the City reported a payable of \$52,124 for outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

10. POST-EMPLOYMENT HEALTH CARE BENEFITS

A. City of Barstow OPEB Plan

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.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

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

A. *City of Barstow OPEB Plan, Continued*

Employee Covered

Inactive employees or beneficiaries currently receiving benefits	113
Inactive employees entitled to but not yet receiving benefits	60
Active Employees	<u>121</u>
Total	<u><u>294</u></u>

Contributions

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 measurement period 2017-18, the City contributed \$702,823 which were in the form of benefit payments during the period. The City did not make additional contributions to the CERBT trust (CERBT).

CERBT is a tax qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to prefund OPEB as described in GASB Statement 45. The CERBT issues a publicly available financial report that included financial statements and required supplementary information for the City, not individualizing, but in aggregate with the other CERBT participants. That report may be obtained by contacting CalPERS.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

10. POST-EMPLOYMENT HEALTH CARE BENEFITS, Continued

A. City of Barstow OPEB Plan, Continued

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method, level percent of pay
Actuarial Assumptions:	
Discount Rate	2.98%
Inflation	2.75% per year
Salary Increases	3.25% per year
Assumed Wage Inflation	3.00%
Investment Rate of Return	6.75% ⁽¹⁾
Mortality	MacLeod Watts Scale 2017 applied generationally
Post Retirement Benefit Increase	Post-retirement mortality projected fully generational with Scale MP-2017
Healthcare Trend	7.5% as of Jan 1, 2019; increase once each year; 5% on 2025 and later

(1) Net of plan investment expenses and including inflation

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

10. POST-EMPLOYMENT HEALTH CARE BENEFITS, Continued

A. City of Barstow OPEB Plan, Continued

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table on the following page.

Asset Class	Target Allocation*	Expected Real Return Year 1-10	Expected Real Return Years 11+
Global Equity	59.00%	4.80%	5.98%
Fixed Income	25.00%	1.10%	2.62%
Global Real Estate (REITs)	8.00%	3.20%	5.00%
Treasury Inflation Protected Securities	5.00%	0.25%	1.46%
Commodities	3.00%	1.50%	2.87%
Assumed Long-Term Rate of Inflation			2.00%
Assumed Long-Term Investment Expenses			n/a
Expected Long-Term Net Rate of Return, Rounded			6.75%
Discount Rate			2.98%

*Real rates of return come from a geometric representation of returns that assume a general inflation rate of 2%

Discount Rate

The discount rate used to measure the total OPEB liability was 2.98 percent. The discount rate used reflects the results of a crossover test. In years where the trust is expected to have sufficient assets to pay the current year's retiree benefits, the assumed trust rate of return is applied; once the trust is no longer expected to be able to pay plan benefits, a municipal bond rate is applied for the remainder of the projects. The S&P General Obligation Municipal Bond 20 Year High Grade Index was used for the purpose of the municipal bond rate.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

10. POST-EMPLOYMENT HEALTH CARE BENEFITS, Continued

A. City of Barstow OPEB Plan, Continued

Changes in the net OPEB Liability

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2018	\$ 17,640,946	\$ 1,130,483	\$ 16,510,463
Changes in the year:			
Service cost	586,241	-	586,241
Interest on the total pension liability	559,512	-	559,512
Changes in assumptions	365,110	-	365,110
Changes in benefit terms			-
Contribution - employer	-	702,823	(702,823)
Contribution - employee			-
Net investment income	-	89,989	(89,989)
Administrative expenses	-	(603)	603
Benefit payments , including refunds of employee contributions	(702,823)	(702,823)	-
Other Expenses	-	(1,496)	1,496
Net changes	<u>808,040</u>	<u>87,890</u>	<u>720,150</u>
Balance at June 30, 2019	<u>\$ 18,448,986</u>	<u>\$ 1,218,373</u>	<u>\$ 17,230,613</u>

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

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	1% Decrease 1.98%	Current Discount 2.98%	1% Increase 3.98%
Net OPEB Liability	\$ 20,010,902	\$ 17,230,613	\$ 15,004,635

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

10. POST-EMPLOYMENT HEALTH CARE BENEFITS, Continued

A. City of Barstow OPEB Plan, Continued

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

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	1% Decrease 6.5% -4%	Current Healthcare Trend Rate 7.5% - 5%	1% Increase 8.5% - 6%
Net OPEB Liability	\$ 15,896,039	\$ 17,230,613	\$ 20,428,366

Recognition of Deferred Outflow and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years straight-line recognition
All other amounts	Expected average remaining service lifetime (EARSL) (5.67 years at June 30, 2018)

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

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$926,081. For the fiscal year ended June 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 741,262	\$ -
Change of Assumptions	300,717	718,856
Net differences between projected and actual earnings on plan investments	-	26,838
Total	\$ 1,041,979	\$ 745,694

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

10. POST-EMPLOYMENT HEALTH CARE BENEFITS, Continued

A. City of Barstow OPEB Plan, Continued

The \$741,262 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year	
<u>Ending June 30:</u>	
2020	\$ (139,887)
2021	(139,887)
2022	(139,886)
2023	(68,462)
2024	43,145

B. Barstow Fire Protection District OPEB Plan

Plan Description

The Barstow Fire Protection District became part of the City of Barstow in November 2010 as a special revenue fund. In previous years, the Barstow Fire Professional Fire Fighters Association had a separate health insurance plan, Riverstone Capital, apart from City Employees. Riverstone Capital notified the City that effective February 28, 2019 the BFPD employees would be losing their Stop Loss/Reinsurance coverage. The City's/BFPD's insurance broker, Alliance/Crystal Company, reviewed several options and it was determined that moving the BFPD employees into CalPERS medical would offer the best long term coverage options for the employees.

CalPERS would also extend the coverage to retirees. The previous method for providing retiree coverage under BFPD's Memorandum of Understanding (MOU) required the retiree carry their own insurance coverage and submit proof of payment of the premium and a request for reimbursement on a monthly basis. Including retired firefighters in CalPERS medical coverage streamlined the process for the city and the retiree.

A meeting with BFPD members was held to advise them of the situation and staff began the process to enroll them into CalPERS health coverage effective March 1, 2019. The inclusion of the BFPD firefighters in CalPERS medical coverage also simplified the process of providing medical insurance to all City employees.

The City provides retiree medical benefits to eligible retirees and their spouses in accordance with their labor agreements.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

10. POST-EMPLOYMENT HEALTH CARE BENEFITS, Continued

B. Barstow Fire Protection District OPEB Plan, Continued

Employee Covered

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	-
Active Employees	<u>21</u>
Total	<u><u>25</u></u>

Contributions

The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. The District 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 measurement period 2017-18, the District contributed \$12,072, which were in the form of benefit payments during the period. The City did not make additional contributions to the CERBT trust (CERBT).

CERBT is a tax qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to prefund OPEB as described in GASB Statement 45. The CERBT issues a publicly available financial report that included financial statements and required supplementary information for the City, not individualizing, but in aggregate with the other CERBT participants. That report may be obtained by contacting CalPERS.

Net OPEB Liability

The District’s net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to the calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	3.17%
Inflation	2.75%
Contribution Policy	Contributes full ADC
Salary Increases	Varies by Entry Age and Service
Projected Salary Increase	3.25%
Investment Rate of Return	6.85%
Mortality	MacLeod Watts Scale 2017 applied generationally
Post Retirement Benefit Increase	Post-retirement mortality projected fully generational with Scale MP-2017
Healthcare Trend	Not Applicable

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

10. POST-EMPLOYMENT HEALTH CARE BENEFITS, Continued

B. Barstow Fire Protection District OPEB Plan, Continued

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table below.

Asset Class	Target Allocation*	Expected Real Return Year 1-10	Expected Real Return Years 11+
Global Equity	59.00%	4.80%	5.98%
Fixed Income	25.00%	1.10%	2.62%
Global Real Estate (REITs)	8.00%	3.20%	5.00%
Treasury Inflation Protected Securities	5.00%	0.25%	1.46%
Commodities	3.00%	1.50%	2.87%
Assumed Long-Term Rate of Inflation			2.00%
Assumed Long-Term Investment Expenses			n/a
Expected Long-Term Net Rate of Return, Rounded			6.85%
Discount Rate			3.17%

*Real rates of return come from a geometric representation of returns that assume a general inflation rate of 2%

Discount Rate

The discount rate used to measure the total OPEB liability was 3.17 percent. The discount rate used reflects the results of a crossover test. In years where the trust is expected to have sufficient assets to pay the current year's retiree benefits, the assumed trust rate of return is applied; once the trust is no longer expected to be able to pay plan benefits, a municipal bond rate is applied for the remainder of the projects. The S&P General Obligation Municipal Bond 20 Year High Grade Index was used for the purpose of the municipal bond rate.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

10. POST-EMPLOYMENT HEALTH CARE BENEFITS, Continued

B. Barstow Fire Protection District OPEB Plan, Continued

Changes in the net OPEB Liability

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balance at June 30, 2017	\$ 722,063	\$ 248,380	\$ 473,683
Changes in the year:			
Service cost	86,320	-	86,320
Interest on the total OPEB liability	26,317	-	26,317
Differences between actual and expected experience			-
Changes in assumptions	13,302	-	13,302
Changes in benefit terms			-
Contribution - employer	-	12,072	(12,072)
Contribution - employee			-
Net investment income	-	19,778	(19,778)
Administrative expenses	-	(132)	132
Benefit payments , including refunds of employee contributions	(12,072)	(12,072)	-
Other expenses	-	(329)	329
Net changes	<u>113,867</u>	<u>19,317</u>	<u>94,550</u>
Balance at June 30, 2018	<u>\$ 835,930</u>	<u>\$ 267,697</u>	<u>\$ 568,233</u>

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

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease 2.17%	Current Discount 3.17%	1% Increase 4.17%
Net OPEB Liability	\$ 705,637	\$ 568,233	\$ 458,276

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

10. POST-EMPLOYMENT HEALTH CARE BENEFITS, Continued

B. Barstow Fire Protection District OPEB Plan, Continued

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

Due to the nature of the benefit agreements of the plan, the health care cost trend rate was not considered to be a significant assumption in determining the net OPEB liability, hence the sensitivity disclosure with regard to the healthcare cost trend rate was not applicable.

Recognition of Deferred Outflow and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years Straight-Line
All other amounts	Expected average remaining service lifetime (EARSL) (10.48 years at June 30, 2018)

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

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$90,050. For the fiscal year ended June 30, 2019, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 14,200	\$ -
Changes of Assumptions	12,033	41,214
Net differences between projected and actual earnings on plan investments	-	6,740
Total	<u>\$ 26,233</u>	<u>\$ 47,954</u>

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

10. POST-EMPLOYMENT HEALTH CARE BENEFITS, Continued

B. Barstow Fire Protection District OPEB Plan, Continued

The \$14,200 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year	
<u>Ending June 30:</u>	
2020	\$ (5,678)
2021	(5,678)
2022	(5,677)
2023	(4,071)
2024	(3,591)
Thereafter	(11,226)

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.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

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, 2019, 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, 2019 the City had nonspendable fund balance of inventories and prepaid amount of \$113,048, deposits of \$932,355, and advances to other funds of \$7,066,183

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, 2019 the City had restricted fund balances of: \$663,174 for capital projects, \$1,093,379 for debt services, \$1,523,322 for low & moderate income housing, \$983 for parks and recreation, \$1,061,158 for streets & highways, \$23,979 for public safety and fire protection, and \$10,380 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, 2019, the City has unassigned fund balance of \$998,169 for emergency contingency, and \$3,992,675 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, 2019, the City General Fund had an unassigned fund balance of \$5,843,014.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

12. FUND BALANCE FOR GOVERNMENTAL FUNDS, Continued

The schedule on the following page illustrates the City's fund balances as of June 30, 2019 for its governmental funds:

	Major Governmental Funds					Total Government
	Measure I	Barstow	Grants	Non Major		
	Special Revenue Fund	Fire Protection District Special Revenue Fund	Special Revenue Fund	Government Funds		
Fund Balances	General Fund	Special Revenue Fund	Barstow Fire Protection District Special Revenue Fund	Grants Special Revenue Fund	Non Major Government Funds	Total Government
Nonspendable fund balance:						
Prepays & Inventory	\$ 113,048	\$ -	\$ -	\$ -	\$ -	113,048
Deposits	932,355	-	-	-	-	932,355
Due from Successor Agency Trust Fund	-	-	-	-	-	-
Advances to other funds	7,066,183	-	-	-	-	7,066,183
	<u>8,111,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,111,586</u>
Restricted fund balance for:						
Public Safety/Fire Protection	-	-	-	-	23,979	23,979
Streets & Highway	-	-	-	-	1,061,158	1,061,158
Parks and Recreation	-	-	-	-	983	983
Debt Service	-	-	-	-	1,093,379	1,093,379
Low & Moderate Income Housing	-	-	-	-	1,523,322	1,523,322
Capital Projects	-	-	-	-	663,174	663,174
Other Purposes	-	-	-	-	10,380	10,380
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,376,375</u>	<u>4,376,375</u>
Unassigned fund balance						
Emergency Contingency Policy	998,169					998,169
Working Capital Reserve	3,992,675					3,992,675
Other	852,170	(1,529,506)	(5,602,480)	(991,702)	(68,846)	(7,340,364)
	<u>5,843,014</u>	<u>(1,529,506)</u>	<u>(5,602,480)</u>	<u>(991,702)</u>	<u>(68,846)</u>	<u>(2,349,520)</u>
Total Fund Balances	<u>\$ 13,954,600</u>	<u>\$ (1,529,506)</u>	<u>\$ (5,602,480)</u>	<u>\$ (991,702)</u>	<u>\$ 4,307,529</u>	<u>\$ 10,138,441</u>

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

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

Significant debt payments authorized in the Recognizable Obligations Payment Schedule (ROPS) by the State of California’s Department of Finance and made in FY 2018-19 from the Redevelopment Property Tax Trust Fund (RPTTF) include the following:

2004 Bonds	Principal	\$	690,000
	Interest		154,225
Advance to low income loan			956,982
Pool loan repayment to the City of Barstow		\$	37,439

In addition, a \$140,797 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. Four parcels were held in the Land Held for Resale asset account by the Agency totaling \$2,864,598.

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, Continued
For the year ended June 30, 2019

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

The following funds have expenditures in excess of appropriations:

General Fund

\$ 1,747,796

Actual expenditures in General Fund ended the fiscal year exceeding the amended budget by \$1.7 million (8.6%).

- \$804,000 was attributed to General Government:
 - Additional retirement payouts
 - A reduction in the Gas Tax cost allocation due to reduced revenues from the State from the original projected allocations
 - Increased legal fees
 - Increased workers compensation claims
 - Transfer of the retirement incentive cost
- \$761,000 was attributed to Public Safety:
 - Unbudgeted FLSA corrections
 - Reinstatement of unfunded Public Safety positions
 - Increased overtime and related costs due to illness and injury in excess of the budget
 - Additional leave payouts from resignations
- \$156,000 was attributed to Overtime & Other services:
 - Additional overtime and professional services covering critical functions affected by retirements, illnesses, and injuries.

Due to timing issues in the recognition of the expenditure, certain excess expenditures such as the FLSA corrections, the impact of illness and injury was not apparent until after the close of the fiscal year. Other excess expenditures, including the reinstatement of unfunded Public Safety positions, leave payouts from resignations, additional professional services and legal fees should have been addressed prior to incurring the expenditures.

Changes have been implemented, including new management, to provide additional control and monitoring of the expenditures relative to budget.

Grant Special Revenue Fund

\$ 101,502

Mid-year budget review appropriations were not addressed as customary. Changes have been implemented, including new management, to provide additional control and monitoring of the expenditures relative to budget.

Barstow Fire Protection District Special Revenue Funds

\$ 876,744

FLSA corrections totaling \$412,000 approved were approved in closed session at the end of the fiscal year, but not appropriated in open session. Legal fees associated with litigation and negotiations exceeded budget by \$199,000. Excess overtime was due to injuries, illness and strike team services for \$153,000. The fire department's medical insurance defaulted and the Fire District covered the defaulted insurance payments for \$112,000.

City of Barstow
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2019

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

Mid-year budget review appropriations were not addressed as customary. Changes have been implemented, including new management, to provide additional control and monitoring of the expenditures relative to budget.

Barstow Harvey House Foundation	\$ 1,150
The City did not budget in fiscal year 2018/19 for this fund as there was anticipated to be minimal activity.	
Redevelopment Housing Successor	\$ 135
The City did not budget in fiscal year 2018/19 for this fund as there was anticipated to be minimal activity.	
Barstow Community Services Foundation	\$ 300
The City did not budget in fiscal year 2018/19 for this fund as there was anticipated to be minimal activity.	
Measure I Special Revenue Fund	\$2,443
The City did not budget in fiscal year 2018/19 for this fund as there was anticipated to be minimal activity.	
Measure I TRIP Debt Service Fund	\$6,854
The City did not budget in fiscal year 2018/19 for this fund as there was anticipated to be minimal activity.	

The following funds have negative fund balance as of June 30, 2019:

Measure I-Special Revenue Fund-\$1,529,506 - 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-\$5,602,480 - 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 Fund-\$991,702 - The City made major progress payments for reimbursable grant projects for which it had not been reimbursed.

Harvey House Foundation-\$13,751 - 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, Continued
For the year ended June 30, 2019

15. BARSTOW FIRE PROTECTION DISTRICT

The Barstow Fire Protection District (District) continues to have on-going losses in fiscal year 2019. As in fiscal year 2018, the Board and management studied and reviewed a variety of options to address these concerns.

- *Measure Q* - On March 2018, the City Council hired a research firm to perform a general sales tax measure feasibility study. As part of this study, a survey was sent to the City of Barstow voters requesting their feedback about establishing an increase in general transaction and use (sales) tax that will fund municipal services. The result of the survey, was presented at the May 15, 2018 Council's meeting, showing approximately 63- 69% of the residents in support of the proposed transaction and use tax measure. On July 16, 2018, the City Council unanimously adopted the resolution and ordinance to put Measure Q on November 2018 ballot. The resolution called for a General Transaction and Use Tax of one percent. The measure passed with 59.28% of the vote. The City began receiving the Measure Q revenue immediately in July, for fiscal year 2020. So far, the receipts have exceeded the City's initial estimates. These funds will be used to payback the loan and sustain the Fire Department, in addition to supporting police officers, maintaining streets and help fund senior and youth programs.
- Beginning in fiscal year 2015, the City began advancing funds to the District to cover operational costs. On October 1, 2018, the City Council approved the amended and restated loan agreement between the City of Barstow and the Barstow Fire Protection for \$4,153,696, with a zero percent interest rate. The City advanced an additional \$420,000 for fiscal year 2019 bringing the amount due the City to \$4,573,696. This action formalized the outstanding debt due the City in the event the Measure Q ballot measure was not successful.

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

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**REQUIRED
SUPPLEMENTARY INFORMATION**

City of Barstow
Required Supplementary Information, Continued
For the year ended June 30, 2019

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, 2019.

City of Barstow
Required Supplementary Information, Continued
For the year ended June 30, 2019

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

C. Budgetary Comparison Schedules

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

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 4,696,000	\$ 4,696,000	\$ 4,399,249	\$ (296,751)
Sales and use taxes	7,500,000	7,470,000	9,383,362	1,913,362
Transient occupancy tax	3,450,000	3,350,000	3,320,952	(29,048)
Motor vehicle fees, in lieu, unrestricted	13,000	13,000	11,717	(1,283)
Franchise taxes	1,138,000	1,063,000	1,023,994	(39,006)
Business license taxes	224,000	212,000	233,526	21,526
Other taxes	46,000	46,000	59,958	13,958
Licenses and permits	477,500	337,500	207,183	(130,317)
Fines and penalties	144,650	73,650	114,564	40,914
From other agencies	522,400	522,400	560,936	38,536
Charges for current services	732,000	1,028,000	1,052,223	24,223
Other	93,200	93,200	107,557	14,357
Use of money and property	375,200	392,200	422,299	30,099
Total revenues	19,411,950	19,296,950	20,897,520	1,600,570
EXPENDITURES:				
Current:				
General government	2,464,816	3,160,316	3,964,134	(803,818)
Public safety	9,630,175	9,491,175	10,252,480	(761,305)
Recreation	2,511,338	2,304,838	2,428,174	(123,336)
Community development	2,314,206	2,340,206	2,512,082	(171,876)
Public works	2,909,594	2,885,043	2,762,468	122,575
Capital outlay	112,000	136,060	146,096	(10,036)
Total expenditures	19,942,129	20,317,638	22,065,434	(1,747,796)
REVENUES OVER (UNDER) EXPENDITURES	(530,179)	(1,020,688)	(1,167,914)	(147,226)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	-	-	720,188	720,188
Total other financing sources (uses)	-	-	720,188	720,188
Net change in fund balance	\$ (530,179)	\$ (1,020,688)	(447,726)	\$ 572,962
FUND BALANCE:				
Beginning of year			14,347,231	
End of year			\$ 13,899,505	

City of Barstow
Required Supplementary Information, Continued
For the year ended June 30, 2019

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

C. Budgetary Comparison Schedules, Continued

Budgetary Comparison Schedule, Measure I Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
From other agencies	\$ 3,307,283	\$ 3,307,283	\$ 2,144,080	\$ (1,163,203)
Use of money and property	-	-	710	710
Total revenues	<u>3,307,283</u>	<u>3,307,283</u>	<u>2,144,790</u>	<u>(1,162,493)</u>
EXPENDITURES:				
Current:				
Public Safety	\$ -	\$ -	2,443	(2,443)
Total expenditures	<u>-</u>	<u>-</u>	<u>2,443</u>	<u>(2,443)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>3,307,283</u>	<u>3,307,283</u>	<u>2,142,347</u>	<u>(1,164,936)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(3,266,825)</u>	<u>-</u>	<u>(1,843,451)</u>	<u>(1,843,451)</u>
Total other financing sources (uses)	<u>(3,266,825)</u>	<u>-</u>	<u>(1,843,451)</u>	<u>(1,843,451)</u>
Net change in fund balance	<u>\$ 40,458</u>	<u>\$ 3,307,283</u>	<u>298,896</u>	<u>\$ (3,008,387)</u>
FUND BALANCE:				
Beginning of year			<u>(1,828,402)</u>	
End of year			<u>\$ (1,529,506)</u>	

City of Barstow
Required Supplementary Information, Continued
For the year ended June 30, 2019

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

C. Budgetary Comparison Schedules, Continued

Budgetary Comparison Schedule, Barstow Fire Protection District Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 4,470,000	\$ 4,470,000	\$ 4,393,005	\$ (76,995)
Licenses and permits	330,000	50,000	49,597	(403)
From other agencies	130,000	170,602	161,922	(8,680)
Other	-	-	1,483	1,483
Use of money and property	38,200	38,200	32,013	32,013
Total revenues	4,968,200	4,728,802	4,638,020	(52,582)
EXPENDITURES:				
Current:				
Public safety	5,478,911	5,931,462	6,808,206	(876,744)
Total expenditures	5,478,911	5,931,462	6,808,206	(876,744)
REVENUES OVER (UNDER) EXPENDITURES	(510,711)	(1,202,660)	(2,170,186)	(929,326)
Net change in fund balance	\$ (510,711)	\$ (1,202,660)	(2,170,186)	\$ (967,526)
FUND BALANCE:				
Beginning of year			(3,432,294)	
End of year			\$ (5,602,480)	

City of Barstow
Required Supplementary Information, Continued
For the year ended June 30, 2019

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

C. Budgetary Comparison Schedules, Continued

Budgetary Comparison Schedule, Grants Special Revenue Fund

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
From other agencies	\$ 6,965,193	\$ 376,580	\$ 2,022,897	\$ 1,646,317
Use of money and property	-	-	(144)	(144)
Total revenues	<u>6,965,193</u>	<u>376,580</u>	<u>2,022,753</u>	<u>1,646,173</u>
EXPENDITURES:				
Current:				
Public safety	116,550	116,550	190,334	(73,784)
Community Development	24,501	24,501	43,159	(18,658)
Capital Outlay	-	-	9,060	(9,060)
Total expenditures	<u>141,051</u>	<u>141,051</u>	<u>242,553</u>	<u>(101,502)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>6,824,142</u>	<u>235,529</u>	<u>1,780,200</u>	<u>1,544,671</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(9,165,355)</u>	<u>(9,165,355)</u>	<u>(2,797,565)</u>	<u>6,367,790</u>
Total other financing sources (uses)	<u>(9,165,355)</u>	<u>(9,165,355)</u>	<u>(2,797,565)</u>	<u>6,367,790</u>
Net change in fund balance	<u>\$ (2,341,213)</u>	<u>\$ (8,929,826)</u>	<u>(1,017,365)</u>	<u>\$ 7,912,461</u>
FUND BALANCE:				
Beginning of year			<u>25,663</u>	
End of year			<u>\$ (991,702)</u>	

City of Barstow
Required Supplementary Information, Continued
For the year ended June 30, 2019

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date:	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.25121%	0.24901%	0.24341%	0.20999%	0.16302%
Proportionate share of the net pension liability	\$ 24,207,207	\$ 24,695,340	\$ 21,062,463	\$ 14,413,454	\$ 9,892,651
Covered payroll	\$ 10,816,083	\$ 11,891,452	\$ 10,244,777	\$ 10,085,135	\$ 10,139,297
Proportionate Share of the net pension liability as percentage of covered payroll	223.81%	207.67%	205.59%	142.92%	97.57%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	73.31%	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 2,677,140	\$ 2,533,851	\$ 2,388,566	\$ 2,051,026	\$ 2,255,263
Contribution in relation to the actuarially determined contributions	(2,677,140)	(2,533,851)	(2,388,566)	(2,051,026)	(2,255,263)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$9,842,257	\$ 10,816,083	\$ 11,891,452	\$ 10,244,777	\$ 10,085,139
Contributions as a percentage of covered payroll	27.20%	23.43%	20.09%	20.02%	22.36%

Note to Schedule

Valuation date: 6/30/2017 6/30/2016 6/30/2014 6/30/2013 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, 2019

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:	2019	2018	2017	2016	2015	2014
Measurement date:	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Proportion of the net pension liability	0.49800%	0.37800%	0.51800%	0.63800%	0.16302%	0.20999%
Proportionate share of the net pension liability	\$ 12,626,176	\$ 9,958,070	\$ 12,781,554	\$ 12,395,608	\$ 7,076,400	\$ 7,032,983
Covered payroll	\$ 1,816,148	\$ 1,776,774	\$ 2,518,304	\$ 2,036,785	\$ 1,863,261	\$ 1,607,162
Proportionate Share of the net pension liability as percentage of employee payroll	695.22%	560.46%	507.55%	608.59%	379.79%	437.60%
Plan fiduciary net position as a percentage of the total pension liability	72.94%	71.09%	76.86%	80.98%	82.47%	78.17%

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	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 1,625,725	\$ 1,704,307	\$ 1,258,947	\$ 1,407,336	\$ 1,420,488
Contribution in relation to the actuarially determined contributions	(1,625,725)	(1,704,307)	(1,258,947)	(1,407,336)	(1,420,488)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -

Covered payroll	\$ 1,890,826	\$ 1,816,148	\$ 1,776,774	\$ 2,518,304	\$ 2,036,785
Contributions as a percentage of covered payroll	85.98%	93.84%	70.86%	55.88%	69.74%

Note to Schedule

Valuation date:	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
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*- 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, 2019

3. OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. City of Barstow Plan - Schedules of Changes in Net OPEB Liability and Related Ratios During the Measurement Period⁽¹⁾

<i>Measurement Period</i>	2018	2017
Total OPEB Liability		
Service Cost	\$ 586,241	\$ 637,325
Interest on the total OPEB liability	559,512	497,633
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	365,110	(1,110,604)
Benefit payments, including refunds of employee contributions	(702,823)	(628,957)
Net change in total OPEB liability	808,040	(604,603)
Total OPEB liability - beginning	17,640,946	18,245,549
Total OPEB liability - ending (a)	\$ 18,448,986	\$ 17,640,946
 Plan Fiduciary Net Position		
Contributions - employer	\$ 702,823	\$ 628,957
Net investment income	89,989	108,069
Benefit payments, including refunds of employee contributions	(702,823)	(628,957)
Administrative expense	(603)	(548)
Other expense	(1,496)	-
Net change in plan fiduciary net position	87,890	107,521
Plan fiduciary net position - beginning	1,130,483	1,022,962
Plan fiduciary net position - ending (b)	\$ 1,218,373	\$ 1,130,483
 Net OPEB liability/(asset) - ending (a) - (b)	\$ 17,230,613	\$ 16,510,463
 Plan fiduciary net position as a percentage of the total OPEB liability	7%	6%
 Covered-employee payroll	\$ 10,550,746	\$ 10,244,777

(1) Historical information is required only for measurement periods for which GASB 75 is applicable.

City of Barstow
Required Supplementary Information, Continued
For the year ended June 30, 2019

3. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

B. Barstow Fire Protection District Plan - Schedules of Changes in Net OPEB Liability and Related Ratios During the Measurement Period⁽¹⁾

<i>Measurement Period</i>	2018	2017
Total OPEB Liability		
Service Cost	\$ 86,320	\$ 90,934
Interest on the total OPEB liability	26,317	21,440
Changes of assumptions	13,302	(50,934)
Benefit payments, including refunds of employee contributions	(12,072)	(12,099)
Net change in total OPEB liability	<u>113,867</u>	<u>49,341</u>
Total OPEB liability - beginning	722,063	672,722
Total OPEB liability - ending (a)	<u>\$ 835,930</u>	<u>\$ 722,063</u>
 Plan Fiduciary Net Position		
Contributions - employer	\$ 12,072	\$ 12,099
Net investment income	19,778	23,752
Benefit payments, including refunds of employee contributions	(12,072)	(12,099)
Administrative expenses	(132)	(121)
Other expenses	(329)	-
Net change in plan fiduciary net position	<u>19,317</u>	<u>23,631</u>
Plan fiduciary net position - beginning	248,380	224,749
Plan fiduciary net position - ending (b)	<u>\$ 267,697</u>	<u>\$ 248,380</u>
 Net OPEB liability/(asset) - ending (a) - (b)	\$ 568,233	\$ 473,683
 Plan fiduciary net position as a percentage of the total OPEB liability	32%	34%
 Covered-employee payroll	\$ 2,611,101	\$ 2,537,528

(1) Historical information is required only for measurement periods for which GASB 75 is applicable.

City of Barstow
Required Supplementary Information, Continued
For the year ended June 30, 2019

3. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

C. City of Barstow Plan - Schedules of Plan Contributions⁽¹⁾

Fiscal Year Ended June 30	2019	2018
Actuarially Determined Contribution (ADC)	\$ 1,032,102	\$ 982,138
Contributions in relation to the ADC	741,262	702,823
Contribution deficiency (excess)	\$ 290,840	\$ 279,315
 Covered-employee payroll	 \$ 12,153,938	 \$ 10,550,746
 Contributions as a percentage of covered-employee payroll	 6.10%	 6.66%

(1) Historical information is required only for measurement periods for which GASB 75 is applicable.

D. Barstow Fire Protection District Plan - Schedules of Plan Contributions⁽¹⁾

Fiscal Year Ended June 30	2019	2018
Actuarially Determined Contribution (ADC)	\$ 64,738	\$ 62,732
Contributions in relation to the ADC	14,200	12,072
Contribution deficiency (excess)	\$ 50,538	\$ 50,660
 Covered-employee payroll	 \$ 2,758,300	 \$ 2,611,101
 Contributions as a percentage of covered-employee payroll	 0.51%	 0.46%

(1) Historical information is required only for measurement periods for which GASB 75 is applicable.

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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.

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

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

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

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

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

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

DEBT SERVICE FUNDS

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

CAPITAL PROJECT FUNDS

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
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2019

	Special Revenue			
	Gas Tax	Assets Seizure	Barstow Harvey House Foundation	Redevelopment Housing Successor
ASSETS				
Cash and investments	\$ 480,953	\$ 54,335	\$ -	\$ 1,210,391
Cash and investments held by fiscal agents	-	-	-	-
Taxes receivable	120,830	-	-	-
Due from Successor Agency Trust Fund	-	-	-	312,931
Total assets	\$ 601,783	\$ 54,335	\$ -	\$ 1,523,322
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	13,751	-
Total liabilities	-	30,356	13,751	-
Fund Balances:				
Restricted	656,878	23,979	-	1,523,322
Unassigned	(55,095)	-	(13,751)	-
Total fund balances	601,783	23,979	(13,751)	1,523,322
Total liabilities, deferred inflows of resources, and fund balances	\$ 601,783	\$ 54,335	\$ -	\$ 1,523,322

		Special Revenue		Debt Service	Capital Project	Total
Barstow					City	Non Major
Community	Local	Flood	Measure I		Capital	Governmental
Services	Transportation	Control	TRIP		Projects	Funds
\$ 983	\$ 404,280	\$ 10,380	\$ 6,030	\$ 697,089	\$ 2,864,441	
-	-	-	1,088,849	-	1,088,849	
-	-	-	-	-	120,830	
-	-	-	-	-	312,931	
<u>\$ 983</u>	<u>\$ 404,280</u>	<u>\$ 10,380</u>	<u>\$ 1,094,879</u>	<u>\$ 697,089</u>	<u>\$ 4,387,051</u>	
\$ -	\$ -	\$ -	\$ 1,500	\$ 33,915	\$ 35,415	
-	-	-	-	-	13,751	
-	-	-	1,500	33,915	79,522	
983	404,280	10,380	1,093,379	663,174	4,376,375	
-	-	-	-	-	(68,846)	
<u>983</u>	<u>404,280</u>	<u>10,380</u>	<u>1,093,379</u>	<u>663,174</u>	<u>4,307,529</u>	
\$ 983	\$ 404,280	\$ 10,380	\$ 1,094,879	\$ 697,089	\$ 4,387,051	

City of Barstow

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the year ended June 30, 2019

	Special Revenue			
	Gas Tax	Assets Seizure	Barstow Harvey House Foundation	Redevelopment Housing Successor
REVENUES:				
From other agencies	\$ 952,099	\$ -	\$ -	\$ -
Charges for current services	-	-	1,115	-
Other	-	-	128	815,232
Use of money and property	215	18	-	115
Total revenues	952,314	18	1,243	815,347
EXPENDITURES:				
Current:				
Recreation	-	-	1,150	-
Community development	-	-	-	135
Public works	454,703	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	454,703	-	1,150	135
REVENUES OVER (UNDER) EXPENDITURES	497,611	18	93	815,212
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	497,611	18	93	815,212
FUND BALANCES:				
Beginning of year	104,172	23,961	(13,844)	708,110
End of year	<u>\$ 601,783</u>	<u>\$ 23,979</u>	<u>\$ (13,751)</u>	<u>\$ 1,523,322</u>

Barstow Community Services	Special Revenue		Debt Service	Capital Project	Total Non-Major Governmental Funds
	Local Transportation	Flood Control	Measure I TRIP	City Capital Projects	
\$ -	\$ 106,913	\$ -	\$ -	\$ 103,094	\$ 1,162,106
-	-	-	-	-	1,115
-	-	-	-	-	815,360
-	187	4	16,648	274	17,461
-	107,100	4	16,648	103,368	1,996,042
-	-	-	-	-	1,150
300	-	-	-	-	435
-	-	-	-	-	454,703
-	-	-	-	3,217,536	3,217,536
-	-	-	1,290,000	-	1,290,000
-	-	-	167,854	-	167,854
300	-	-	1,457,854	3,217,536	5,131,678
(300)	107,100	4	(1,441,206)	(3,114,168)	(3,135,636)
-	-	-	1,451,000	3,194,038	4,645,038
-	(4,022)	-	-	-	(4,022)
-	(4,022)	-	1,451,000	3,194,038	4,641,016
(300)	103,078	4	9,794	79,870	1,505,380
1,283	301,202	10,376	1,083,585	583,304	2,802,149
\$ 983	\$ 404,280	\$ 10,380	\$ 1,093,379	\$ 663,174	\$ 4,307,529

City of Barstow

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

Gas Tax Fund

For the year ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
From other agencies	\$ 937,820	\$ 937,820	\$ 952,099	\$ 14,279
Use of money and property	-	-	215	215
Total revenues	<u>937,820</u>	<u>937,820</u>	<u>952,314</u>	<u>14,494</u>
EXPENDITURES:				
Current:				
Public works	532,103	532,103	454,703	77,400
Total expenditures	<u>532,103</u>	<u>532,103</u>	<u>454,703</u>	<u>77,400</u>
Net change in fund balance	<u>\$ 405,717</u>	<u>\$ 405,717</u>	497,611	<u>\$ 91,894</u>
FUND BALANCE:				
Beginning of year			<u>104,172</u>	
End of year			<u>\$ 601,783</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, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
From other agencies	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	18	18
Total revenues	-	-	18	18
Net change in fund balance	\$ -	\$ -	18	\$ 18
FUND BALANCE:				
Beginning of year			23,961	
End of year			<u>\$ 23,979</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, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for current services	\$ -	\$ -	\$ 1,115	\$ 1,115
Other	-	-	128	128
Total revenues	-	-	1,243	1,243
EXPENDITURES:				
Current:				
Recreation	\$ -	\$ -	1,150	(1,150)
Total expenditures	-	-	1,150	(1,150)
Net change in fund balance	\$ -	\$ -	93	\$ 93
FUND BALANCE:				
Beginning of year			(13,844)	
End of year			<u>\$ (13,751)</u>	

City of Barstow

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

Redevelopment Housing Successor

For the year ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other	\$ -	\$ -	\$ 815,232	\$ 815,232
Use of money and property	-	-	115	115
Total revenues	-	-	815,347	815,347
EXPENDITURES:				
Current:				
Community development	\$ -	\$ -	135	(135)
Total expenditures	-	-	135	(135)
Net change in fund balance	\$ -	\$ -	815,212	\$ 815,212
FUND BALANCE:				
Beginning of year			708,110	
End of year			<u>\$ 1,523,322</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, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for current services	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Community development	-	-	300	(300)
Total expenditures	-	-	300	(300)
Net change in fund balance	\$ -	\$ -	(300)	\$ (300)
FUND BALANCE:				
Beginning of year			1,283	
End of year			<u>\$ 983</u>	

City of Barstow

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

Barstow Local Transportation Fund

For the year ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
From other agencies	\$ 210,693	\$ 210,693	\$ 106,913	\$ (103,780)
Use of money and property	-	-	187	187
Total revenues	210,693	210,693	107,100	(103,593)
EXPENDITURES:				
Current:				
Public works	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURE	210,693	210,693	107,100	(103,593)
OTHER FINANCING SOURCES (USES):				
Transfers out	(500,000)	(500,000)	(4,022)	495,978
Total other financing sources (uses)	(500,000)	(500,000)	(4,022)	495,978
Net change in fund balance	\$ (289,307)	\$ (289,307)	103,078	\$ 392,385
FUND BALANCE:				
Beginning of year			301,202	
End of year			\$ 404,280	

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, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 4	\$ 4
Total revenues	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>
REVENUES OVER (UNDER) EXPENDITURE	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>4</u>	<u>\$ 4</u>
FUND BALANCE:				
Beginning of year			<u>10,376</u>	
End of year			<u>\$ 10,380</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, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 16,648	\$ 16,648
Total revenues	-	-	16,648	16,648
EXPENDITURES:				
Debt Service:				
Principal retirement	1,290,000	1,290,000	1,290,000	-
Interest and fiscal charges	161,000	161,000	167,854	(6,854)
Total expenditures	1,451,000	1,451,000	1,457,854	(6,854)
REVENUES OVER (UNDER) EXPENDITURE	(1,451,000)	(1,451,000)	(1,441,206)	9,794
OTHER FINANCING SOURCES (USES):				
Transfers in	1,451,000	1,451,000	1,451,000	-
Total other financing sources (uses)	1,451,000	1,451,000	1,451,000	-
Net change in fund balance	\$ -	\$ -	9,794	\$ 9,794
FUND BALANCE:				
Beginning of year			1,083,585	
End of year			<u>\$ 1,093,379</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
From other agencies	\$ 200,000	\$ 200,000	\$ 103,094	\$ (96,906)
Use of money and property	-	-	274	274
Total revenues	200,000	200,000	103,368	(96,632)
EXPENDITURES:				
Current:				
Capital outlay	8,803,980	8,969,980	3,217,536	5,752,444
Total expenditures	8,803,980	8,969,980	3,217,536	5,752,444
REVENUES OVER (UNDER) EXPENDITURES	(8,603,980)	(8,769,980)	(3,114,168)	5,655,812
OTHER FINANCING SOURCES (USES):				
Transfers in	11,326,180	11,492,180	3,194,038	(8,298,142)
Transfers out	-	-	-	-
Total other financing sources (uses)	11,326,180	11,492,180	3,194,038	(8,298,142)
Net change in fund balance	\$ 2,722,200	\$ 2,722,200	\$ 79,870	\$ (2,642,330)
FUND BALANCE:				
Beginning of year			583,304	
End of year			\$ 663,174	

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, 2019

	Public Improvement District 91-1	Landscape Assessment District	Other Agency	Developer Deposits	Victor Valley Transit Authority	Total Agency Funds
ASSETS						
Cash and investments	\$ 95,746	\$ 98,831	\$ 31,181	\$ 1,600	\$ 7,203	\$ 234,561
Accounts receivable	-	60	-	-	-	60
Total assets	\$ 95,746	\$ 98,891	\$ 31,181	\$ 1,600	\$ 7,203	\$ 234,621
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ 432	\$ 18,774	\$ -	\$ 5,868	\$ 25,074
Deposits	-	98,459	7,338	1,600	1,335	108,732
Due to bondholders	95,746	-	-	-	-	95,746
Due to other agencies	-	-	5,069	-	-	5,069
Total liabilities	\$ 95,746	\$ 98,891	\$ 31,181	\$ 1,600	\$ 7,203	\$ 234,621

City of Barstow
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Public Improvement District 91-1				
Assets:				
Cash and investments	\$ 96,570	\$ 95,746	\$ 96,570	\$ 95,746
Interest receivable	73	-	73	-
Total assets	\$ 96,643	\$ 95,746	\$ 96,643	\$ 95,746
Liabilities:				
Due to bondholders	\$ 96,643	\$ 95,746	\$ 96,643	\$ 95,746
Total liabilities	\$ 96,643	\$ 95,746	\$ 96,643	\$ 95,746
Landscape Assessment District				
Assets:				
Cash and investments	\$ 86,623	\$ 98,831	\$ 86,623	\$ 98,831
Taxes receivable	94	-	94	-
Interest receivable	50	60	50	60
Total assets	\$ 86,767	\$ 98,891	\$ 86,767	\$ 98,891
Liabilities:				
Accounts payable	\$ 625	\$ 432	\$ 625	\$ 432
Deposits	86,142	98,459	86,142	98,459
Total liabilities	\$ 86,767	\$ 98,891	\$ 86,767	\$ 98,891
Other Agency				
Assets:				
Cash and investments	\$ 30,403	\$ 31,181	\$ 30,403	\$ 31,181
Interest receivable	23	-	23	-
Total assets	\$ 30,426	\$ 31,181	\$ 30,426	\$ 31,181
Liabilities:				
Accounts payable	\$ 19,588	\$ 18,774	\$ 19,588	\$ 18,774
Deposits	5,773	7,338	5,773	7,338
Due to other agencies	5,065	5,069	5,065	5,069
Total liabilities	\$ 30,426	\$ 31,181	\$ 30,426	\$ 31,181

City of Barstow
Combining Statement of Changes in Assets and Liabilities, Continued
Agency Funds
For the year ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Developer Deposits				
Assets:				
Cash and investments	\$ 1,599	\$ 1,600	\$ 1,599	\$ 1,600
Interest receivable	1	-	1	-
Total assets	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits	1,600	1,600	1,600	1,600
Total liabilities	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600
Victor Valley Transit Authority				
Assets:				
Cash and investments	\$ 5,955	\$ 7,203	\$ 5,955	\$ 7,203
Total assets	\$ 5,955	\$ 7,203	\$ 5,955	\$ 7,203
Liabilities:				
Accounts payable	\$ 5,955	\$ 5,868	\$ 5,955	\$ 5,868
Deposits	-	1,335	-	1,335
Total liabilities	\$ 5,955	\$ 7,203	\$ 5,955	\$ 7,203
Total				
Assets:				
Cash and investments	\$ 221,150	\$ 234,561	\$ 221,150	\$ 234,561
Interest receivable	147	60	147	60
Taxes receivable	94	-	94	-
Total assets	\$ 221,391	\$ 234,621	\$ 221,297	\$ 234,621
Liabilities:				
Accounts payable	\$ 26,168	\$ 25,074	\$ 26,168	\$ 25,074
Due to bondholders	96,643	95,746	96,643	95,746
Due to other agencies	5,065	5,069	5,065	5,069
Deposits	93,515	108,732	93,515	108,732
Total liabilities	\$ 221,391	\$ 234,621	\$ 221,391	\$ 234,621

STATISTICAL SECTION

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

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

	Fiscal Year			
	2010	2011	2012	2013
Governmental Activities:				
Net investment in capital assets	\$ 65,754,048	\$ 68,836,403	\$ 72,765,415	\$ 76,148,543
Restricted	7,467,900	13,313,448	6,609,675	4,937,538
Unrestricted	39,910,774	32,818,270	29,552,965	23,982,795
Total Governmental Activities Net Position	<u>\$ 113,132,722</u>	<u>\$ 114,968,121</u>	<u>\$ 108,928,055</u>	<u>\$ 105,068,876</u>
Business-type Activities:				
Net investment in capital assets	\$ 14,309,391	\$ 11,609,403	\$ 14,530,286	\$ 15,734,425
Restricted				
Unrestricted	(3,002,623)	(1,046,331)	(4,779,780)	(5,850,933)
Total Business-type Activities Net Position	<u>\$ 11,306,768</u>	<u>\$ 10,563,072</u>	<u>\$ 9,750,506</u>	<u>\$ 9,883,492</u>
Primary Government:				
Net investment in capital assets	\$ 80,063,439	\$ 80,445,806	\$ 87,295,701	\$ 91,882,968
Restricted	7,467,900	13,313,448	6,609,675	4,937,538
Unrestricted	36,908,151	31,771,939	24,773,185	18,131,862
Total Primary Government Net Position	<u>\$ 124,439,490</u>	<u>\$ 125,531,193</u>	<u>\$ 118,678,561</u>	<u>\$ 114,952,368</u>

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 73,335,444	\$ 76,362,833	\$ 80,392,246	\$ 81,895,762	\$ 82,945,793	\$ 83,892,867
6,079,590	2,245,332	1,912,180	2,122,953	2,815,993	4,321,280
1,591,292	777,665	(4,892,883)	(15,011,733)	(36,244,461)	(40,010,751)
<u>\$ 81,006,326</u>	<u>\$ 79,385,830</u>	<u>\$ 77,411,543</u>	<u>\$ 69,006,982</u>	<u>\$ 49,517,325</u>	<u>\$ 48,203,396</u>
\$ 23,983,537	\$ 28,045,832	\$ 22,332,269	\$ 22,376,249	\$ 22,036,073	\$ 22,493,982
(10,547,818)	(14,863,742)	(12,179,023)	(10,757,834)	(9,598,849)	(8,538,249)
<u>\$ 13,435,719</u>	<u>\$ 13,182,090</u>	<u>\$ 10,153,246</u>	<u>\$ 11,618,415</u>	<u>\$ 12,437,224</u>	<u>\$ 13,955,733</u>
\$ 97,318,981	\$ 104,408,665	\$ 102,724,515	\$ 104,272,011	\$ 104,981,866	\$ 106,386,849
6,079,590	2,245,332	1,912,180	2,122,953	2,815,993	4,321,280
(8,956,526)	(14,086,077)	(17,071,906)	(25,769,567)	(45,843,310)	(48,549,000)
<u>\$ 94,442,045</u>	<u>\$ 92,567,920</u>	<u>\$ 87,564,789</u>	<u>\$ 80,625,397</u>	<u>\$ 61,954,549</u>	<u>\$ 62,159,129</u>

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

	Fiscal Year			
	2010	2011	2012	2013
Expenses:				
Governmental activities:				
General government	6,094,918	5,419,817	4,372,577	3,979,122
Public safety	8,431,831	11,379,248	13,910,834	14,781,347
Recreation	2,169,160	1,651,047	2,226,201	1,980,078
Public works	5,631,968	3,284,720	4,976,071	5,928,990
Community development	3,394,422	4,390,903	3,233,598	2,646,525
Unallocated depreciation	-	-	-	-
Interest on long-term debt	470,703	571,721	373,524	132,321
Total Governmental Activities Expenses	<u>26,193,002</u>	<u>26,697,456</u>	<u>29,092,805</u>	<u>29,448,383</u>
Business-type Activities:				
Wastewater	3,247,228	3,514,998	4,398,844	3,479,553
Solid Waste	4,011,446	4,213,429	3,989,240	4,095,682
Transit Services	3,372,469	2,890,641	2,943,943	2,714,135
Interest on long-term debt	-	-	-	-
Other Enterprise Funds	398,573	343,653	336,203	324,043
Total Business-type Activities Expenses	<u>11,029,716</u>	<u>10,962,721</u>	<u>11,668,230</u>	<u>10,613,413</u>
Total Primary Government Expenses	<u>37,222,718</u>	<u>37,660,177</u>	<u>40,761,035</u>	<u>40,061,796</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	1,560,775	1,502,836	1,200,799	1,543,686
Operating grants and contributions	2,188,144	2,977,984	595,522	436,434
Capital grants and contributions	950,770	54,290	4,099,782	3,297,685
Total governmental activities program revenues	<u>4,699,689</u>	<u>4,535,110</u>	<u>5,896,103</u>	<u>5,277,805</u>
Business-type activities:				
Charges for services:				
Wastewater	3,069,587	3,221,304	4,025,728	4,297,624
Solid Waste	3,634,446	3,876,407	4,062,908	3,785,422
Transit Services	253,898	610,343	688,374	186,984
Other business-type activities	130,852	49,508	34,136	94,831
Operating grants and contributions	2,580,170	2,018,897	2,044,518	2,381,538
Capital grants and contributions	419,872	151,117	-	-
Total business-type activities program revenues	<u>10,088,825</u>	<u>9,927,576</u>	<u>10,855,664</u>	<u>10,746,399</u>
Total primary government program revenues	<u>14,788,514</u>	<u>14,462,686</u>	<u>16,751,767</u>	<u>16,024,204</u>

(Continued)

Fiscal Year					
2014	2015	2016	2017	2018	2019
3,040,319	2,340,584	3,453,207	4,243,537	3,407,933	3,195,349
13,263,509	13,655,432	14,618,441	16,507,044	16,367,119	18,968,397
2,647,726	2,777,589	2,840,457	3,221,250	3,097,501	2,573,335
11,353,600	6,882,670	7,863,741	7,603,005	6,911,603	2,522,157
2,068,450	2,458,665	2,567,843	3,328,046	2,868,473	6,937,058
-	-	-	-	-	-
260,017	239,143	188,887	143,333	100,036	55,104
32,633,621	28,354,083	31,532,576	35,046,215	32,752,665	34,251,400
3,933,499	5,217,340	5,183,363	3,991,004	4,077,582	3,928,331
4,605,465	4,350,342	4,588,155	2,376,686	2,526,901	2,216,662
2,916,096	2,685,773	127,671	-	-	-
-	-	-	-	-	-
382,573	473,911	391,844	-	-	-
11,837,633	12,727,366	10,291,033	6,367,690	6,604,483	6,144,993
44,471,254	41,081,449	41,823,609	41,413,905	39,357,148	40,396,393
1,430,544	1,490,257	1,569,444	1,702,142	1,488,493	2,318,518
861,484	1,702,084	1,045,110	638,283	847,091	1,002,010
7,793,386	3,978,333	5,488,502	4,365,660	6,145,461	5,670,702
10,085,414	7,170,674	8,103,056	6,706,085	8,481,045	8,991,230
4,930,118	5,530,122	5,514,969	5,382,396	5,395,851	5,691,682
4,040,347	4,023,189	4,121,294	1,926,405	2,027,441	1,971,820
610,918	169,247	129,803	-	-	-
75,831	69,973	58,451	-	-	-
1,849,657	2,275,972	219,038	524,058	-	-
4,779,757	405,234	-	-	-	-
16,286,628	12,473,737	10,043,555	7,832,859	7,423,292	7,663,502
26,372,042	19,644,411	18,146,611	14,538,944	15,904,337	16,654,732

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

	Fiscal Year			
	2010	2011	2012	2013
Net revenues (expenses):				
Governmental activities	(21,493,313)	(22,162,346)	(23,196,702)	(24,170,578)
Business-type activities	(940,891)	(1,035,145)	(812,566)	132,986
Total net revenues (expenses)	<u>(22,434,204)</u>	<u>(23,197,491)</u>	<u>(24,009,268)</u>	<u>(24,037,592)</u>
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Taxes:				
Property taxes	8,359,770	10,106,231	9,581,086	8,750,763
Sales tax	5,802,928	6,589,010	6,942,387	7,346,732
Transient occupancy taxes	2,392,610	2,541,970	2,626,389	2,649,694
Other taxes	1,110,266	1,107,418	1,213,263	1,126,099
Motor vehicle in lieu, unrestricted	110,643	110,786	24,459	-
Investment income	1,775,846	1,903,747	1,297,074	328,226
Other general revenues	253,459	334,103	91,654	109,885
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	-	-	311,238	-
Inventory Adjustment for Capital Assets	-	-	-	-
Total Governmental Activities	<u>19,805,522</u>	<u>23,997,745</u>	<u>22,087,550</u>	<u>20,311,399</u>
Business-type activities:				
Investment Income	-	-	-	-
Use of money and property	177,265	105,720	-	-
Other revenue	-	2,250	-	-
Special item-impairment loss	(1,709,103)	-	-	-
Transfers	-	183,479	-	-
Total Business-type Activities	<u>(1,531,838)</u>	<u>291,449</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>18,273,684</u>	<u>24,289,194</u>	<u>22,087,550</u>	<u>20,311,399</u>
Changes in Net Position:				
Governmental activities	(1,687,791)	1,835,399	(1,109,152)	(3,859,179)
Business-type activities	(2,472,729)	(743,696)	(812,566)	132,986
Total Primary Government	<u>(4,160,520)</u>	<u>1,091,703</u>	<u>(1,921,718)</u>	<u>(3,726,193)</u>

Fiscal Year					
2014	2015	2016	2017	2018	2019
(22,548,207)	(21,183,409)	(23,429,520)	(28,340,130)	(25,103,932)	(25,260,170)
4,448,995	(253,629)	(247,478)	1,465,169	818,809	1,518,509
(18,099,212)	(21,437,038)	(23,676,998)	(26,874,961)	(24,285,123)	(23,741,661)
7,288,665	7,398,978	7,441,119	7,970,015	9,108,160	8,774,293
7,532,540	7,259,449	7,670,993	7,166,274	7,239,830	9,690,333
2,748,763	2,892,232	2,857,509	3,056,078	3,147,207	3,320,952
1,178,629	1,211,911	1,265,262	1,264,374	1,308,951	1,317,478
-	-	-	-	-	-
693,341	471,980	482,812	278,153	202,328	242,147
141,895	328,363	199,570	200,675	269,350	601,038
-	-	-	-	-	-
-	-	1,537,968	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
19,583,833	19,562,913	21,455,233	19,935,569	21,275,826	23,946,241
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(2,781,366)	-	-	-
-	-	(2,781,366)	-	-	-
19,583,833	19,562,913	18,673,867	19,935,569	21,275,826	23,946,241
(2,964,374)	(1,620,496)	(1,974,287)	(8,404,561)	(3,828,106)	(1,313,929)
4,448,995	(253,629)	(3,028,844)	1,465,169	818,809	1,518,509
1,484,621	(1,874,125)	(5,003,131)	(6,939,392)	(3,009,297)	204,580

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

	Fiscal Year			
	2010**	2011	2012	2013
General Fund:				
Reserved	\$ 3,119,315			
Nonspendable*		\$ 4,155,542	\$ 6,025,426	\$ 5,819,857
Restricted*		5,943,956	-	-
Assigned*		4,425,000	-	-
Unreserved/Unassigned*	7,403,967	18,756,466	25,449,432	22,749,055
Total General Fund	\$ 10,523,282	\$ 33,280,964	\$ 31,474,858	\$ 28,568,912
All Other Governmental Funds:				
Reserved	\$ 9,678,496			
Nonspendable*		\$ 5,150,568	\$ -	\$ -
Restricted*		8,442,243	6,935,670	15,283,195
Assigned*		5,977,305	-	-
Unreserved/Unassigned*, reported in:				
Special revenue funds	25,272,143	(11,336)	-	(229,905)
Debt Service	1,483,316	-	-	-
Capital projects funds	7,210,373	-	-	-
Total all other governmental funds	\$ 43,644,328	\$ 19,558,780	\$ 6,935,670	\$ 15,053,290

Source: Barstow Finance Department

* FY11 Implementation of GASB 54 Fund Balance Classifications.

**The Hospital Fund for FY10 was not included with the General Fund balances but shown as a separate special revenue fund. For comparison purposes, the Hospital Fund (now labeled General Fund II), is combined with the General Fund.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 5,391,889	\$ 10,843,398	\$ 8,680,778	\$ 7,619,282	\$ 5,183,492	\$ 8,111,586
-	-	-	-	-	-
-	-	-	-	-	-
21,445,217	14,466,701	12,063,100	9,222,550	9,163,739	5,843,014
<u>\$ 26,837,106</u>	<u>\$ 25,310,099</u>	<u>\$ 20,743,878</u>	<u>\$ 16,841,832</u>	<u>\$ 14,347,231</u>	<u>\$ 13,954,600</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,266,281	2,269,521	1,941,169	2,122,945	2,232,689	4,376,375
-	-	-	-	-	-
(4,178,949)	(1,203,369)	(3,645,638)	(4,363,879)	(5,509,987)	(8,192,534)
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 2,087,332</u>	<u>\$ 1,066,152</u>	<u>\$ (1,704,469)</u>	<u>\$ (2,240,934)</u>	<u>\$ (3,277,298)</u>	<u>\$ (3,816,159)</u>

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

	Fiscal Year			
	2010	2011	2012	2013
Revenues:				
Taxes	\$ 17,776,217	\$ 20,455,415	\$ 20,387,584	\$ 19,873,288
Licenses and permits	131,610	160,411	196,868	204,981
Fines and forfeitures	131,389	129,349	106,341	104,690
Rental income	-	-	-	-
From other agencies	3,141,460	2,977,499	4,915,206	3,907,154
Charges for services	1,232,865	1,156,934	677,688	1,099,480
Use of Money and Property	1,775,849	1,903,747	990,102	328,226
Other	326,843	332,229	91,654	71,385
Total Revenues	24,516,233	27,115,584	27,365,443	25,589,204
Expenditures				
Current:				
General government	6,398,855	5,122,706	3,076,341	3,061,475
Public safety	11,504,311	10,698,792	13,338,769	13,427,720
Public works	1,929,250	2,505,479	2,746,018	3,481,396
Recreation	1,816,436	1,300,759	1,547,172	1,520,643
Community development	3,391,348	3,278,264	3,035,640	2,552,355
Debt service:				
Principal retirement	1,190,588	490,000	510,000	-
Interest and fiscal charges	656,716	578,895	382,583	447,390
Capital Outlay	3,437,099	8,090,746	9,775,072	7,233,394
Total Expenditures	30,324,603	32,065,641	34,411,595	31,724,373
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,808,370)	(4,950,057)	(7,046,152)	(6,135,169)
Other financing sources (uses):				
Transfers in	1,500,963	10,988,832	24,557,219	5,596,067
Transfers out	(1,500,963)	(11,172,311)	(24,557,219)	(5,596,067)
Proceeds from sale of assets	-	23,107	41,770	23,296
Capital leases	414,484	3,128,993	264,473	651,548
Issuance of bonds	-	-	-	9,770,000
Issuance premium	-	-	-	901,999
Special item - merger of fire district	-	653,570	-	-
Extraordinary loss on dissolution of RDA	-	-	(7,023,762)	-
Transfer of residual equity due to termination	-	-	(7,023,762)	-
Total Other Financing Sources (Uses)	414,484	3,622,191	(13,741,281)	11,346,843
Net Change in Fund Balances	\$ (5,393,886)	\$ (1,327,866)	\$ (20,787,433)	\$ 5,211,674
Debt service as a percentage of noncapital expenditures	6.9%	4.5%	3.6%	0.7%

		Fiscal Year									
		2014	2015	2016	2017	2018	2019				
\$	18,558,246	\$	18,540,422	\$	19,035,503	\$	19,265,710	\$	20,748,728	\$	22,592,237
	472,222		429,256		509,323		574,297		561,068		490,306
	142,409		125,915		140,692		216,117		78,862		114,564
	-		-		-		-		-		-
	5,075,232		9,278,029		6,713,437		5,161,172		7,365,874		6,051,941
	750,382		1,281,351		808,528		712,690		655,742		1,053,338
	768,427		586,238		579,736		430,896		350,328		924,400
	82,362		115,621		80,491		68,327		136,635		472,339
	25,849,280		30,356,832		27,867,710		26,429,209		29,897,237		31,699,125
	2,882,514		2,934,731		3,350,641		3,633,918		3,197,895		3,909,039
	13,473,842		14,493,181		14,032,923		14,419,752		15,862,429		17,253,463
	3,108,045		3,050,005		3,274,837		3,418,593		3,321,773		3,217,171
	2,333,991		2,380,982		2,541,381		2,575,293		2,628,551		2,429,324
	2,147,003		2,427,110		2,573,815		2,839,218		2,609,936		2,555,676
	-		-		-		-		-		-
	1,070,000		1,100,000		1,145,000		1,190,000		1,249,026		1,290,000
	386,172		356,970		311,543		262,775		212,818		167,854
	15,212,059		6,162,422		6,929,898		2,652,301		4,176,662		3,372,692
	40,613,626		32,905,401		34,160,038		30,991,850		33,259,090		34,195,219
	(14,764,346)		(2,548,569)		(6,292,328)		(4,562,641)		(3,361,853)		(2,496,094)
	13,715,655		5,401,533		7,939,085		3,486,269		4,950,785		4,645,038
	(13,715,655)		(5,401,533)		(9,288,600)		(3,486,269)		(4,950,785)		(4,645,038)
	33,374		382		24,332		-		32,306		720,188
	33,208		-		-		124,130		642,996		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		280,669		-		-		-
	66,582		382		(1,044,514)		124,130		675,302		720,188
\$	(14,697,764)	\$	(2,548,187)	\$	(7,336,842)	\$	(4,438,511)	\$	(2,686,551)	\$	(1,775,906)
	5.7%		5.4%		5.3%		5.1%		5.0%		4.7%

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

Fiscal Year Ended June 30	City of Barstow				
	Secured	Unsecured	SBE Nonunitary	City Net Value	% Change
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%
2018	1,199,023,057	87,038,753	1,174,083	1,287,235,893	1.11%
2019	1,276,914,131	98,039,528	1,100,258	1,376,053,917	6.90%

*Exempt values are not included in Total Assessed Value.

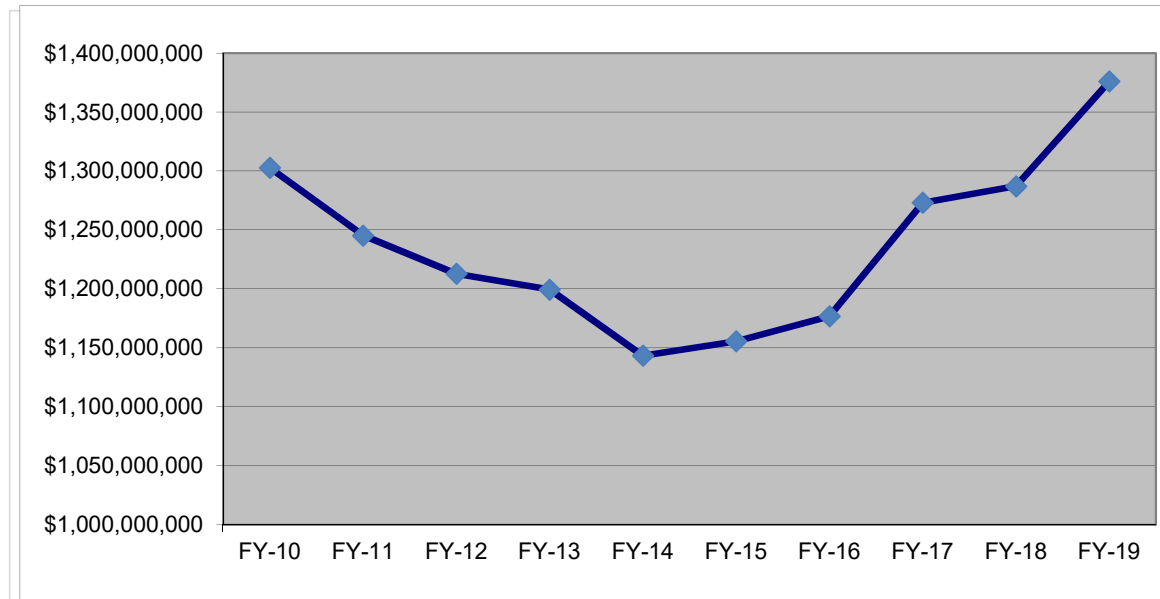
CITY OF BARSTOW
Assessed Value of Taxable Property by Class
Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Vacant Land	SBE Non Unitary	Unsecured	Other	Total Taxable Assessed Value (a)	Total Direct Tax Rate
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%
2017-18	572,637,923	442,244,817	29,637,912	101,055,206	1,174,083	87,038,753	53,447,196	1,287,235,890	0.150%
2018-19	601,437,825	489,871,146	29,041,847	103,502,172	1,100,258	97,633,037	53,467,632	1,376,053,917	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				
	2010	2011	2012	2013	2014
Direct & Overlapping (2) Tax Rates					
Basic Levy (1)	1.000	1.000	1.000	1.000	1.000
Barstow Unified School Bond	0.0312	0.0370	0.0401	0.0393	0.0370
Mojave Water Agency	0.1675	0.1675	0.1675	0.1675	0.1675
Total Direct & Overlapping Rates	\$ 1.1987	\$ 1.2045	\$ 1.2076	\$ 1.2068	\$ 1.2045
City's Share of 1% Levy Per Prop 13 (3)	0.14974	0.14974	0.14974	0.14974	0.14974
General Obligation Debt Rate					
Redevelopment Rate (4)	1.0000	1.0000	1.0000	1.0000	N/A
Total Direct Rate (5)	0.40558	0.41321	0.41035	0.40408	0.14996

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

Fiscal Year				
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
1.000	1.000	1.000	1.000	1.000
0.0474	0.0329	0.0394	0.0308	0.1245
<u>0.1675</u>	<u>0.1675</u>	<u>0.1675</u>	<u>0.1675</u>	<u>0.1675</u>
<u>\$ 1.2149</u>	<u>\$ 1.2004</u>	<u>\$ 1.2069</u>	<u>\$ 1.1983</u>	<u>\$ 1.2920</u>
0.14974	0.14974	0.14974	0.14974	0.14974
N/A	N/A	N/A	N/A	N/A
0.14998	0.15012	0.15012	0.15015	0.15016

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

Owner	2019		2010	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Barstow Industrial Park LLC			\$ 15,894,623	1.22%
Barstow Outlet LLC			\$ 13,026,123	1.00%
Desert Heights LLC			\$ 11,322,000	0.87%
Fred and Robin Rosenberg Family Limited	\$ 11,556,407	0.84%	\$ 13,074,140	1.00%
FRO2MO Barstow LLC	\$ 111,089,732	8.07%		
Home Depot USA Inc	\$ 10,517,998	0.76%	\$ 10,613,340	0.81%
Hospital of Barstow Inc	\$ 48,436,406	3.52%		
Hospitality Express II LLC	\$ 10,043,569	0.73%		0.00%
Ayres Hotel Barstow LP	\$ 10,783,746	0.78%		0.00%
Lee Family Irrevocable Trust	\$ 11,365,180	0.83%		
Pilot Travel Center LLC	\$ 12,741,145	0.93%		
Service Rock Products Corporation			\$ 11,663,747	0.90%
Suk Hee Suh			\$ 10,768,140	0.83%
T T Group Inc		0.00%		0.00%
Tanger Properties LP			\$ 24,095,810	1.85%
TVL Properties	\$ 12,930,633	0.94%		0.00%
Walmart Real Estate Business Trust	\$ 26,312,726	1.91%	\$ 15,686,377	1.20%
Meruelo Maddux Properties			\$ 13,319,562	1.02%
TOTAL OF TOP TEN:	\$ 265,777,542	19.31%	\$ 139,463,862	9.68%
CITY TOTAL	\$ 1,376,053,917		\$ 1,302,738,721	

**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 Fiscal Year of Levy		Collected in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percentage of Levy
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%	61,930	4,791,321	100%
2018	4,812,206	4,753,763	99%	41,434	4,795,197	100%
2019	4,980,727	4,901,322	98%	-	4,901,322	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 2019

<u>Business Name</u>	<u>Business Category</u>
Arco AM PM	Service Stations
Arco AM PM	Service Stations
Barstow Shell	Service Stations
Calvin Klein	Family Apparel
Chevron	Service Stations
Circle K	Service Stations
Coach	Women's Apparel
Crossroads Fuel & Food	Service Stations
Del Taco	Quick-Service Restaurants
Food 4 Less	Grocery Stores
Home Depot	Building Materials
In N Out Burger	Quick-Service Restaurants
Lenwood Arco	Service Stations
Loves Travel Stop 374	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 Stores
Pilot Travel Center	Service Stations
Ralph Lauren	Family Apparel
Terrible Herbst	Convenience Stores/Liquor
Travelcenters of America	Service Stations
Valero/7 Eleven	Service Stations
Walmart	Discount Dept Stores

Percent of Fiscal Year Total Paid by Top 25 Accounts = 66.75%
 Period: July 2018 Thru March 2019

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

CITY OF BARSTOW
Top 25 Sales Tax Producers (Alphabetically)
For the Fiscal Year 2010

<u>Business Name</u>	<u>Business Category</u>
Arco	Service Stations
Arco AM PM	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
In N Out Burgers	Quick-Service Restaurants
Loves Travel Stop 374	Service Stations
McDonalds	Quick-Service Restaurants
Pilot Travel Center	Service Stations
Polo Ralph Lauren Factory Store	Family Apparel
Soutar's Chrysler Dodge Jeep Ram & Toyota	New Motor Vehicle Dealers
Soutar's Ford/Nissan	New Motor Vehicle Dealers
Stater Bros	Grocery Stores
Terrible Herbst	Convenience Stores/Liquor
Thrifty Oil	Service Stations
Tommy Hilfiger	Family Apparel
Travel Centers of America	Service Stations
Union 76	Service Stations
Valero	Service Stations
Valmont Newmark	Heavy Industrial
Walmart	Discount Dept Stores

Percent of Fiscal Year Total Paid by Top 25 Accounts = 66.17%
 Period: July 2009 thru March 2010

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			
	2009	2010	2011	2012
Apparel Stores	\$ 82,271	\$ 104,291	\$ 123,262	\$ 137,690
Food Stores	\$ 12,103	\$ 11,757	\$ 11,826	\$ 11,696
Eating & Drinking Places	\$ 70,315	\$ 70,623	\$ 72,014	\$ 74,629
Auto Dealers & Supplies	\$ 25,616	\$ 25,177	\$ 31,009	\$ 30,591
Service Stations	\$ 207,900	\$ 243,506	\$ 263,969	\$ 285,848
Other Retail Stores	\$ 92,172	\$ 89,444	\$ 90,049	\$ 95,444
All Other Outlets	\$ 83,533	\$ 89,386	\$ 82,149	\$ 99,345
Total	\$ 573,910	\$ 634,184	\$ 674,278	\$ 735,243

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						
2013	2014	2015	2016	2017	2018	
\$ 135,408	\$ 134,942	\$ 133,132	\$ 134,489	\$ 129,243	\$ 124,816	
\$ 18,547	\$ 27,229	\$ 25,860	\$ 25,481	\$ 25,126	\$ 27,425	
\$ 73,539	\$ 79,155	\$ 83,323	\$ 88,095	\$ 89,248	\$ 89,247	
\$ 27,334	\$ 27,293	\$ 36,413	\$ 39,618	\$ 38,505	\$ 35,987	
\$ 292,409	\$ 301,221	\$ 262,870	\$ 250,628	\$ 264,699	\$ 256,468	
\$ 95,077	\$ 96,363	\$ 96,770	\$ 96,377	\$ 102,457	\$ 115,267	
\$ 92,990	\$ 94,041	\$ 85,961	\$ 86,200	\$ 95,080	\$ 97,149	
<u>\$ 735,304</u>	<u>\$ 760,244</u>	<u>\$ 724,329</u>	<u>\$ 720,888</u>	<u>\$ 744,358</u>	<u>\$ 746,359</u>	

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

Fiscal Year Ended June 30	Governmental Activities				Total Governmental Activities
	Tax Allocation		Measure I	Capital Lease	
	Bonds	Loans	TRIP	Agreements	
2010	8,335,000	5,094,383	-	465,845	13,895,228
2011	7,845,000	4,731,252	-	3,407,341	15,983,593
2012	-	-	-	3,197,150	3,197,150
2013	-	-	10,671,999	3,337,511	14,009,510
2014	-	-	9,849,249	2,874,809	12,724,058
2015	-	-	8,276,499	2,574,443	10,850,942
2016	-	-	7,018,749	2,092,667	9,111,416
2017	-	-	5,715,999	1,625,443	7,341,442
2018	-	-	4,363,249	1,825,131	6,188,380
2019	-	-	2,960,499	1,194,858	4,155,357

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

Wastewater Certificates of Participation	Business-type		Total Primary Government	Percentage of Personal Income ¹	Debt Per Capita ¹
	Wastewater Capital Lease Agreements	Total Business-type Activities			
2,650,000	-	2,650,000	16,545,228	90.51%	684.42
2,279,943	2,316,949	4,596,892	20,580,485	109.68%	847.60
2,028,159	2,137,571	4,165,730	7,362,880	37.54%	319.86
1,766,808	1,968,975	3,735,783	17,745,293	87.23%	765.94
1,500,766	1,757,803	3,258,569	15,982,627	83.27%	686.19
1,225,279	1,544,289	2,769,568	13,620,510	69.61%	585
935,472	1,312,813	2,248,285	11,359,701	63.48%	466
636,157	1,096,638	1,732,795	9,074,237	52.00%	374
327,402	887,323	1,214,725	7,403,105	45.33%	305
-	598,645	598,645	4,754,002	26.66%	197

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

Fiscal Year Ended June 30	Tax Allocation Bonds	Percent of Assessed Value ¹	Per Capita
2009	9,525,588	0.74%	403
2010	8,335,000	0.64%	350
2011	7,845,000	0.63%	325
2012	-	0.00%	-
2013	-	0.00%	-
2014	-	0.00%	-
2015	-	0.00%	-
2016	-	0.00%	-
2017	-	0.00%	-
2018	-	0.00%	-
2019	-	0.00%	-

Source: Barstow Finance Department

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

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

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

	2010	2011	2012	2013
Direct & Overlapping (2) Tax Rates				
Basic Levy (1)	1.000	1.000	1.000	1.000
Barstow Unified School Bond	0.0312	0.0370	0.0401	0.0393
Mojave Water Agency	0.1675	0.1675	0.1675	0.1675
Total Direct & Overlapping Rates	\$ 1.1987	\$ 1.2045	\$ 1.2076	\$ 1.2068
City's Share of 1% Levy Per Prop 13 (3)	0.14974	0.14974	0.14974	0.14974
General Obligation Debt Rate				
Redevelopment Rate (4)	1.0000	1.0000	1.0000	N/A
Total Direct Rate (5)	0.40558	0.41321	0.41035	0.40408

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. The ERAF portion of the City's Levy has been subtracted where known.

(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.

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
1.000	1.000	1.000	1.000	1.000	1.000
0.0370	0.0474	0.0329	0.0394	0.0308	0.1245
<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>\$ 1.2045</u>	<u>\$ 1.2149</u>	<u>\$ 1.2004</u>	<u>\$ 1.2069</u>	<u>\$ 1.1983</u>	<u>\$ 1.2920</u>
0.14974	0.14974	0.14974	0.14974	0.14974	0.14974
N/A	N/A	N/A	N/A	N/A	N/A
0.14996	0.14998	0.15012	0.15012	0.15015	0.15016

CITY OF BARSTOW
Direct & Overlapping Governmental Activities Debt
As of June 30, 2019

2018-2019 Assessed Valuation: \$1,376,053,917

	Total Debt	Percentage	City's share of
	6/30/2019	Applicable (1)	Debt
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Barstow Unified School District	\$ 36,272,358	63.693%	\$ 23,102,953
Mojave Water Agency	6,310,000	3.868%	244,071
City of Barstow-No debt	-	100.000%	-
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 23,347,024</u>
 <u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
San Bernardino County General Fund Obligations	\$ 335,155,000	0.619%	\$ 2,074,609
San Bernardino County Pension Obligations Bonds	288,826,268	0.619%	1,787,835
San Bernardino County Flood Control District General Fund Obligations	62,820,000	0.619%	388,856
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>4,251,300</u>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$ 3,060,000	100.00%	\$ 3,060,000
TOTAL DIRECT DEBT			\$ -
TOTAL OVERLAPPING DEBT			\$ 30,658,324
<u>COMBINED TOTAL DEBT</u>			<u>\$ 30,658,324</u> (2)

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

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

Ratios to 2018-19 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	1.70%
Combined Total Debt	2.23%

Ratios to Redevelopment Successor Agency Incremental Valuation \$552,015,028):

Total Overlapping Tax Increment Debt	0.55%
--------------------------------------	-------

Source: Muni Services

CITY OF BARSTOW
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Assessed valuation	\$ 1,302,738,721	\$ 1,245,957,805	\$ 1,212,931,711	\$ 1,199,487,738
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	325,684,680	311,489,451	303,232,928	299,871,935
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	48,852,702	46,723,418	45,484,939	44,980,790
Total net debt applicable to limit:				
Legal debt margin	<u>\$ 48,852,702</u>	<u>\$ 46,723,418</u>	<u>\$ 45,484,939</u>	<u>\$ 44,980,790</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

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

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 1,143,477,603	\$ 1,155,685,689	\$ 1,176,842,092	\$ 1,273,166,314	\$ 1,287,235,890	\$ 1,376,053,917
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
285,869,401	288,921,422	294,210,523	318,291,579	321,808,973	344,013,479
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
42,880,410	43,338,213	44,131,578	47,743,737	48,271,346	51,602,022
<u>\$ 42,880,410</u>	<u>\$ 43,338,213</u>	<u>\$ 44,131,578</u>	<u>\$ 47,743,737</u>	<u>\$ 48,271,346</u>	<u>\$ 51,602,022</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	<u>Debt Service (1)</u>	Coverage
	Increment (1)	Principal and Interest	
June 30			
2010	4,998,000	1,616,000	3.09
2011	3,522,000	849,000	4.15
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-

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.

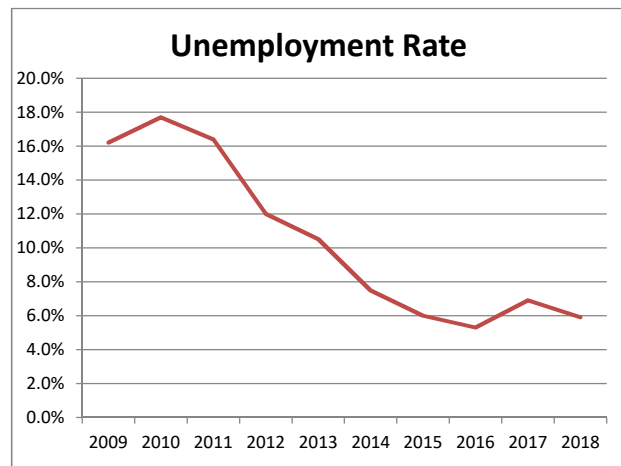
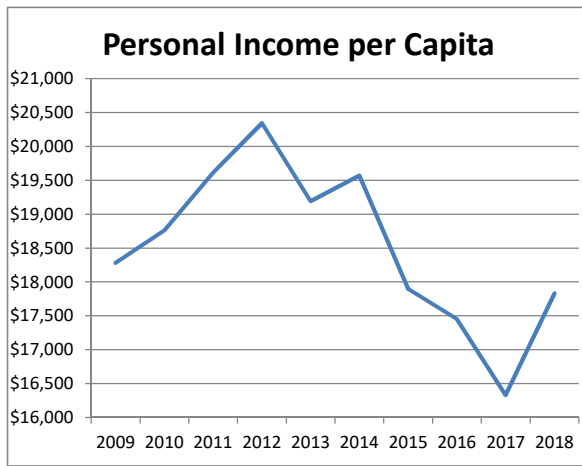
CITY OF BARSTOW
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands)	Per Capita Income	Unemployment Rate (2)	Median Age	% of Pop 25+ with High School Degree		% of Pop 25+ with Bachelor's Degree	
						High School Degree	Bachelor's Degree		
2009	24,174	\$ 441,931	18,281	16.2%	32.4	78.8%	9.3%		
2010	24,281	\$ 455,609	18,764	17.7%	31.5	78.2%	9.8%		
2011	23,019	\$ 451,449	19,612	16.4%	33.1	78.9%	9.4%		
2012	23,168	\$ 471,330	20,344	12.0%	33.3	81.0%	9.2%		
2013	23,292	\$ 447,043	19,193	10.5%	32.9	79.8%	9.7%		
2014	23,265	\$ 455,250	19,568	7.5%	33.7	82.4%	10.6%		
2015	24,360	\$ 435,931	17,895	6.0%	31.2	80.3%	11.8%		
2016	24,248	\$ 423,134	17,450	5.3%	30.2	79.8%	11.5%		
2017	24,248	\$ 396,041	16,332	6.9%	29.3	77.3%	11.7%		
2018	24,150	\$ 430,713	17,834	5.9%	30.0	78.4%	11.7%		

Sources: HdL Coren & Cone

(1) Population: California State Department of Finance

(2) Unemployment Data: California Employment Development Department



**CITY OF BARSTOW
Principal Employers
2019 and Ten Years Ago**

Employer	2019		2009	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Ft. Irwin National Training Center*	22,700	73.3%	5,565	42.7%
Marine Corps Logistics Base*	2,071	6.7%	2,123	16.3%
Northrup Grunman	-	0.0%	1,210	9.3%
BNSF Railroad	1,000	3.2%	950	7.3%
Barstow Unified School District	991	3.2%	675	5.2%
Raytheon Technical Services Co, LLC*	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	340	1.1%	274	2.1%
Silver Valley School District*	306	1.0%	282	2.2%
Wal-Mart	275	0.9%	275	2.1%
Barstow Community College	354	1.1%	200	1.5%
Veterans Home of CA-Barstow	220	0.7%	173	1.3%
City of Barstow	158	0.5%	121	0.9%
Other Employers*	700	2.3%	Not available	Not available

Source: City of Barstow Economic Development Department

*Number based off of 2018 City of Barstow Economic Development Report

Employers in bold font outside of City Limits.

"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 2019 was 30,952 of major employers.

Fort Irwin National Training Ctr includes soldiers training on rotaion at the facility for 2018.

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	19	22	22	21	13	15	17	16	16	16
Police Safety										
Sworn	40	40	41	41	37	37	38	38	37	38
Non-Sworn	18	19	13	13	17	16	19	19	18	18
Fire Safety**										
Sworn			20	23	23	23	28	20	20	20
Non-Sworn			1	1	1	1	1	1	1	1
Recreation	15	16	19	18	16	14	17	17	17	17
Community Service	19	18	32	31	36	33	26	21	21	24
Community Development	12	7	10	10	10	12	10	16	15	10
Redevelopment	3	4	2	-	-	-	-	-	0	0
Solid Waste	1	2	1	2	2	3	1	1	1	1
Wastewater	1	1	8	9	8	9	11	11	11	10
Transit	1	1	1	1	1	-	-	-	0	0
Total	129	130	170	170	164	163	167	160	157	155

**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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police:										
Arrests	3,223	2,766	2,795	2,672	2,959	2,911	2,762	2,625	2,463	2,410
Parking citations issued	666	313	201	266	489	522	286	501	408	299
Fire Services:										
Fire Calls	207	170	188	140	199	222**	242	311	212	340
Medical Aid Calls	3,625	3,867	4,050	3,636	3,452	4,079**	4,597	5,380	4,031	5,165
Parks and recreation:										
Number of recreation classes	19	14	16	14	14	14	14	14	10	10
Number of facility rentals	60	68	70	139	68	99	85	64	52	50
Sewer:										
New connections	9	9	17	30	4	2	5	4	4	5
Average/Millions of Gallons Sewage Treatment	2.70	2.20	2.13	2.11	2.11	2.11	1.98	2.03	2.06	2.13
Building Department:										
Permits	555	558	663	870	533	879	720	1,106	905	710
Fire Permits										
Fire Permits	*	*	*	*	*	61	-	-	-	-
Construction Fire Permits#							88	99	94	93
Annual Permit to Operate#							323	347	335	323

Source: City of Barstow

* Data not available

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

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Fire District **										
Stations	2	3	3	3	3	3	3	3	3	3
Public Works:										
Streets (miles)	89	89	90	91	91	91	91	91	91	91
Streetlights	1,001	1,001	1,001	1,081	1,081	1,081	1,081	1,081	1,081	1,081
Traffic signals	20	20	21	21	22	22	22	22	22	22
Parks and Recreation:										
Parks	10	10	10	10	10	10	10	10	10	10
Community pools	1	1	1	1	1	1	1	1	1	1
Community centers	3	3	3	3	3	3	3	3	3	3
Wastewater:										
Sanitary sewers (miles)	113	113	117	117	117	113	113	113	113	113
Storm sewers (miles)	2	2	15	15	16	16	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