



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020



CITY OF BARSTOW
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR YEAR ENDED JUNE 30, 2020

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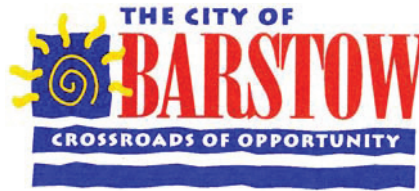
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December 22, 2020

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, 2020.

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.

Lance, Soll & Lunghard, LLP, Certified Public Accountants, have issued an unmodified opinion on the City of Barstow's financial statements for the year ended June 30, 2020. 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 approximately 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; utility 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 .5% from January 1, 2019 to January 1, 2020. The population for the City of Barstow had a slight increase of .2% according the California Department of Finance. The unemployment rate as of June 2020 for the City is 12.1%, which is an increase from 6.1% in June 2019 due to the COVID-19 pandemic. Staff continues to pursue development opportunities in the areas that will provide job opportunities for residents.

Sales tax revenue, excluding Measure Q, decreased from \$7.3 million in fiscal year 2019 to \$6.1 million in fiscal year 2020, largely due to COVID-19 and the resulting nationwide shutdown which devastatingly impacted businesses. Our transient occupancy tax continues to be a major source of revenue for the City and came in at \$2.85 million for fiscal year 2020, down from \$3.3 million in fiscal year 2019. At this time, City management remains extremely cautious due to the ongoing 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 2020. The major infrastructure projects are pavement preservation, the design phase for Phase One of the West Section 7 project, 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. A proposed Fairfield Inn/Town Place Hotel is currently in plan review with permits expected to be issued in fiscal year 2021.
- Staff continues to coordinate with potential retail and industrial developers for new projects. New developments in fiscal year 2020 included the opening of a Taco Bell, a new Jack in the Box Restaurant, a strip mall adjacent to Wal-Mart, includes a GameStop, Great Clips, and cell phone retailers. Two new Terrible Herbst fueling stations also opened in fiscal year 2020. New retail stores, hotels, and restaurants will continue to be a focus of economic development.



proposed Fairfield Inn/TownPlace Hotel is currently in plan review with permits expected to be issued in fiscal year 2021.

- Staff continues to coordinate with potential retail and industrial developers for new projects. New developments in fiscal year 2020 included the opening of a Taco Bell, a new Jack in the Box Restaurant, a strip mall adjacent to Wal-Mart, includes a GameStop, Great Clips, and cell phone retailers. Two new Terrible Herbst fueling stations also opened in fiscal year 2020. 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 and over \$7.4 million in fiscal year 2020.

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, 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.

ACKNOWLEDGEMENTS

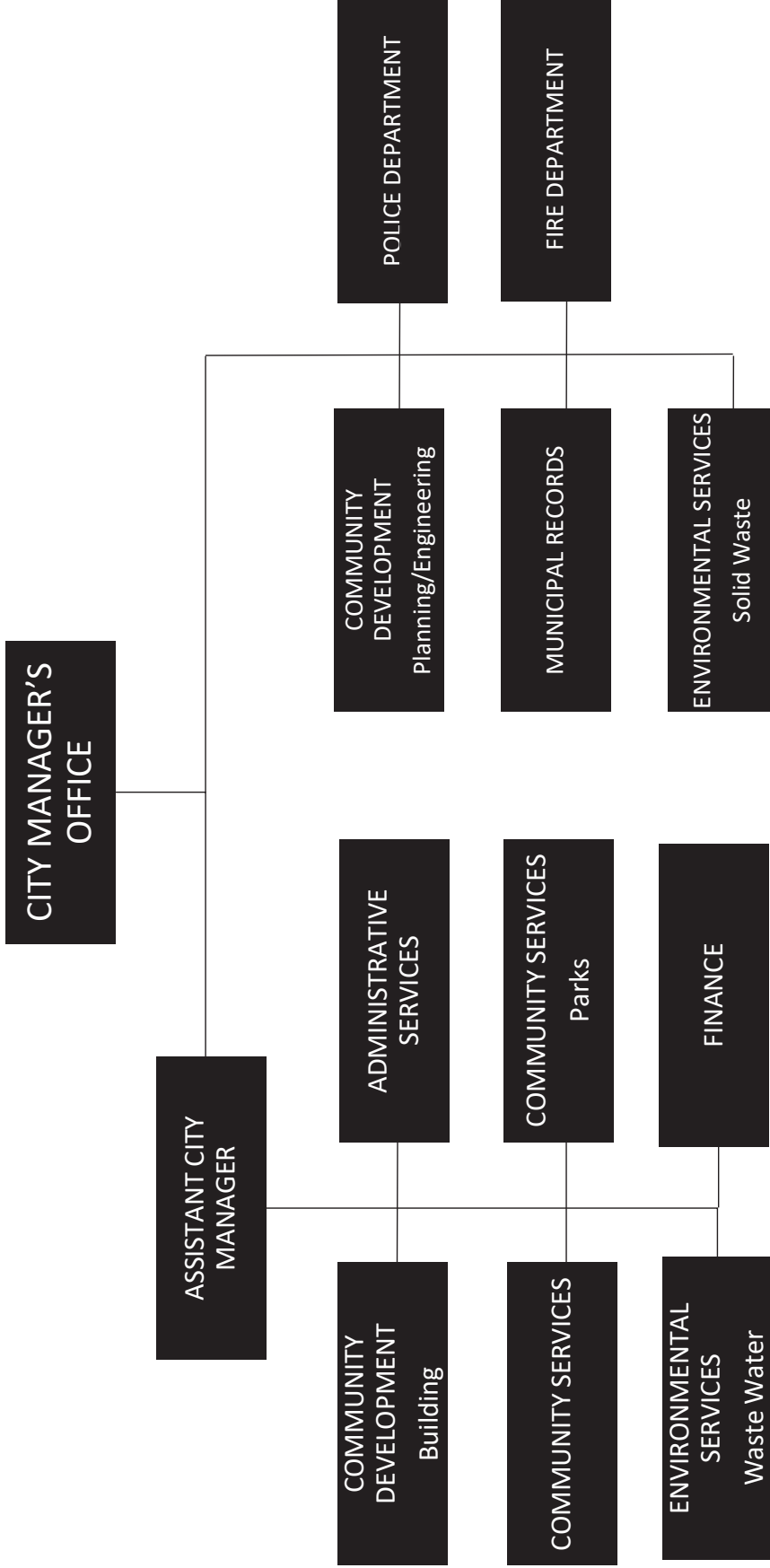
The preparation of this report was made possible by the effort of the entire Finance Department staff. We would like to express our appreciation to all members of the department who assisted and contributed material to this document. We also would like to acknowledge the Mayor and City Council members 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

CITY OF BARSTOW



City of Barstow
List of Elected and Appointed Officials
June 30, 2020

Elected Officials

Mayor	Julie Hackbarth-McIntyre
Council Member, Mayor Pro Tem	Carmen Hernandez
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
City Attorney	Terri Highsmith
Chief of Police	Albert Ramirez
Fire Chief	Jamie Williams

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of 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 City of Barstow, California, (the City) as of and for the year ended June 30, 2020, 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 City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Barstow, California, as of June 30, 2020, 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, the budgetary comparison schedules for the general fund, measure 1 special revenue fund, Barstow fire protection district special revenue fund, and grants special revenue fund, the schedule of plan contributions (CalPERS and SBCERA), the schedule of proportionate share of the net pension liability (CalPERS and SBCERA), the schedule of changes in net OPEB liability and related ratio (City of Barstow and Barstow fire protection district plans), and the schedule of contributions - OPEB (City of Barstow and Barstow fire protection district plans), 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 and budgetary schedules 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 schedules 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 schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

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



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 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 solely 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 the effectiveness of the City's 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.

Lance, Soll & Lughard, LLP

Brea, California
December 22, 2020

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CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2020

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, 2020. 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 \$33.4 million.
- The cost of governmental activities was \$41.8 million.
- The business-type activities program and general revenues were \$7.6 million.
- The cost of business-type activities was \$6.7 million.
- The General Fund ended the fiscal year with a fund balance of \$13.9 million, with the reported net decrease in fund balance of \$1.0 million.
- For the General Fund, actual budgeted revenues were below the budget estimates by \$1.4 million, due to the effects of the COVID-19 pandemic.
- The Measure I Special Revenue Fund, a major governmental fund, ended the fiscal year with a deficit \$1.6 million in fund balance.
- The Barstow Fire Protection District ended the fiscal year with a deficit fund balance of \$6.4 million.
- Total Other Governmental Funds had a total fund balance of \$4.7 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, 2020

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 fourteen 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, the Covid-19 Grants fund and the Capital Projects Fund. The Measure I TRIP debt service fund is also combined with the non-major governmental funds.

The City adopted an annual appropriated budget for its governmental and proprietary funds in fiscal year 2020. A budgetary comparison has been provided for the general fund on page 99.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2020

The basic governmental fund financial statements can be found on pages 31-35 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 37-39 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. Included in this section is Note 15, which summarizes the activity related to Measure Q, the 1% general transaction tax approved by voters on November 6, 2018. The notes to the financial statements are located on pages 47-94 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 97-110 of this report.

Supplementary information for the other 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, Flood Control and Covid-19 Grants special revenue funds, as well as the Measure I TRIP debt service fund and Capital Projects fund are located on page 114-129 of this report.

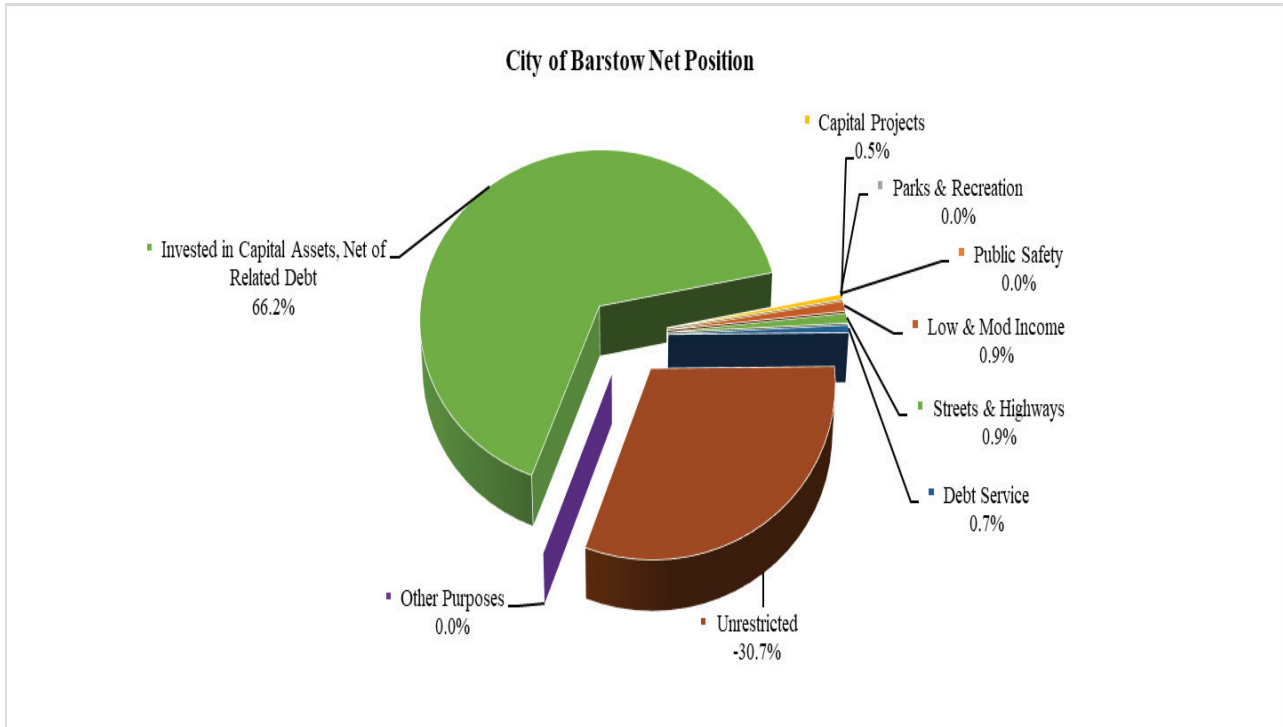
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Management’s Discussion and Analysis
June 30, 2020

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 and deferred outflows exceeded liabilities and deferred inflows by \$54.7 million at the close of the most recent fiscal year, a decrease of 12% over the previous year. This reflects the increase in staffing as a result of the passage of the Measure Q – 1% general transaction tax.

The largest portion, \$105.6 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 \$55.8 million. The third largest portion, Low and Moderate Income, is \$1.5 million. The remaining balances are restricted for capital projects and are detailed below.



As shown in the total column for 2020 in the following chart (City of Barstow Net Position), an additional portion of the City’s net position, \$3.4 million, represents resources that are subject to restrictions on how they may be used. Of this restricted amount, it is primarily comprised of \$0.8 million is restricted for capital projects, \$1.1 million for debt service, and \$1.5 million for Streets and Highways.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2020

CITY OF BARSTOW NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 13,684,950	\$ 14,807,841	\$ (44,195)	\$ (1,167,641)	\$ 13,640,755	\$ 13,640,200
Capital assets	85,712,706	88,048,224	22,793,423	23,092,627	\$ 108,506,129	111,273,971
Total Assets	99,397,656	102,856,065	22,749,228	21,924,986	122,146,884	124,914,171
Total deferred outflows of resources	16,770,469	16,427,634	627,810	598,465	17,398,279	17,026,099
Current Liabilities	5,484,717	5,633,091	855,330	929,263	6,340,047	6,562,354
Long-term Liabilities	63,692,416	57,991,993	7,382,870	7,403,678	71,075,286	65,395,671
Total Liabilities	69,177,133	63,625,084	8,238,200	8,332,941	77,415,333	71,958,025
Total deferred inflows of resources	7,183,473	7,455,219	293,666	234,777	7,477,139	7,689,996
Net Position:						
Net invested in capital assets	83,177,722	83,892,867	22,443,932	22,493,982	105,621,654	106,386,849
Restricted	4,856,154	4,321,281	-	-	4,856,154	4,321,281
Unrestricted	(48,226,357)	(40,010,752)	(7,598,760)	(8,538,249)	(55,825,117)	(48,549,001)
Total Net Position	\$ 39,807,519	\$ 48,203,396	\$ 14,845,172	\$ 13,955,733	\$ 54,652,691	\$ 62,159,129

City of Barstow Changes in Net position

The City of Barstow's overall net position decreased by \$7.5 million from the prior year. The reasons for this overall decrease are discussed in the following sections for governmental activities (a decrease of \$8.4 million) and business-type activities (an increase of \$0.9 million).

Governmental Activities

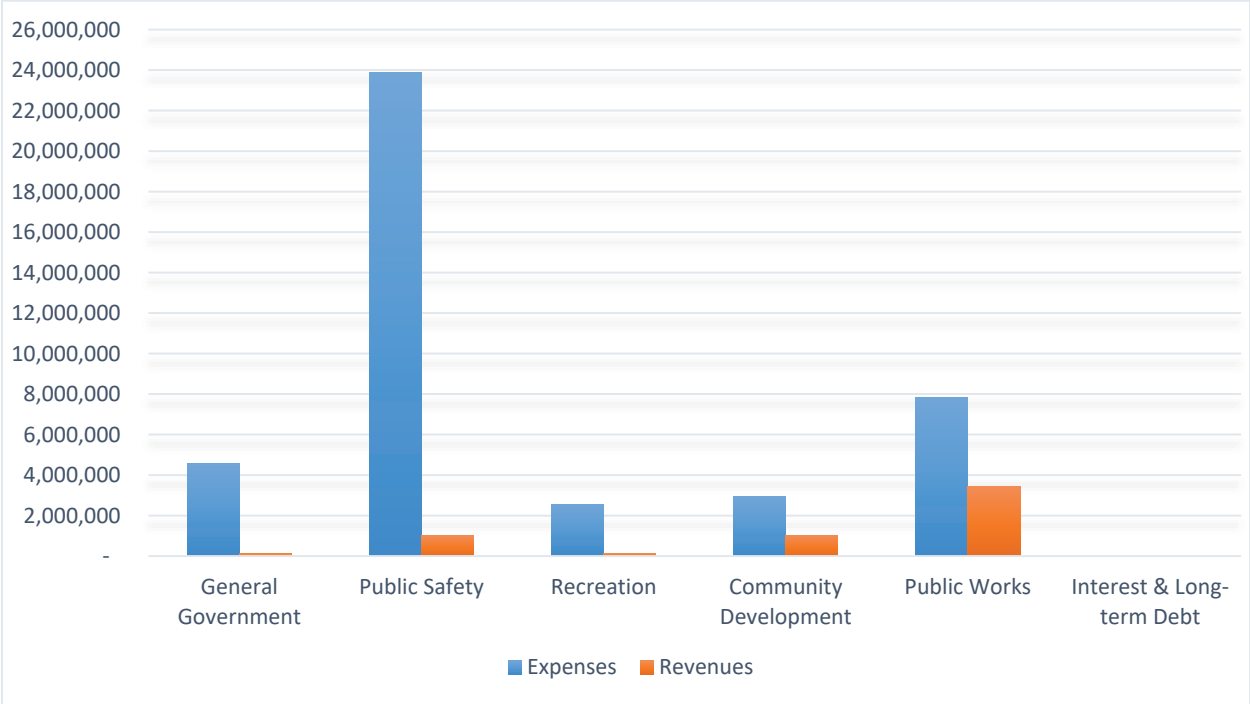
Governmental activities decreased net position by \$8.4 million for fiscal year 2020 as shown in the chart above and on page 10. A reduction in current and other assets is primarily due to increased Public Safety costs, due to increased staffing as a result of passage of Measure Q. Overall, total revenue was less than last year primarily due to the COVID-19 pandemic and its impact on tax revenues in the final four months of 2020.

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

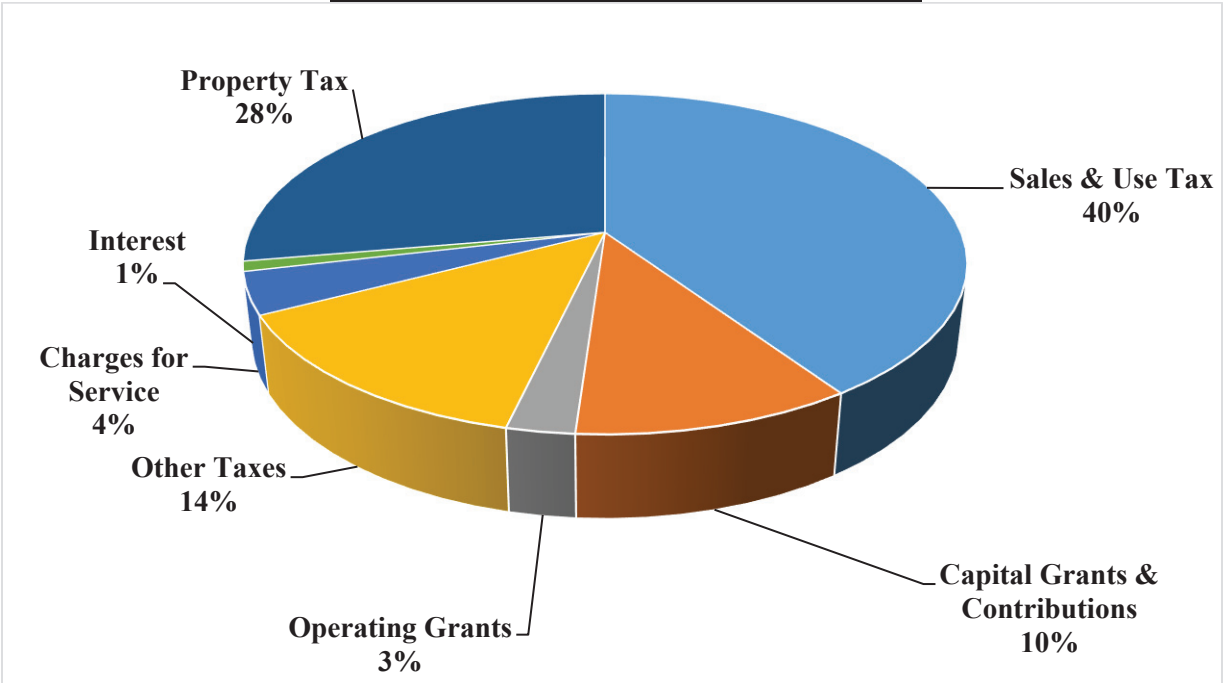
CITY OF BARSTOW
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Governmental Activities

Governmental Activities - Expenses and Program Revenues for FY 2019/20



Governmental Activities - Revenues by Source



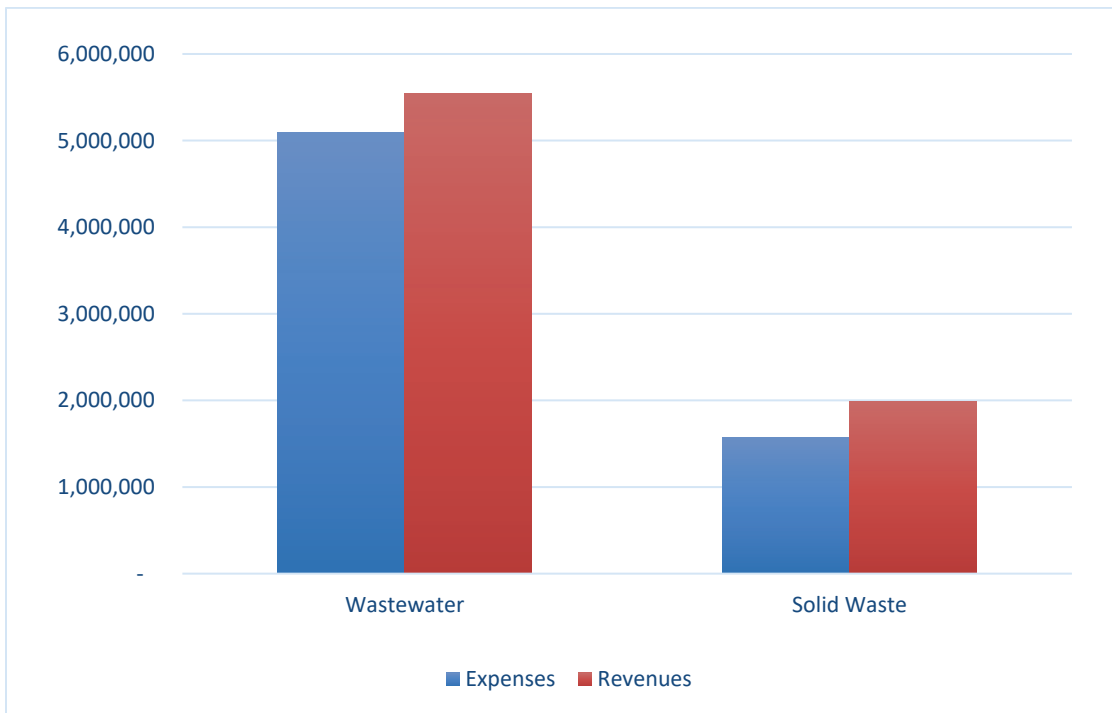
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Business-type Activities

Business-type activities increased net position by \$0.9 million as shown in the chart on page 10. The increase is directly a result of the reduction of the solid waste hauler rate subsidy. To stabilize Solid Waste's financial condition, the City Council approved the elimination of the subsidy over a 3 year period; which will end in 2022 and in November 2020, the City brought the utility billing process in-house.

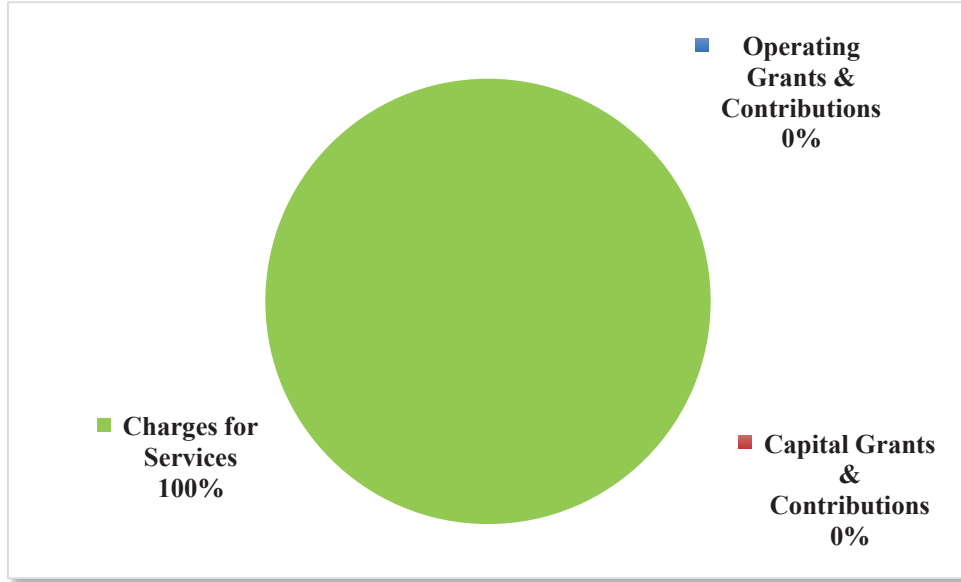
The chart below illustrates business-type expenses and revenues. The second chart on the following page shows Business-type revenues by category.

Business-Type Activities - Expenses and Program Revenues



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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 \$10.6 million, an increase of 4.25% when compared to the fund balances of the prior year. In fiscal year 2020, expenditures were less than revenue by \$0.1 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 \$1.04 million from the previous fiscal year, and restatements of \$0.97 million. The restatement was to correct errors in the Fire District loan agreement dated October 1, 2018. General Fund revenues were more than the previous fiscal year primarily due to the collection of the first full year of Measure Q – the voter approved 1% Transaction Tax; however, due to COVID-19, city taxes came in under budget by \$2.1 million. Other general fund revenues suffered similar losses in the 4th quarter of fiscal year 2020. Expenditures increased \$1.6 million due to increased staffing funded by Measure Q. There was an increase in Capital project expenditures from the previous year due to the purchase of Measure Q funded capital assets, including public safety and public works equipment.

Measure I- The fund had a decrease of \$88 thousand in fund balance as compared to the prior fiscal year. The main reason for the decrease was due to COVID-19.

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Barstow Fire Protection District- As anticipated per the fiscal year budget, total revenues, including SAFER grant reimbursements of \$311 thousand from prior year and transfer in from Measure Q of \$2.1 million.

The *non-spendable* portion of fund balance is \$10 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 held. As of June 30, 2020, the major amounts designated as non-spendable were loans from the following funds:

- \$1.7 million due from the Measure I Special Revenue Fund
- \$0.5 million Wastewater Reclamation Fund loans
- \$5.8 million Barstow Fire Protection District loan

Other non-spendable items included deposits of \$1.1 million and \$.9 million of prepaids.

Restricted funds constitute or \$4.9 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.
- The Housing Successor Agency Trust Fund constitutes \$1.5 million of the restricted fund balance.
- SB1 (\$1.0 million) and Local Transportation (\$442 thousand) account for \$1.5 million restricted for street related projects.
- The remaining of \$0.8 million is principally Capital Projects.

Assigned fund balance accounts for \$4.4 million of fund balance and is comprised of working capital (\$4.5 million) and emergency reserves (\$.9 million).

Approximately \$(8.6 million) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. This balance is approximately \$6.3 million less than last year, due primarily to the advance to Barstow Fire Protection District increasing from \$4.6 million to \$5.8 million, including a \$968 thousand prior period correction (see note 14) and \$650 thousand for cash deficit in FY 20.

More details about the fund balance for governmental funds can be found on page 88.

Proprietary Funds

At year-end, the total net position of all proprietary funds was \$14.8 million, or an increase of 6% over the previous fiscal year's fund balance. Details for the change are discussed below. Overall, this resulted in an increase of just under \$890 thousand in net position.

- The *Wastewater Fund* had an increase in net position of \$455 thousand. The increase is primarily due to the increased monitoring of industrial discharge flow.
- *Solid Waste* had an increase in net position of \$435 thousand due to a decrease in the hauler subsidy.

Detailed information can be found on pages 37-39.

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GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal 2020 year-end actual revenues of \$24.8 million fell short of the final budgeted revenues of \$26.3 million by \$1.44 million (5.7%). Due to the devastating effects of the COVID-19 pandemic in the last 4 months of the fiscal year, general fund operating revenues underperformed budget by \$2.6 million due to the devastating effects of the COVID-19 pandemic in the fourth quarter. The \$2.6 million shortfall includes Sales Tax of \$1.2 million, Transient Occupancy Tax (TOT) of \$645 thousand, Property Tax of \$235 thousand, delayed sale of Cambridge Homes property of \$220 thousand, \$200 thousand attributed to loss of fees and services, and \$125 thousand of fire loan underpayment. Other non-operating general fund revenues underperformed by \$500 thousand due to COVID-19's impact on loan repayments from Measure I and Wastewater. In addition, reclasses of loan repayments restated the \$375 thousand of Fire loan repayment and \$334 thousand of Wastewater loan repayment. Offsetting the COVID-19 related losses are the Measure Q transaction tax which exceeded budget by \$2.1 million and capital lease other financing sources of \$318 thousand.

Actual expenditures in the General Fund ended the fiscal year exceeding the under budget by \$716 thousand (3%). Vacancies due to retirements and resignations in non-public safety departments resulted in the majority of the savings of approximately \$562 thousand. Public safety vacancies due to recruitment issues resulted in a net savings of approximately \$627 thousand. Savings were offset by the capital lease retirements of \$486 thousand.

The fiscal year 2020 year-end actual budgetary performance resulted in a net decrease of \$1 million from the restated fiscal year 2019 fund balance due to the restatement of the loan from the General Fund to the Barstow Fire Protection District of \$1 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$109 million (net of accumulated depreciation). This investment in capital assets includes land, building and system improvements, machinery and equipment and park facilities. The total change in the City's investment in capital assets for the current fiscal year, when compared to the previous year's capital assets, was a decrease of 2.4% or \$2.6 million. Changes from the prior year are discussed below and the City of Barstow's Capital Assets chart on the next page. The analysis is detailed below:

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

Governmental Activities had a net decrease of \$2.3 million from the previous fiscal year due mainly to the following: a net increase in Work in Progress of \$796 thousand; a decrease of \$508 thousand for Buildings & Improvements, an increase of \$555 thousand in added Machinery & Equipment and a decrease in the Infrastructure category for \$3.2 million. These changes are discussed below:

Work in Progress added the following major projects to current development for fiscal year 2020:

- First Avenue Bridge over Mojave River - \$404 thousand.
- First Avenue Bridge Replacement over BNSF- \$344 thousand.
- Yucca Avenue Bridge Project - \$66 thousand.
- Police Department Patrol Automobiles (2) - \$65 thousand.
- Dana Park and Sturnacle ADA Bathrooms - \$39 thousand
- West Section 7 Engineering Costs - \$17 thousand

Projects for \$139 thousand were removed or transferred to other categories as completed.

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Building & Improvements

No new buildings or building improvements were added for the fiscal year. The category was reduced by \$508 thousand due to normal annual depreciation of current building assets.

Machinery & Equipment

Overall assets increased by a net amount of \$555 thousand. Some of the major equipment purchases were due to Measure Q funding.

- *Barstow Fire Protection District*-Purchases or leased equipment include a new Fire Department Medic Squad as well as new Defibrillator Monitors.
- *Police Department*-The department added nine new patrol vehicles and one detective vehicle in addition to a large Scanner Camera.
- *Public Works*- The department purchased a new Crack Sealer for pavement work, an air compressor and two new utility vehicles.

These purchases or leases were offset by the removal of old vehicles and equipment, and annual depreciation.

Infrastructure

Government type infrastructure did not have any new additions or deletions for the fiscal year. The \$3.1 million decrease was for normal depreciation of infrastructure assets.

Business-type Activities had an overall decrease of \$299 thousand from fiscal year 2019.

Work in Progress

As reflected in the City of Barstow Capital Asset chart, the category Work in Progress increased by \$206 thousand. This was for two projects: a pipe replacement in the Lenwood area that had a Notice of Completion pending at the end of the year and the addition of the beginning stages of the Aerobic Digester project for the Wastewater Treatment Plant.

Machinery & Equipment

The Wastewater Treatment Plant added several new pieces of equipment in order to work more efficiently and effectively for a total of \$495 thousand. The equipment added was:

- Wheel Loader - \$239 thousand
- Skid Steer Loader - \$87 thousand
- Pretreatment Inspection Van - \$83 thousand
- 2019 Ford F350 4 X \$ Super cab (Leased) - \$39 thousand
- Aerator - \$27 thousand
- 16 Ton Dual Axle Tilt Trailer - \$20 thousand

The additions in Work in Progress and Machinery & Equipment were offset by annual depreciation for approximately \$1 million, resulting in a net decrease of \$299 thousand in total for the year.

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land & Intangible Assets	\$ 9,885,485	\$ 9,885,485	\$ 1,657,637	\$ 1,657,637	\$ 11,543,122	\$ 11,543,122
Work in progress	10,154,019	9,358,421	206,403	-	\$ 10,360,422	\$ 9,358,421
Buildings & Structures	10,527,143	11,034,885	95,215	101,633	\$ 10,622,358	\$ 11,136,518
Machinery and equipment	2,492,975	1,938,213	1,716,067	1,383,686	\$ 4,209,042	\$ 3,321,899
Infrastructure	52,653,084	55,831,220	19,118,101	19,949,671	\$ 71,771,185	\$ 75,780,891
Total	\$ 85,712,706	\$ 88,048,224	\$ 22,793,423	\$ 23,092,627	\$ 108,506,129	\$ 111,140,851

Additional information on the City's capital assets can be found in Note 5 of Notes to Financial Statements on page 61 & 62 of this report.

Long-term Debt

At the end of the current fiscal year, the City of Barstow had total debt outstanding of \$12.7 million. Of this debt amount, governmental activities accounts for \$6.7 million, and \$6 million is related to business-type activities. The City has no general obligation bond debt or tax allocation bond debt.

City of Barstow's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	Total 2020	Total 2019
Measure I-TRIP COP	\$ 1,507,749	\$ 2,960,499	\$ -	\$ -	\$ 1,507,749	\$ 2,960,499
Capital Lease Agreement	1,027,235	1,195,399	349,491	598,645	1,376,726	1,794,044
Pollution Remediation Liability		-	5,486,099	5,527,464	5,486,099	5,527,464
Claims & Judgments Payable	2,610,138	2,110,178		-	2,610,138	2,110,178
Compensated Absences	1,567,956	1,535,582	174,733	116,326	1,742,689	1,651,908
Total	\$ 6,713,078	\$ 7,801,658	\$ 6,010,323	\$ 6,242,435	\$ 12,723,401	\$ 14,044,093

In total, debt decreased, except for Claims & Judgments, which is also the single largest portion of debt. The City of Barstow 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. The City pledged Measure I funding to serve as the source for the related debt services payments. The final payment for the TRIP financing agreement will be made in FY 2020-21. Other debt variances are discussed below:

- Capital Lease-The City replaced and leased several new leased vehicles for fiscal year 2020, the majority being funded by Measure Q. 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.
- Pollution remediation expenses in the Soapmine Road area reduced the liability by \$41 thousand.
- Claims and judgments payable increased by \$500 thousand. The City actively works to reduce the number of annual claims.

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2020

Additional information on the City's long-term debt can be found in Note 6 on page 63-64 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The economy continues to be at the forefront of management's consideration in leading and providing services for the residents of the City of Barstow. The 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 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 2020, actual sales tax revenue was \$6.1 million, less than the 7.3 million for fiscal year 2019. The COVID-19 pandemic has significantly affected the number of travelers 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 2020 was 12.1%. This is a 6% increase from June 2019 of 6.1%. Economic improvement is reflective in the transient occupancy tax increase and stable sales tax. The City's Economic Division team is actively working with existing businesses to help them withstand the effects of the COVID-19 pandemic. They also continue to work 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, decreased by \$474 thousand, or 14.3% for fiscal year 2019, largely due to the decrease in travel and stay-at-home orders resulting from the COVID-19 pandemic. At \$2.8 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 City Manager, 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, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 5,375,511	\$ 70,698	\$ 5,446,209
Receivables:			
Accounts	1,266,151	889,636	2,155,787
Taxes	114,584	-	114,584
Accrued interest	8,545	-	8,545
Internal balances	1,004,529	(1,004,529)	-
Prepaid costs	846,254	-	846,254
Deposits	1,066,216	-	1,066,216
Due from other governments	2,556,222	-	2,556,222
Inventories	51,762	-	51,762
Restricted assets:			
Cash with fiscal agent	1,082,245	-	1,082,245
Due from Successor Agency Trust Fund	312,931	-	312,931
Capital assets not being depreciated	20,039,504	1,864,040	21,903,544
Capital assets, net of depreciation	65,673,202	20,929,383	86,602,585
Total Assets	99,397,656	22,749,228	122,146,884
Deferred Outflows of Resources:			
Deferred employer pension contributions	4,675,093	210,188	4,885,281
Deferred outflows of resources-pension	9,258,535	417,622	9,676,157
Deferred contributions-OPEB	778,880	-	778,880
Deferred outflows of resources-OPEB	2,057,961	-	2,057,961
Total Deferred Outflows of Resources	16,770,469	627,810	17,398,279
Liabilities:			
Accounts payable	911,910	258,905	1,170,815
Accrued liabilities	1,279,504	97,118	1,376,622
Accrued interest	4,422	-	4,422
Unearned revenue	35,185	-	35,185
Deposits payable	3,712	83,538	87,250
Due to other governments	45,461	-	45,461
Retentions payable	53,539	-	53,539
Noncurrent liabilities:			
Due within one year			
Long-term debt	1,989,783	294,376	2,284,159
Compensated absences	627,182	69,893	697,075
Claims and judgements	534,019	-	534,019
Pollution remediation liability	-	51,500	51,500
Due in more than one year			
Long-term debt	545,201	55,115	600,316
Compensated absences	940,774	104,840	1,045,614
Claims and judgements	2,076,119	-	2,076,119
Pollution remediation liability	-	5,434,599	5,434,599
Net Pension Liability	37,371,637	1,788,316	39,159,953
Net OPEB Liability	22,758,685	-	22,758,685
Total Liabilities	69,177,133	8,238,200	77,415,333
Deferred Inflows of Resources:			
Deferred inflows of resources-pension	6,608,210	293,666	6,901,876
Deferred inflows of resources-OPEB	575,263	-	575,263
Total Deferred Inflows of Resources	7,183,473	293,666	7,477,139
Net Position:			
Net investment in capital assets	83,177,722	22,443,932	105,621,654
Restricted for:			
Public safety	34,044	-	34,044
Parks and recreation	1,027	-	1,027
Capital projects	795,371	-	795,371
Debt service	1,082,245	-	1,082,245
Low and Moderate Income	1,478,174	-	1,478,174
Streets and Highways	1,454,843	-	1,454,843
Other purposes	10,450	-	10,450
Unrestricted	(48,226,357)	(7,598,760)	(55,825,117)
Total Net Position	\$ 39,807,519	\$ 14,845,172	\$ 54,652,691

CITY OF BARSTOW

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 4,539,158	\$ 92,556	\$ 19,817	\$ -
Public safety	23,887,685	498,704	506,707	907
Community development	2,959,442	587,216	329,508	108,514
Recreation	2,548,681	146,399	-	-
Public works	7,842,090	2,882	3,405	3,416,634
Interest on long-term debt	625	-	-	-
Total Governmental Activities	41,777,681	1,327,757	859,437	3,526,055
Business-Type Activities:				
Wastewater Reclamation	5,093,118	5,541,935	-	-
Solid Waste Disposal	1,575,575	1,988,453	-	-
Total Business-Type Activities	6,668,693	7,530,388	-	-
Total Primary Government	\$ 48,446,374	\$ 8,858,145	\$ 859,437	\$ 3,526,055

General Revenues:

Taxes:

Property taxes, levied for general purpose
 Transient occupancy taxes
 Sales taxes
 Franchise taxes
 Business licenses taxes
 Other taxes
 Use of money and property
 Other

Total General Revenues

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

**Net (Expenses) Revenues
and Changes in Net Position
Primary Government**

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (4,426,785)	\$ -	\$ (4,426,785)
(22,881,367)	-	(22,881,367)
(1,934,204)	-	(1,934,204)
(2,402,282)	-	(2,402,282)
(4,419,169)	-	(4,419,169)
(625)	-	(625)
(36,064,432)	-	(36,064,432)
-	448,817	448,817
-	412,878	412,878
-	861,695	861,695
(36,064,432)	861,695	(35,202,737)
9,252,006	-	9,252,006
2,855,796	-	2,855,796
13,527,079	-	13,527,079
1,077,373	-	1,077,373
220,930	-	220,930
64,808	-	64,808
318,439	-	318,439
352,124	27,744	379,868
27,668,555	27,744	27,696,299
(8,395,877)	889,439	(7,506,438)
48,203,396	13,955,733	62,159,129
\$ 39,807,519	\$ 14,845,172	\$ 54,652,691

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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.

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CITY OF BARSTOW

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds		
	General	Measure I	Barstow Fire Protection District
Assets:			
Pooled cash and investments	\$ 1,544,186	\$ -	\$ -
Receivables:			
Accounts	245,751	280,717	72,362
Taxes	-	-	-
Accrued interest	3,182	744	-
Prepaid costs	845,654	-	600
Deposits	1,066,216	-	-
Due from other governments	2,556,222	-	-
Due from other funds	1,545,454	-	-
Advances to other funds	7,991,579	-	-
Inventories	51,762	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total Assets	\$ 15,850,006	\$ 281,461	\$ 72,962
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 470,763	\$ 79,018	\$ 105,390
Accrued liabilities	1,152,820	-	126,684
Unearned revenues	-	-	-
Deposits payable	3,712	-	-
Due to other governments	45,461	-	-
Due to other funds	-	41,014	381,218
Advances from other funds	-	1,700,000	5,817,392
Retentions payable	3,617	-	-
Total Liabilities	1,676,373	1,820,032	6,430,684
Deferred Inflows of resources:			
Unavailable revenues	291,579	79,364	14,201
Total Deferred Inflows of Resources	291,579	79,364	14,201
Fund Balances:			
Nonspendable:			
Nonspendable	9,955,211	-	-
Restricted	-	-	-
Assigned	4,406,560	-	-
Unassigned	(479,717)	(1,617,935)	(6,371,923)
Total Fund Balances	13,882,054	(1,617,935)	(6,371,923)
Total Liabilities, Deferred inflows of Resources, and Fund Balances	\$ 15,850,006	\$ 281,461	\$ 72,962

CITY OF BARSTOW

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds		Other Governmental Funds	Total Governmental Funds
	Grants			
Assets:				
Pooled cash and investments	\$ 385,881	\$	3,445,444	\$ 5,375,511
Receivables:				
Accounts	667,321	-	-	1,266,151
Taxes	-	114,584	-	114,584
Accrued interest	394	4,225	-	8,545
Prepaid costs	-	-	-	846,254
Deposits	-	-	-	1,066,216
Due from other governments	-	312,931	-	2,869,153
Due from other funds	-	-	-	1,545,454
Advances to other funds	-	-	-	7,991,579
Inventories	-	-	-	51,762
Restricted assets:				
Cash and investments with fiscal agents	-	1,082,245	-	1,082,245
Total Assets	\$ 1,053,596	\$	4,959,429	\$ 22,217,454
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 214,311	\$	42,428	\$ 911,910
Accrued liabilities	-	-	-	1,279,504
Unearned revenues	-	35,185	-	35,185
Deposits payable	-	-	-	3,712
Due to other governments	-	-	-	45,461
Due to other funds	470,271	122,609	-	1,015,112
Advances from other funds	-	-	-	7,517,392
Retentions payable	-	49,922	-	53,539
Total Liabilities	684,582	250,144	10,861,815	
Deferred Inflows of resources:				
Unavailable revenues	400,669	-	-	785,813
Total Deferred Inflows of Resources	400,669	-	785,813	
Fund Balances:				
Nonspendable:				
Nonspendable	-	-	-	9,955,211
Restricted	-	4,856,154	-	4,856,154
Assigned	-	-	-	4,406,560
Unassigned	(31,655)	(146,869)	-	(8,648,099)
Total Fund Balances	(31,655)	4,709,285	10,569,826	
Total Liabilities, Deferred inflows of Resources, and Fund Balances	\$ 1,053,596	\$	4,959,429	\$ 22,217,454

CITY OF BARSTOW

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Fund balances of governmental funds		\$ 10,569,826
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		85,712,706
Long-term debt, claims liabilities and compensated absences that have not been included in the governmental fund activity:		
Bonds payable	\$ (1,395,000)	
Unamortized bond premiums/discounts	(112,750)	
Capital leases	(1,027,234)	
Claims and judgements payable	(2,610,138)	
Compensated Absences	<u>(1,567,956)</u>	(6,713,078)
Pension liabilities are not included in the governmental fund statements, however they are reported in the governmental activities in the Statement of Net Position:		
Miscellaneous net pension liability	(11,487,969)	
Safety net pension liability	(13,501,628)	
Safety net pension liability - Fire	<u>(12,382,040)</u>	(37,371,637)
OPEB liabilities are not included in the governmental fund statements, however they are reported in the governmental activities in the Statement of Net Position.		(22,758,685)
Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are deferred.		4,675,093
Employer contributions for OPEB were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are deferred.		778,880
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	9,258,535	
Deferred outflows of resources - OPEB	2,057,961	
Deferred inflows of resources - pension	(6,608,210)	
Deferred inflows of resources - OPEB	<u>(575,263)</u>	4,133,023
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(4,422)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		785,813
Net Position of Governmental Activities		<u><u>\$ 39,807,519</u></u>

CITY OF BARSTOW

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Special Revenue Funds		
	General	Measure I	Fire Protection District
Revenues:			
Taxes	\$ 22,401,483	\$ -	\$ 4,592,787
Licenses and permits	381,774	-	61,109
Intergovernmental	519,075	1,467,468	406,488
Charges for services	444,041	-	-
Use of money and property	298,331	3,759	9,938
Fines and forfeitures	132,885	-	-
Miscellaneous	351,785	-	-
Total Revenues	24,529,374	1,471,227	5,070,322
Expenditures:			
Current:			
General government	3,271,395	-	-
Public safety	11,392,014	-	7,033,687
Community development	2,203,600	-	-
Parks and recreation	2,188,112	-	-
Public works	3,118,227	-	-
Capital outlay	979,726	-	-
Debt service:			
Principal retirement	486,578	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	23,639,652	-	7,033,687
Excess (Deficiency) of Revenues Over (Under) Expenditures	889,722	1,471,227	(1,963,365)
Other Financing Sources (Uses):			
Transfers in	-	22,067	2,162,618
Transfers out	(2,249,369)	(1,581,724)	-
Proceed from capital leases	318,414	-	-
Total Other Financing Sources (Uses)	(1,930,955)	(1,559,657)	2,162,618
Net Change in Fund Balances	(1,041,233)	(88,430)	199,253
Fund Balances, Beginning of Year, as previously reported	13,954,591	(1,529,505)	(5,602,480)
Restatements	968,696	-	(968,696)
Fund Balances, Beginning of Year, as restated	14,923,287	(1,529,505)	(6,571,176)
Fund Balances, End of Year	\$ 13,882,054	\$ (1,617,935)	\$ (6,371,923)

CITY OF BARSTOW

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Special Revenue Funds		
	Grants	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ -	\$ -	\$ 26,994,270
Licenses and permits	-	-	442,883
Intergovernmental	2,207,870	1,217,377	5,818,278
Charges for services	-	-	444,041
Use of money and property	1,991	40,420	354,439
Fines and forfeitures	-	-	132,885
Miscellaneous	-	339	352,124
Total Revenues	2,209,861	1,258,136	34,538,920
Expenditures:			
Current:			
General government	-	-	3,271,395
Public safety	95,492	134,027	18,655,220
Community development	366,771	55,822	2,626,193
Parks and recreation	-	561	2,188,673
Public works	-	736,439	3,854,666
Capital outlay	3,632	907,031	1,890,389
Debt service:			
Principal retirement	-	1,340,000	1,826,578
Interest and fiscal charges	-	112,835	112,835
Total Expenditures	465,895	3,286,715	34,425,949
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,743,966	(2,028,579)	112,971
Other Financing Sources (Uses):			
Transfers in	-	2,482,683	4,667,368
Transfers out	(783,921)	(52,354)	(4,667,368)
Proceed from capital leases	-	-	318,414
Total Other Financing Sources (Uses)	(783,921)	2,430,329	318,414
Net Change in Fund Balances	960,045	401,750	431,385
Fund Balances, Beginning of Year, as previously reported	(991,700)	4,307,535	10,138,441
Restatements	-	-	-
Fund Balances, Beginning of Year, as restated	(991,700)	4,307,535	10,138,441
Fund Balances, End of Year	\$ (31,655)	\$ 4,709,285	\$ 10,569,826

CITY OF BARSTOW

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Net change in fund balances - total governmental funds		\$ 431,385
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	\$ 1,855,944	
Depreciation	(4,001,321)	
Gain/(loss) on sale of capital assets	<u>(190,141)</u>	(2,335,518)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal repayments	1,339,460	
Amortization of bond premiums/discounts	112,750	
Lease payments	<u>486,578</u>	1,938,788
Proceeds from leases are reported as a revenue in the governmental funds, but the issuance increases long-term liabilities in the statement of net position.		
		(318,414)
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		
		22,488
Compensated absences 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.		
		(32,374)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. The details of this \$3,061,877 difference are as follows:		
Claims and judgements	(499,960)	
Pension-related items	(3,472,331)	
Other post-employment benefit-related items	<u>(2,972,825)</u>	(6,945,116)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		
		(1,157,116)
Change in Net Position of Governmental Activities		<u><u>\$ (8,395,877)</u></u>

CITY OF BARSTOW

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2020

	Business-Type Activities - Enterprise Funds		
	Wastewater Reclamation	Non-Major Fund	
		Solid Waste Disposal	Totals
Assets:			
Current:			
Cash and investments	\$ 70,698	\$ -	\$ 70,698
Receivables:			
Accounts	863,453	26,183	889,636
Total Current Assets	934,151	26,183	960,334
Noncurrent:			
Capital assets:			
Not being depreciated	1,864,040	-	1,864,040
Net of accumulated depreciation	20,586,268	343,115	20,929,383
Total Noncurrent Assets	22,450,308	343,115	22,793,423
Total Assets	23,384,459	369,298	23,753,757
Deferred Outflows of Resources:			
Deferred employer pension contributions	173,050	37,138	210,188
Deferred outflows of resources - pension related items	343,833	73,789	417,622
Total Deferred Outflows of Resources	516,883	110,927	627,810
Liabilities:			
Current:			
Accounts payable	\$ 166,237	\$ 92,668	\$ 258,905
Accrued liabilities	52,810	44,308	97,118
Deposits payable	-	83,538	83,538
Due to other funds	-	530,342	530,342
Accrued compensated absences - due within one year	60,243	9,650	69,893
Pollution remediation liability - due within one year	51,500	-	51,500
Capital leases - due within one year	294,376	-	294,376
Total Current Liabilities	625,166	760,506	1,385,672
Noncurrent:			
Advances from other funds	474,187	-	474,187
Accrued compensated absences - due in more than one year	90,365	14,475	104,840
Pollution remediation liability - due in more than one year	5,434,599	-	5,434,599
Capital leases - due in more than one year	55,115	-	55,115
Net pension liability	1,472,340	315,976	1,788,316
Total Noncurrent Liabilities	7,526,606	330,451	7,857,057
Total Liabilities	8,151,772	1,090,957	9,242,729
Deferred Inflows of Resources:			
Deferred inflows of resources - pension related items	241,779	51,887	293,666
Total Deferred Inflows of Resources	241,779	51,887	293,666
Net Position:			
Net investment in capital assets	22,100,817	343,115	22,443,932
Unrestricted (deficit)	(6,593,026)	(1,005,734)	(7,598,760)
Total Net Position	\$ 15,507,791	\$ (662,619)	\$ 14,845,172

CITY OF BARSTOW

STATEMENT OF REVENUES, EXPENSES
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2020

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Wastewater Reclamation</u>	<u>Non-Major Fund Solid Waste Disposal</u>	<u>Totals</u>
Operating Revenues:			
Sales and service charges	\$ 5,541,935	\$ 1,988,453	\$ 7,530,388
Miscellaneous	5,880	21,864	27,744
Total Operating Revenues	5,547,815	2,010,317	7,558,132
Operating Expenses:			
Administration and general	2,038,875	289,710	2,328,585
Cost of services	1,905,858	1,255,363	3,161,221
Claims expense	133,068	4,367	137,435
Depreciation expense	977,444	22,188	999,632
Total Operating Expenses	5,055,245	1,571,628	6,626,873
Operating Income (Loss)	492,570	438,689	931,259
Nonoperating Revenues (Expenses):			
Interest expense	(37,873)	(3,947)	(41,820)
Total Nonoperating Revenues (Expenses)	(37,873)	(3,947)	(41,820)
Changes in Net Position	454,697	434,742	889,439
Net Position:			
Beginning of Year	15,053,094	(1,097,361)	13,955,733
End of Fiscal Year	\$ 15,507,791	\$ (662,619)	\$ 14,845,172

CITY OF BARSTOW

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds		
	Wastewater Reclamation	Non-Major Fund Solid Waste Disposal	Totals
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 5,458,839	\$ 2,110,764	\$ 7,569,603
Cash paid to suppliers for goods and services	(2,023,983)	(1,388,584)	(3,412,567)
Cash paid to employees for services	(1,320,566)	(651,971)	(1,972,537)
Cash received from others	5,880	21,864	27,744
Net Cash Provided (Used) by Operating Activities	2,120,170	92,073	2,212,243
Cash Flows from Non-Capital Financing Activities:			
Repayments made to other funds	(1,020,652)	(88,126)	(1,108,778)
Net Cash Provided (Used) by Non-Capital Financing Activities	(1,020,652)	(88,126)	(1,108,778)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(672,584)	-	(672,584)
Principal paid on capital debt	(318,363)	-	(318,363)
Interest paid on capital debt	(37,873)	-	(37,873)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,028,820)	-	(1,028,820)
Cash Flows from Investing Activities:			
Investment Loss	-	(3,947)	(3,947)
Net Cash Provided (Used) by Investing Activities	-	(3,947)	(3,947)
Net Increase (Decrease) in Cash and Cash Equivalents	70,698	-	70,698
Cash and Cash Equivalents at Beginning of Year	-	-	-
Cash and Cash Equivalents at End of Year	\$ 70,698	\$ -	\$ 70,698
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 492,570.00	\$ 438,689	\$ 931,259.00
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:			
Depreciation	977,444	22,188	999,632
(Increase) decrease in accounts receivable	(83,096)	124,317	41,221
(Increase) decrease in prepaid expense	1,010	13,799	14,809
(Increase) decrease in deferred employer contributions	(173,050)	(37,138)	(210,188)
(Increase) decrease in deferred outflows of resources - pension	(75,587)	256,430	180,843
Increase (decrease) in accounts payable and accrued liabilities	23,906	(111,381)	(87,475)
Increase (decrease) in deposits payable	-	(2,006)	(2,006)
Increase (decrease) in net pension liability	772,455	(545,603)	226,852
Increase (decrease) in deferred inflows of resources - pension	136,546	(77,657)	58,889
Increase (decrease) in compensated absences	47,972	10,435	58,407
Total Adjustments	1,627,600	(346,616)	1,280,984
Net Cash Provided (Used) by Operating Activities	\$ 2,120,170	\$ 92,073	\$ 2,212,243
Non-Cash Investing, Capital, and Financing Activities:			
Capital assets acquired through capital lease	\$ 27,844	\$ -	\$ 27,844

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FIDUCIARY FUND FINANCIAL STATEMENTS

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CITY OF BARSTOW

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2020

	Agency Funds	Private- Purpose Trust Fund Successor Agency Trust Fund
Assets:		
Pooled cash and investments	\$ 246,905	\$ 1,141,836
Receivables:		
Accounts	131	-
Taxes	-	38,000
Accrued interest	312	355
Due from other governments	-	45,461
Land held for resale	-	2,224,905
Restricted assets:		
Cash and investments with fiscal agents	-	52
Total Assets	\$ 247,348	3,450,609
Liabilities:		
Accounts payable	\$ 20,739	-
Accrued interest	-	35,903
Deposits payable	125,113	-
Due to other governments	96,393	-
Due to external parties/other agencies	5,103	-
Long-term liabilities:		
Due in one year	-	745,000
Due in more than one year	-	1,595,000
Due to City of Barstow	-	312,931
Total Liabilities	\$ 247,348	2,688,834
Net Position:		
Held in trust for other purposes		761,775
Total Net Position		\$ 761,775

CITY OF BARSTOW

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2020

	<u>Private- Purpose Trust Fund</u> <u>Sucessor Agency Trust Fund</u>
Additions:	
Intergovernmental	\$ 1,219,231
Interest and change in fair value of investments	4,870
Total Additions	<u>1,224,101</u>
Deductions:	
Administrative expenses	105,000
Loss on sale of land held for resale	569,695
Interest expense	116,208
Total Deductions	<u>790,903</u>
Changes in Net Position	433,198
Net Position - Beginning of the Year	<u>328,577</u>
Net Position - End of the Year	<u>\$ 761,775</u>

NOTES TO BASIC FINANCIAL STATEMENTS

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NOTES TO BASIC FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2020

Note 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 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.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (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 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 resource's 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.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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

Governmental Fund Financial Statements

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

The City of Barstow reports the following major governmental funds:

- The General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- The Measure I fund is used to account for money generated by a one-half percent sales tax approved by the voters in 1989 and extended in 2004 by the San Bernardino County voters to continue until 2040. The fund is also used to account for the debt proceeds and related expenditures of the California Communities Local Measure I Sales Tax Revenue Certificates of Participation, Series 2012.
- The Barstow Fire Protection District Special Revenue fund accounts for operations of the Barstow Fire Protection District which was annexed to the City effective November 17, 2010. The District's main source of revenue is through the collection of property taxes. This constitutes approximately 91% of its revenue source for fiscal year 2020. 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 90 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.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (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 one major enterprise fund:

- The Wastewater Reclamation Fund accounts for the operation of the wastewater system. The City and its employees operate the wastewater system and plant.

In addition, the City reports one non- major enterprise fund:

- 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). Private-purpose trust 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 developer deposits and other small funds for the benefit of other agencies.
- Successor Agency Private Purpose Trust Fund – accounts for assets and liabilities of the Successor Agency Trust Fund.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020**

Note 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, 2020.

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 non-spendable 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. Commercial and multi-family customers are billed monthly.

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020**

Note 1: Summary of Significant Accounting Policies (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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 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:

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

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

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

Assigned Fund Balance – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) City Council or (b) a body (a budget, finance committee, or management

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

(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 non-spendable, restricted, or committed. The City at June 30, 2020 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.

o. Other Post-Employment Benefits (OPEB)

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

CITY OF BARSTOW

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Valuation Date July 1, 2019
Measurement Date June 30, 2019
Measurement Period July 1, 2018 to June 30, 2019

p. New Pronouncements

In 2020, the City did not adopt any new accounting standards.

Note 2: Cash and Investments

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

Government-Wide Statement of Net Position

	Governmental Activities	Business Activities	Fiduciary Funds	Total
Cash and Investments	\$ 5,375,511	\$ 70,698	\$ 1,388,741	\$ 6,834,950
Restricted Cash and Investments	1,082,245	-	52	1,082,297
Total Cash and Investments	\$ 6,457,756	\$ 70,698	\$ 1,388,793	\$ 7,917,247

Cash and investments as of June 30, 2020 consist of the following:

Deposits:	
Cash on Hand	\$ 1,940
Deposits with Financial Institution	4,675,873
Total Deposits	4,677,813
Investments	
Local Agency Investment Fund	2,157,137
Total Investments	2,157,137
Total City Treasury	6,834,950
Restricted Cash and Investments	
Agent	1,082,297
Total Restricted Cash and Investments	1,082,297
Total Cash and Investments	\$ 7,917,247

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 \$4,675,873 at June 30, 2020. Bank balances before reconciling items were \$4,751,789, the total amount of which was insured and/or collateralized with securities held by pledging financial institutions in the City's name as discussed in note 2.f.

CITY OF BARSTOW

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020**

Note 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	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	\$75 million
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.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR YEAR ENDED JUNE 30, 2020

Note 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
Local Agent Investment Fund	\$ 2,157,137	\$ 2,157,137
Total	\$ 2,157,137	\$ 2,157,137

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 as of Year End
		Rating	Not Rated
Local Agency Investment Funds	\$ 2,157,137	N/A	\$ 2,157,137
Total	\$ 2,157,137		\$ 2,157,137

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 City has not invested more than 5% of its total investment value with any one issuer.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 2: Cash and Investments (Continued)

f. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk 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, 2020, \$4,501,789 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

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, 2020, include a portion of the pooled funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

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

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

As of June 30, 2020, the City had \$2,157,137 invested in LAIF, which had invested 2.21% 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 1.004912795 to the total investments held by LAIF.

CITY OF BARSTOW

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 2: Cash and Investments (Continued)

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, 2020 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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Not Subject to Disclosure</u>
Local Agency Investment Fund	\$ 2,157,137	\$ 2,157,137
Total Investments Subject to Fair Value	<u>\$ 2,157,137</u>	<u>\$ 2,157,137</u>

Note 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>
Funds			
General Fund	\$ 283,344	\$ (37,593)	\$ 245,751
Measure I Special Revenue Fund	280,717	-	280,717
Barstow Fire Protection District			
Special Revenue Fund	72,362	-	72,362
Grants Fund	667,321	-	667,321
Enterprise Funds			
Wastewater Reclamation	1,305,738	(442,285)	863,453
Solid Waste Disposal	95,040	(68,857)	26,183
	<u>\$ 2,704,522</u>	<u>\$ (548,735)</u>	<u>\$ 2,155,787</u>

CITY OF BARSTOW

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 4: Interfund Balances

The following table presents the interfund balances as of June 30, 2020:

<u>Due to General Fund</u>	<u>Due From Other Funds</u>
Measure I Special Revenue Fund	\$ 41,014
Barstow Fire Protection District Fund	381,218
Grants Fund	470,271
Non-Major Governmental Funds	122,609
Solid Waste Disposal	530,342
Total	\$ 1,545,454

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, 2020.

The following table presents advances as of June 30, 2020:

	<u>Advances From Other Funds</u>			<u>Total</u>
	<u>Measure I Special Revenue Fund</u>	<u>Barstow Fire Protection District Special Revenue Fund</u>	<u>Wastewater Reclamation Enterprise Fund</u>	
Advances to Other Funds				
General Fund	\$ 1,700,000	\$ 5,817,392	\$ 474,187	\$ 7,991,579
Total	<u>\$ 1,700,000</u>	<u>\$ 5,817,392</u>	<u>\$ 474,187</u>	<u>\$ 7,991,579</u>

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, 2020, 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 2020, the General Fund advanced the Barstow Fire Protection District an additional \$1,243,696. As of June 30, 2020, the total amount owed to the General Fund from the Barstow Fire Protection District Special Revenue Fund is \$5,817,392.

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, 2020, the total amount owed to the General Fund from the Wastewater Fund is \$474,187.

CITY OF BARSTOW

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020**

Note 4: Interfund Transfers (Continued)

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 \$2,504,750 as follows:

Transfers Out	Transfers In			Total
	Measure I	Barstow Fire Protection District	Non-Major Governmental Funds	
Major				
General	\$ -	\$ 2,162,618	\$ 86,751	\$ 2,249,369
Grants Fund	-	-	783,921	783,921
Measure I Special Revenue Fund	-	-	1,581,724	1,581,724
Non-Major Governmental Funds	22,067	-	30,287	52,354
Total	\$ 22,067	\$ 2,162,618	\$ 2,482,683	\$ 4,667,368

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

The transfers of \$86,751 from the general fund, \$783,921 from the Grants Fund, \$1,581,724 from the Measure I Fund, \$52,354 from Non-major governmental funds to Non-major governmental funds were for capital improvements and debt services.

Note 5: Capital Assets

A summary of changes in the governmental activities capital assets at June 30, 2020 is as follows:

	Balance July 1, 2019	Adjustments	Increase	Decrease/ Adjustments	Balance June 30, 2020
Non-Depreciable Assets:					
Work in Progress	\$ 9,358,421	\$ -	\$ 934,677	\$ 139,079	\$ 10,154,019
Land	9,800,485	-	-	-	9,800,485
Intangible Asset-Water Rights	85,000	-	-	-	85,000
Total Non-Depreciable Assets	19,243,906	-	934,677	139,079	20,039,504
Depreciable Assets:					
Buildings and Improvements	27,498,686	1,330,443	-	-	28,829,129
Machinery and Equipment	3,618,417	1,774,384	489,854	386,091	5,496,564
Property Under Capital Lease	1,319,604	(545,764)	431,413	-	1,205,253
Infrastructure	113,337,068	-	-	-	113,337,068
Total Depreciable Assets	145,773,775	2,559,063	921,267	386,091	148,868,014
Less Accumulated Depreciation:					
Buildings and Improvements	(16,463,801)	(1,330,443)	(507,742)	-	(18,301,986)
Machinery and Equipment	(2,757,385)	(1,347,255)	(216,722)	(335,029)	(3,986,333)
Property Under Capital Lease	(242,423)	118,635	(98,721)	-	(222,509)
Infrastructure	(57,505,848)	-	(3,178,136)	-	(60,683,984)
Total Accumulated Depreciation	(76,969,457)	(2,559,063)	(4,001,321)	(335,029)	(83,194,812)
Total Depreciable Assets, Net	68,804,318	-	(3,080,054)	51,062	65,673,202
Total Capital Assets	\$ 88,048,224	\$ -	\$ (2,145,377)	\$ 190,141	\$ 85,712,706

CITY OF BARSTOW

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 5: Capital Assets (Continued)

A summary of changes in the business-type activities capital assets at June 30, 2020 is as follows:

	Balance July 1, 2019	Increase	Decrease/ Adjustments	Balance June 30, 2020
Non-Depreciable Assets:				
Work in Progress	\$ -	\$ 206,403	\$ -	\$ 206,403
Land	1,657,637	-	-	1,657,637
Total Non-Depreciable Assets	<u>1,657,637</u>	<u>206,403</u>	<u>-</u>	<u>1,864,040</u>
Depreciable Assets:				
Buildings and Improvements	306,094	-	-	306,094
Machinery and Equipment	2,990,513	455,025	-	3,445,538
Property Under Capital Lease	130,364	39,000	-	169,364
Infrastructure	31,252,541	-	-	31,252,541
Total Depreciable Assets	<u>34,679,512</u>	<u>494,025</u>	<u>-</u>	<u>35,173,537</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(204,461)	(6,418)	-	(210,879)
Machinery and Equipment	(1,686,431)	(147,806)	-	(1,834,237)
Property Under Capital lease	(50,761)	(13,840)	-	(64,601)
Infrastructure	(11,302,869)	(831,568)	-	(12,134,437)
Total Accumulated Depreciation	<u>(13,244,522)</u>	<u>(999,632)</u>	<u>-</u>	<u>(14,244,154)</u>
Total Depreciable Assets, Net	<u>21,434,990</u>	<u>(505,607)</u>	<u>-</u>	<u>20,929,383</u>
Total Capital Assets	<u>\$ 23,092,627</u>	<u>\$ (299,204)</u>	<u>\$ -</u>	<u>\$ 22,793,423</u>

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

	Governmental Activities	Business-Type Activities
General Government	\$ 380,592	\$ -
Public Safety	185,165	-
Recreation	231,754	-
Community Development	4,129	-
Public Works	3,199,681	-
Wastewater Reclamation	-	977,444
Solid Waste Disposal	-	22,188
Total Depreciation Expense	<u>\$ 4,001,321</u>	<u>\$ 999,632</u>

CITY OF BARSTOW

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020**

Note 6: Long-Term Debt

During the year ended June 30, 2020, the following changes occurred in liabilities reported in long-term debt:

	Balance June 30, 2019	Additions	Deletions/ Adjustments	Bond Discount/ Premium	Balance June 30, 2020	Due Within One Year
Governmental Activities:						
Measure I TRIP COP, Series	\$ 2,960,499	\$ -	\$ (1,340,000)	\$ (112,750)	\$ 1,507,749	\$ 1,395,000
Capital Lease Agreements	1,195,399	318,414	(486,578)	-	1,027,235	594,783
Total Governmental Activities	<u>\$ 4,155,898</u>	<u>\$ 318,414</u>	<u>\$ (1,826,578)</u>	<u>\$ (112,750)</u>	<u>\$ 2,534,984</u>	<u>\$ 1,989,783</u>
Business Type Activities:						
Capital lease Agreement	\$ 598,645	\$ 27,844	\$ (276,998)	\$ -	\$ 349,491	\$ 294,376
Total Business Type Activities	<u>\$ 598,645</u>	<u>\$ 27,844</u>	<u>\$ (276,998)</u>	<u>\$ -</u>	<u>\$ 349,491</u>	<u>\$ 294,376</u>

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

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

The City is required under the 2012 installment sale agreement to make installment sale payments to the Authority. Installment Sale Payments are payable from a first lien on all Measure I receipts, generally consisting of certain amounts received by the City from a 0.5% sales and use tax that is collected in the County of San Bernardino, California for a thirty-year period ending on March 31, 2040. Measure I revenues received by the City for the fiscal year ended June 30, 2020 were \$1,467,468.

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

Year Ending June 30,	Principal	Interest	Total
2021	\$ 1,395,000	\$ 55,800	\$ 1,450,800
Subtotal	1,395,000	\$ 55,800	\$ 1,450,800
Bond Premium	112,749		
Total	<u>\$ 1,507,749</u>		

CITY OF BARSTOW

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 6: Long-Term Debt (Continued)

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 at 4.795%. The lease is for 126 months and expires in July 2021.

Year Ending June 30,	Governmental	Business Type
	Activities	Activities
	<u>Lease Payment</u>	<u>Lease Payment</u>
2021	\$ 379,868	\$ 286,567
2022	21,971	16,575
Total Minimum Lease Payments	401,839	303,142
Less: Amount representing interest	(10,795)	(8,144)
Present Value of Future Minimum Lease Payments	<u>\$ 391,044</u>	<u>\$ 294,998</u>

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 2020, the City leased 11 new vehicles for governmental activities at a cost of \$318,414 and made an annual lease payment of \$486,039. The City also leased 1 new vehicle for business-type activities at a cost of \$27,844 and made an annual lease payment of \$276,998. Future minimum lease payments under all of the leases are as follows:

Year Ending June 30,	Governmental	Business Type
	Activities	Activities
	<u>Lease Payment</u>	<u>Lease Payment</u>
2021	\$ 309,368	\$ 23,878
2022	242,909	21,171
2023	200,156	14,267
2024	26,926	7,753
2025	10,114	3,872
Total Minimum Lease Payments	789,473	70,941
Less: Amount representing interest	(153,282)	(16,448)
Present Value of Future Minimum Lease Payments	<u>\$ 636,191</u>	<u>\$ 54,493</u>

Note 7: Pollution Remediation Liability

During the year ended June 30, 2020, the following changes occurred in the City's Pollution Remediation Liability

	Balance June 30, 2019	Additions	Deletions/ Adjustments	Balance June 30, 2020	Due Within One Year
Business Type Activities:					
Pollution Remediation Liability	<u>\$ 5,527,464</u>	<u>\$ -</u>	<u>\$ (41,365)</u>	<u>\$ 5,486,099</u>	<u>\$ 51,500</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR YEAR ENDED JUNE 30, 2020

Note 7: Pollution Remediation Liability (Continued)

remediation system: and replacement drinking water to select residents. In 2015, the City completed the Phase I Improvement Project, which resulted in an improved effluent water quality from the Barstow Wastewater Treatment Plant. In 2019, the California Regional Water Quality Control Board issued a new discharge permit that encompassed new and revised sampling requirements for the treatment plant and the surrounding monitoring wells. During this time the Regional Water Quality Control Board removed the Cease and Desist Order against the City of Barstow. To date approximately \$3,368,901 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. The City anticipates spending \$51,500 for the operating and testing costs in fiscal year 2021 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, 2020 is as follows:

<u>Obligating Event</u>	<u>Liability</u>
Quarterly and Maintenance of Groundwater	\$ 3,165,123
Operation and Maintenance of Ground Water	2,204,783
Replacement Drinking Water	116,193
Total by Obligating Event	<u>\$ 5,486,099</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.

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.

CITY OF BARSTOW

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020**

Note 8: 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, 2020, was \$1,567,956 for governmental activities and \$174,733 for business-type activities.

	Balance June 30, 2019	Incurred	Satisfied	Balance June 30, 2020	Due Within One Year
Governmental Activities	\$ 1,535,582	\$ 909,913	\$ (877,539)	\$ 1,567,956	\$ 627,182
Business Type Activities	\$ 116,326	\$ 77,954	\$ (19,547)	\$ 174,733	\$ 69,893

Note 9: 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-one participating member agencies: twenty-one cities, four transit agencies and six 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 Public Risk Innovation, Solutions, and Management (PRISM) 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 \$1 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 PRISM for excess liability coverage.

CITY OF BARSTOW

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 9: Risk Management (Continued)

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

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

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

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

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.

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.

	2020	2019	2018
<u>Workers' Compensation</u>			
Liability, July 1	\$ 1,683,201	\$ 1,838,232	\$ 2,279,619
Incurred Claims and Changes in	1,407,654	385,735	487,697
Claim Payments	(720,540)	(540,766)	(929,083)
Liability, June 30	<u>\$ 2,370,315</u>	<u>\$ 1,683,201</u>	<u>\$ 1,838,233</u>
Due Within One Year	\$ 474,063	\$ 336,641	\$ 367,646
Due in More Than One Year	1,896,252	1,346,560	1,470,585
	<u>\$ 2,370,315</u>	<u>\$ 1,683,201</u>	<u>\$ 1,838,231</u>
<u>General Liability</u>			
Liability, July 1	\$ 426,977	\$ 278,058	\$ 440,133
Incurred Claims and Changes in	(158)	429,835	40,088
Claim Payments	(186,996)	(280,916)	(202,163)
Liability, June 30	<u>\$ 239,823</u>	<u>\$ 426,977</u>	<u>\$ 278,058</u>
Due Within One Year	\$ 59,956	\$ 106,743	\$ 69,514
Due in More Than One Year	179,867	320,234	208,543
	<u>\$ 239,823</u>	<u>\$ 426,977</u>	<u>\$ 278,057</u>

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 10: Retirement Plans

a. Summary of Pension Plan Balances

Pension related balances presented on the Statement of Net Position as of June 30, 2020 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	\$ 3,124,739	\$ 5,005,942	\$ (26,777,913)	\$ (2,916,806)	\$ 5,561,823
SBCERA- Barstow Fire Protection District	1,760,542	4,670,215	(12,382,040)	(3,985,070)	2,809,951
Total	<u>\$ 4,885,281</u>	<u>\$ 9,676,157</u>	<u>\$ (39,159,953)</u>	<u>\$ (6,901,876)</u>	<u>\$ 8,371,774</u>

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 four rate plans (two miscellaneous and two 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 YEAR ENDED JUNE 30, 2020

Note 10: Retirement Plans (Continued)

The rate plan provisions and benefits in effect at the measurement date are summarized as follows:

	<u>Safety - Classic</u>	<u>Miscellaneous - Classic</u>
Hire Date	Prior to January 1, 2013	Prior to January 1, 2013
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payment	Monthly For Life	Monthly For Life
Retirement Age	50	55
Salary	3%	2.7%
Required Employee Contribution Rates	9.000%	8.000%
Required Employer Contribution Rates	20.556%	12.212%
Required UAL Payment	\$ 655,404	\$ 707,486
	<u>Safety - PEPRA</u>	<u>Miscellaneous - PEPRA</u>
Hire Date	On or After January 1, 2013	On or After January 1, 2013
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payment	Monthly For Life	Monthly For Life
Retirement Age	57	62
Salary	2.70%	2.00%
Required Employee Contribution Rates	11.500%	6.250%
Required Employer Contribution Rates	12.141%	6.842%
Required UAL Payment	\$ 844	\$ 2,329

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, 2019, recognized as a reduction to the net pension liability were \$2,677,137.

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

As of June 30, 2020, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$26,777,913.

CITY OF BARSTOW

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020**

Note 10: Retirement Plans (Continued)

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, 2019, 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 rolled forward to June 30, 2019 using standard update procedures. The City's proportionate of the net pension liability was based on the City's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The City's proportionate share of the net pension liability for the Plan as of the measurement dates June 30, 2018 and 2019 were as follows:

Proportion - June 30, 2018	0.25121%
Proportion - June 30, 2019	<u>0.24588%</u>
Change - Increase (Decrease)	-0.00533%

For the year ended June 30, 2020, the City recognized pension expense of \$5,561,823. At June 30, 2020, 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	\$ 3,124,739	\$ -
Changes of Assumptions	1,186,483	(332,417)
Differences Between Expected and Actual	1,803,629	(71,444)
Changes in Employer's Proportion	470,610	(1,657,917)
Differences Between the Employer's Contribution and the Employer's Proportionate Share of Contributions	1,545,220	(437,179)
Net Differences Between Projected and Actual Earnings on Plan Investments	-	(417,849)
Total	<u>\$ 8,130,681</u>	<u>\$ (2,916,806)</u>

\$3,124,739 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:

Measurement Period Ending June 30:	
2020	\$ 1,838,594
2021	(63,379)
2022	230,880
2023	<u>83,041</u>
Total	<u>\$ 2,089,136</u>

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR YEAR ENDED JUNE 30, 2020

Note 10: Retirement Plans (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2018 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	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 valuation were based on the results of a January 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can found on the CalPERS website.

Change of Assumptions - There were no changes in assumptions.

Subsequent Events - There were no subsequent events to the plan that would materially affect the results presented.

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.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020**

Note 10: Retirement Plans (Continued)

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

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

Asset Class 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	<u>100.00%</u>		

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	\$ 44,234,158
Current Discount Rate	7.15%
Net Pension Liability	\$ 26,777,913
1% Increase	8.15%
Net Pension Liability	\$ 12,407,900

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 10: Retirement Plans (Continued)

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

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), 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.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 10: Retirement Plans (Continued)

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

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

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

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

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

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

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.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 10: Retirement Plans (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, 2019 were \$1,625,725.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 10: Retirement Plans (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, 2020, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$12,382,040.

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, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2019. 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, 2018 and 2019 were as follows:

Proportion - June 30, 2018	0.498%
Proportion - June 30, 2019	0.457%
Change - Increase (Decrease)	-0.041%

For the year ended June 30, 2020, the City recognized pension expense of \$2,809,951. At June 30, 2020, 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	\$ 1,760,542	\$ -
Changes of Assumptions or Other Inputs	1,617,136	-
Changes in Employer's Proportion and Differences Between the Employer's Contribution and the Employer's Proportionate Share of Contributions	2,641,369	3,586,946
Net Differences Between Projected and Actual Earnings on Plan Investments	246,529	-
Difference Between Expected and Actual Experience in the Total Pension Liability	165,181	398,124
Total	<u>\$ 6,430,757</u>	<u>\$ 3,985,070</u>

CITY OF BARSTOW

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 10: Retirement Plans (Continued)

\$1,760,542 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:

Measurement Period Ending June 30:	
2020	\$ 650,400
2021	(474,001)
2022	180,129
2023	449,873
2024	(115,705)
Thereafter	(6,551)
Total	<u>\$ 684,145</u>

Actuarial Assumptions – The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date June 30, 2019

Measurement Date June 30, 2019

Actuarial Cost Method Entry - Age Actuarial 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	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 year. 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, 2019 and 2018.

Change of Assumptions - There were no changes in assumptions.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020**

Note 10: Retirement Plans (Continued)

Subsequent Events - There were no subsequent events to the plan that would materially affect the results presented.

Discount Rate – The discount rates used to measure the Total Pension Liability was 7.25% as of June 30, 2019. 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, 2019.

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

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

The June 30, 2019 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	Total 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	100.00%	

CITY OF BARSTOW

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 10: Retirement Plans (Continued)

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

1% Decrease	6.25%
Net Pension Liability	\$ 18,662,980
Current Discount Rate	7.25%
Net Pension Liability	\$ 12,382,040
1% Increase	8.25%
Net Pension Liability	\$ 7,232,669

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, 2020 the City reported a payable of \$13,144 for outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

Note 11: Post-Employment Healthcare Benefits

a. City of Barstow OPEB Plan

Pension related balances presented on the Statement of Net Position as of June 30, 2020 by individual plan are described in the following table:

	Deferred Employer Contributions - OPEB	Deferred Outflows- OPEB	Net OPEB Liability	Deferred Inflows- OPEB	OPEB Expense
City of Barstow OPEB Plan	\$ 759,312	\$ 1,888,776	\$ (19,568,539)	\$ (535,795)	\$ 1,281,230
Barstow Fire Protection District OPEB Plan	19,568	169,185	(3,190,146)	(39,468)	2,470,475
Total	<u>\$ 778,880</u>	<u>\$ 2,057,961</u>	<u>\$ (22,758,685)</u>	<u>\$ (575,263)</u>	<u>\$ 3,751,705</u>

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, California 95811. The CalPERS health plan is an agent multiple employer defined benefit plan.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020**

Note 11: Post-Employment Healthcare Benefits (Continued)

Employee Covered

Inactive Employees of Beneficiaries Currently Receiving Benefits	114
Inactive Employees Entitled to but not yet Receiving Benefits	32
Active Employees	<u>135</u>
Total	<u><u>281</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 2018-2019, the City contributed \$759,312 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 No. 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 City's net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry - Age Normal Cost, level percent of pay
Actuarial Assumptions:	
Discount Rate	2.79%
Inflation	2.5% per year
Salary Increases	3.0% per year
Assumed Wage Inflation	3.00%
Investment Rate of Return	6.75% ¹
Mortality	MacLeod Watts Scale 2018 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 pension plan investment expenses and including inflation.

CITY OF BARSTOW

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020**

Note 11: Post-Employment Healthcare Benefits (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			2.79%

*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 2.79 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.

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, 2019	\$ 18,448,986	\$ 1,218,373	\$ 17,230,613
Change in the Year:			
Service Cost	628,854	-	628,854
Interest	557,475	-	557,475
Differences between expected and actual experience	110,249	-	110,249
Changes in Assumptions	1,857,556		1,857,556
Benefit Payments	(741,262)	(741,262)	(1,482,524)
Contribution - Employer	-	741,262	741,262
Net Investment Income	-	75,207	75,207
Administrative Expenses	-	(261)	(261)
Net Changes	2,412,872	74,946	2,487,818
Balance at June 30, 2020	\$ 20,861,858	\$ 1,293,319	\$ 19,568,539

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 11: Post-Employment Healthcare Benefits (Continued)

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, 2020:

	1% Decrease	Current Discount	1% Increase
	1.79%	2.79%	3.79%
Net OPEB Liability	\$ 22,542,048	\$ 19,568,539	\$ 17,132,141

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, 2020:

	1% Decrease	Current Healthcare Trend	1% Increase
	5.5% - 3%	Rate 6.5% -	7.5% - 5%
Net OPEB Liability	\$ 18,404,147	\$ 19,568,539	\$ 21,307,399

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 differences between projected and actual earnings on OPEB plan investments	5 years straight-line recognition
All Other Amounts	Expected average remaining service lifetime (EARSL) (6.24 years at June 30, 2019)

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020**

Note 11: Post-Employment Healthcare Benefits (Continued)

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

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$1,281,230. For the fiscal year ended June 30, 2020, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement	\$ 759,312	\$ -
Differences between expected and actual experience	92,581	-
Changes of Assumptions	1,796,195	522,982
Net Difference Between Projected and Actual		-
Earnings on Plan Investments	-	12,813
Total	<u>\$ 2,648,088</u>	<u>\$ 535,795</u>

The \$759,312 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Measurement Period Ending June 30:	
2020	\$ 176,871
2021	176,872
2022	248,296
2023	359,902
2024	315,353
Thereafter	75,687
Total	<u>\$ 1,352,981</u>

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, Alliant/Crystal and 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 BFPA'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.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020**

Note 11: Post-Employment Healthcare Benefits (Continued)

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.

Employee Covered

Inactive Employees or Beneficiaries Currently Receiving Benefits	4
Inactive Employees Entitled to but not yet Receiving Benefits	0
Active Employees	19
Total	23

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 2018-19, the District contributed \$15,600, 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 No. 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, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry - Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.95%
Inflation	2.50%
Contribution Policy	Contributes full ADC
Salary Increases	Varies by Entry Age and Service
Projected Salary Increases	3.00%
Investment Rate of Return	6.85%
Mortality	MacLeod Watts Scale 2020 applied generationally
Healthcare Trend	5.4% decreasing to 4.00% in 2076

CITY OF BARSTOW

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020**

Note 11: Post-Employment Healthcare Benefits (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			7.05%
Discount Rate			2.79%

*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 2.79 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 YEAR ENDED JUNE 30, 2020

Note 11: Post-Employment Healthcare Benefits (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, 2019	\$ 835,930	\$ 267,697	\$ 568,233
Change in the Year:			
Service Cost	90,956	-	90,956
Interest on the Total OPEB Liability	29,157	-	29,157
Charges in Assumptions	52,128	-	52,128
Changes in Benefit Terms	2,355,457	-	2,355,457
Contribution - Employer	-	14,200	(14,200)
Benefit Payments	(14,200)	(14,200)	-
Net Investment Income	-	16,415	(16,415)
Administrative Expenses	-	57	(57)
Plan experience	124,887	-	124,887
Net Changes	2,638,385	16,472	2,621,913
Balance at June 30, 2020	\$ 3,474,315	\$ 284,169	\$ 3,190,146

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, 2019:

	1% Decrease 1.79%	Current Discount 2.79%	1% Increase 3.79%
Net OPEB Liability	\$ 3,966,053	\$ 3,190,146	\$ 2,600,610

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.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 11: Post-Employment Healthcare Benefits (Continued)

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 differences between projected and actual earnings on OPEB plan investments	5 years straight-line
All Other Amounts	Expected average remaining service lifetime (EARSL) (9.52 years at June 30, 2019)

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

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$2,470,475. For the fiscal year ended June 30, 2020, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
OPEB Contributions Subsequent to Measurement	\$ 19,568	\$ -
Changes of Assumptions	57,416	36,354
Differences between expected and actual experience	111,769	
Net Difference Between Projected and Actual Earnings on Plan Investments	-	3,114
Total	<u>\$ 188,753</u>	<u>\$ 39,468</u>

The \$19,568 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Measurement Period Ending June 30:	
2020	\$ 13,301
2021	13,302
2022	14,908
2023	15,387
2024	15,003
Thereafter	57,816
Total	<u>\$ 129,717</u>

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 12: Commitments and Contingencies

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.

Note 13: 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 non-spendable, restricted, assigned, and unassigned for the following purposes:

Non-spendable 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, 2020 the City had non-spendable fund balance of inventories and prepaid amount of \$897,416, deposits of \$1,066,216, and advances to other funds of \$7,991,579.

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, 2020 the City had restricted fund balances of: \$795,371 for capital projects, \$1,082,245 for debt services, \$1,478,174 for low & moderate income housing, \$1,027 for parks and recreation, \$1,454,843 for streets & highways, \$34,044 for public safety and fire protection, and \$10,450 for other purposes.

Assigned 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 non-departmental 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, 2020, the City has assigned fund balance of \$881,312 for emergency contingency, and \$3,525,248 for working capital reserve. The Fund Balance Policy can be changed only by a resolution of the City Council.

Unassigned Fund Balance –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, 2020, the City General Fund had an unassigned fund balance of \$(479,717).

CITY OF BARSTOW

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020**

Note 13: Fund Balance for Governmental Funds (Continued)

The schedule on the following page illustrates the City's fund balances as of June 30, 2020 for its governmental funds:

	Major Governmental Funds					Total Government
	General Fund	Measure I Special Revenue Fund	Barstow Fire Protection District Special Revenue Fund	Grants Special Revenue Fund	Non Major Government Funds	
Fund Balances						
Nonspendable Fund Balance:						
Prepays & Inventory	\$ 897,416	\$ -	\$ -	\$ -	\$ -	\$ 897,416
Deposits	1,066,216	-	-	-	-	1,066,216
Advance to Other Funds	7,991,579	-	-	-	-	7,991,579
	<u>9,955,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,955,211</u>
Restricted Fund Balance for:						
Public Safety/Fire Protection	-	-	-	-	34,044	34,044
Streets & Highway	-	-	-	-	1,454,843	1,454,843
Parks and Recreation	-	-	-	-	1,027	1,027
Debt Service	-	-	-	-	1,082,245	1,082,245
Low & Moderate Income Housing	-	-	-	-	1,478,174	1,478,174
Capital Projects	-	-	-	-	795,371	795,371
Other Purposes	-	-	-	-	10,450	10,450
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,856,154</u>	<u>4,856,154</u>
Assigned Fund Balance						
Emergency Contingency Policy	881,312	-	-	-	-	881,312
Working Capital Reserve	3,525,248	-	-	-	-	3,525,248
	<u>4,406,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,406,560</u>
Unassigned Fund Balance						
Other	(479,717)	(1,617,935)	(6,371,923)	(31,655)	(146,869)	(8,648,099)
	<u>(479,717)</u>	<u>(1,617,935)</u>	<u>(6,371,923)</u>	<u>(31,655)</u>	<u>(146,869)</u>	<u>(8,648,099)</u>
Total Fund Balances	<u>\$ 13,882,054</u>	<u>\$ (1,617,935)</u>	<u>\$ (6,371,923)</u>	<u>\$ (31,655)</u>	<u>\$ 4,709,285</u>	<u>\$ 10,569,826</u>

Note 14: Restatement of Beginning Fund Balances

Restatements to the beginning fund balances of the General Fund of \$968,696 and Barstow Fire Protection District funds of (\$968,696) were made to correct the fund balances for costs paid by the General Fund in prior fiscal years, on behalf of the Barstow Fire Protection District fund.

Note 15: Measure Q

In November 2018, the voters approved Measure Q which established a one-cent sales-tax, estimated to generate \$7 million in local funding for public safety and citywide services.

Funding generated from the tax is intended to:

- Maintain local fire protection and paramedic services
- Provide police services, including neighborhood police patrols, crime prevention and investigations
- Maintain streets and parks, and repair potholes
- Provide quick responses to 9-1-1 emergencies
- Help fund senior and youth programs
- Reduce gang activity and drug-related crimes

CITY OF BARSTOW

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 15: Measure Q (Continued)

The revenues received and expenditures relating to Measure “Q” for the current year and previous year are as follows:

	Fiscal Year	
	2019-2020	2018-2019
Revenues:		
Measure "Q" sales tax	\$ 7,448,243	\$ 2,058,112
Use of money and property	20,993	-
Total Revenues	<u>7,469,236</u>	<u>2,058,112</u>
Expenditures:		
General Government	601,450	
Police	1,633,409	-
Fire	2,510,558	-
Community Development	246,322	-
Public Works	383,822	-
Total expenditures	<u>5,375,561</u>	<u>-</u>
Current year excess (deficiency) of revenues over expenditures	<u>2,072,682</u>	<u>2,058,112</u>
Fund Balance, Beginning of the year	<u>2,058,112</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 4,130,794</u>	<u>\$ 2,058,112</u>

Note 16: 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.

Fiduciary Funds – Successor Agency Private Purpose Trust Fund

During the year ended June 30, 2020, the following changes occurred in liabilities reported in long-term debt for Fiduciary Funds:

	Balance June 30, 2019	Additions	Deletions/ Adjustments	Balance June 30, 2020	Due Within One Year
Fiduciary Funds Successor Agency Private Purpose Trust					
Public Offerings:					
Redevelopment Tax Allocation Bonds:					
2004 Tax Allocation Bonds	\$ 3,060,000	\$ -	\$ (720,000)	\$ 2,340,000	\$ 745,000
Total Fiduciary Funds	<u>\$ 3,060,000</u>	<u>\$ -</u>	<u>\$ (720,000)</u>	<u>\$ 2,340,000</u>	<u>\$ 745,000</u>

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020**

Note 16: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

2004 Tax Allocation Bonds

The Successor Agency's outstanding bonds from public offerings of \$2,340,000, contain a provision that if any event of default should occur, the trustee shall at the written direction of the Bond Owners of a majority in aggregate principal amount outstanding, and upon receipt of the prior written consent of the Bond Insurer, declare the principal of all of the bonds then outstanding, and the interest accrued thereon, to be due and payable immediately.

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 \$843,550. The principal amount outstanding at June 30, 2020 is \$2,340,000.

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

Year Ending June 30,	Principal	Interest	Total
2021	\$ 745,000	\$ 90,948	\$ 835,948
2022	780,000	56,245	836,245
2023	815,000	19,152	834,152
Total	<u>\$2,340,000</u>	<u>\$ 166,345</u>	<u>\$2,506,345</u>

CITY OF BARSTOW

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020

Note 16: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Significant debt payments authorized in the Recognizable Obligations Payment Schedule (ROPS) by the State of California's Department of Finance and made in FY 2019-20 from the Redevelopment Property Tax Trust Fund (RPTTF) include the following:

2004 Bonds:	Principal	\$	720,000
	Interest		123,550
Advance to Low Income Loan			600,300

In addition, a \$105,000 administration charge was paid to the City of Barstow and other authorized payments were made for one direct charge employee and other miscellaneous fees.

Real Property Held for Resale

In order to improve blighted conditions in the City of Barstow, the City formed the Barstow Redevelopment Agency in 1973. Additionally, the Agency had adopted a Five-Year Implementation Plan for the Project Area I with an established goal of supporting affordable housing and promoting economic development, as well as community, commercial and institutional revitalization. To implement these programs and activities, the Agency acquired real property within the Project Area I to be redeveloped. Three parcels were held in the Land Held for Resale asset account by the Agency totaling \$2,224,905.

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.

Note 17: Negative Fund Balance/Net Position

The following funds have negative fund balance as of June 30, 2020:

Measure I - Special Revenue Fund (\$1,617,935) - 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. The loan balance as of June 30, 2020, is \$1,700,000.

Barstow Fire Protection District Fund (\$6,371,923) - 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 (\$31,655) - The City made major progress payments for reimbursable grant projects for which it had not been reimbursed.

Harvey House Foundation (\$14,311) - The Foundation is expected to become more active in the future. It is anticipated that the Foundation will receive revenue to offset the deficit fund balance in the coming years.

CITY OF BARSTOW

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020**

Note 17: Negative Fund Balance/Net Position (Continued)

COVID-19 Grants (\$132,558) – The City created this fund to track costs to be reimbursed by COVID-19 grants. The costs were incurred by the city in fiscal year 2019-20 and will be reimbursed in future years.

Note 18: Barstow Fire Protection District

The Barstow Fire Protection District (District) continues to have on-going losses in fiscal year 2020. 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 pay-back 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 \$1,243,696 for fiscal year 2020 bringing the amount due the City to \$5,817,392. 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.

CITY OF BARSTOW

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2020**

Note 19: Subsequent event

On March 27, 2020, in response to the economic fallout of the Coronavirus pandemic in the United States, Congress passed the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, which provided \$2.2 trillion in economic stimulus funding through a variety of channels. The State of California received a \$500 million allocation to provide to cities which did not receive a direct federal allocation through the CARES Act. The City signed the agreement with the State of California on July 1, 2020 to receive their allocation of the CARES Act funding. The funding is to be received in six monthly installments of \$49,940, with the first installment received by the City in July 2020. The total amount of CARES Act funding to be received by the City is \$299,640. This funding was for the reimbursement of costs incurred by the City since the start of the pandemic.

**REQUIRED
SUPPLEMENTARY INFORMATION**

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CITY OF BARSTOW

REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

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.
3. The City manager is authorized to transfer budgeted amounts between departments. Actual expenditures may not exceed budgeted appropriations at the fund level.
4. 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.
5. 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.
6. Excess of Expenditures Over Appropriations
 - The City did not adopt a budget for their COVID-19 Grants Special Revenue fund.

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CITY OF BARSTOW

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$14,923,287	\$14,923,287	\$ 14,923,287	\$ -
Resources (Inflows):				
Taxes	22,398,857	22,398,857	22,401,483	2,626
Licenses and permits	380,300	380,300	381,774	1,474
Intergovernmental	504,955	504,955	519,075	14,120
Charges for services	544,750	544,750	444,041	(100,709)
Use of money and property	426,700	426,700	298,331	(128,369)
Fines and forfeitures	83,000	83,000	132,885	49,885
Miscellaneous	214,600	399,600	351,785	(47,815)
Transfers in	1,333,572	1,333,572	-	(1,333,572)
Capital leases	-	-	318,414	318,414
Proceeds from sale of capital asset	220,000	220,000	-	(220,000)
Amounts Available for Appropriations	41,030,021	41,215,021	39,771,075	(1,443,946)
Charges to Appropriation (Outflow):				
General government	3,657,099	3,717,744	3,271,395	446,349
Public safety	13,177,541	12,018,678	11,392,014	626,664
Community development	2,268,757	2,352,758	2,203,600	149,158
Parks and recreation	2,182,705	2,188,205	2,188,112	93
Public works	3,278,228	3,183,228	3,118,227	65,001
Capital outlay	855,262	881,699	979,726	(98,027)
Debt service:				
Principal retirement	-	-	486,578	(486,578)
Transfers out	100,000	2,262,618	2,249,369	13,249
Total Charges to Appropriations	25,519,592	26,604,930	25,889,021	715,909
Budgetary Fund Balance, June 30	\$15,510,429	\$14,610,091	\$ 13,882,054	\$ (728,037)

CITY OF BARSTOW

BUDGETARY COMPARISON SCHEDULE
 MEASURE I SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (1,529,505)	\$ (1,529,505)	\$ (1,529,505)	\$ -
Resources (Inflows):				
Intergovernmental	1,700,000	1,700,000	1,467,468	(232,532)
Use of money and property	-	-	3,759	3,759
Transfers in	-	-	22,067	22,067
Amounts Available for Appropriations	170,495	170,495	(36,211)	(206,706)
Charges to Appropriation (Outflow):				
Transfers out	2,310,900	2,511,900	1,581,724	930,176
Total Charges to Appropriations	2,310,900	2,511,900	1,581,724	930,176
Budgetary Fund Balance, June 30	\$ (2,140,405)	\$ (2,341,405)	\$ (1,617,935)	\$ 723,470

CITY OF BARSTOW

BUDGETARY COMPARISON SCHEDULE
 BARSTOW FIRE PROTECTION DISTRICT SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ (6,571,176)	\$ (6,571,176)	\$ (6,571,176)	\$ -
Resources (Inflows):				
Taxes	4,770,000	4,770,000	4,592,787	(177,213)
Licenses and permits	30,000	30,000	61,109	31,109
Intergovernmental	335,051	335,051	406,488	71,437
Use of money and property	31,500	31,500	9,938	(21,562)
Transfers in	-	2,162,618	2,162,618	-
Amounts Available for Appropriations	(1,404,625)	757,993	661,764	(96,229)
Charges to Appropriation (Outflow):				
Public safety	5,164,610	9,152,805	7,033,687	2,119,118
Total Charges to Appropriations	5,164,610	9,152,805	7,033,687	2,119,118
Budgetary Fund Balance, June 30	\$ (6,569,235)	\$ (8,394,812)	\$ (6,371,923)	\$ 2,022,889

CITY OF BARSTOW

BUDGETARY COMPARISON SCHEDULE
 GRANTS SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (991,700)	\$ (991,700)	\$ (991,700)	\$ -
Resources (Inflows):				
Intergovernmental	6,107,256	6,436,763	2,207,870	(4,228,893)
Use of money and property	-	-	1,991	1,991
Amounts Available for Appropriations	5,115,556	5,445,063	1,218,161	(4,226,902)
Charges to Appropriation (Outflow):				
Public safety	115,517	121,517	95,492	26,025
Community development	34,432	411,012	366,771	44,241
Capital outlay	-	-	3,632	(3,632)
Transfers out	5,817,000	6,176,000	783,921	5,392,079
Total Charges to Appropriations	5,966,949	6,708,529	1,249,816	5,458,713
Budgetary Fund Balance, June 30	\$ (851,393)	\$ (1,263,466)	\$ (31,655)	\$ 1,231,811

CITY OF BARSTOW

**CALPERS COST SHARING PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Proportion of the Net Pension Liability	0.24588%	0.25121%	0.24901%	0.24341%	0.20999%
Proportionate Share of the Net Pension Liability	\$ 26,777,913	\$ 24,207,207	\$ 24,695,340	\$ 21,062,463	\$ 14,413,454
Covered-Employee Payroll	\$ 9,842,257	\$ 10,816,083	\$ 11,891,452	\$ 10,244,777	\$ 10,085,135
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	272.07%	223.81%	207.67%	205.59%	142.92%
Pension Liability	75.26%	75.26%	73.31%	74.06%	79.82%

Notes to Schedule:

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

Changes of Assumptions: None

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only five years are shown.

CITY OF BARSTOW

**CALPERS COST SHARING PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 3,124,739	\$ 2,677,140	\$ 2,533,851	\$ 2,388,566	\$ 2,051,026
Contribution in Relation to the Actuarially Determined Contribution	<u>(3,124,739)</u>	<u>(2,677,140)</u>	<u>(2,533,851)</u>	<u>(2,388,566)</u>	<u>(2,051,026)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	10,266,253	9,842,257	10,816,083	11,891,452	10,244,777
Contributions as a Percentage of Covered-Employee Payroll	30.44%	27.20%	23.43%	20.09%	20.02%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only five year is shown.

Note to Schedule:

Valuation Date: June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age normal cost method
Amortization method	Level Percent of pay
Remaining amortization period	15 years
Assets valuation method	Direct rate smoothing
Inflation	2.625% per year
Payroll Growth	####
Investment rate of return	7.25% net of pension plan

Retirement age

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The experience study report may be accessed on the CalPERS website at www.calpers.ca.gov under forms and publications.

Mortality

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90 percent of society of actuaries' scale 2016. For more details on this table, please refer to the 2017 experience study report.

CITY OF BARSTOW

**SAN BERNARDINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (SBCERA)
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Proportion of the Net Pension Liability	4.57%	0.49800%	0.37800%	0.51800%	0.63800%
Proportionate Share of the Net Pension Liability	\$ 12,382,040	\$ 12,626,176	\$ 9,958,070	\$ 12,781,554	\$ 12,395,608
Covered-Employee Payroll	\$ 1,890,826	\$ 1,816,148	\$ 1,776,774	\$ 2,518,304	\$ 2,036,785
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	654.85%	695.22%	560.46%	507.55%	608.59%
Plan Fiduciary Net Position	\$ 33,532,575	\$ 34,034,011	\$ 24,486,977	\$ 18,856,232	\$ 20,207,792
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.03%	72.94%	71.09%	76.86%	80.98%

Notes to Schedule:

Benefit Changes: None

Changes of Assumptions: None

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only five years are shown.

CITY OF BARSTOW

**SAN BERNARDINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (SBCERA)
 SCHEDULE OF PLAN CONTRIBUTIONS
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 1,760,542	\$ 1,625,725	\$ 1,704,307	\$ 1,258,947	\$ 1,407,336
Contribution in Relation to the Actuarially Determined Contribution	<u>(1,760,542)</u>	<u>(1,625,725)</u>	<u>(1,704,307)</u>	<u>(1,258,947)</u>	<u>(1,407,336)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	2,045,831	1,890,826	1,816,148	1,776,774	2,518,304
Contributions as a Percentage of Covered-Employee Payroll	86.06%	85.98%	93.84%	70.86%	55.88%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only five year is shown.

Note to Schedule:

Valuation Date: June 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age normal cost method
Amortization method	Level Percent of pay (3.5% payroll growth assumed)
Remaining amortization period	20 years
Assets valuation method	Market value of assets less unrecognized returns from each of the last five years.
Inflation	2.50% per year
Salary Increases	3.00% implation per year, plus real across-the-board salary increase of 0.50%, plus mer
Investment rate of return	7.25% net of pension plan
Retirement age	53 years
Mortality	RP-2000 Heath Annuitant Martality Table

CITY OF BARSTOW

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

Measurement Date	<u>2020</u> 6/30/2019	<u>2019</u> 6/30/2018	<u>2018</u> 6/30/2017
Changes in Total OPEB Liability			
Service cost	\$ 628,854	\$ 586,241	\$ 637,325
Interest	557,475	559,512	497,633
Differences between actual and expected experience	110,249	-	-
Changes in assumptions	1,857,556	365,110	(1,110,604)
Changes in benefit terms	-	-	-
Benefit payments	(741,262)	(702,823)	(628,957)
Net change in total OPEB liability	2,412,872	808,040	(604,603)
Total OPEB liability - beginning	18,448,986	17,640,946	18,245,549
Total OPEB liability - ending (a)	\$ 20,861,858	\$ 18,448,986	\$ 17,640,946
Plan Fiduciary Net Position			
Contribution - employer	\$ 741,262	\$ 702,823	\$ 628,957
Net investment income	75,207	89,989	108,069
Benefit payments	(741,262)	(702,823)	(628,957)
Administrative expense	(261)	(603)	(548)
Other expense	-	(1,496)	-
Net change in plan fiduciary net position	74,946	87,890	107,521
Plan fiduciary net position - beginning	1,218,373	1,130,483	1,022,962
Plan fiduciary net position - ending (b)	\$ 1,293,319	\$ 1,218,373	\$ 1,130,483
Net OPEB Liability/(Assets) - ending (a) - (b)	\$ 19,568,539	\$ 17,230,613	\$ 16,510,463
Plan fiduciary net position as a percentage of the total OPEB liability	6%	7%	6%
Covered-employee payroll	\$ 12,153,938	\$ 10,550,746	\$ 10,550,746
Net OPEB liability as a percentage of covered-employee payroll	161.01%	163.31%	156.49%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

Changes of Assumptions: The discount rate decreased from 2.98% to 2.79% in measurement period 2018-19.

CITY OF BARSTOW

**SCHEDULE OF CONTRIBUTIONS - OPEB
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2020	2019	2018
Actuarially Determined Contribution	\$ 1,085,891	\$ 1,032,102	\$ 982,138
Contribution in Relation to the Actuarially Determined Contributions	759,312	741,262	702,823
Contribution Deficiency (Excess)	<u>\$ 1,845,203</u>	<u>\$ 1,773,364</u>	<u>\$ 1,684,961</u>
Covered-employee payroll	\$ 13,389,701	\$ 12,153,938	\$ 10,550,746
Contributions as a percentage of covered-employee payroll	5.67%	6.10%	6.66%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

*Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2018 were from the June 30, 2016 actuarial valuation.

Methods and assumptions used to determine contributions:

Valuation Date	6/30/2017
Actuarial Cost Method	Entry Age Normal
Amortization Valuation Method/Period	Level percent of pay 30 year closed
Asset Valuation Method	Market value
Inflation	2.75%
Investment Rate of Return	7.25%
Healthcare cost-trend rates	7.5% as of Jan 1, 2019; step down 0.5% per year down to 5% by 2024
Retirement Age	50 to 75
Mortality	2014 CalPERS Experience study

BARSTOW FIRE PROTECTION DISTRICT

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

Measurement Date	2020 6/30/2019	2019 6/30/2018	2018 6/30/2017
Changes in Total OPEB Liability			
Service cost	\$ 90,956	\$ 86,320	\$ 90,934
Interest on the total OPEB liability	29,157	26,317	21,440
Plan experience	124,887	-	-
Changes in assumptions	52,128	13,302	(50,934)
Changes in benefit terms	2,355,457	-	-
Benefit payments	(14,200)	(12,072)	(12,099)
Net change in total OPEB liability	2,638,385	113,867	49,341
Total OPEB liability - beginning	835,930	722,063	672,722
Total OPEB liability - ending (a)	\$ 3,474,315	\$ 835,930	\$ 722,063
Plan Fiduciary Net Position			
Contribution - employer	\$ 14,200	\$ 12,072	\$ 12,099
Net investment income	16,415	19,778	23,752
Benefit payments	(14,200)	(12,072)	(12,099)
Administrative expense	57	(461)	(121)
Net change in plan fiduciary net position	16,472	19,317	23,631
Plan fiduciary net position - beginning	267,697	248,380	224,749
Plan fiduciary net position - ending (b)	\$ 284,169	\$ 267,697	\$ 248,380
Net OPEB Liability/(Assets) - ending (a) - (b)	\$ 3,190,146	\$ 568,233	\$ 473,683
Plan fiduciary net position as a percentage of the total OPEB liability	8.18%	32.02%	34.40%
Covered-employee payroll	\$ 2,758,300	\$ 2,611,101	\$ 2,537,528
Net OPEB liability as a percentage of covered-employee payroll	115.66%	21.76%	18.67%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

Changes of Assumptions: The discount rate decreased from 3.17% to 2.79% in measurement period 2018-19.

BARSTOW FIRE PROTECTION DISTRICT PLAN

**SCHEDULE OF CONTRIBUTIONS - OPEB
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2020	2019	2018
Actuarially Determined Contribution	\$ 335,358	\$ 64,738	\$ 62,732
Contribution in Relation to the Actuarially Determined Contributions	19,568	14,200	12,072
Contribution Deficiency (Excess)	<u>\$ 315,790</u>	<u>\$ 50,538</u>	<u>\$ 50,660</u>
Covered-employee payroll	\$ 2,045,831	\$ 2,758,300	\$ 2,611,101
Contributions as a percentage of covered-employee payroll	0.96%	0.51%	0.46%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

*Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2018 were from the June 30, 2016 actuarial valuation.

Methods and assumptions used to determine contributions:

Valuation Date	6/30/2019
Actuarial Cost Method	Entry Age Normal
Amortization Valuation Method/Period	Level percent of pay
Asset Valuation Method	Market value
Inflation	2.50%
Payroll Growth	3% per annum, in aggregate
Investment Rate of Return	6.75%
Healthcare cost-trend rates	5.4% in 2021 fluctuating to 4% by 2076
Retirement Age	45 to 65 years
Mortality	MacLeod Watts Scale 2020 applied generationally

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).

COVID-19 Grants Fund is used to account for grant expenditures incurred due grants for the Covid-19 pandemic.

CAPITAL PROJECT FUND

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

DEBT SERVICE FUND

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

CITY OF BARSTOW

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Special Revenue Funds			
	Gas Tax	Asset Seizure	Barstow Harvey House Foundation	Redevelopment Housing Successor
Assets:				
Pooled cash and investments	\$ 897,666	\$ 69,151	\$ -	\$ 1,163,622
Receivables:				
Taxes	114,584	-	-	-
Accrued interest	935	78	-	1,621
Due from other governments	-	-	-	312,931
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 1,013,185	\$ 69,229	\$ -	\$ 1,478,174
Liabilities, Deferred inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Unearned revenues	-	35,185	-	-
Due to other funds	-	-	14,311	-
Retentions payable	-	-	-	-
Total Liabilities	-	35,185	14,311	-
Fund Balances:				
Restricted	1,013,185	34,044	-	1,478,174
Unassigned	-	-	(14,311)	-
Total Fund Balances	1,013,185	34,044	(14,311)	1,478,174
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,013,185	\$ 69,229	\$ -	\$ 1,478,174

CITY OF BARSTOW

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

(CONTINUED)

	Special Revenue Funds			
	Barstow Community Services	Local Transportation	Flood Control	COVID-19 Grants
Assets:				
Pooled cash and investments	\$ 1,026	\$ 441,110	\$ 10,436	\$ -
Receivables:				
Taxes	-	-	-	-
Accrued interest	1	548	14	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 1,027	\$ 441,658	\$ 10,450	\$ -
Liabilities, Deferred inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 24,260
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	108,298
Retentions payable	-	-	-	-
Total Liabilities	-	-	-	132,558
Fund Balances:				
Restricted	1,027	441,658	10,450	-
Unassigned	-	-	-	(132,558)
Total Fund Balances	1,027	441,658	10,450	(132,558)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,027	\$ 441,658	\$ 10,450	\$ -

CITY OF BARSTOW

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
	<u>City Capital Projects</u>	<u>Measure I TRIP</u>	
Assets:			
Pooled cash and investments	\$ 862,433	\$ -	\$ 3,445,444
Receivables:			
Taxes	-	-	114,584
Accrued interest	1,028	-	4,225
Due from other governments	-	-	312,931
Restricted assets:			
Cash and investments with fiscal agents	-	1,082,245	1,082,245
Total Assets	<u>\$ 863,461</u>	<u>\$ 1,082,245</u>	<u>\$ 4,959,429</u>
Liabilities, Deferred inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 18,168	\$ -	\$ 42,428
Unearned revenues	-	-	35,185
Due to other funds	-	-	122,609
Retentions payable	49,922	-	49,922
Total Liabilities	<u>68,090</u>	<u>-</u>	<u>250,144</u>
Fund Balances:			
Restricted	795,371	1,082,245	4,856,154
Unassigned	-	-	(146,869)
Total Fund Balances	<u>795,371</u>	<u>1,082,245</u>	<u>4,709,285</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 863,461</u>	<u>\$ 1,082,245</u>	<u>\$ 4,959,429</u>

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CITY OF BARSTOW

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			Redevelopment
	Gas Tax	Asset Seizure	Barstow Harvey House Foundation	Housing Successor
Revenues:				
Intergovernmental	\$ 984,428	\$ 11,140	\$ -	\$ -
Use of money and property	6,051	393	-	10,375
Miscellaneous	-	-	-	-
Total Revenues	990,479	11,533	-	10,375
Expenditures:				
Current:				
Public safety	-	1,469	-	-
Community development	-	-	-	55,522
Parks and recreation	-	-	561	-
Public works	556,380	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	556,380	1,469	561	55,522
Excess (Deficiency) of Revenues Over (Under) Expenditures	434,099	10,064	(561)	(45,147)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(22,699)	-	-	-
Total Other Financing Sources (Uses)	(22,699)	-	-	-
Net Change in Fund Balances	411,400	10,064	(561)	(45,147)
Fund Balances, Beginning of Year	601,785	23,980	(13,750)	1,523,321
Fund Balances, End of Year	\$ 1,013,185	\$ 34,044	\$ (14,311)	\$ 1,478,174

CITY OF BARSTOW

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

(CONTINUED)

	Special Revenue Funds			
	Barstow Community Services	Local Transportation	Flood Control	COVID-19 Grants
Revenues:				
Intergovernmental	\$ -	\$ 42,195	\$ -	\$ -
Use of money and property	5	2,771	70	-
Miscellaneous	339	-	-	-
Total Revenues	344	44,966	70	-
Expenditures:				
Current:				
Public safety	-	-	-	132,558
Community development	300	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	300	-	-	132,558
Excess (Deficiency) of Revenues Over (Under) Expenditures	44	44,966	70	(132,558)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(7,588)	-	-
Total Other Financing Sources (Uses)	-	(7,588)	-	-
Net Change in Fund Balances	44	37,378	70	(132,558)
Fund Balances, Beginning of Year	983	404,280	10,380	-
Fund Balances, End of Year	\$ 1,027	\$ 441,658	\$ 10,450	\$ (132,558)

CITY OF BARSTOW

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Capital Projects Fund	Debt Service Funds	Total Governmental Funds
	City Capital Projects	Measure I TRIP	
Revenues:			
Intergovernmental	\$ 179,614	\$ -	\$ 1,217,377
Use of money and property	6,387	14,368	40,420
Miscellaneous	-	-	339
Total Revenues	186,001	14,368	1,258,136
Expenditures:			
Current:			
Public safety	-	-	134,027
Community development	-	-	55,822
Parks and recreation	-	-	561
Public works	180,059	-	736,439
Capital outlay	907,031	-	907,031
Debt service:			
Principal retirement	-	1,340,000	1,340,000
Interest and fiscal charges	-	112,835	112,835
Total Expenditures	1,087,090	1,452,835	3,286,715
Excess (Deficiency) of Revenues Over (Under) Expenditures	(901,089)	(1,438,467)	(2,028,579)
Other Financing Sources (Uses):			
Transfers in	1,033,283	1,449,400	2,482,683
Transfers out	-	(22,067)	(52,354)
Total Other Financing Sources (Uses)	1,033,283	1,427,333	2,430,329
Net Change in Fund Balances	132,194	(11,134)	401,750
Fund Balances, Beginning of Year	663,177	1,093,379	4,307,535
Fund Balances, End of Year	\$ 795,371	\$ 1,082,245	\$ 4,709,285

CITY OF BARSTOW

BUDGETARY COMPARISON SCHEDULE
 GAS TAX
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 601,785	\$ 601,785	\$ 601,785	\$ -
Resources (Inflows):				
Intergovernmental	1,044,805	1,044,805	984,428	(60,377)
Use of money and property	-	-	6,051	6,051
Amounts Available for Appropriations	1,646,590	1,646,590	1,592,264	(54,326)
Charges to Appropriation (Outflow):				
Transfers out	-	90,000	22,699	67,301
Total Charges to Appropriations	616,085	706,085	579,079	127,006
Budgetary Fund Balance, June 30	\$ 1,030,505	\$ 940,505	\$ 1,013,185	\$ 72,680

CITY OF BARSTOW

BUDGETARY COMPARISON SCHEDULE
 ASSET SEIZURE
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 23,980	\$ 23,980	\$ 23,980	\$ -
Resources (Inflows):				
Intergovernmental	-	11,200	11,140	(60)
Use of money and property	-	-	393	393
Amounts Available for Appropriations	23,980	35,180	35,513	333
Charges to Appropriation (Outflow):				
Public safety	-	2,500	1,469	1,031
Total Charges to Appropriations	-	2,500	1,469	1,031
Budgetary Fund Balance, June 30	\$ 23,980	\$ 32,680	\$ 34,044	\$ 1,364

CITY OF BARSTOW

BUDGETARY COMPARISON SCHEDULE
 BARSTOW HARVEY HOUSE FOUNDATION
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (13,750)	\$ (13,750)	\$ (13,750)	\$ -
Charges to Appropriation (Outflow):				
Parks and recreation	-	600	561	39
Total Charges to Appropriations	-	600	561	39
Budgetary Fund Balance, June 30	\$ (13,750)	\$ (14,350)	\$ (14,311)	\$ 39

CITY OF BARSTOW

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT HOUSING SUCCESSOR
YEAR ENDED JUNE 30, 2020**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 1,523,321	\$ 1,523,321	\$ 1,523,321	\$ -
Resources (Inflows):				
Use of money and property	-	-	10,375	10,375
Amounts Available for Appropriations	1,523,321	1,523,321	1,533,696	10,375
Charges to Appropriation (Outflow):				
Community development	-	85,000	55,522	29,478
Total Charges to Appropriations	-	85,000	55,522	29,478
Budgetary Fund Balance, June 30	\$ 1,523,321	\$ 1,438,321	\$ 1,478,174	\$ 39,853

CITY OF BARSTOW

BUDGETARY COMPARISON SCHEDULE
 BARSTOW COMMUNITY SERVICE
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 983	\$ 983	\$ 983	\$ -
Resources (Inflows):				
Use of money and property	-	-	5	5
Miscellaneous	-	-	339	339
Amounts Available for Appropriations	983	983	1,327	344
Charges to Appropriation (Outflow):				
Community development	-	600	300	300
Total Charges to Appropriations	-	600	300	300
Budgetary Fund Balance, June 30	\$ 983	\$ 383	\$ 1,027	\$ 644

CITY OF BARSTOW

BUDGETARY COMPARISON SCHEDULE
 LOCAL TRANSPORTATION
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 404,280	\$ 404,280	\$ 404,280	\$ -
Resources (Inflows):				
Intergovernmental	192,195	42,195	42,195	-
Use of money and property	-	-	2,771	2,771
Amounts Available for Appropriations	596,475	446,475	449,246	2,771
Charges to Appropriation (Outflow):				
Transfers out	540,000	446,000	7,588	438,412
Total Charges to Appropriations	540,000	446,000	7,588	438,412
Budgetary Fund Balance, June 30	\$ 56,475	\$ 475	\$ 441,658	\$ 441,183

CITY OF BARSTOW

BUDGETARY COMPARISON SCHEDULE
 FLOOD CONTROL
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 10,380	\$ 10,380	\$ 10,380	\$ -
Resources (Inflows):				
Use of money and property	-	-	70	70
Amounts Available for Appropriations	10,380	10,380	10,450	70
Budgetary Fund Balance, June 30	\$ 10,380	\$ 10,380	\$ 10,450	\$ 70

CITY OF BARSTOW

BUDGETARY COMPARISON SCHEDULE
 MEASURE I TRIP
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,093,379	\$ 1,093,379	\$ 1,093,379	\$ -
Resources (Inflows):				
Use of money and property	14,500	14,500	14,368	(132)
Transfers in	1,434,900	1,449,400	1,449,400	-
Amounts Available for Appropriations	2,542,779	2,557,279	2,557,147	(132)
Charges to Appropriation (Outflow):				
Debt service:				
Principal retirement	1,340,000	1,340,000	1,340,000	-
Interest and fiscal charges	109,400	116,400	112,835	3,565
Transfers out	-	-	22,067	(22,067)
Total Charges to Appropriations	1,449,400	1,456,400	1,474,902	(18,502)
Budgetary Fund Balance, June 30	\$ 1,093,379	\$ 1,100,879	\$ 1,082,245	\$ (18,634)

CITY OF BARSTOW

BUDGETARY COMPARISON SCHEDULE
 CITY CAPITAL PROJECTS
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 663,177	\$ 663,177	\$ 663,177	\$ -
Resources (Inflows):				
Intergovernmental	-	-	179,614	179,614
Use of money and property	-	-	6,387	6,387
Transfers in	-	7,781,460	1,033,283	(6,748,177)
Amounts Available for Appropriations	663,177	8,444,637	1,882,461	(6,562,176)
Charges to Appropriation (Outflow):				
Public works	-	227,460	180,059	47,401
Capital outlay	-	7,554,000	907,031	6,646,969
Transfers out	-	92,460	-	92,460
Total Charges to Appropriations	-	7,873,920	1,087,090	6,786,830
Budgetary Fund Balance, June 30	\$ 663,177	\$ 570,717	\$ 795,371	\$ 224,654

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AGENCY FUNDS

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

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

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

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

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

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CITY OF BARSTOW

COMBINING STATEMENT OF NET POSITION
 ALL AGENCY FUNDS
 JUNE 30, 2020

	Public Improvement District 91-1	Landscape Assessment District	Other Agency	Developer Deposits	Victor Valley Transit Authority	Totals
Assets:						
Pooled cash and investments	\$ 96,265	\$ 115,155	\$ 32,031	\$ 1,609	\$ 1,845	\$ 246,905
Receivables:						
Accounts	-	131	-	-	-	131
Accrued interest	128	140	42	2	-	312
Total Assets	\$ 96,393	\$ 115,426	\$ 32,073	\$ 1,611	\$ 1,845	\$ 247,348
Liabilities:						
Accounts payable	\$ -	\$ 802	\$ 18,092	\$ -	\$ 1,845	\$ 20,739
Deposits payable	-	114,624	8,878	1,611	-	125,113
Due to other governments	96,393	-	-	-	-	96,393
Due to external parties/other agencies	-	-	5,103	-	-	5,103
Total Liabilities	\$ 96,393	\$ 115,426	\$ 32,073	\$ 1,611	\$ 1,845	\$ 247,348

CITY OF BARSTOW

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<u>Public Improvement District 91-1</u>				
Assets:				
Pooled cash and investments	\$ 95,746	\$ 519	\$ -	\$ 96,265
Receivables:				
Accrued interest	-	128	-	128
Total Assets	\$ 95,746	\$ 647	\$ -	\$ 96,393
Liabilities:				
Due to other governments	\$ 95,746	\$ 647	\$ -	\$ 96,393
Total Liabilities	\$ 95,746	\$ 647	\$ -	\$ 96,393
<u>Landscape Assessment District</u>				
Assets:				
Pooled cash and investments	\$ 98,831	\$ 22,793	\$ 6,469	\$ 115,155
Receivables:				
Accounts	60	131	60	131
Accrued interest	-	140	-	140
Total Assets	\$ 98,891	\$ 23,064	\$ 6,529	\$ 115,426
Liabilities:				
Accounts payable	\$ 432	\$ 6,839	\$ 6,469	\$ 802
Deposits payable	98,459	23,076	6,911	114,624
Total Liabilities	\$ 98,891	\$ 29,915	\$ 13,380	\$ 115,426
<u>Other Agency</u>				
Assets:				
Pooled cash and investments	\$ 31,181	\$ 10,681	\$ 9,831	\$ 32,031
Receivables:				
Accrued interest	-	42	-	42
Total Assets	\$ 31,181	\$ 10,723	\$ 9,831	\$ 32,073
Liabilities:				
Accounts payable	\$ 18,774	\$ 11,698	\$ 12,380	\$ 18,092
Deposits payable	7,338	8,818	7,278	8,878
Due to external parties/other agencies	5,069	34	-	5,103
Total Liabilities	\$ 31,181	\$ 20,550	\$ 19,658	\$ 32,073
<u>Developer Deposits</u>				
Assets:				
Pooled cash and investments	\$ 1,600	\$ 9	\$ -	\$ 1,609
Receivables:				
Accrued interest	-	2	-	2
Total Assets	\$ 1,600	\$ 11	\$ -	\$ 1,611
Liabilities:				
Deposits payable	\$ 1,600	\$ 11	\$ -	\$ 1,611
Total Liabilities	\$ 1,600	\$ 11	\$ -	\$ 1,611

CITY OF BARSTOW

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<u>Victor Valley Transit Authority</u>				
Assets:				
Pooled cash and investments	\$ 7,203	\$ 55,875	\$ 61,233	\$ 1,845
Total Assets	\$ 7,203	\$ 55,875	\$ 61,233	\$ 1,845
Liabilities:				
Accounts payable	\$ 5,868	\$ 57,210	\$ 61,233	\$ 1,845
Deposits payable	1,335	-	1,335	-
Total Liabilities	\$ 7,203	\$ 57,210	\$ 62,568	\$ 1,845
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 234,561	\$ 89,877	\$ 77,533	\$ 246,905
Receivables:				
Accounts	60	131	60	131
Accrued interest	-	312	-	312
Total Assets	\$ 234,621	\$ 90,320	\$ 77,593	\$ 247,348
Liabilities:				
Accounts payable	\$ 25,074	\$ 75,747	\$ 80,082	\$ 20,739
Deposits payable	108,732	31,905	15,524	125,113
Due to other governments	95,746	647	-	96,393
Due to external parties/other agencies	5,069	34	-	5,103
Total Liabilities	\$ 234,621	\$ 108,333	\$ 95,606	\$ 247,348

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STATISTICAL SECTION

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

Index	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	138
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenues sources, property tax and sales tax.	143
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability issues additional debt in the future.	151
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	157
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	159

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CITY OF BARSTOW
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
Net investment in capital assets	\$ 68,836,403	\$ 72,765,415	\$ 76,148,543	\$ 73,335,444	\$ 76,362,833	\$ 80,392,246	\$ 81,895,762	\$ 82,945,793	\$ 83,892,867	\$ 83,177,722
Restricted	13,313,448	6,609,675	4,937,538	6,079,590	2,245,332	1,912,180	2,122,953	2,815,993	4,321,280	4,856,154
Unrestricted	32,818,270	29,552,965	23,982,795	1,591,292	777,665	(4,892,883)	(15,011,733)	(36,244,461)	(40,010,751)	(48,226,357)
Total Governmental Activities Net Position	\$114,968,121	\$108,928,055	\$105,068,876	\$ 81,006,326	\$ 79,365,830	\$ 77,411,543	\$ 69,006,982	\$ 49,517,325	\$ 48,203,396	\$ 39,807,519
Business-type Activities:										
Net investment in capital assets	\$ 11,609,403	\$ 14,530,286	\$ 15,734,425	\$ 23,983,537	\$ 28,045,832	\$ 22,332,269	\$ 22,376,249	\$ 22,036,073	\$ 22,493,982	\$ 22,443,932
Unrestricted	(1,046,331)	(4,779,780)	(5,850,933)	(10,547,818)	(14,863,742)	(12,179,023)	(10,757,834)	(9,598,849)	(8,538,249)	(7,598,760)
Total Business-type Activities Net Position	\$ 10,563,072	\$ 9,750,506	\$ 9,883,492	\$ 13,435,719	\$ 13,182,090	\$ 10,153,246	\$ 11,618,415	\$ 12,437,224	\$ 13,955,733	\$ 14,845,172
Primary Government:										
Net investment in capital assets	\$ 80,445,806	\$ 87,295,701	\$ 91,882,968	\$ 97,318,981	\$ 104,408,665	\$ 102,724,515	\$ 104,272,011	\$ 104,981,866	\$ 106,386,849	\$ 105,621,654
Restricted	13,313,448	6,609,675	4,937,538	6,079,590	2,245,332	1,912,180	2,122,953	2,815,993	4,321,280	4,856,154
Unrestricted	31,771,939	24,773,185	18,131,862	(8,956,526)	(14,086,077)	(17,071,906)	(25,769,567)	(45,843,310)	(48,549,000)	(55,825,117)
Total Primary Government Net Position	\$125,531,193	\$118,678,561	\$114,952,368	\$ 94,442,045	\$ 92,567,920	\$ 87,564,789	\$ 80,625,397	\$ 61,954,549	\$ 62,159,129	\$ 54,652,691

CITY OF BARSTOW
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental activities:										
General government	5,419,817	4,372,577	3,979,122	3,040,319	2,340,584	3,453,207	4,243,537	3,407,933	3,195,349	4,539,158
Public safety	11,379,248	13,910,834	14,781,347	13,263,509	13,655,432	14,618,441	16,507,044	16,367,119	18,968,397	23,887,685
Community development	4,390,903	3,233,598	2,646,525	2,068,450	2,458,665	2,567,843	3,328,046	2,868,473	2,522,157	2,959,442
Recreation	1,651,047	2,226,201	1,980,078	2,647,726	2,777,589	2,840,457	3,221,250	3,097,501	2,573,335	2,548,681
Public works	3,284,720	4,976,071	5,928,990	11,353,600	6,882,670	7,863,741	7,603,005	6,911,603	6,937,058	7,842,090
Interest on long-term debt	571,721	373,524	132,321	260,017	239,143	188,887	143,333	100,036	55,104	625
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	26,697,456	29,092,805	29,448,383	32,633,621	28,354,083	31,532,576	35,046,215	32,752,665	34,251,400	41,777,681
Business-type Activities:										
Wastewater	3,514,998	4,398,844	3,479,553	3,933,499	5,217,340	5,183,363	3,991,004	4,077,582	3,928,331	5,093,118
Solid Waste	4,213,429	3,989,240	4,095,682	4,605,465	4,350,342	4,588,155	2,376,686	2,526,901	2,216,662	1,575,575
Transit Services	2,890,641	2,943,943	2,714,135	2,916,096	2,685,773	127,671	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Other Enterprise Funds	343,653	336,203	324,043	382,573	473,911	391,844	-	-	-	-
Total Business-type Activities Expenses	10,962,721	11,668,230	10,613,413	11,837,633	12,727,366	10,291,033	6,367,690	6,604,483	6,144,993	6,668,693
Total Primary Government Expenses	37,660,177	40,761,035	40,061,796	44,471,254	41,081,449	41,823,609	41,413,905	39,357,148	40,396,393	48,446,374
Program revenues:										
Governmental activities:										
Charges for services:										
General government	1,502,836	1,200,799	1,543,686	1,430,544	1,490,257	1,569,444	1,702,142	1,488,493	2,318,518	1,327,757
Operating grants and contributions	2,977,984	595,522	436,434	861,484	1,702,084	1,045,110	638,283	847,091	1,002,010	859,437
Capital grants and contributions	54,290	4,099,782	3,297,685	7,793,386	3,978,333	5,488,502	4,365,660	6,145,461	5,670,702	3,526,055
Total governmental activities	4,535,110	5,896,103	5,277,805	10,085,414	7,170,674	8,103,056	6,706,085	8,481,045	8,991,230	5,713,249
Business-type activities:										
Charges for services:										
Wastewater	3,221,304	4,025,728	4,297,624	4,930,118	5,530,122	5,514,969	5,382,396	5,395,851	5,691,682	5,541,935
Solid Waste	3,876,407	4,062,908	3,785,422	4,040,347	4,023,189	4,121,294	1,926,405	2,027,441	1,971,820	1,988,453
Transit Services	610,343	688,374	186,984	610,918	169,247	129,803	-	-	-	-
Other business-type activities	49,508	34,136	94,831	75,831	69,973	58,451	-	-	-	-
Operating grants and contributions	2,018,897	2,044,518	2,381,538	1,849,657	2,275,972	219,038	524,058	-	-	-
Capital grants and contributions	151,117	-	-	4,779,757	405,234	-	-	-	-	-
Total business-type activities	9,927,576	10,855,664	10,746,399	16,286,628	12,473,737	10,043,555	7,832,859	7,423,292	7,663,502	7,530,388
Total primary government	14,462,686	16,751,767	16,024,204	26,372,042	19,644,411	18,146,611	14,538,944	15,904,337	16,654,732	13,243,637

CITY OF BARSTOW
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net revenues (expenses):										
Governmental activities	(22,162,346)	(23,196,702)	(24,170,578)	(22,548,207)	(21,183,409)	(23,429,520)	(28,340,130)	(25,103,932)	(25,260,170)	(36,064,432)
Business-type activities	(1,035,145)	(812,566)	132,986	4,448,995	(253,629)	(247,478)	1,465,169	818,809	1,518,509	861,695
Total net revenues (expenses)	(23,197,491)	(24,009,268)	(24,037,592)	(18,099,212)	(21,437,038)	(23,676,998)	(26,874,961)	(24,285,123)	(23,741,661)	(35,202,737)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Taxes:										
Property taxes	10,106,231	9,581,086	8,750,763	7,288,665	7,398,978	7,441,119	7,970,015	9,108,160	8,774,293	9,252,006
Transient occupancy taxes	2,541,970	2,626,389	2,649,694	2,748,763	2,892,232	2,857,509	3,056,078	3,147,207	3,320,952	2,855,796
Sales taxes	6,589,010	6,942,387	7,346,732	7,532,540	7,259,449	7,670,993	7,166,274	7,239,830	9,690,333	13,527,079
Franchise taxes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,023,994	1,077,373
Business License taxes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	233,526	220,930
Other taxes	1,107,418	1,213,263	1,126,099	1,178,629	1,211,911	1,265,262	1,264,374	1,308,951	59,958	64,808
Motor vehicle in lieu, unrestricted	110,786	24,459	-	-	-	-	-	-	-	-
Use of money and property	1,903,747	1,297,074	328,226	693,341	471,980	482,812	278,153	202,328	242,147	318,439
Other general revenues	334,103	91,654	109,885	141,895	328,363	199,570	200,675	269,350	601,038	352,124
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
Transfers	(183,479)	-	-	-	-	1,537,968	-	-	-	-
Special item - merger of fire district	1,487,959	-	-	-	-	-	-	-	-	-
Extraordinary item - gain due to dissolution	-	311,238	-	-	-	-	-	-	-	-
Inventory Adjustment for Capital Assets	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	23,997,745	22,087,550	20,311,399	19,583,833	19,562,913	21,455,233	19,935,569	21,275,826	23,946,241	27,668,555
Business-type activities:										
Investment Income	-	-	-	-	-	-	-	-	-	-
Use of money and property	105,720	-	-	-	-	-	-	-	-	-
Other revenue	2,250	-	-	-	-	-	-	-	-	27,744
Special item-impairment loss	-	-	-	-	-	-	-	-	-	-
Transfers	183,479	-	-	-	-	(2,781,366)	-	-	-	-
Total Business-type Activities	291,449	-	-	-	-	(2,781,366)	-	-	-	27,744
Total Primary Government	24,289,194	22,087,550	20,311,399	19,583,833	19,562,913	18,673,867	19,935,569	21,275,826	23,946,241	27,696,299
Changes in Net Position:										
Governmental activities	1,835,399	(1,109,152)	(3,859,179)	(2,964,374)	(1,620,496)	(1,974,287)	(8,404,561)	(3,828,106)	(1,313,929)	(8,395,877)
Business-type activities	(743,696)	(812,566)	132,986	4,448,995	(253,629)	(3,028,844)	1,465,169	818,809	1,518,509	889,439
Total Primary Government	1,091,703	(1,921,718)	(3,726,193)	1,484,621	(1,874,125)	(5,003,131)	(6,939,392)	(3,009,297)	204,580	(7,506,438)

CITY OF BARSTOW
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Reserved										
Nonspendable*	\$ 4,155,542	\$ 6,025,426	\$ 5,819,857	\$ 5,391,889	\$ 10,843,398	\$ 8,680,778	\$ 7,619,282	\$ 5,183,492	\$ 8,111,586	\$ 9,955,211
Restricted*	5,943,956	-	-	-	-	-	-	-	-	-
Assigned*	4,425,000	-	-	-	-	-	-	-	-	4,406,560
Unreserved/Unassigned*	18,756,466	25,449,432	22,749,055	21,445,217	14,466,701	12,063,100	9,222,550	9,163,739	5,843,014	(479,717)
Total General Fund	\$ 33,280,964	\$ 31,474,858	\$ 28,568,912	\$ 26,837,106	\$ 25,310,099	\$ 20,743,878	\$ 16,841,832	\$ 14,347,231	\$ 13,954,600	\$ 13,882,054
All Other Governmental Funds:										
Reserved										
Nonspendable*	\$ 5,150,568	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted*	8,442,243	6,935,670	15,283,195	6,266,281	2,269,521	1,941,169	2,122,945	2,232,689	4,376,375	4,856,154
Assigned*	5,977,305	-	-	-	-	-	-	0	0	0
Unreserved/Unassigned*, reported in:										
Special revenue funds	(11,336)	-	(229,905)	(4,178,949)	(1,203,369)	(3,645,638)	(4,363,879)	(5,509,987)	(8,192,534)	(8,168,382)
Debt Service	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 19,558,780	\$ 6,935,670	\$ 15,053,290	\$ 2,087,332	\$ 1,066,152	\$ (1,704,469)	\$ (2,240,934)	\$ (3,277,298)	\$ (3,816,159)	\$ (3,312,228)

Source: Barstow Finance Department

* FY11 Implementation of GASB 54 Fund Balance Classifications.

**The Hospital Fund for FY09 & 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.

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Taxes	\$ 20,455,415	\$ 20,387,584	\$ 19,873,288	\$ 18,558,246	\$ 18,540,422	\$ 19,035,503	\$ 19,265,710	\$ 20,748,728	\$ 22,592,237	\$ 26,994,270
Licenses and permits	160,411	196,868	204,981	472,222	429,256	509,323	574,297	561,068	490,306	442,883
Fines and forfeitures	129,349	106,341	104,690	142,409	125,915	140,692	216,117	78,862	114,564	132,885
Rental income	-	-	-	-	-	-	-	-	-	-
From other agencies	2,977,499	4,915,206	3,907,154	5,075,232	9,278,029	6,713,437	5,161,172	7,365,874	6,051,941	5,818,278
Charges for services	1,156,934	677,688	1,099,480	750,382	1,281,351	808,528	712,690	655,742	1,053,338	444,041
Use of Money and Property	1,903,747	990,102	328,226	768,427	586,238	579,736	430,896	350,328	924,400	354,439
Other	332,229	91,654	71,385	82,362	115,621	80,491	68,327	136,635	472,340	352,124
Total Revenues	27,115,584	27,365,443	25,589,204	25,849,280	30,356,832	27,867,710	26,429,209	29,897,237	31,699,126	34,538,920
Expenditures										
Current:										
General government	5,122,706	3,076,341	3,061,475	2,882,514	2,934,731	3,350,641	3,633,918	3,197,895	3,964,134	3,271,395
Public safety	10,698,792	13,338,769	13,427,720	13,473,842	14,493,181	14,032,923	14,419,752	15,862,429	17,253,463	18,655,220
Public works	2,505,479	2,746,018	3,481,396	3,108,045	3,050,005	3,274,837	3,418,593	3,321,773	3,162,077	3,854,666
Recreation	1,300,759	1,547,172	1,520,643	2,333,991	2,380,982	2,541,381	2,575,293	2,628,551	2,429,324	2,188,673
Community development	3,278,264	3,035,640	2,552,355	2,147,003	2,427,110	2,573,815	2,839,218	2,609,936	2,555,676	2,626,193
Debt service:	-	-	-	-	-	-	-	-	-	-
Principal retirement	490,000	510,000	-	1,070,000	1,100,000	1,145,000	1,190,000	1,249,026	1,290,000	1,826,578
Interest and fiscal charges	578,895	382,583	447,390	386,172	356,970	311,543	262,775	212,818	167,854	112,835
Capital Outlay	8,090,746	9,775,072	7,233,394	15,212,059	6,162,422	6,929,898	2,652,301	4,176,662	3,372,692	1,890,389
Total Expenditures	32,065,641	34,411,595	31,724,373	40,613,626	32,905,401	34,160,038	30,991,850	33,259,090	34,195,220	34,425,949
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,950,057)	(7,046,152)	(6,135,169)	(14,764,346)	(2,548,569)	(6,292,328)	(4,562,641)	(3,361,853)	(2,496,094)	112,971
Other financing sources (Uses):										
Transfers in	10,988,832	24,557,219	5,596,067	13,715,655	5,401,533	7,939,085	3,486,269	4,950,785	4,645,038	4,667,368
Transfers out	(11,172,311)	(24,557,219)	(5,596,067)	(13,715,655)	(5,401,533)	(9,288,600)	(3,486,269)	(4,950,785)	(4,645,038)	(4,667,368)
Proceeds from sale of assets	23,107	41,770	23,296	33,374	382	24,332	-	32,306	720,188	318,414
Capital leases	3,128,993	264,473	651,548	33,208	-	-	124,130	642,996	-	-
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)	-	-	-	280,669	-	-	-	-
Total Other Financing Sources (Uses)	3,622,191	(13,741,281)	11,346,843	66,582	382	(1,044,514)	124,130	675,302	720,188	318,414
Net Change in Fund Balances	\$(1,327,866)	\$(20,787,433)	\$ 5,211,674	\$(14,697,764)	\$(2,548,187)	\$(7,336,842)	\$(4,438,511)	\$(2,686,551)	\$(1,775,906)	\$ 431,385
Debt service as a percentage of noncapital expenditures	4.5%	3.6%	0.7%	5.7%	5.4%	5.3%	5.1%	5.0%	4.7%	6.0%

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
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%
2020	1,363,306,873	97,073,623	1,041,131	1,461,421,627	6.20%

Source: HdL Coren & Cone/San Bernardino Co Assessor 2010/11-2019/20 Combined Tax Rolls

*Exempt values are not included in Total Assessed Value.

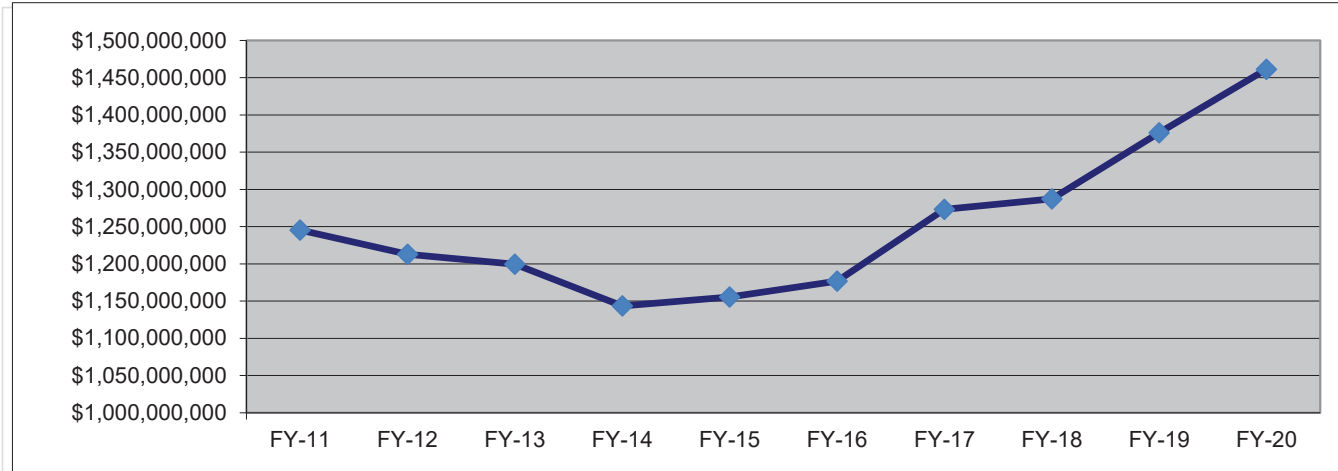
CITY OF BARSTOW
Assessed Value of Taxable Property by Class
Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Vacant Land	SBE Non Unitary	Unsecured	Other	Total Taxable Assessed Value (a)	Total Direct Tax Rate
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%
2019-20	651,254,179	512,323,358	30,132,457	115,105,159	1,041,131	96,231,522	55,333,821	1,461,421,627	0.150%

Source: HdL Coren & Cone/San Bernardino Co Assessor 2010/11-2019/20 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Direct & Overlapping (2) Tax Rates										
Basic Levy (1)	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Barstow Unified School Bond	0.0370	0.0401	0.0393	0.0370	0.0474	0.0329	0.0394	0.0308	0.1245	0.0451
Mojave Water Agency	0.1675	0.1675	0.1675	0.1675	0.1675	0.1675	0.1675	0.1675	0.1675	0.1675
Total Direct & Overlapping Rates	\$ 1.2045	\$ 1.2076	\$ 1.2068	\$ 1.2045	\$ 1.2149	\$ 1.2004	\$ 1.2069	\$ 1.1983	\$ 1.2920	\$ 1.2126
City's Share of 1% Levy Per Prop 13 (3)	0.14974	0.14974	0.14974	0.14974	0.14974	0.14974	0.14974	0.14974	0.14974	0.14974
General Obligation Debt Rate										
Redevelopment Rate (4)	1.0000	1.0000	1.0000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Direct Rate (5)	0.41321	0.41035	0.40408	0.14996	0.14998	0.15012	0.15012	0.15015	0.15016	0.015001

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

NOTE:

- (1) In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values of any voter approved bonds.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.
- (3) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.
- (4) Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.
- (5) Total Direct Rate is the weighted average of all individual direct rates applied to the City. Beginning in 2013/2014 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

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

Owner	2020		2011	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Ayers Hotel Barstow LP	\$ 11,000,000	0.75%		
Barstow Industrial Park LLC				
Barstow Outlet LLC			\$ 13,024,348	1.05%
BNSF Development Company LLC	\$ 14,505,526	0.99%		
Compass Bank			\$ 15,856,957	1.27%
Desert Heights LLC	\$ 13,091,874	0.90%	\$ 11,406,951	0.92%
Fred and Robin Rosenberg Family Limited	\$ 11,925,527	0.82%	\$ 13,042,909	1.05%
FRO2MO Barstow LLC	\$ 113,319,684	7.75%		
Home Depot USA Inc			\$ 10,529,448	0.85%
Hospital of Barstow Inc	\$ 48,670,175	3.33%		
Hospitality Express II LLC			\$ 10,440,421	0.84%
Ayres Hotel Barstow LP				
Lee Family Irrevocable Trust	\$ 11,592,484	0.79%		
Pilot Travel Center LLC	\$ 13,076,646	0.89%		
Service Rock Products Corporation			\$ 10,444,186	0.84%
Suk Hee Suh			\$ 10,742,620	0.86%
T T Group Inc				
Tanger Properties LP			\$ 24,279,963	1.95%
TVL Properties	\$ 13,189,246	0.90%		
Walmart Real Estate Business Trust	\$ 32,820,216	2.25%		
Meruelo Maddux Properties			\$ 13,287,994	1.07%
TOTAL OF TOP TEN:	\$ 283,191,378	19.38%	\$ 133,055,797	10.68%
CITY TOTAL	\$ 1,461,421,627		\$ 1,245,377,885	

**Listed alphabetically

Source: Hdl Coren & Cone-San Bernardino County Assessor

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**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
2011	4,681,170	4,545,103	97%	247,678	4,792,781	102%
2012	4,609,714	4,446,347	96%	197,220	4,643,567	101%
2013	4,587,850	4,415,853	96%	181,915	4,597,768	100%
2014	4,511,674	4,410,513	98%	166,427	4,576,940	101%
2015	4,598,336	4,506,775	98%	101,180	4,607,955	100%
2016	4,730,324	4,634,977	98%	68,692	4,703,669	99%
2017	4,806,434	4,729,391	98%	67,737	4,797,128	100%
2018	4,812,206	4,753,763	99%	51,088	4,804,851	100%
2019	4,980,727	4,901,322	98%	38,541	4,939,863	99%
2020	5,241,332	5,145,125	98%	-	5,145,125	98%

Source: San Bernardino Auditor-Controller Recorder
Includes Barstow Park & Recreation and Barstow Fire Protection District

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

CITY OF BARSTOW
Top 25 Sales Tax Producers (Alphabetically)
For the Fiscal Year 2020

<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
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
Stater Bros	Grocery Stores
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 = 66.44%
 Period: July 2019 Thru March 2020

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

CITY OF BARSTOW
Top 25 Sales Tax Producers (Alphabetically)
For the Fiscal Year 2011

<u>Business Name</u>	<u>Business Category</u>
Arco	Service Stations
Arco AM PM	Service Stations
Barstow Shell	Service Stations
Calvin Klein	Family Apparel
Chevron	Service Stations
Circle K	Service Stations
Coach	Women's Apparel
Crossroads Fuel & 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
Ralph Lauren	Family Apparel
Soutar's Chrysler Dodge Jeep Ram & Toyota	New Motor Vehicle Dealers
Soutar's Ford/Nissan	New Motor Vehicle Dealers
Terrible Herbst	Convenience Stores/Liquor
Thrifty Oil	Service Stations
Tommy Hilfiger	Family Apparel
Travel Centers of America	Service Stations
Valero	Service Stations
Valmont Newmark	Heavy Industrial
Walmart	Discount Dept Stores

Percent of Fiscal Year Total Paid by Top 25 Accounts = 70.21%
 Period: July 2010 thru March 2011

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

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Apparel Stores	\$ 104,291	\$ 123,209	\$ 137,706	\$ 135,408	\$ 134,942	\$ 133,145	\$ 134,677	\$ 129,010	\$ 123,913	\$ 108,996
Food Stores	\$ 11,757	\$ 11,826	\$ 11,696	\$ 18,547	\$ 27,229	\$ 25,860	\$ 25,491	\$ 25,129	\$ 27,425	\$ 24,378
Eating & Drinking Places	\$ 70,623	\$ 72,014	\$ 74,629	\$ 73,539	\$ 79,193	\$ 83,336	\$ 88,127	\$ 89,773	\$ 89,835	\$ 93,021
Auto Dealers & Supplies	\$ 25,177	\$ 31,009	\$ 30,721	\$ 27,338	\$ 27,325	\$ 36,484	\$ 39,695	\$ 38,505	\$ 36,159	\$ 32,802
Service Stations	\$ 236,335	\$ 255,744	\$ 280,755	\$ 288,289	\$ 297,053	\$ 259,522	\$ 248,054	\$ 263,211	\$ 257,121	\$ 248,053
Other Retail Stores	\$ 98,199	\$ 100,598	\$ 104,855	\$ 104,090	\$ 104,528	\$ 101,970	\$ 99,763	\$ 106,467	\$ 115,068	\$ 114,945
All Other Outlets	\$ 87,818	\$ 79,794	\$ 95,082	\$ 85,302	\$ 87,542	\$ 81,802	\$ 83,582	\$ 90,951	\$ 93,527	\$ 103,150
Total	\$ 634,200	\$ 674,194	\$ 735,444	\$ 732,513	\$ 757,812	\$ 722,119	\$ 719,389	\$ 743,046	\$ 743,048	\$ 725,345

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.

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

Fiscal Year Ended June 30	Governmental Activities				Business-type				Debt Per Capita ¹		
	Tax Allocation Bonds	Loans	Measure I TRIP	Capital Lease Agreements	Total Governmental Activities	Wastewater Certificates of Participation	Wastewater Capital Lease Agreements	Total Business-type Activities		Total Primary Government	Percentage of Personal Income ¹
2011	7,845,000	4,731,252	-	3,407,341	15,983,593	2,279,943	2,316,949	4,596,892	20,580,485	109.68%	847.60
2012	-	-	-	3,197,150	3,197,150	2,028,159	2,137,571	4,165,730	7,362,880	37.54%	319.86
2013	-	-	10,671,999	3,337,511	14,009,510	1,766,808	1,968,975	3,735,783	17,745,293	87.23%	765.94
2014	-	-	9,849,249	2,874,809	12,724,058	1,500,766	1,757,803	3,258,569	15,982,627	83.27%	686.19
2015	-	-	8,276,499	2,574,443	10,850,942	1,225,279	1,544,289	2,769,568	13,620,510	69.61%	585
2016	-	-	7,018,749	2,092,667	9,111,416	935,472	1,312,813	2,248,285	11,359,701	63.48%	466
2017	-	-	5,715,999	1,625,443	7,341,442	636,157	1,096,638	1,732,795	9,074,237	52.00%	374
2018	-	-	4,363,249	1,825,131	6,188,380	327,402	887,323	1,214,725	7,403,105	45.33%	305
2019	-	-	2,960,499	1,195,399	4,155,898	-	598,645	598,645	4,754,543	26.66%	197
2020	-	-	1,507,749	1,027,235	2,534,984	-	349,491	349,491	2,884,475	15.10%	119

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

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
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%	-
2020	-	0.00%	-

Source: Barstow Finance Department

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

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

CITY OF BARSTOW

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Direct & Overlapping (2) Tax Rates										
Basic Levy (1)	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Barstow Unified School Bond	0.0370	0.0401	0.0393	0.0370	0.0474	0.0329	0.0394	0.0308	0.1245	0.0451
Mojave Water Agency	0.1675	0.1675	0.1675	0.1675	0.1675	0.1675	0.1675	0.1675	0.1675	0.1675
Total Direct & Overlapping Rates	\$ 1.2045	\$ 1.2076	\$ 1.2068	\$ 1.2045	\$ 1.2149	\$ 1.2004	\$ 1.2069	\$ 1.1983	\$ 1.2920	\$ 1.2126
City's Share of 1% Levy Per Prop 13 (3)	0.14974	0.14974	0.14974	0.14974	0.14974	0.14974	0.14974	0.14974	0.14974	0.14974
General Obligation Debt Rate										
Redevelopment Rate (4)	1.0000	1.0000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Direct Rate (5)	0.41321	0.41035	0.40408	0.14996	0.14998	0.15012	0.15012	0.15015	0.15016	0.015001

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 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.

CITY OF BARSTOW
Direct & Overlapping Governmental Activities Debt
As of June 30, 2020

2019-20 Assessed Valuation: \$1,461,421,627

	Total Debt	Percentage	City's share of
	6/30/2020	Applicable (1)	Debt
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Barstow Unified School District	\$ 35,447,358	65.226%	\$ 23,120,894
Mojave Water Agency	4,835,000	3.857%	186,486
City of Barstow-No debt	-	100.000%	-
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 23,307,380
OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
San Bernardino County General Fund Obligations	\$ 239,140,000	0.617%	\$ 1,475,494
San Bernardino County Pension Obligations Bonds	237,212,638	0.617%	1,463,602
San Bernardino County Flood Control District General Fund Obligations	57,155,000	0.617%	352,646
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			3,291,742
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$ 2,340,000	100.00%	\$ 2,340,000
TOTAL DIRECT DEBT			\$ -
TOTAL OVERLAPPING DEBT			\$ 28,939,122
COMBINED TOTAL DEBT			\$ 28,939,122

(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 2019-20 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	1.59%
Combined Total Debt	1.98%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$586,608,757):

Total Overlapping Tax Increment Debt	0.40%
--------------------------------------	-------

Source: Avenu Insights & Analytics

CITY OF BARSTOW
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed valuation	\$ 1,245,957,805	\$ 1,212,931,711	\$ 1,199,487,738	\$ 1,143,477,603	\$ 1,155,685,689	\$ 1,176,842,092	\$ 1,273,166,314	\$ 1,287,235,890	\$ 1,376,053,917	\$ 1,461,421,627
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	311,489,451	303,232,928	299,871,935	285,869,401	288,921,422	294,210,523	318,291,579	321,808,973	344,013,479	365,355,407
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	46,723,418	45,484,939	44,980,790	42,880,410	43,338,213	44,131,578	47,743,737	48,271,346	51,602,022	54,803,311
Total net debt applicable to limit:										
Legal debt margin	<u>\$ 46,723,418</u>	<u>\$ 45,484,939</u>	<u>\$ 44,980,790</u>	<u>\$ 42,880,410</u>	<u>\$ 43,338,213</u>	<u>\$ 44,131,578</u>	<u>\$ 47,743,737</u>	<u>\$ 48,271,346</u>	<u>\$ 51,602,022</u>	<u>\$ 54,803,311</u>

Total debt applicable to the limit as a percentage of debt limit 0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 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

CITY OF BARSTOW
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended	Tax Allocation Bonds		
	Tax	<u>Debt Service (1)</u>	Coverage
	<u>Increment (1)</u>	Principal and Interest	
<u>June 30</u>	<u>3,522,000</u>	<u>849,000</u>	<u>4.15</u>
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-

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.

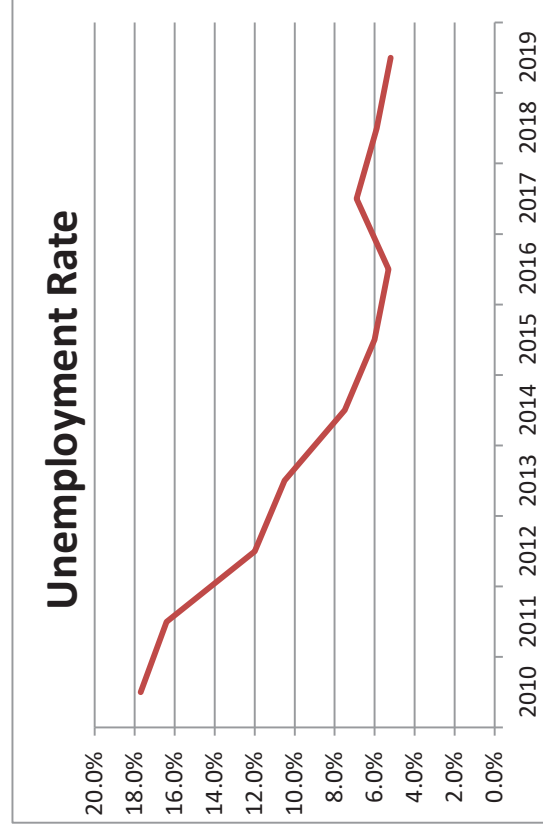
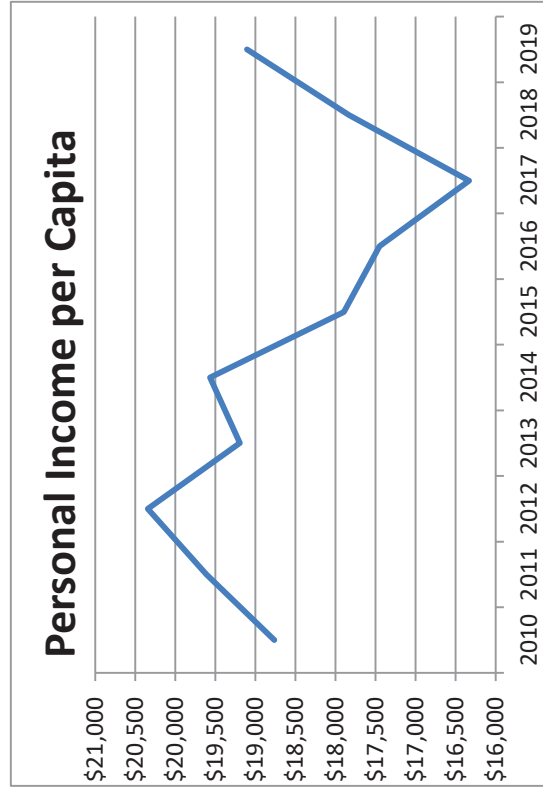
CITY OF BARSTOW
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands)	Per Capita Income	Unemployment Rate (2)	Median Age	% of Pop 25+ with	
						High School Degree	Bachelor's Degree
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%
2019	24,268	\$ 463,700	19,107	5.2%	29.8	79.3%	11.3%

Sources: HdL Coren & Cone

(1) Population: California State Department of Finance

(2) Unemployment Data: California Employment Development Department



**CITY OF BARSTOW
Principal Employers
2020 and Ten Years Ago**

Employer	2020		2011	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Ft. Irwin National Training Center*	8,900	60.3%	5,665	46.5%
Marine Corps Logistics Base**	1,700	11.5%	1,845	15.1%
BNSF Railroad	1,000	6.8%	1,000	8.2%
Barstow Unified School District	958	6.5%	617	5.1%
Outlets at Barstow (Formerly Tanger Outlet Store)	480	3.3%	400	3.3%
Raytheon Technical Services Co, LLC*	400	2.7%	498	4.1%
Barstow Community College	377	2.6%	-	0.0%
Barstow Community Hospital	348	2.4%	290	2.4%
Wal-Mart	305	2.1%	-	0.0%
Silver Valley School District*	300	2.0%	-	0.0%
Northrup Grunman (Vernell until 2002)*	-	0.0%	1,152	9.5%
San Bernardino County		0.0%	300	2.5%
IAP World Services*		0.0%	412	3.4%
Total Top Employers	14,768	100.0%	12,179	100.0%

Source: MuniServices, LLC / Avenu Insights & Analytics

Source: 2011, previously published CAFR

*Employers outside of City Limits

** Total civilian employee headcount includes Marine Corps Logistics Base, Barstow (MCLBB), Marine Depot Maintenance Command (MDMC), Marine Force Storage Command, 1st Force Storage Battalion (FSB)

(1) Total City Labor Force is provided by EDD Labor Force Data.

Note: Fort Irwin National Training Center employee headcount includes current active employees. Does not include soldiers on 10 rotations a year.

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

Full-Time Employees as of June 30

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government*	22	22	21	13	15	17	16	16	16	26.5
Police Safety										
Sworn	40	41	41	37	37	38	38	37	38	46
Non-Sworn	19	13	13	17	16	19	19	18	18	20
Fire Safety**										
Sworn	-	20	23	23	23	28	20	20	20	27
Non-Sworn	-	1	1	1	1	1	1	1	1	1
Recreation	16	19	18	16	14	17	17	17	17	11
Community Service	18	32	31	36	33	26	21	21	24	23
Community Development	7	10	10	10	12	10	16	15	10	11
Redevelopment	4	2	-	-	-	-	-	-	-	-
Solid Waste	2	1	2	2	3	1	1	1	1	1
Wastewater	1	8	9	8	9	11	11	11	10	11
Transit	1	1	1	1	-	-	-	-	-	-
Total	130	170	170	164	163	167	160	157	155	177.5

* Includes 7 Elected Officials

**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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Arrests	2,766	2,795	2,672	2,959	2,911	2,762	2,625	2463	2410	2235
Parking citations issued	313	201	266	489	522	286	501	408	299	1110
Fire Services:										
Fire Calls	170	188	140	199	222**	242	311	212	340	576
Medical Aid Calls	3,867	4,050	3,636	3,452	4,079**	4,597	5,380	4031	5165	5351
Parks and recreation:										
Number of recreation classes	14	16	14	14	14	14	14	10	10	6
Number of facility rentals	68	70	139	68	99	85	64	52	50	6
Sewer:										
New connections	9	17	30	4	2	5	4	4	5	8
Average/Millions of Gallons Sewage Treated	2.20	2.13	2.11	2.11	2.11	1.98	2.03	2.06	2.13	2.15
Building Department:										
Permits	558	663	870	533	879	720	1,106	905	710	657
Fire Permits										
Fire Permits	*	*	*	*	61	-	-	-	-	-
Construction Fire Permits#						88	99	94	93	97
Annual Permit to Operate#						323	347	335	323	287

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Fire District **										
Stations	3	3	3	3	3	3	3	3	3	3
Public Works:										
Streets (miles)	89	90	91	91	91	91	91	91	91	91
Streetlights	1,001	1,001	1,081	1,081	1,081	1,081	1,081	1,081	1,081	1,053
Traffic signals	20	21	21	22	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	117	117	117	113	113	113	113	113	123
Storm sewers (miles)	2	15	15	16	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