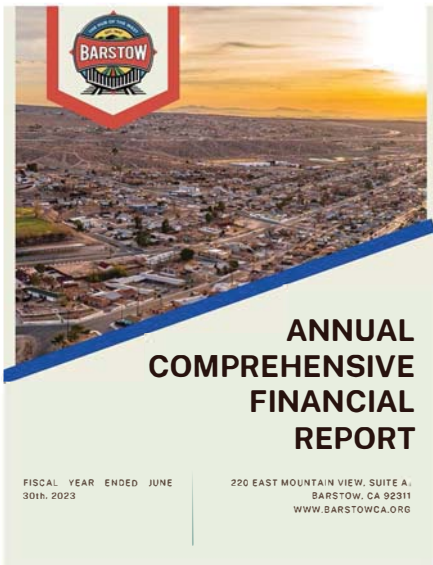


An aerial photograph of Barstow, California, taken during a golden sunset. The sun is low on the horizon, casting a warm, orange glow over the city and the surrounding desert landscape. The city's residential and commercial buildings are visible, along with roads and parking lots. The background shows rolling hills and mountains under a hazy sky.

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE
30th, 2023

220 EAST MOUNTAIN VIEW, SUITE A,
BARSTOW, CA 92311
WWW.BARSTOWCA.ORG



About the Cover

Barstow is a city in San Bernardino County, California, with a population of 25,415 as of 2020. It serves as a crossroads in the Inland Empire and is home to the Marine Corps Logistics Base. The city has historical roots dating back to Native American tribes and the 1700s missionary excursions. Barstow played a significant role in the mining history of the Mojave Desert and was a crucial stop on Routes 66 and 91.

The city has an arid climate with hot summers and cold winters. Barstow features murals depicting its history, a drive-in theater, and various museums. The economy faces challenges due to its distance from major urban centers, but the city has major future plans for development including the expansion of the BNSF Rail yard. Top employers include Fort Irwin National Training Center and Marine Corps Logistics Base.

Barstow has parks, a skate park, and sports facilities, including Barstow Community College's athletics programs. Education is provided by Barstow Unified School District and Barstow Community College. The city has a film office and has been featured in movies and documentaries. Barstow is mentioned in the lyrics of Route 66 and is known for its historical and cultural contributions.

CITY OF BARSTOW
Annual Comprehensive Financial Report
For Year Ended June 30, 2023

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CITY OF BARSTOW
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December 28, 2023

For the Citizens of the City of Barstow,
Honorable Mayor and City Council
City of Barstow

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) for the City of Barstow. State law requires that all general-purpose local governments publish each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the City of Barstow for the fiscal year ended June 30, 2023.

This report consists of management's representations concerning the finances of the City of Barstow. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. Management of the City of Barstow has established a comprehensive internal control framework that is designed to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not exceed anticipated benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than, absolute assurance that the financial statements will be free from material misstatement.

The City of Barstow's financial statements have been audited by Lance, Soll, & Lundgard, LLP, a firm of licensed certified public accountants. The independent auditors have issued an unmodified ("clean") opinion and have concluded that the City's financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with generally accepted accounting principles. The independent auditors' report is presented as the first component of the financial section of this report. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Barstow's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY

The Reporting Entity

This report combines the financial statements of the City of Barstow, 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 to constitute a single reporting entity. The City Council serves as the governing board of these component units and, as such, this combined presentation better represents the financial activities of the City of Barstow.

The City directly provides a full range of services, including police and fire protection services. Contracted services include engineering, street sweeping, solid waste management, and attorney services.

Staff provided services include police services and fire protection services, customer service and community relations, community development (which includes planning, economic development, housing and grant administration activities as well as overall department administration), public works oversight including construction and maintenance of roadways, parks and streets, recreational and cultural activities, sewer utility services and general administrative services. All of these activities are included in this report. Fire protection is provided by the Barstow Fire Protection District, a subsidiary agency of the City.

220 East Mountain View Street, Suite A, Barstow, California 92311-2839
Ph: 760-256-3531 Fax: 760-256-1750 www.barstowca.org

The City is served by private water companies. However, sewerage services are provided by the City of Barstow. Additionally, the Barstow Unified School District is a separate entity and, accordingly, not included in this report.

History of the City

The City of Barstow is a General Law Council/Manager municipality incorporated in 1947. It is located in the northern part of the County of San Bernardino, approximately 114 miles northeast of Los Angeles, and approximately 70 miles north of the City of San Bernardino. The City boundary encompasses approximately 40 square miles and serves a population of over 24,000. The City prides itself as the “Crossroads of Opportunity” at the juncture of the I-40 and I-15 freeways. Situated midway between Los Angeles and Las Vegas, Barstow caters to the needs of approximately 55 million travelers passing through the City annually.

The City Council is responsible for, among other things, 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 body, and for overseeing the day-to-day operations of the City government working with the directors and managers of various City departments.

The City Manager administers the Annual Operating and Capital Improvement Budget and maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the appropriated budget approved by the City’s governing body. Activities of the general fund, special revenue funds, enterprise funds, debt service fund and capital projects funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is *established at the individual fund level*. Appropriations lapse at year end. However, encumbrances and project appropriations generally are re-appropriated as part of the following fiscal year’s operating budget.

ECONOMIC CONDITION AND OUTLOOK

From a historical perspective, growth in the City of Barstow has proceeded at a fairly slow, but steady pace. 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 0.1% from January 1, 2022 to January 1, 2023. The population for the City of Barstow had a slight decrease of 0.8% according to the California Department of Finance. The unemployment rate as of June, 2023, for the City is 4.8% which is an increase from 4.0% in June, 2022. The prior fiscal year still reflected some impacts on the City from the COVID-19 pandemic.

Staff continues to pursue economic development in areas of the local economy that will provide job creation and increased opportunities for City residents.

Sales tax revenue, excluding Measure Q, increased from \$8.56 million in fiscal year 2022 to \$8.61 million in fiscal year 2023. The City’s transient occupancy tax also continued to be a major source of revenue for the City. TOT revenues for fiscal year 2023 were \$4.6 million, up from \$4.3 million in fiscal year 2022. City management remains confident that the City’s revenues will continue its steady pace into the next fiscal year.

MAJOR ACTIVITY IN THE CITY:

Major development activities are underway in the City consistent with the City's General Plan and Council's vision and direction to improve and upgrade infrastructure, public services, and promote economic growth and development. Some of these development activities include:

- The Marriott hotel project in the Lenwood area of Barstow along the freeway is in its final stages. The project includes constructing two hotels totaling 181 rooms using an innovative shared footprint design. The two hotels are a Fairfield Inn (short term stay) and a Towne Place Suites (long term stay). The hotel construction was complete as of June 30, and is expected to open in the Fall 2023. The hotels are located close to the Outlets at Barstow and conservatively will add over \$1 million annually in new revenues to the City's General Fund.
- The City has entered into four Inter Governmental Service Agreements (IGSCs) with Fort Irwin (Army) that are expected to add over \$800,000 annually in new revenues to the City's General Fund. The IGSCs cover base operations, refuse collections, and animal services among other services.
- The City created a "green zone" and have approved six applications for commercial retail operations, with two in operation. In addition, twenty-three applications for manufacturing and distribution have been approved by the City Council. To date, 7 manufacturing operators have opened in the City. The City will receive regulatory fees plus 3% of gross sales (above the City's existing 2%) for commercial retail operations and \$5 per square foot for manufacturing operations annually per approved development agreements. Annual revenues received pursuant to approved development agreements are expected to be in excess of \$2 million annually once all approved businesses are operating.
- The City continued its efforts to improve infrastructure in fiscal year 2023. The major infrastructure projects are pavement preservation, the First Avenue Bridge over the BNSF Classification Yard project, and the First Avenue Bridge over the Mojave River project.
- The City successfully passed a local general sales tax ballot measure (Measure Q) on November 6, 2018. Income from the new general sales tax measure began to be collected on April 1, 2019. The City collected over \$10.2 million from the sales tax measure in fiscal year 2023, an increase of \$140 thousand over the prior fiscal year.

LONG-TERM FINANCIAL PLANNING

The City continues to maintain a Council mandated reserve of 20% Working Capital and 5% for emergencies. The Fiscal Year 2023-24 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 the Measure Q Local Sales Tax, a 1% general tax available to fund senior and youth recreation programs; assist with maintaining roads and parks; and improve police and fire services. Periodically, interim financial reports are presented to City Council regarding the budgetary performance of all major funds. By closely monitoring revenues, expenditures, and financial trends, the City has been able to successfully manage economic downturns, thus reducing the impact on City services. Current economic factors and potential future economic impacts continue to be carefully monitored and tracked by staff.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The City's Annual Comprehensive Financial Report for the year ended, June 30, 2023, was prepared utilizing best practices and in conformity with the awards program criteria for the Certificate of Achievement for Excellence in Financial Reporting as promulgated by the Government Finance Officer's Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report for the year ended, June 30, 2023, conforms to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for the certificate.

Acknowledgements

In closing, this report was made possible by the leadership and support of the governing body of the City of Barstow.

The preparation of this report on a timely basis is a team effort, requiring the dedication and cooperation of the entire Finance Department staff and continued support of the City Manager's Office and City Council. The guidance and suggestions from the accounting firm of Lance, Soll and Lunghard, LLP, were also invaluable in completion of this report.

Sincerely,

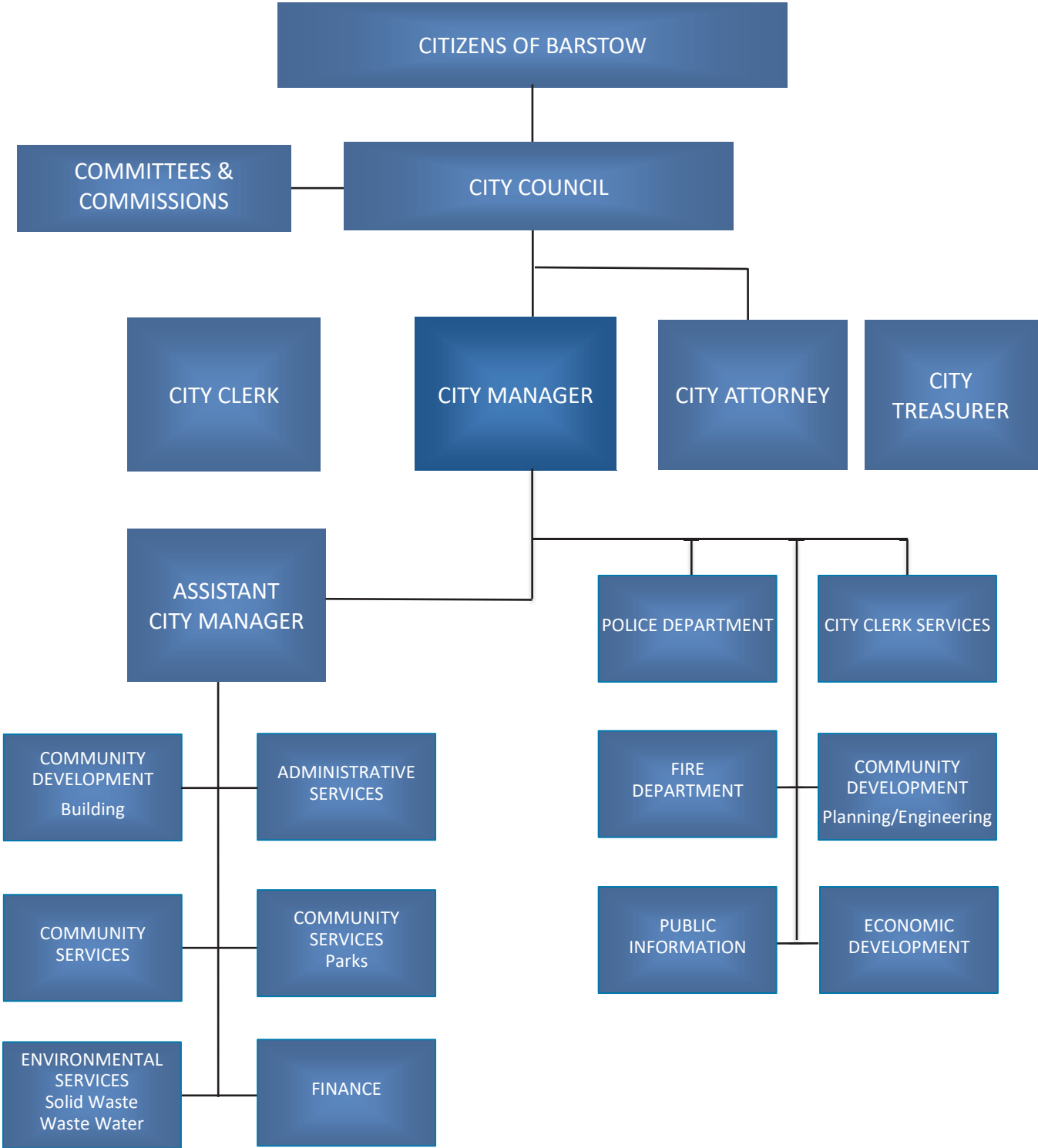
A handwritten signature in black ink, appearing to read "Sydnie Harris", with a stylized flourish at the end.

Sydnie Harris

Finance Director

City of Barstow ORGANIZATIONAL CHART

Fiscal Year 2022-2023



City of Barstow
List of Elected and Appointed Officials
June 30, 2023

Elected Officials

| | |
|----------------|---------------------------|
| Mayor | Dr. Paul Anthony Courtney |
| Mayor Pro Tem | James M. Noble |
| Council Member | Barbara Mae Rose |
| Council Member | Marilyn Dyer Kruse |
| Council Member | Carmen Hernandez |
| City Treasurer | Michael J. Lewis |
| City Clerk | Andrea Flores |

Appointed Officials

| | |
|--------------------------|----------------------|
| City Manager | Willie Hopkins, Jr. |
| Interim Finance Director | Vacant |
| City Attorney | Matthew Summers |
| Chief of Police | Andrew Espinoza, Jr. |
| Fire Chief | Nick Dinapoli |



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Barstow
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

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AUDITORS' OPINION LETTER

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Barstow, California (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, as listed in the table of contents, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note 9 to the financial statements, in 2023, the City adopted new accounting guidance, GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules for the General Fund and major special revenue funds, and the required pension and other postemployment benefits schedules, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



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

Supplementary 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 accompanying combining and individual fund financial statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2023, 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 City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Lance, Soll & Lughard, LLP".

Brea, California
December 28, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2023

As management of the City of Barstow (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. 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 additional information that we have furnished in our letter of transmittal, which can be found on pages i-iv of this report.

FINANCIAL HIGHLIGHTS

- The governmental program and general revenues were \$54.9 million.
- The cost of governmental activities was \$49.9 million.
- The business-type activities program and general revenues were \$9.4 million.
- The cost of business-type activities was \$9.2 million.
- The General Fund ended the fiscal year with a fund balance of \$28.8 million, with a reported net increase in fund balance of \$5.5 million.
- For the General Fund, actual revenues exceeded the budgeted revenue estimates by \$2.8 million and actual expenditures were less than the final amended budget by \$1.3 million (both favorable variances).
- The Measure I Special Revenue Fund, a major governmental fund, ended the fiscal year with a surplus of \$354,000 in fund balance, an overall net change of \$1,021,000 from the prior fiscal year.
- The Barstow Fire Protection District ended the fiscal year with a fund deficit of \$3.7 million, a deficit reduction of \$1,326,000 from the prior fiscal year.
- Total Other Governmental Funds had a combined fund deficit of \$881,000.

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.

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).

CITY OF BARSTOW
Management's Discussion and Analysis
June 30, 2023

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 and the Capital Projects Fund.

The City adopted a two-year appropriations budget for its governmental and proprietary funds in fiscal year 2020. A budgetary comparison has been provided for the general fund on page 95.

The basic governmental fund financial statements can be found on pages 23-36 of this report.

Proprietary funds

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

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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 42-43 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 17, 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 49-92 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 94-115 of this report.

Supplementary information for the non-major governmental funds, such as Gas Tax special revenue fund, Grants, Asset Seizure, Barstow Harvey House Foundation, Redevelopment Housing Successor, Barstow Community Services Foundation, Local Transportation Fund and Flood Control special revenue funds, and Capital Projects fund are located on page 120-139 of this report.

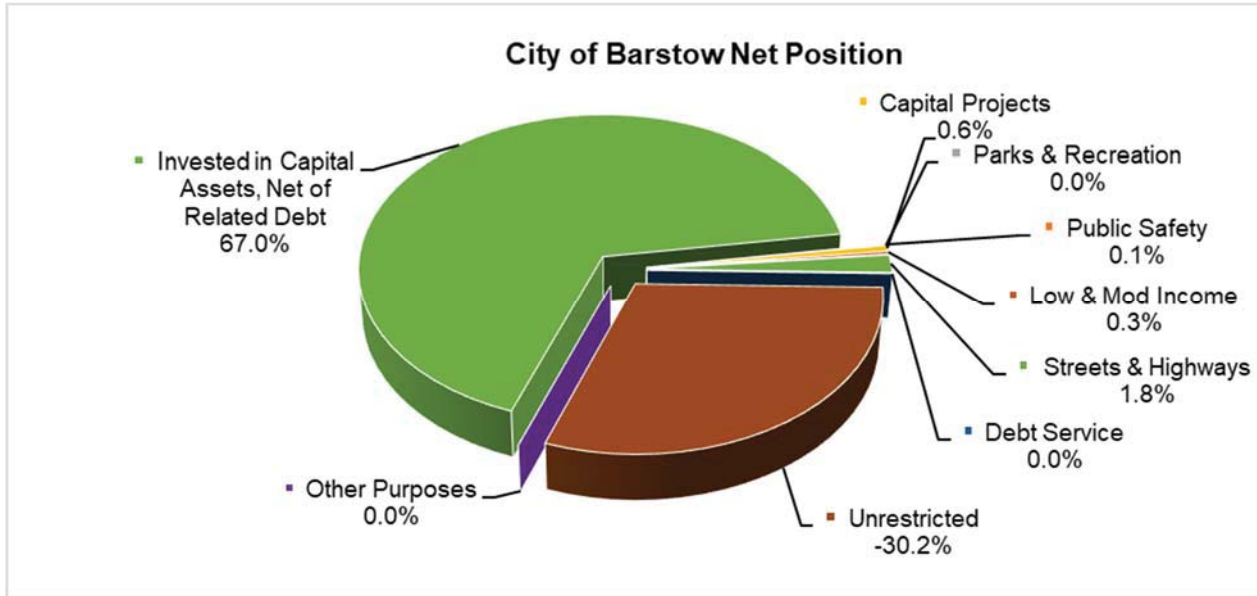
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$63.9 million at the close of the fiscal year, an increase of 8.8% from the previous year.

Capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets comprises \$108.1 million of the City's Net Position. Total Assets and Deferred Outflows equaled \$181.4 million. Total Liabilities and Deferred Inflows equaled \$117.5 million. Total net position from Governmental Activities equaled \$44.0 million or 68.8% and Business-Type Activities equaled \$19.9 million or 31.2% of the \$63.9 million total.

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Net Position (Summarized)
As of June 30, 2023 and 2022

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Current and other assets | \$ 37,908,438 | \$ 27,974,085 | \$ 3,405,047 | \$ 3,844,591 | \$ 41,313,485 | \$ 31,818,676 |
| Capital & intangible assets | 85,981,664 | 86,919,753 | 24,064,693 | 22,550,374 | 110,046,357 | 109,470,127 |
| Total Assets | \$123,890,102 | \$114,893,838 | \$27,469,740 | \$26,394,965 | \$151,359,842 | \$141,288,803 |
| Def. outflows of resources - | \$ 22,031,282 | \$ 23,447,594 | \$ 1,270,680 | \$ 2,097,695 | \$ 23,301,962 | \$ 25,545,289 |
| Def. employer pens. contributions | 3,486,859 | 11,070,712 | 183,827 | 399,847 | 3,670,686 | 11,470,559 |
| Deferred contributions - OPEB | 977,542 | 946,719 | - | - | 977,542 | 946,719 |
| Def. outflows of resources - OPEB | 2,100,241 | 2,587,998 | - | - | 2,100,241 | 2,587,998 |
| Total deferred outflows | \$ 28,595,924 | \$ 38,053,023 | \$ 1,454,507 | \$ 2,497,542 | \$ 30,050,431 | \$ 40,550,565 |
| Current liabilities | \$ 10,683,607 | \$ 10,321,256 | \$ 943,082 | \$ 1,135,237 | \$ 11,626,689 | \$ 11,456,493 |
| Long-term liabilities | 74,082,798 | 77,901,730 | 7,071,634 | 6,649,004 | 81,154,432 | 84,550,734 |
| Total Liabilities | \$ 84,766,405 | \$ 88,222,986 | \$ 8,014,716 | \$ 7,784,241 | \$ 92,781,121 | \$ 96,007,227 |
| Deferred inflows - pension | \$ 16,306,278 | \$ 22,525,019 | \$ 980,615 | \$ 1,371,967 | \$ 17,286,893 | \$ 23,896,986 |
| Deferred inflows - OPEB | 7,005,259 | 2,786,315 | - | - | 7,005,259 | 2,786,315 |
| Deferred inflows - leases | 425,595 | 402,355 | - | - | 425,595 | 402,355 |
| Total deferred inflows | \$ 23,737,132 | \$ 25,713,689 | \$ 980,615 | \$ 1,371,967 | \$ 24,717,747 | \$ 27,085,656 |
| Net Position: | | | | | | |
| Net investment in capital assets | \$ 84,150,706 | \$ 85,140,702 | \$23,997,654 | \$22,527,948 | \$108,148,360 | \$107,668,650 |
| Restricted | 4,485,011 | 2,652,011 | - | - | 4,485,011 | 2,652,011 |
| Unrestricted | (44,653,228) | (48,782,527) | (4,068,738) | (2,791,649) | (48,721,966) | (51,574,176) |
| Total net position | \$ 43,982,489 | \$ 39,010,186 | \$19,928,916 | \$19,736,299 | \$ 63,911,405 | \$ 58,746,485 |

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As shown in the total column for 2023 in the chart above (City of Barstow Net Position), a portion of the City's net position, \$4.5 million, represents resources that are subject to restrictions on how they may be used. This restricted amount is primarily comprised of \$2.9 million restricted for streets and highways, \$908 thousand restricted for capital projects, \$192 thousand restricted for public safety, and \$447 thousand restricted for low and moderate income projects.

Changes in Net Position
As of June 30, 2023 and 2022

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|----------------------|--------------------------|---------------------|---------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 2,556,970 | \$ 1,830,004 | \$ 11,801,262 | \$10,938,172 | \$14,358,232 | \$ 12,768,176 |
| Operating contributions and grants | 1,152,051 | 305,735 | - | - | 1,152,051 | 305,735 |
| Capital contributions and grants | 9,095,030 | 9,450,259 | - | - | 9,095,030 | 9,450,259 |
| General Revenues: | | | | | | |
| Property taxes | 11,492,487 | 10,448,051 | - | - | 11,492,487 | 10,448,051 |
| Transient occupancy taxes | 4,591,458 | 4,318,551 | - | - | 4,591,458 | 4,318,551 |
| Sales taxes | 18,807,640 | 18,622,825 | - | - | 18,807,640 | 18,622,825 |
| Franchise taxes | 1,329,910 | 1,212,053 | - | - | 1,329,910 | 1,212,053 |
| Business license taxes | 228,630 | 228,316 | - | - | 228,630 | 228,316 |
| Other taxes | 87,730 | 144,161 | - | - | 87,730 | 144,161 |
| Use of money and property | 375,413 | 117,614 | 28,614 | (3,498) | 404,027 | 114,116 |
| Other revenues | 641,019 | 370,710 | 63,818 | 39,202 | 704,837 | 409,912 |
| Gain (loss) on disp. of capital assets | - | - | - | (54,873) | - | (54,873) |
| Transfers between funds | 4,529,639 | (258,393) | (2,519,129) | 258,393 | 2,010,510 | - |
| Total Revenues | 54,887,977 | 46,789,886 | 9,374,565 | 11,177,396 | 64,262,542 | 57,967,282 |
| Expenses: | | | | | | |
| General government | 11,864,158 | 11,261,122 | - | - | 11,864,158 | 11,261,122 |
| Public safety | 20,193,981 | 20,727,916 | - | - | 20,193,981 | 20,727,916 |
| Community development | 3,692,053 | 2,114,693 | - | - | 3,692,053 | 2,114,693 |
| Recreation | 1,767,910 | 1,892,705 | - | - | 1,767,910 | 1,892,705 |
| Public works | 10,395,467 | 8,246,181 | - | - | 10,395,467 | 8,246,181 |
| Interest on long-term debt | 2,002,105 | 1,178,331 | - | - | 2,002,105 | 1,178,331 |
| Wastewater Reclamation | - | - | 3,299,653 | 2,572,697 | 3,299,653 | 2,572,697 |
| Solid Waste Disposal | - | - | 5,882,295 | 5,088,339 | 5,882,295 | 5,088,339 |
| Total Expenses | 49,915,674 | 45,420,948 | 9,181,948 | 7,661,036 | 59,097,622 | 53,081,984 |
| Change in Net Position | 4,972,303 | 1,368,938 | 192,617 | 3,516,360 | 5,164,920 | 4,885,298 |
| Net position, beginning of year | 39,010,186 | 37,641,248 | 19,736,299 | 16,219,939 | 58,746,485 | 53,861,187 |
| Net position, end of year | <u>\$43,982,489</u> | <u>\$ 39,010,186</u> | <u>\$ 19,928,916</u> | <u>\$19,736,299</u> | <u>\$63,911,405</u> | <u>\$ 58,746,485</u> |

The City of Barstow's overall net position increased by \$5.0 million from the prior year. The reasons for this overall increase are discussed in the following sections for governmental activities (an increase of \$4.97 million) and business-type activities (an increase of \$193 thousand).

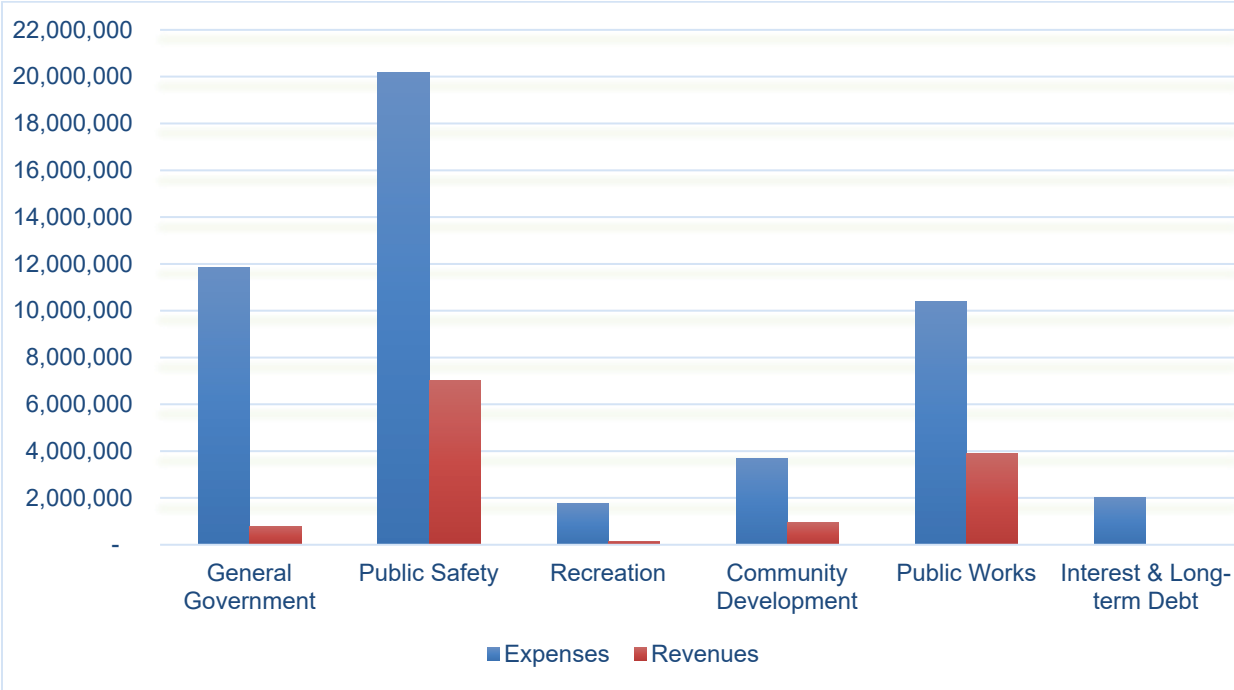
Governmental Activities

Governmental activities net position increased by \$4.97 million for fiscal year 2023 as shown in the chart above and the chart on page 10. This net increase primarily resulted from increases in the City's total assets of \$9 million. The City experienced a \$9.5 million in decrease in deferred outflows, less \$3.5 million for decreases in total liabilities and \$2 million for decreased to deferred inflows. More information about governmental activities are reflected in the charts and graphs on the following pages.

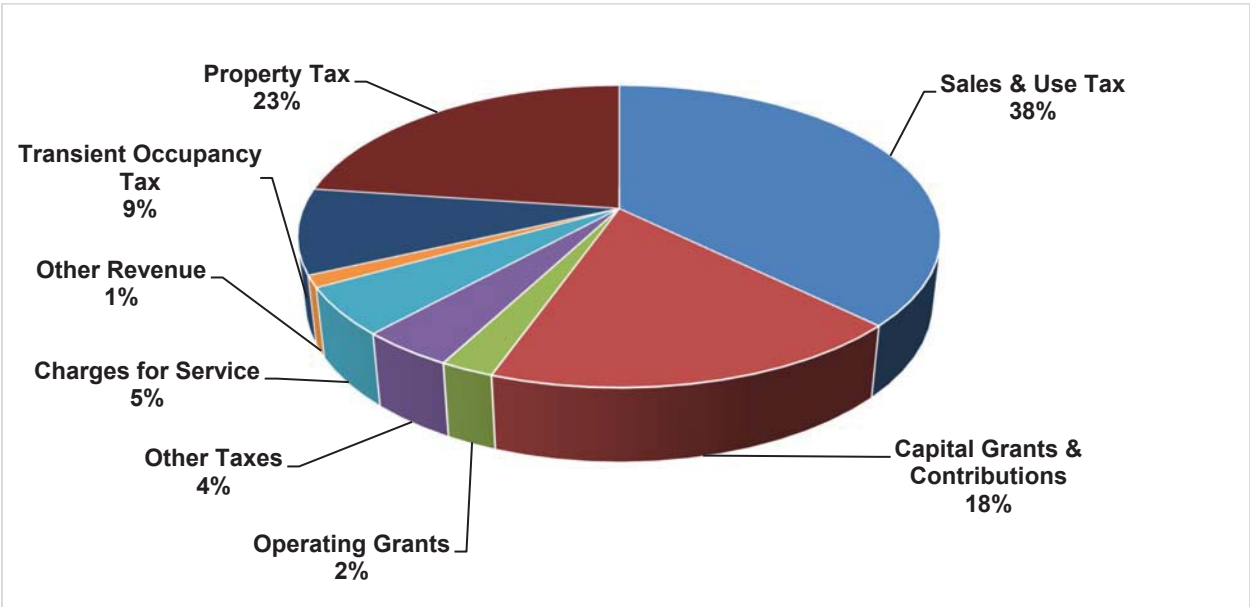
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Governmental Activities

Governmental Activities - Expenses and Program Revenues for FY 2022/23



Governmental Activities - Revenues by Source



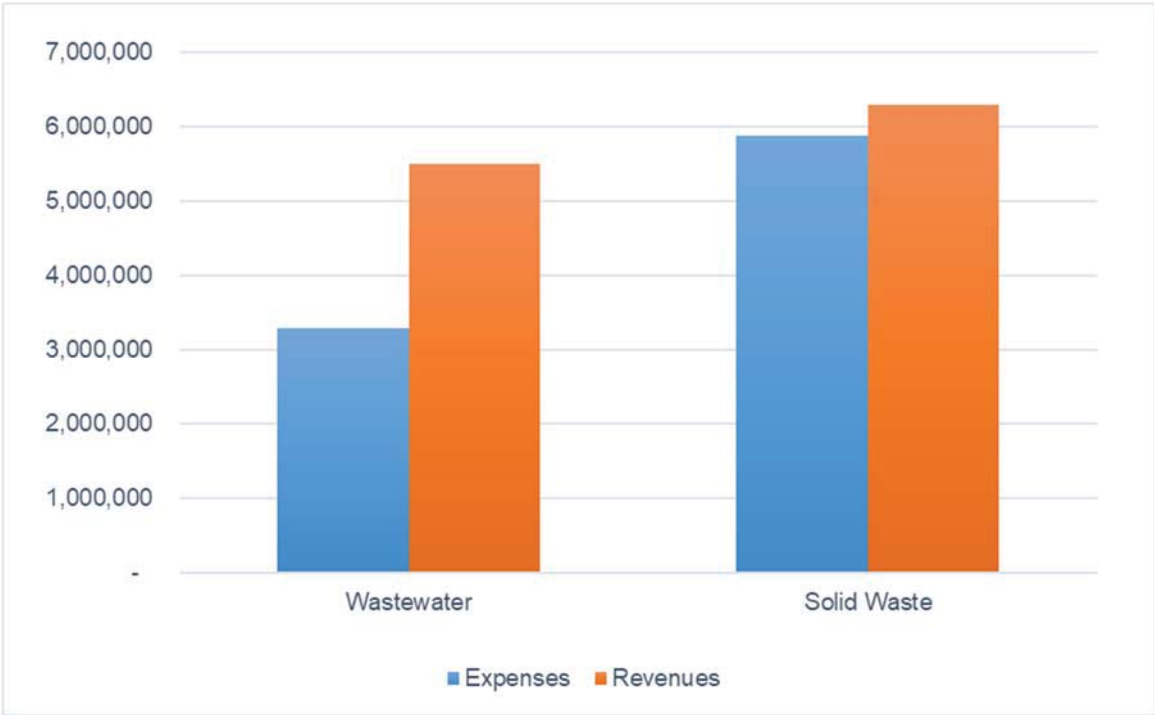
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Business-type Activities

Business-type activities increased net position by \$193,000 as shown in the chart on page 11. To stabilize Solid Waste's financial condition, the City Council approved the elimination of the subsidy over a 3 year period which ended during FY2022. Additionally, the State of California, as outlined in Senate Bill 1383, mandated changes to organics recycling programs. The City implemented a rate increase for waste services to account for costs of the expanded organics recycling services mandated by the State.

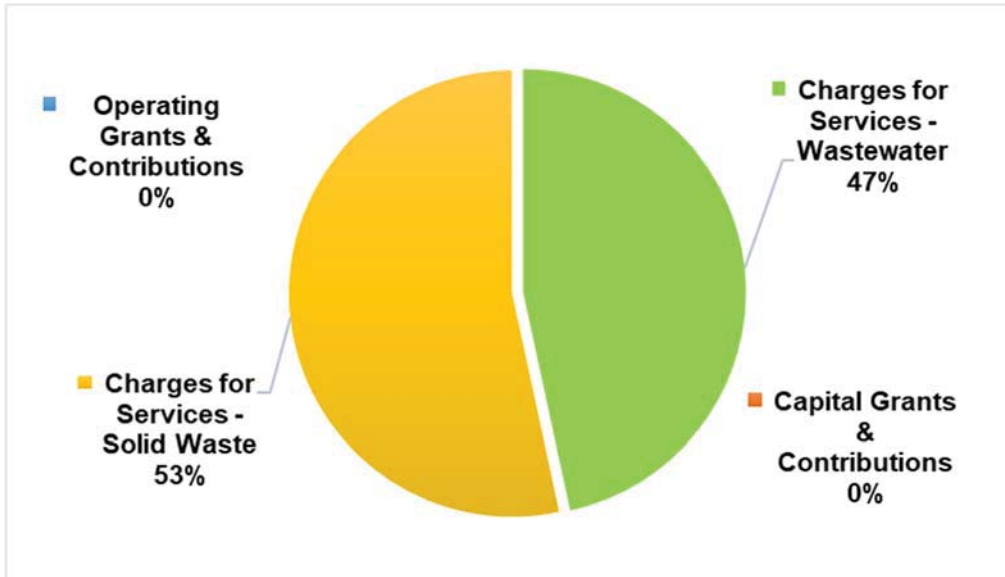
The chart below illustrates business-type expenses and revenues. The chart on the following page shows Business-type revenues by source.

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 \$24.6 million, an increase of \$8.98 million or 57.3% when compared to the fund balances of the prior year. In fiscal year 2023, total governmental funds revenues exceeded expenditures by \$3.7 million. Further analysis discusses the underlying changes in the major government funds with major changes:

General Fund- During fiscal year 2023, there was an increase in fund balance of \$5.5 million from the previous year. General Fund revenues were received higher than anticipated. In light of the return and subsequent increase of road trip vacations, these increases were primarily from transient occupancy tax. Additionally, sales tax collections increased as a direct relation to higher gas prices. Other non tax-related general fund revenues increased by \$1.14 million in total. Expenditures decreased \$12.7 million due primarily to one-time costs associated with the additional retirement contributions made to pre-fund unfunded actuarially-accrued liabilities during the last fiscal year.

Measure I- The net change in fund balance was an increase of \$1.02 million. This increase in fund balance eliminated the accumulated fund deficit of \$667 thousand and increased it to a positive \$354 thousand.

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Barstow Fire Protection District- The net change in fund balance was an increase of \$1.3 million. This increase in fund balance reduced the accumulated fund deficit to under \$3.7 million. The deficit relates to an interfund operating loan from the General Fund to the BFPD. A plan of repayment has been adopted including annual payments of \$500 thousand which may be amended from time to time as warranted. Total revenues for the District, excluding transfers, increased by \$685 thousand while total expenditures decreased by almost \$8.6 million due to the one-time costs associated with the issuance of the lease revenue bonds in fiscal year 22. This plan currently covers firefighters working for the District. This austerity measure is anticipated to save the District approximately \$2.3 million over the next 15 years.

The *non-spendable* portion of total governmental funds fund balances is \$6.2 million. The City's non-spendable fund balances are prepaid amounts that pertain to another accounting period, inventories, assets that are not in cash form and deposits that are liabilities. As of June 30, 2023, the major amounts designated as non-spendable were loans from the following funds:

- \$1.7 million due from the Measure I Special Revenue Fund
- \$4.3 million Barstow Fire Protection District loan

Other non-spendable items included deposits and prepaids.

Restricted funds constitute \$4.5 million of the total governmental funds fund balance.

- More than half (\$2.92 million) of the restricted funds are restricted for Streets & Highway uses.
- \$900,000 of the restricted funds are restricted for various Capital Projects.
- Low and Moderate Income Housing funds constitute \$447 thousand of the restricted fund balance.

Assigned fund balance accounts for \$5.5 million of fund balance and is comprised of working capital (\$4.4 million) and emergency reserves (\$1 million).

Unassigned fund balance in the General Fund constitutes approximately \$17.1 million as of the end of the fiscal year which is available for spending at the government's discretion. Of this amount, \$8.7 million offsets accumulated deficits for all other governmental funds leaving \$8.5 million remaining as *unassigned fund balance* as of the fiscal year end.

More details about the fund balance for governmental funds can be found on page 54.

Proprietary Funds

At year-end, the total net position of all proprietary funds was \$19.9 million, which was an increase of \$193 thousand or .9% over the previous fiscal year. Details for the change are discussed below.

- The *Wastewater Fund's* net position decreased by \$231 thousand (-1.2%) during the fiscal year. Due to prior rate changes and other inflationary cost pressures, this decrease is primarily due to the decrease in available cash and investments. This will stabilize as rates absorb the increased costs.
- The *Solid Waste Fund* had a change in net position of \$424 thousand (65%). This change was primarily due to a decrease in the hauler subsidy and rate increases due to inflationary cost pressures.

Additional information can be found on pages 37-39 of this report.

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GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal 2023 year-end actual revenues of \$29.6 million exceeded budgeted estimated revenues by approximately \$2.9 million. With the imposed lockdowns from to the pandemic lifted and travel restrictions released, the City has benefited from increases in revenues sensitive to transient travel. Primarily, the City's sales taxes and transient occupancy taxes increased significantly at the start of the ease of restrictions, and have since began to increase more consistently. Inflationary factors also impact consumer spending due in part, to fluctuating interests rates, gas prices, and other recreational spending increases, creating a slowed effect to the surplus spending we experienced just outside the release of the COVID-19 restrictions. Sales Taxes have increased by \$45 thousand from the prior fiscal year to \$8.6 million. Measure Q sales tax collections have also increased by \$140 thousand to \$10.2 million. Transient occupancy tax collections increased by \$277 thousand from the prior fiscal year to \$4.6 million. Property Taxes also increased by \$479 thousand to \$5.6 million. Collections from various franchise taxes also increased by \$118 thousand to \$1.3 million during the fiscal year.

Actual total General Fund revenues had a positive or favorable variance in the amount of \$3.6 million or 5.5%. The total General Fund expenditures also ended the fiscal year with a positive or favorable variance coming in under budget by \$1.9 million or 4.0%. Attrition savings due to vacancies and retirements accounted for the majority of the savings in the General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$110.1 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 an increase of 1.0% or \$1.1 million. Changes from the prior year are discussed and illustrated within the City of Barstow's Capital Assets chart on the next page.

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

Governmental Activities had a net decrease in capital assets of \$906 thousand from the previous fiscal year due mainly to the following: a net increase in Work in Progress of \$534 thousand; a net decrease of \$2.7 million in Infrastructure, a decrease of \$137 thousand for Buildings & Improvements, and a net increase in Machinery & Equipment of \$1 million.

Business-type Activities had an overall increase of \$1.5 million from fiscal year 2022. This increase was primarily due to a \$1.5 million increase in Work in Progress and a \$360 thousand decrease in Infrastructure from the prior fiscal year.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Land & Intangible Assets | \$ 9,699,135 | \$ 9,787,484 | \$ 1,657,637 | \$ 1,657,637 | \$ 11,356,772 | \$ 11,445,121 |
| Work in progress | 17,744,882 | 17,210,425 | 3,607,950 | 1,757,420 | 21,352,832 | 18,967,845 |
| Buildings & Improvements | 9,316,468 | 9,453,568 | 77,722 | 82,378 | 9,394,190 | 9,535,946 |
| Machinery and equipment | 2,870,754 | 1,852,040 | 1,399,014 | 1,407,663 | 4,269,768 | 3,259,703 |
| Right to Use - Leased Equip | 728,269 | 251,335 | 57,140 | 22,353 | 785,409 | 273,688 |
| Infrastructure | 45,654,054 | 48,364,903 | 17,255,828 | 17,622,923 | 62,909,882 | 65,987,826 |
| Total | \$ 86,013,562 | \$ 86,919,755 | \$ 24,055,291 | \$ 22,550,374 | \$ 110,068,853 | \$ 109,470,129 |

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Additional information on the City's capital assets can be found in Note 5 of the "Notes to Basic Financial Statements" on page 60 & 61 of this report.

Long-term Debt

At the end of the current fiscal year, the City of Barstow had total debt outstanding of \$39.9 million. Of this debt amount, governmental activities accounts for \$34.3 million, and \$5.6 million is related to business-type activities. The City has no general obligation bonded debt or tax allocation bonded debt outstanding.

City of Barstow's Outstanding Debt

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | Total 2023 | Total 2022 |
| Lease Revenue Bonds | \$ 7,656,492 | \$ 8,245,878 | \$ - | \$ - | \$ 7,656,492 | \$ 8,245,878 |
| Pension Obligation Bonds | 19,150,000 | 20,170,000 | - | - | 19,150,000 | 20,170,000 |
| Loans Payable | 1,139,210 | 1,275,983 | 47,057 | 47,057 | 1,186,267 | 1,323,040 |
| Pollution Remediation Liab | - | - | 5,425,233 | 5,450,638 | 5,425,233 | 5,450,638 |
| Claims & Judgments Paya | 4,759,275 | 4,316,258 | - | - | 4,759,275 | 4,316,258 |
| Compensated Absences | 1,596,868 | 2,104,560 | 137,449 | 139,370 | 1,734,317 | 2,243,930 |
| Total | \$ 34,301,845 | \$ 36,112,679 | \$ 5,609,739 | \$ 5,637,065 | \$ 39,911,584 | \$ 41,749,744 |

In total, debt decreased by \$1.84 million. This decrease was due to the timely payments made over the fiscal year, decreasing the total overall debt. No other debt instruments were issued this fiscal year. With respect to other outstanding debts, although the City actively works to reduce claims and judgements with professional risk managers, Claims & Judgments increased by \$443 thousand during the fiscal year. Also, debt for compensated absences decreased by \$508 thousand and pollution remediation expenses in the Soapmine Road area reduced the related liability by \$25 thousand.

Additional information on the City's long-term debt can be found in Note 6 on page 62 to 63 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.

After surviving the unprecedented times of the coronavirus epidemic, the City is now able to fully analyze, in Hein site, the fiscal impacts that occurred and review the effectiveness of any austerity measures enacted at that time. The City took a proactive approach in its attempts to manage the impacts that fell on the City organization and provision of services. The City used tactics such as adopting a two-year budget for the first time for FY21 and 22. This budget included reductions in revenue projections of \$2.8m and reductions in appropriations of \$2.3m. Budgetary actions included a hiring freeze, a freeze in wages and certain benefits for two years, a reduction in force of 7.5 FTEs, elimination of 4 vacant funded positions, temporary elimination of recreation programs and closure of recreation facilities. Today, as most of the pandemic related economic impacts now abated and the City's revenue sources have returned to pre-pandemic levels, we are now experiencing the savings created by the preemptive plans. Further, all financial activity is continually monitored to ensure resources and expenses are in-line with budgeted projections. Budget amendments and continual budget monitoring are necessary and vital to the City's efforts in appropriately and responsibly managing its budget.

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With the stigma of the pandemic behind us and travel and other restrictions released, transient travel remains at a steady incline and has a consistent positive impact on the City's key revenue sources. These effects coupled with inflationary pressures created, in part, by economic stimulus monies as well as normalizing decisions made at the Federal Reserve, resulted in sales tax revenues received higher than projected by \$400 thousand and Transient Occupancy Taxes received higher than projected by \$800 thousand. All told, the City received over \$2.8 million (9.8%) in revenues more than what was projected in the amended budget. Expenditures for the year were \$1.3 million (4.0%) below the amended budget.

These revenue increases have been assisted by the diversity of the City's tax base. In particular, between the Outlets at Barstow, the number of hotels in the Lynwood area, surrounding restaurants and four truck stops representing all four major chains, 38% of the City's revenues are generated from transient travelers through the community. Barstow is located at the juncture of the I-40 and I-15 freeways. As such, freeway traffic through the community has historically been, and continues to be, a tremendous source of revenue.

The City has also received federal stimulus funding through the CDBG program, JAG grant, CARES grant, and ARPA federal stimulus programs which has greatly assisted with the economic recovery from impacts due to the pandemic. These funds are recorded in Special Revenue funds outside of the City's General Fund.

The Marriott hotel project in the Lenwood area of Barstow along the freeway has finalized its construction and will be expected to open early in fiscal year 24. The project includes constructing two hotels totaling 181 rooms using an innovative shared footprint design. The two hotels are a Fairfield Inn (short term stay) and a Towne Place Suites (long term stay). The hotels are located close to the Outlets at Barstow and conservatively will add over \$1 million annually in new revenues.

The City has approved creation of a "green zone" within a commercial and industrial area of the City. In fiscal year 23, cannabis revenues totaled \$441 thousand. To date, six Cannabis retailers have been fully approved. Two of those retailers are now in operation. Also, 23 additional applications were approved for cannabis manufacturing in fiscal year 22, with 7 manufacturers now in operation.

Burlington Northern Santa Fe railroad (BNSF) is underway with their investment of \$2 billion in the City and immediately surrounding area to construct an in-land port. This new intermodal hub is anticipated to create 20,000 direct and indirect jobs in the City. This project will create significant future positive impacts both in quality of life and new revenue as well as additional service demands and significant growth. Currently, it is anticipated that this project will be completed in the spring of 2027. 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.

The unemployment rate for the City of Barstow as of June, 2022 was 4.8%. An improved local economy is reflected in the increases in transient occupancy tax and sales tax collections. The City's Economic Development team is actively working to assist local businesses to identify and development new business opportunities in the community. The City also demonstrates its "pro-business" outlook by its willingness to work with prospective employers and new businesses interested in locating in Barstow.

REQUESTS FOR INFORMATION

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

GENERAL PURPOSE FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF BARSTOW
Statement of Net Position
June 30, 2023

| | Primary Government | | |
|--|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Assets: | | | |
| Cash and investments | \$ 23,186,714 | \$ 2,333,538 | \$ 25,520,252 |
| Receivables: | | | |
| Accounts | 8,700,449 | 1,056,286 | 9,756,735 |
| Taxes | 56,910 | - | 56,910 |
| Accrued interest | 139,272 | 14,098 | 153,370 |
| Leases | 436,447 | - | 436,447 |
| Prepaid costs | 684,911 | 1,125 | 686,036 |
| Due from other governments | 4,616,062 | - | 4,616,062 |
| Inventories | 87,673 | - | 87,673 |
| Capital assets not being depreciated | 27,444,017 | 5,265,587 | 32,709,604 |
| Capital assets, net of depreciation/amortization | 58,537,647 | 18,799,106 | 77,336,753 |
| Total Assets | 123,890,102 | 27,469,740 | 151,359,842 |
| Deferred Outflows of Resources: | | | |
| Deferred employer contributions - pensions | 3,486,859 | 183,827 | 3,670,686 |
| Deferred outflows of resources - pension | 22,031,282 | 1,270,680 | 23,301,962 |
| Deferred contributions - OPEB | 977,542 | - | 977,542 |
| Deferred outflows of resources - OPEB | 2,100,241 | - | 2,100,241 |
| Total Deferred Outflows of Resources | 28,595,924 | 1,454,507 | 30,050,431 |
| Liabilities: | | | |
| Accounts payable | 5,455,196 | 686,189 | 6,141,385 |
| Accrued liabilities | 989,362 | 57,431 | 1,046,793 |
| Accrued interest | 188,020 | - | 188,020 |
| Unearned revenue | 310,232 | - | 310,232 |
| Deposits payable | 44,028 | 73,877 | 117,905 |
| Due to other governments | 50,695 | - | 50,695 |
| Retentions payable | 31,176 | - | 31,176 |
| Noncurrent liabilities: | | | |
| Due within one year | | | |
| Long-term debt | 1,743,860 | - | 1,743,860 |
| Compensated absences | 638,747 | 54,980 | 693,727 |
| Claims and judgements | 1,020,023 | - | 1,020,023 |
| Leases payable | 168,243 | 19,605 | 187,848 |
| Subscriptions payable | 44,025 | - | 44,025 |
| Pollution remediation liability | - | 51,000 | 51,000 |
| Due in more than one year | | | |
| Long-term debt | 26,201,842 | - | 26,201,842 |
| Compensated absences | 958,121 | 82,469 | 1,040,590 |
| Claims and judgements | 3,739,252 | - | 3,739,252 |
| Leases payable | 430,897 | 47,434 | 478,331 |
| Subscriptions payable | 48,674 | - | 48,674 |
| Pollution remediation liability | - | 5,374,233 | 5,374,233 |
| Net Pension Liability | 24,310,185 | 1,567,498 | 25,877,683 |
| Net OPEB Liability | 18,393,827 | - | 18,393,827 |
| Total Liabilities | 84,766,405 | 8,014,716 | 92,781,121 |
| Deferred Inflows of Resources: | | | |
| Deferred inflows of resources - pension | 16,306,278 | 980,615 | 17,286,893 |
| Deferred inflows of resources - OPEB | 7,005,259 | - | 7,005,259 |
| Deferred inflows of resources - leases | 425,595 | - | 425,595 |
| Total Deferred Inflows of Resources | 23,737,132 | 980,615 | 24,717,747 |
| Net Position: | | | |
| Net investment in capital assets | 84,150,615 | 23,997,654 | 108,148,269 |
| Restricted for: | | | |
| Public safety | 192,443 | - | 192,443 |
| Parks and recreation | 1,989 | - | 1,989 |
| Capital projects | 908,285 | - | 908,285 |
| Debt service | 2,380 | - | 2,380 |
| Low and Moderate Income | 447,413 | - | 447,413 |
| Streets and Highways | 2,921,918 | - | 2,921,918 |
| Other purposes | 10,583 | - | 10,583 |
| Unrestricted | (44,653,137) | (4,068,738) | (48,721,875) |
| Total Net Position | \$ 43,982,489 | \$ 19,928,916 | \$ 63,911,405 |

See Notes to Financial Statements.

CITY OF BARSTOW
Statement of Activities
Year Ended June 30, 2023

| | Program Revenues | | | |
|---------------------------------------|-------------------------|-----------------------------|---|---|
| | Expenses | Charges for Services | Operating Contributions and Grants | Capital Contributions and Grants |
| Functions/Programs | | | | |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General government | \$ 11,864,158 | \$ 776,792 | \$ 20,327 | \$ - |
| Public safety | 19,309,981 | 1,044,961 | 799,713 | 5,156,174 |
| Community development | 3,692,053 | 573,213 | 327,471 | 53,128 |
| Recreation | 1,767,910 | 153,524 | - | 8,827 |
| Public works | 10,395,467 | 8,480 | 4,540 | 3,876,901 |
| Interest on long-term debt | 2,002,105 | - | - | - |
| Total Governmental Activities | 49,031,674 | 2,556,970 | 1,152,051 | 9,095,030 |
| Business-Type Activities: | | | | |
| Wastewater Reclamation | 2,529,653 | 5,500,174 | - | - |
| Solid Waste Disposal | 5,562,295 | 6,301,088 | - | - |
| Total Business-Type Activities | 8,091,948 | 11,801,262 | - | - |
| Total Primary Government | \$ 57,123,622 | \$ 14,358,232 | \$ 1,152,051 | \$ 9,095,030 |

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

Transfers between funds

Total General Revenues and Transfers

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

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

| Governmental Activities | Business-Type Activities | Total |
|------------------------------------|-------------------------------------|----------------------|
| \$ (11,067,039) | \$ - | \$ (11,067,039) |
| (12,309,133) | - | (12,309,133) |
| (2,738,241) | - | (2,738,241) |
| (1,605,559) | - | (1,605,559) |
| (6,505,546) | - | (6,505,546) |
| (2,002,105) | - | (2,002,105) |
| (36,227,623) | - | (36,227,623) |
| - | 2,970,521 | 2,970,521 |
| - | 738,793 | 738,793 |
| - | 3,709,314 | 3,709,314 |
| (36,227,623) | 3,709,314 | (32,518,309) |
| 11,492,487 | - | 11,492,487 |
| 4,591,458 | - | 4,591,458 |
| 18,807,640 | - | 18,807,640 |
| 1,329,910 | - | 1,329,910 |
| 228,630 | - | 228,630 |
| 87,730 | - | 87,730 |
| 375,413 | 28,614 | 404,027 |
| 677,529 | 63,818 | 741,347 |
| 3,609,129 | (3,609,129) | - |
| 41,199,926 | (3,516,697) | 37,683,229 |
| 4,972,303 | 192,617 | 5,164,920 |
| 39,010,186 | 19,736,299 | 58,746,485 |
| \$ 43,982,489 | \$ 19,928,916 | \$ 63,911,405 |

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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.

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

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

CITY OF BARSTOW
Balance Sheet
Governmental Funds
June 30, 2023

| | Special Revenue Funds | | | |
|--|------------------------------|---|---------------------|---------------------|
| | General | Barstow Fire Protection District | | |
| | | Measure I | | Grants |
| Assets: | | | | |
| Pooled cash and investments | \$ 15,364,257 | \$ 2,578,107 | \$ 888,739 | \$ 322,883 |
| Receivables: | | | | |
| Accounts | 2,438,401 | 1,039,099 | 59,856 | 5,063,241 |
| Taxes | - | - | - | - |
| Accrued interest | 100,819 | 12,334 | - | 2,814 |
| Leases | 194,256 | - | 242,191 | - |
| Prepaid costs | 119,215 | - | - | - |
| Due from other governments | 4,616,062 | - | - | - |
| Due from other funds | 5,520,682 | - | - | - |
| Advances to other funds | 6,017,392 | - | - | - |
| Inventories | 87,673 | - | - | - |
| Total Assets | \$ 34,458,757 | \$ 3,629,540 | \$ 1,190,786 | \$ 5,388,938 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits): | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 4,265,437 | \$ 857,438 | \$ 139,930 | \$ 192,391 |
| Accrued liabilities | 824,971 | - | 164,391 | - |
| Unearned revenues | - | - | - | 247,153 |
| Deposits payable | 44,028 | - | - | - |
| Due to other governments | 50,695 | - | - | - |
| Due to other funds | - | - | - | 4,944,959 |
| Advances from other funds | - | 1,700,000 | 4,317,392 | - |
| Retentions payable | - | - | - | 7,381 |
| Total Liabilities | 5,185,131 | 2,557,438 | 4,621,713 | 5,391,884 |
| Deferred Inflows of resources: | | | | |
| Unavailable revenues | 245,403 | 718,293 | - | 4,993,648 |
| Leases | 188,479 | - | 237,116 | - |
| Total Deferred Inflows of Resources | 433,882 | 718,293 | 237,116 | 4,993,648 |
| Fund Balances (Deficits): | | | | |
| Nonspendable | 6,224,280 | - | - | - |
| Restricted | - | 353,809 | - | - |
| Assigned | 5,467,623 | - | - | - |
| Unassigned | 17,147,841 | - | (3,668,043) | (4,996,594) |
| Total Fund Balances (Deficits) | 28,839,744 | 353,809 | (3,668,043) | (4,996,594) |
| Total Liabilities, Deferred inflows of Resources, and Fund Balances | \$ 34,458,757 | \$ 3,629,540 | \$ 1,190,786 | \$ 5,388,938 |

See Notes to Financial Statements.

CITY OF BARSTOW
Balance Sheet
Governmental Funds
June 30, 2023

| | Special Revenue Funds | | |
|--|--------------------------------------|---|---|
| | COVID-19 Grants | Other Governmental Funds | Total Governmental Funds |
| Assets: | | | |
| Pooled cash and investments | \$ 532 | \$ 4,032,196 | \$ 23,186,714 |
| Receivables: | | | |
| Accounts | - | 99,852 | 8,700,449 |
| Taxes | - | 56,910 | 56,910 |
| Accrued interest | - | 23,305 | 139,272 |
| Leases | - | - | 436,447 |
| Prepaid costs | - | 565,696 | 684,911 |
| Due from other governments | - | - | 4,616,062 |
| Due from other funds | - | - | 5,520,682 |
| Advances to other funds | - | - | 6,017,392 |
| Inventories | - | - | 87,673 |
| Total Assets | \$ 532 | \$ 4,777,959 | \$ 49,446,512 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits): | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ - | \$ 5,455,196 |
| Accrued liabilities | - | - | 989,362 |
| Unearned revenues | - | 63,079 | 310,232 |
| Deposits payable | - | - | 44,028 |
| Due to other governments | - | - | 50,695 |
| Due to other funds | - | 575,723 | 5,520,682 |
| Advances from other funds | - | - | 6,017,392 |
| Retentions payable | 532 | 23,263 | 31,176 |
| Total Liabilities | 532 | 662,065 | 18,418,763 |
| Deferred Inflows of resources: | | | |
| Unavailable revenues | - | - | 5,957,344 |
| Leases | - | - | 425,595 |
| Total Deferred Inflows of Resources | - | - | 6,382,939 |
| Fund Balances (Deficits): | | | |
| Nonspendable | - | - | 6,224,280 |
| Restricted | - | 4,131,202 | 4,485,011 |
| Assigned | - | - | 5,467,623 |
| Unassigned | - | (15,308) | 8,467,896 |
| Total Fund Balances (Deficits) | - | 4,115,894 | 24,644,810 |
| Total Liabilities, Deferred inflows of Resources, and Fund Balances | \$ 532 | \$ 4,777,959 | \$ 49,446,512 |

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CITY OF BARSTOW
Reconciliation to the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2023

Fund balances of governmental funds \$ 24,644,810

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of depreciation/amortization have not been included as financial resources in governmental fund activity. 85,981,664

Long-term liabilities, claims liabilities, compensated absences and leases payable that have not been included in the governmental fund activity:

| | | |
|-------------------------------|--------------------|--------------|
| Bonds payable | \$ (26,806,492) | |
| Loans payable | (1,139,210) | |
| Leases payable | (599,140) | |
| Subscriptions payable | (92,699) | |
| Claims and judgements payable | (4,759,275) | |
| Compensated absences | <u>(1,596,868)</u> | (34,993,684) |

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 | (9,188,563) | |
| Safety net pension liability | (7,267,418) | |
| Safety net pension liability - Fire | <u>(7,854,204)</u> | (24,310,185) |

OPEB liabilities are not included in the governmental fund statements, however they are reported in the governmental activities in the Statement of Net Position. (18,393,827)

Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are deferred. 3,486,859

Employer contributions for OPEB were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are deferred. 977,542

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 | 22,031,282 | |
| Deferred outflows of resources - OPEB | 2,100,241 | |
| Deferred inflows of resources - pension | (16,306,278) | |
| Deferred inflows of resources - OPEB | <u>(7,005,259)</u> | 819,986 |

Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds. (188,020)

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. 5,957,344

Net Position of Governmental Activities \$ 43,982,489

CITY OF BARSTOW
Statement of Revenues,
Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

| | Special Revenue Funds | | | |
|--|------------------------------|---|-----------------------|-----------------------|
| | General | Barstow Fire Protection District | | |
| | Measure I | Grants | | |
| Revenues: | | | | |
| Taxes | \$ 30,703,327 | \$ - | \$ 5,823,748 | \$ - |
| Licenses and permits | 520,718 | - | 3,956 | - |
| Intergovernmental | 506,252 | 2,049,259 | 209,330 | 615,012 |
| Charges for services | 1,599,549 | - | - | - |
| Use of money and property | 350,267 | 10,285 | 6,018 | (375) |
| Fines and forfeitures | 145,651 | - | - | - |
| Miscellaneous | 547,973 | - | 129,556 | - |
| Total Revenues | 34,373,737 | 2,059,544 | 6,172,608 | 614,637 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 7,309,941 | - | - | - |
| Public safety | 12,003,525 | 9,021 | 7,844,296 | 112,521 |
| Community development | 2,932,095 | - | - | 41,761 |
| Parks and recreation | 1,512,780 | - | - | - |
| Public works | 4,279,250 | - | - | - |
| Capital outlay | 814,416 | - | - | 305,415 |
| Debt service: | | | | |
| Principal retirement | 136,774 | - | - | - |
| Interest and fiscal charges | 884,783 | - | - | - |
| Total Expenditures | 29,873,564 | 9,021 | 7,844,296 | 459,697 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 4,500,173 | 2,050,523 | (1,671,688) | 154,940 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 6,847,239 | - | 4,736,023 | - |
| Transfers out | (6,605,642) | (1,029,047) | (1,738,488) | (522,940) |
| Financing leases | 627,672 | - | - | - |
| Financing subscription-based IT agreements | 137,517 | - | - | - |
| Proceeds from sale of capital asset | 5,000 | - | - | - |
| Total Other Financing Sources (Uses) | 1,011,786 | (1,029,047) | 2,997,535 | (522,940) |
| Net Change in Fund Balances | 5,511,959 | 1,021,476 | 1,325,847 | (368,000) |
| Fund Balances (Deficits), Beginning of Year | 23,327,785 | (667,667) | (4,993,890) | (4,628,594) |
| Fund Balances (Deficits), End of Year | \$ 28,839,744 | \$ 353,809 | \$ (3,668,043) | \$ (4,996,594) |

See Notes to Financial Statements.

CITY OF BARSTOW
Statement of Revenues,
Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

| | Special Revenue Funds | Other Governmental Funds | Total Governmental Funds |
|--|--------------------------------------|---|---|
| | COVID-19 Grants | | |
| Revenues: | | | |
| Taxes | \$ - | \$ - | \$ 36,527,075 |
| Licenses and permits | - | - | 524,674 |
| Intergovernmental | 5,154,941 | 1,602,725 | 10,137,519 |
| Charges for services | - | - | 1,599,549 |
| Use of money and property | 11,611 | 35,243 | 413,049 |
| Fines and forfeitures | - | - | 145,651 |
| Miscellaneous | - | - | 677,529 |
| Total Revenues | 5,166,552 | 1,637,968 | 50,025,046 |
| Expenditures: | | | |
| Current: | | | |
| General government | - | - | 7,309,941 |
| Public safety | - | 15,452 | 19,984,815 |
| Community development | - | 444 | 2,974,300 |
| Parks and recreation | - | 375 | 1,513,155 |
| Public works | - | 2,693,613 | 6,972,863 |
| Capital outlay | 391,189 | 1,301,440 | 2,812,460 |
| Debt service: | | | |
| Principal retirement | - | 1,609,386 | 1,746,160 |
| Interest and fiscal charges | - | 1,229,674 | 2,114,457 |
| Total Expenditures | 391,189 | 6,850,384 | 45,428,151 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 4,775,363 | (5,212,416) | 4,596,895 |
| Other Financing Sources (Uses): | | | |
| Transfers in | - | 6,778,923 | 18,362,185 |
| Transfers out | (4,770,039) | (86,900) | (14,753,056) |
| Financing leases | - | - | 627,672 |
| Financing subscription-based IT agreements | - | - | 137,517 |
| Proceeds from sale of capital asset | - | - | 5,000 |
| Total Other Financing Sources (Uses) | (4,770,039) | 6,692,023 | 4,379,318 |
| Net Change in Fund Balances | 5,324 | 1,479,607 | 8,976,213 |
| Fund Balances (Deficits), Beginning of Year | (5,324) | 2,636,287 | 15,668,597 |
| Fund Balances (Deficits), End of Year | \$ - | \$ 4,115,894 | \$ 24,644,810 |

See Notes to Financial Statements.

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, 2023

Net change in fund balances - total governmental funds \$ 8,976,213

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/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current period.

| | | |
|------------------------------------|-----------------|-----------|
| Capital outlay | \$ 3,181,228 | |
| Depreciation and amortization | (4,093,905) | |
| Loss on disposal of capital assets | <u>(20,412)</u> | (933,089) |

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Proceeds from debt issuances are reported as a revenue in the governmental funds, but the issuance increases long-term liabilities in the statement of net position.

| | | |
|------------------------|------------------|-----------|
| Principal repayments | 1,746,159 | |
| Lease principal | 278,324 | |
| Lease financing | (625,733) | |
| Subscription payments | 44,818 | |
| Subscription financing | <u>(137,518)</u> | 1,306,050 |

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 112,352

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. 507,690

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 difference are as follows:

| | | |
|---|--------------|-------------|
| Claims and judgements | (448,014) | |
| Pension-related items | (4,921,200) | |
| Other post-employment benefit-related items | <u>2,499</u> | (5,366,715) |

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. 369,802

Change in Net Position of Governmental Activities \$ 4,972,303

CITY OF BARSTOW
Statement of Net Position
Proprietary Funds
June 30, 2023

| | Business-Type Activities - Enterprise Funds | | |
|---|--|---------------------------------|----------------------|
| | Wastewater Reclamation | Solid Waste Disposal | Totals |
| Assets: | | | |
| Current: | | | |
| Cash and investments | \$ 920,560 | \$ 1,412,978 | \$ 2,333,538 |
| Receivables: | | | |
| Accounts | 576,547 | 479,739 | 1,056,286 |
| Accrued interest | 8,276 | 5,822 | 14,098 |
| Prepaid costs | 707 | 418 | 1,125 |
| Total Current Assets | 1,506,090 | 1,898,957 | 3,405,047 |
| Noncurrent: | | | |
| Capital assets: | | | |
| Not being depreciated/amortized | 5,265,587 | - | 5,265,587 |
| Net of accumulated depreciation/amortization | 18,513,119 | 285,987 | 18,799,106 |
| Total Noncurrent Assets | 23,778,706 | 285,987 | 24,064,693 |
| Total Assets | 25,284,796 | 2,184,944 | 27,469,740 |
| Deferred Outflows of Resources: | | | |
| Deferred employer pension contributions | 145,436 | 38,391 | 183,827 |
| Deferred outflows of resources - pension related items | 1,005,308 | 265,372 | 1,270,680 |
| Total Deferred Outflows of Resources | 1,150,744 | 303,763 | 1,454,507 |
| Liabilities: | | | |
| Current: | | | |
| Accounts payable | 113,013 | 573,176 | 686,189 |
| Accrued liabilities | 44,314 | 13,117 | 57,431 |
| Deposits payable | - | 73,877 | 73,877 |
| Accrued compensated absences - due within one year | 43,895 | 11,085 | 54,980 |
| Pollution remediation liability - due within one year | 51,000 | - | 51,000 |
| Leases payable - due within one year | 18,996 | 609 | 19,605 |
| Total Current Liabilities | 271,218 | 671,864 | 943,082 |
| Noncurrent: | | | |
| Accrued compensated absences - due in more than one year | 65,842 | 16,627 | 82,469 |
| Pollution remediation liability - due in more than one year | 5,374,233 | - | 5,374,233 |
| Leases payable - due in more than one year | 38,641 | 8,793 | 47,434 |
| Net pension liability | 1,240,137 | 327,361 | 1,567,498 |
| Total Noncurrent Liabilities | 6,718,853 | 352,781 | 7,071,634 |
| Total Liabilities | 6,990,071 | 1,024,645 | 8,014,716 |
| Deferred Inflows of Resources: | | | |
| Deferred inflows of resources - pension related items | 775,820 | 204,795 | 980,615 |
| Total Deferred Inflows of Resources | 775,820 | 204,795 | 980,615 |
| Net Position: | | | |
| Net investment in capital assets | 23,721,069 | 276,585 | 23,997,654 |
| Unrestricted (deficit) | (5,051,420) | 982,682 | (4,068,738) |
| Total Net Position | \$ 18,669,649 | \$ 1,259,267 | \$ 19,928,916 |

See Notes to Financial Statements.

CITY OF BARSTOW
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2023

| | Business-Type Activities - Enterprise Funds | | |
|---|--|---------------------------------|----------------------|
| | Wastewater Reclamation | Solid Waste Disposal | Totals |
| Operating Revenues: | | | |
| Sales and service charges | \$ 5,500,174 | \$ 6,301,088 | \$ 11,801,262 |
| Miscellaneous | 43,076 | 20,742 | 63,818 |
| Total Operating Revenues | 5,543,250 | 6,321,830 | 11,865,080 |
| Operating Expenses: | | | |
| Administration and general | 124,115 | 328,770 | 452,885 |
| Cost of services | 1,315,138 | 5,199,660 | 6,514,798 |
| Claims expense | 131,986 | 11,713 | 143,699 |
| Depreciation and amortization expense | 957,936 | 22,761 | 980,697 |
| Total Operating Expenses | 2,529,175 | 5,562,251 | 8,091,426 |
| Operating Income (Loss) | 3,014,075 | 759,579 | 3,773,654 |
| Nonoperating Revenues (Expenses): | | | |
| Interest revenue | 22,340 | 6,274 | 28,614 |
| Interest expense | (478) | (44) | (522) |
| Total Nonoperating Revenues (Expenses) | 21,862 | 6,230 | 28,092 |
| Income (Loss) Before Transfers | 3,035,937 | 765,809 | 3,801,746 |
| Transfers out | (3,267,290) | (341,839) | (3,609,129) |
| Changes in Net Position | (231,353) | 423,970 | 192,617 |
| Net Position: | | | |
| Beginning of Year | 18,901,002 | 835,297 | 19,736,299 |
| End of Fiscal Year | \$ 18,669,649 | \$ 1,259,267 | \$ 19,928,916 |

CITY OF BARSTOW
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2023

Business-Type Activities - Enterprise Funds

| | Wastewater Reclamation | Solid Waste Disposal | Totals |
|---|-----------------------------------|---------------------------------|---------------------|
| Cash Flows from Operating Activities: | | | |
| Cash received from customers and users | \$ 5,596,944 | \$ 6,203,024 | \$ 11,799,968 |
| Cash paid to suppliers for goods and services | (1,739,170) | (5,125,318) | (6,864,488) |
| Cash paid to employees for services | (1,157,498) | (109,473) | (1,266,971) |
| Cash received from others | 1,898,096 | 20,742 | 1,918,838 |
| Net Cash Provided (Used) by Operating Activities | 4,598,372 | 988,975 | 5,587,347 |
| Cash Flows from Non-Capital Financing Activities: | | | |
| Cash transfers out | (3,267,290) | (341,839) | (3,609,129) |
| Net Cash Provided (Used) by Non-Capital Financing Activities | (3,267,290) | (341,839) | (3,609,129) |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Acquisition and construction of capital assets | (2,458,973) | (44) | (2,459,017) |
| Principal paid on capital debt and leases | (16,226) | (609) | (16,835) |
| Interest paid on capital debt and leases | (478) | - | (478) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (2,475,677) | (653) | (2,476,330) |
| Cash Flows from Investing Activities: | | | |
| Interest received | 22,340 | 663 | 23,003 |
| Net Cash Provided (Used) by Investing Activities | 22,340 | 663 | 23,003 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (1,122,255) | 647,146 | (475,109) |
| Cash and Cash Equivalents at Beginning of Year | 2,042,815 | 765,832 | 2,808,647 |
| Cash and Cash Equivalents at End of Year | \$ 920,560 | \$ 1,412,978 | \$ 2,333,538 |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: | | | |
| Operating income (loss) | \$ 3,014,075 | \$ 759,579 | \$ 3,773,654 |
| Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities: | | | |
| Depreciation/amortization | 957,936 | 22,761 | 980,697 |
| (Increase) decrease in accounts receivable | 96,770 | (126,970) | (30,200) |
| (Increase) decrease in prepaid expense | (20) | 266 | 246 |
| (Increase) decrease in deferred employer contributions | 1,499,622 | 414,246 | 1,913,868 |
| (Increase) decrease in deferred outflows of resources - pension | (691,739) | (179,094) | (870,833) |
| Increase (decrease) in accounts payable and accrued liabilities | (318,692) | 63,651 | (255,041) |
| Increase (decrease) in deposits payable | - | 28,906 | 28,906 |
| Increase (decrease) in net pension liability | 355,398 | 83,925 | 439,323 |
| Increase (decrease) in deferred inflows of resources - pension | (300,106) | (91,246) | (391,352) |
| Increase (decrease) in compensated absences | (14,872) | 12,951 | (1,921) |
| Total Adjustments | 1,584,297 | 229,396 | 1,813,693 |
| Net Cash Provided (Used) by Operating Activities | \$ 4,598,372 | \$ 988,975 | \$ 5,587,347 |
| Non-Cash Investing, Capital, and Financing Activities: | | | |
| Increase in lease additions | \$ 61,448 | \$ - | \$ 61,448 |

See Notes to Financial Statements.

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FIDUCIARY FUND FINANCIAL STATEMENTS

CITY OF BARSTOW
Statement of Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2023

| | <u>Custodial Funds</u> | <u>Successor Agency Private Purpose Trust Fund</u> |
|--|--------------------------|--|
| Assets: | | |
| Cash and investments | \$ 205,200 | \$ 35,330 |
| Receivables: | | |
| Accounts | 105 | - |
| Taxes | - | 4,000 |
| Accrued interest receivable | 1,331 | 861 |
| Due from other governments | - | 45,461 |
| Land held for resale | - | 2,224,905 |
| Total Assets | <u>206,636</u> | <u>2,310,557</u> |
| Liabilities: | | |
| Accounts payable | 12,140 | - |
| Total Liabilities | <u>12,140</u> | <u>-</u> |
| Net Position: | | |
| Restricted for individuals, organizations, and other governments | 194,496 | 2,310,557 |
| Total Net Position | <u>\$ 194,496</u> | <u>\$ 2,310,557</u> |

CITY OF BARSTOW
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2023

| | <u>Custodial Funds</u> | <u>Successor Agency Private Purpose Trust Fund</u> |
|--|--------------------------|--|
| Additions: | | |
| Collections for assessment districts | \$ 22,148 | \$ - |
| Intergovernmental | - | 21,312 |
| Interest and change in fair value of investments | 2,346 | 6,249 |
| Miscellaneous | - | 1,013 |
| Total Additions | <u>24,494</u> | <u>28,574</u> |
| Deductions: | | |
| Administrative expenses | 7,110 | 36,510 |
| Contractual services | 5,587 | - |
| Interest expense | - | 7,835 |
| Total Deductions | <u>12,697</u> | <u>44,345</u> |
| Net Change in Fiduciary Net Position | 11,797 | (15,771) |
| Net Position - Beginning | <u>182,699</u> | <u>2,326,328</u> |
| Net Position - Ending | <u><u>\$ 194,496</u></u> | <u><u>\$ 2,310,557</u></u> |

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FOOTNOTE DISCLOSURES

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NOTES TO BASIC FINANCIAL STATEMENTS

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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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 are recognized in the period in which the liability is incurred. Grant revenues are recognized when all eligibility requirements imposed by the provider have been met. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34 in 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 2022. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 types are accounted for using the economic resources measurement and the accrual basis of accounting.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following fiduciary funds:

- Custodial Funds – account for receipt of special taxes and assessments used to pay principal and interest on related bonds with no direct City liability. Custodial 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.

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, 2023.

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. Residential 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 |

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, lease and subscription assets, 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 \$10,000 or more |
| Equipment | Costs of \$20,000 or more |
| Infrastructure | Costs of \$100,000 or more |
| Lease and subscription assets | Costs of \$20,000 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 leases and subscription-based information technology arrangements is based on the shorter of the contract 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 |
| Lease and subscription assets | Shorter of the leased asset's useful life or the lease term |

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2023, 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, for example: inventories, prepaid amounts, and long-term notes receivable.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023, the City has assigned fund balance of \$1,093,525 for emergency contingency, and \$4,374,098 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 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 assets 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 assets 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:

Valuation Date June 30, 2021
Measurement Date June 30, 2022
Measurement Period July 1, 2021 to June 30, 2022

CITY OF BARSTOW
Notes to Basic Financial Statements
Year Ended June 30, 2023

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-Type Activities | Fiduciary Funds | Total |
|----------------------------|----------------------------|-----------------------------|--------------------|----------------------|
| Cash and Investments | \$ 23,186,714 | \$ 2,333,538 | \$ 240,530 | \$ 25,760,782 |
| Total Cash and Investments | <u>\$ 23,186,714</u> | <u>\$ 2,333,538</u> | <u>\$ 240,530</u> | <u>\$ 25,760,782</u> |

Cash and investments as of June 30, 2023 consist of the following:

Deposits:

| | |
|-------------------------------------|-----------|
| Cash on Hand | \$ 2,040 |
| Deposits with Financial Institution | 6,614,710 |

Investments

| | |
|------------------------------|----------------------|
| Local Agency Investment Fund | <u>19,144,032</u> |
| Total Cash and Investments | <u>\$ 25,760,782</u> |

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund. The carrying amount of the City's cash deposit was \$6,614,710 at June 30, 2023. Bank balances before reconciling items were \$7,098,741 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 2E.

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.

CITY OF BARSTOW
Notes to Basic Financial Statements
Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (Continued)

| 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 | 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.

C. Disclosures Related to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates that 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 Agency Investment Fund | \$ 19,144,032 | \$ 19,144,032 |
| Total | <u>\$ 19,144,032</u> | <u>\$ 19,144,032</u> |

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.

NOTE 2: CASH AND INVESTMENTS (Continued)

| Investment Type | Fair Value | Legal Minimum Rating | Rating as of Year End Not Rated |
|------------------------------|---------------|-------------------------|---------------------------------------|
| Local Agency Investment Fund | \$ 19,144,032 | N/A | \$ 19,144,032 |
| Total | \$ 19,144,032 | | \$ 19,144,032 |

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.

E. 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, 2023, \$6,848,741 of the City’s deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

F. 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, 2023, 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, 2023, the City had \$19,144,032 invested in LAIF, which had invested 1.46% 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 to the total investments held by LAIF.

CITY OF BARSTOW
Notes to Basic Financial Statements
Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (Continued)

G. 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, 2023 are described on the following page.

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

| Investment Type | Fair Value | Not Subjected to Disclosure |
|--|----------------------|--------------------------------|
| Local Agency Investment Fund | \$ 19,144,032 | \$ 19,144,032 |
| Total Investment Subject to Fair Value | <u>\$ 19,144,032</u> | <u>\$ 19,144,032</u> |

NOTE 3: ACCOUNTS RECEIVABLE

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

| | Accounts Receivable | Allowances for Uncollectibles | Total |
|------------------------------|------------------------|----------------------------------|---------------------|
| Governmental Funds: | | | |
| General | \$ 2,556,249 | \$ (117,848) | \$ 2,438,401 |
| Measure I | 1,039,099 | - | 1,039,099 |
| Barstow Fire District | 59,856 | - | 59,856 |
| Grants | 5,063,241 | - | 5,063,241 |
| Non-Major Governmental Funds | 99,852 | - | 99,852 |
| Proprietary Funds: | | | |
| Wastewater Reclamation | 663,281 | (86,734) | 576,547 |
| Solid Waste Disposal | 556,654 | (76,915) | 479,739 |
| Fiduciary Funds: | | | |
| Custodial Funds | 105 | - | 105 |
| | <u>\$ 10,038,337</u> | <u>\$ (281,497)</u> | <u>\$ 9,756,840</u> |

NOTE 4: INTERFUND BALANCES

The following table presents the interfund balances as of June 30, 2023:

| Due to General Fund | Due from Other Funds |
|------------------------------|-------------------------|
| Grants Fund | \$ 4,944,959 |
| Non-Major Governmental Funds | 575,723 |
| Total | <u>\$ 5,520,682</u> |

CITY OF BARSTOW
Notes to Basic Financial Statements
Year Ended June 30, 2023

NOTE 4: INTERFUND BALANCES (Continued)

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. The Grants Special Revenue Fund and Non-Major Governmental Funds have expenses for which the expected reimbursement has not yet been received as of June 30, 2023.

The following table presents advances as of June 30, 2023:

| | <u>Advances from Other Funds</u> | | |
|-------------------------|--------------------------------------|--|---------------------|
| | Measure I Special Revenue Fund | Barstow Fire Protection District Special Revenue Fund | <u>Total</u> |
| Advances to Other Funds | | | |
| General Fund | <u>\$ 1,700,000</u> | <u>\$ 4,317,392</u> | <u>\$ 6,017,392</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, 2023, 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 2021, the General Fund advanced the Barstow Fire Protection District an additional \$1,243,696. As of June 30, 2023, the total amount owed to the General Fund from the Barstow Fire Protection District Special Revenue Fund is \$ 4,317,392.

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

In the fund financial statements, transfers were as follows:

| Transfers In | <u>Transfers Out</u> | | | | | | | | <u>Total</u> |
|----------------------------------|----------------------|---------------------|--|-------------------|---------------------|---------------------------|-------------------------|------------------------------------|----------------------|
| | General Fund | Measure I | Barstow Fire Protection District | Grants | COVID-19 Grants | Wastewater Reclamation | Solid Waste Disposal | Non-Major Governmental Funds | |
| Governmental Funds: | | | | | | | | | |
| General | \$ - | \$ 16,300 | \$ 884,000 | \$ - | \$ 4,770,039 | \$ 770,000 | \$ 320,000 | \$ 86,900 | \$ 6,847,239 |
| Barstow Fire Protection District | 4,736,023 | - | - | - | - | - | - | - | 4,736,023 |
| Non-Major Governmental Funds | 1,869,619 | 1,012,747 | 854,488 | 522,940 | - | 2,497,290 | 21,839 | - | 6,778,923 |
| Total | <u>\$ 6,605,642</u> | <u>\$ 1,029,047</u> | <u>\$ 1,738,488</u> | <u>\$ 522,940</u> | <u>\$ 4,770,039</u> | <u>\$ 3,267,290</u> | <u>\$ 341,839</u> | <u>\$ 86,900</u> | <u>\$ 18,362,185</u> |

CITY OF BARSTOW
Notes to Basic Financial Statements
Year Ended June 30, 2023

NOTE 5: CAPITAL ASSETS

A summary of changes in the governmental activities capital assets at June 30, 2023 is as follows:

| | Balance July 1, 2022 | Additions | Deletions | Transfers | Balance June 30, 2023 |
|--|-------------------------|---------------------|--------------------|--------------------|--------------------------|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated/amortized | | | | | |
| Land | \$ 9,702,484 | \$ - | \$ (3,349) | \$ - | \$ 9,699,135 |
| Intangible Asset-Water Rights | 17,210,424 | 1,950,530 | - | (1,501,072) | 17,659,882 |
| Construction-in-progress | 85,000 | - | - | - | 85,000 |
| Total capital assets, not being depreciated/amortized | <u>26,997,908</u> | <u>1,950,530</u> | <u>(3,349)</u> | <u>(1,501,072)</u> | <u>27,444,017</u> |
| Capital assets, being depreciated/amortized | | | | | |
| Buildings | 25,508,759 | 78,103 | (6,400) | 269,775 | 25,850,237 |
| Machinery, equipment, and vehicles | 5,196,310 | 386,577 | (222,528) | 1,051,829 | 6,412,188 |
| Lease assets | 463,912 | 627,672 | (322,767) | - | 768,817 |
| Subscription assets | - | 137,518 | - | - | 137,518 |
| Infrastructure | 115,187,519 | 828 | - | 179,468 | 115,367,815 |
| Total capital assets, being depreciated/amortized | <u>146,356,500</u> | <u>1,230,698</u> | <u>(551,695)</u> | <u>1,501,072</u> | <u>148,536,575</u> |
| Less accumulated depreciation/amortization | | | | | |
| Buildings | (16,055,191) | (484,978) | 6,400 | - | (16,533,769) |
| Machinery, equipment, and vehicles | (3,346,272) | (397,092) | 201,930 | - | (3,541,434) |
| Lease assets | (212,576) | (279,607) | 321,302 | - | (170,881) |
| Subscription assets | - | (41,083) | - | - | (41,083) |
| Infrastructure | (66,822,616) | (2,891,145) | - | - | (69,713,761) |
| Total accumulated depreciation/amortization | <u>(86,436,655)</u> | <u>(4,093,905)</u> | <u>529,632</u> | <u>-</u> | <u>(90,000,928)</u> |
| Total capital assets, being depreciated/amortized, net | <u>59,919,845</u> | <u>(2,863,207)</u> | <u>(22,063)</u> | <u>1,501,072</u> | <u>58,535,647</u> |
| Total governmental activities capital assets | <u>\$ 86,917,753</u> | <u>\$ (912,677)</u> | <u>\$ (25,412)</u> | <u>\$ -</u> | <u>\$ 85,979,664</u> |

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

| | |
|---|---------------------|
| General government | \$ 673,657 |
| Public safety | 166,977 |
| Recreation | 199,783 |
| Public works | <u>3,053,488</u> |
| Total depreciation/amortization expense | <u>\$ 4,093,905</u> |

CITY OF BARSTOW
Notes to Basic Financial Statements
Year Ended June 30, 2023

NOTE 5: CAPITAL ASSETS (Continued)

A summary of changes in the business-type activities capital assets at June 30, 2023 is as follows:

| | Balance July 1, 2022 | Additions | Deletions | Transfers | Balance June 30, 2023 |
|--|-------------------------|---------------------|-----------------|-------------|--------------------------|
| Business-type activities: | | | | | |
| Capital assets, not being depreciated/amortized | | | | | |
| Land | \$ 1,657,637 | \$ - | \$ - | \$ - | \$ 1,657,637 |
| Construction-in-progress | 1,757,420 | 1,850,530 | - | - | 3,607,950 |
| Total capital assets, not being depreciated/amortized | <u>3,415,057</u> | <u>1,850,530</u> | <u>-</u> | <u>-</u> | <u>5,265,587</u> |
| Capital assets, being depreciated/amortized | | | | | |
| Buildings | 306,094 | - | - | - | 306,094 |
| Machinery, equipment, and vehicles | 2,712,845 | 130,055 | - | - | 2,842,900 |
| Lease assets | 38,386 | 61,448 | (14,290) | - | 85,544 |
| Infrastructure | 31,369,761 | 423,592 | - | - | 31,793,353 |
| Total capital assets, being depreciated/amortized | <u>34,427,086</u> | <u>615,095</u> | <u>(14,290)</u> | <u>-</u> | <u>35,027,891</u> |
| Less accumulated depreciation/amortization | | | | | |
| Buildings | (223,716) | (4,656) | - | - | (228,372) |
| Machinery, equipment, and vehicles | (1,305,182) | (138,704) | - | - | (1,443,886) |
| Lease assets | (16,033) | (16,650) | 14,290 | - | (18,393) |
| Infrastructure | (13,746,838) | (791,296) | - | - | (14,538,134) |
| Total accumulated depreciation/amortization | <u>(15,291,769)</u> | <u>(951,306)</u> | <u>14,290</u> | <u>-</u> | <u>(16,228,785)</u> |
| Total capital assets, being depreciated/amortized, net | <u>19,135,317</u> | <u>(336,211)</u> | <u>-</u> | <u>-</u> | <u>18,799,106</u> |
| Total business-type activities capital assets | <u>\$ 22,550,374</u> | <u>\$ 1,514,319</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 24,064,693</u> |

Depreciation/amortization expense was charged to functions/programs of business-type funds as follows:

| | |
|---|-------------------|
| Wastewater reclamation | \$ 928,516 |
| Solid waste | <u>22,790</u> |
| Total depreciation/amortization expense | <u>\$ 951,306</u> |

CITY OF BARSTOW
Notes to Basic Financial Statements
Year Ended June 30, 2023

NOTE 6: LONG-TERM DEBT

During the year ended June 30, 2023, the following changes occurred in liabilities reported in long-term debt:

| | Balance July 1, 2022 | Additions | Deletions | Balance June 30, 2023 | Amount Due Within One Year |
|-------------------------------|-------------------------|-------------|---------------------|--------------------------|----------------------------------|
| Governmental Activities: | | | | | |
| Lease Revenue Bonds | \$ 8,245,878 | \$ - | \$ 589,386 | \$ 7,656,492 | \$ 448,714 |
| Pension Obligation Bonds | 20,170,000 | - | 1,020,000 | 19,150,000 | 1,155,000 |
| Loans Payable | 1,275,983 | - | 136,773 | 1,139,210 | 140,146 |
| Total Governmental Activities | <u>\$ 29,691,861</u> | <u>\$ -</u> | <u>\$ 1,746,159</u> | <u>\$ 27,945,702</u> | <u>\$ 1,743,860</u> |

A. Lease Revenue Bonds

In November 2021, the City of Barstow issued \$8,245,878 of 2021 Lease Revenue Bonds at a fixed interest rate of 2.98%. The bonds were issued to provide funds for the Barstow Fire Protection District to refinance its payment obligation to the San Bernardino County Employees' Retirement Association. The payments under the agreement are due on July 1 and January 1 of each year and mature through July 2036.

Annual debt service requirements to maturity for the 2021 Lease Revenue Bonds are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|-----------------------------------|---------------------|-------------------|---------------------|
| 2024 | \$ 140,146 | \$ 27,057 | \$ 167,203 |
| 2025 | 143,600 | 23,603 | 167,203 |
| 2026 | 147,140 | 20,063 | 167,203 |
| 2027 | 150,767 | 16,436 | 167,203 |
| 2028 | 154,483 | 12,720 | 167,203 |
| 2029-2033 | 403,074 | 14,934 | 418,008 |
| Totals | <u>\$ 1,139,210</u> | <u>\$ 114,813</u> | <u>\$ 1,254,023</u> |

B. Pension Obligation Bonds

In April 2022, the City of Barstow issued \$20,170,000 of the 2022 Taxable Pension Obligation Bonds (POBs). The bonds were issued to refund a portion of the City's obligations to the California Public Employee's Retirement System ("CalPERS") under the CalPERS contracts, evidencing all of the City's obligation to pay the City's unfunded actuarial liability to CalPERS. The payments under the agreement are due June and December of each year with interest rates ranging from 3.109% to 4.560% and mature through June 2033.

CITY OF BARSTOW
Notes to Basic Financial Statements
Year Ended June 30, 2023

NOTE 6: LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity for the 2022 Taxable Pension Obligation Bonds are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|-----------------------------------|----------------------|---------------------|----------------------|
| 2024 | \$ 1,155,000 | \$ 831,428 | \$ 1,986,428 |
| 2025 | 1,195,000 | 792,632 | 1,987,632 |
| 2026 | 1,240,000 | 750,149 | 1,990,149 |
| 2027 | 1,285,000 | 703,699 | 1,988,699 |
| 2028 | 1,335,000 | 653,635 | 1,988,635 |
| 2029-2033 | 7,550,000 | 2,388,197 | 9,938,197 |
| 2034-2038 | 5,390,000 | 554,323 | 5,944,323 |
| Totals | \$ 19,150,000 | \$ 6,674,063 | \$ 25,824,063 |

C. Loans Payable

In fiscal year 2021, the City entered into an equipment purchase agreement to finance the cost to refurbish a fire engine, and purchase a new fire apparatus, and hydraulic lift to service the fire apparatus. The total available financing is \$ 1,242,878. During fiscal year 2021-22 the remaining balance of the available funding was utilized. The City is required to make semi-annual payments of \$83,601, including principal and interest at a rate of 2.45% until the year 2030.

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|-----------------------------------|---------------------|-------------------|---------------------|
| 2024 | \$ 140,145 | \$ 27,057 | \$ 167,202 |
| 2025 | 143,600 | 23,603 | 167,203 |
| 2026 | 147,140 | 20,063 | 167,203 |
| 2027 | 150,767 | 16,436 | 167,203 |
| 2028 | 154,483 | 12,720 | 167,203 |
| 2029-2033 | 403,075 | 14,934 | 418,009 |
| Totals | \$ 1,139,210 | \$ 114,813 | \$ 1,254,023 |

NOTE 7: 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, 2023, was \$ 1,596,868 for governmental activities and \$137,449 for business-type activities.

| | Balance June 30, 2022 | Incurred | Satisfied | Balance June 30, 2023 | Due Within One Year |
|--------------------------|--------------------------|--------------|--------------|--------------------------|------------------------|
| Governmental Activities | \$ 2,104,558 | \$ 2,411,256 | \$ 2,918,946 | \$ 1,596,868 | \$ 638,747 |
| Business Type Activities | \$ 139,369 | \$ 221,648 | \$ 223,568 | \$ 137,449 | \$ 54,980 |

CITY OF BARSTOW
Notes to Basic Financial Statements
Year Ended June 30, 2023

NOTE 8: LEASES

Leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and a lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

A. Leases Receivable and Deferred Inflows of Resources

The City leases land and buildings to various companies. The terms by lease type are listed in the table below. Some leases have extension options of ranging from 1.83 to 44.58 years. As of June 30, 2023, the value of the lease receivable is \$436,447. The value of the deferred inflow of resources as of June 30, 2023 was \$425,595, and the amortization of the deferred inflow during the year totaled \$58,706.

The principal and interest payments that are expected to maturity are as follows:

| Fiscal Year | Governmental Activities | | |
|-------------|-------------------------|-------------------|-------------------|
| | Principal Payments | Interest Payments | Total Payments |
| 2024 | \$ 110,842 | \$ 9,402 | \$ 120,245 |
| 2025 | 70,046 | 7,115 | 77,161 |
| 2026 | 22,785 | 6,480 | 29,265 |
| 2027 | 3,315 | 6,340 | 9,654 |
| 2028 | 3,407 | 6,248 | 9,654 |
| 2029 - 2033 | 18,507 | 29,766 | 48,272 |
| 2034 - 2038 | 21,222 | 27,050 | 48,272 |
| 2039 - 2043 | 24,336 | 23,936 | 48,272 |
| 2044 - 2048 | 27,907 | 20,366 | 48,272 |
| 2049 - 2053 | 32,001 | 16,271 | 48,272 |
| 2054 - 2058 | 36,697 | 11,576 | 48,272 |
| 2059 - 2063 | 42,081 | 6,192 | 48,272 |
| 2064 - 2066 | 23,302 | 834 | 24,136 |
| Total | <u>\$ 436,447</u> | <u>\$ 171,575</u> | <u>\$ 608,023</u> |

B. Lease Payable and Lease Assets

The City entered into a master lease agreement with Enterprise FM Trust for the lease of vehicles. The terms range from 36 to 60 months from the date the lease is entered into. The City is required to make monthly payments ranging from \$266 to \$1,461. The leases have an interest rate of ranging from 0.5925% to 2.4806%. The City also leases printers, postage machines and copiers with terms ranging from 36 to 60 months. The City is required to make monthly payments ranging from \$178 to \$815. The leases have an interest rate of 0.8453%.

CITY OF BARSTOW
Notes to Basic Financial Statements
Year Ended June 30, 2023

NOTE 8: LEASES (Continued)

Lease assets are split between governmental and business-type activities, as shown in note 5, and consist the following asset classes at June 30, 2023:

| Asset Class | As of June 30, 2023 | |
|--------------|---------------------|--------------------------|
| | Lease Asset Value | Accumulated Amortization |
| Equipment | \$ 86,945 | \$ 24,378 |
| Vehicles | 767,416 | 164,896 |
| Total Leases | <u>\$ 854,361</u> | <u>\$ 189,274</u> |

As of June 30, 2023, the total value of the lease liability is \$666,179. Future principal and interest requirements to maturity for the lease liability are as follows:

| Fiscal Year | Governmental Activities | | |
|-------------|-------------------------|-------------------|-------------------|
| | Principal Payments | Interest Payments | Total Payments |
| 2024 | \$ 168,243 | \$ 14,266 | \$ 182,509 |
| 2025 | 152,510 | 10,240 | 162,750 |
| 2026 | 122,233 | 6,422 | 128,654 |
| 2027 | 106,443 | 3,092 | 109,534 |
| 2028 | 49,711 | 495 | 50,205 |
| Total | <u>\$ 599,140</u> | <u>\$ 34,514</u> | <u>\$ 633,653</u> |

| Fiscal Year | Business-Type Activities | | |
|-------------|--------------------------|-------------------|------------------|
| | Principal Payments | Interest Payments | Total Payments |
| 2024 | \$ 19,605 | \$ 1,433 | \$ 20,428 |
| 2025 | 15,193 | 1,063 | 16,256 |
| 2026 | 12,547 | 730 | 13,276 |
| 2027 | 11,660 | 401 | 12,061 |
| 2028 | 8,034 | 97 | 8,742 |
| Total | <u>\$ 67,039</u> | <u>\$ 3,723</u> | <u>\$ 70,763</u> |

Lease liability for governmental and business-type funds is as follows:

| Asset Class | Governmental Activities | | | Balance June 30, 2023 | Due Within One Year |
|-----------------------|-------------------------|-------------------|---------------------|-----------------------|---------------------|
| | Balance July 1, 2022 | Additions | Deletions | | |
| Vehicles | \$ 245,624 | \$ 558,349 | \$ (260,254) | \$ 543,719 | \$ 152,681 |
| Equipment | 6,107 | 67,384 | (18,070) | 55,421 | 15,563 |
| Total Lease Liability | <u>\$ 251,731</u> | <u>\$ 625,733</u> | <u>\$ (278,324)</u> | <u>\$ 599,140</u> | <u>\$ 168,243</u> |

| Asset Class | Business-Type Activities | | | Balance June 30, 2023 | Due Within One Year |
|-----------------------|--------------------------|------------------|--------------------|-----------------------|---------------------|
| | Balance July 1, 2022 | Additions | Deletions | | |
| Vehicles | \$ 22,426 | \$ 54,874 | \$ (15,325) | \$ 61,975 | \$ 17,561 |
| Equipment | - | 6,574 | (1,510) | 5,064 | 1,435 |
| Total Lease Liability | <u>\$ 22,426</u> | <u>\$ 61,448</u> | <u>\$ (16,835)</u> | <u>\$ 67,039</u> | <u>\$ 18,996</u> |

CITY OF BARSTOW
Notes to Basic Financial Statements
Year Ended June 30, 2023

NOTE 9: SUBSCRIPTION-BASED TECHNOLOGY ARRANGEMENTS

The City implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and a subscription asset.

| Subscription Liability | Balance as of June 30, 2022 | Additions | Reductions | Balance as of June 30, 2023 | Due Within One Year |
|------------------------------|--------------------------------|------------|------------|--------------------------------|------------------------|
| Governmental Activities | | | | | |
| Office Pro Plus Platform | \$ - | \$ 97,935 | \$ 33,407 | \$ 64,528 | \$ 30,646 |
| Central Intercept X | - | 30,684 | 6,921 | 23,763 | 11,286 |
| Zoho | - | 8,898 | 4,490 | 4,408 | 2,093 |
| Total Subscription Liability | \$ - | \$ 137,517 | \$ 44,818 | \$ 92,699 | \$ 44,025 |

On September 1, 2022, the City entered into a 36 month subscription for the use of Office Pro Plus Platform. An initial subscription liability was recorded in the amount of \$97,935. As of June 30, 2023, the value of the subscription liability is \$64,528. The City is required to make annual fixed payments of \$33,407. The subscription has an interest rate of 2.354%. The value of the subscription asset as of June 30, 2023 is \$97,935 with accumulated amortization of \$27,204.

On September 9, 2023, the City entered into a 14 month subscription for the use of Zoho. An initial subscription liability was recorded in the amount of \$8,898. As of June 30, 2023, the value of the subscription liability is \$4,408. The City is required to make annual fixed payments of \$4,490. The subscription has an interest rate of 1.85%. The value of the subscription asset as of June 30, 2023 is \$8,898 with accumulated amortization of \$6,187.

On July 1, 2022, the City entered into a 47 month subscription for the use of Central Intercept X. An initial subscription liability was recorded in the amount of \$30,684. As of June 30, 2023, the value of the subscription liability is \$23,763. The City is required to make monthly fixed payments of \$745. The subscription has an interest rate of 2.445%. The value of the subscription asset as of June 30, 2023 is \$30,685 with accumulated amortization of \$7,692.

Amount of Subscription Assets

| | Subscription Asset Value | Accumulated Amortization |
|---------------------|-----------------------------|-----------------------------|
| Subscription Assets | \$ 137,518 | \$ 41,083 |

Principal and Interest Requirements to Maturity

| Fiscal Year | Principal Payments | Interest Payments | Total Payments |
|-------------|-----------------------|----------------------|-------------------|
| 2024 | \$ 44,025 | \$ 2,095 | \$ 46,120 |
| 2025 | 40,559 | 1,072 | 41,631 |
| 2026 | 8,115 | 108 | 8,223 |
| Totals | \$ 92,699 | \$ 3,275 | \$ 95,974 |

CITY OF BARSTOW
Notes to Basic Financial Statements
Year Ended June 30, 2023

NOTE 10: POLLUTION REMEDIATION LIABILITY

During the year ended June 30, 2023, the following changes occurred in the City’s Pollution Remediation Liability:

| | Balance July 1, 2022 | Additions | Deletions | Balance June 30, 2023 | Amount Due Within One Year |
|---------------------------------|-------------------------|-----------|-----------|--------------------------|----------------------------------|
| Business Type Activities: | | | | | |
| Pollution Remediation Liability | \$ 5,450,638 | \$ - | \$ 25,405 | \$ 5,425,233 | \$ 51,000 |

On August 2, 2006, the California Regional Water Quality Board issued an order requiring the City of Barstow to take remediation action for wastewater discharges resulting in alleged increases in the nitrate levels in the water supply resulting from the City’s wastewater plant. Major long-term costs associated with the project include quarterly well sampling and reporting; operation and maintenance of a groundwater remediation system and replacement drinking water to select residents. 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 \$3,404,362 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 \$51,000 for the operating and testing costs in fiscal year 2024 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, 2023 is as follows:

| Obligating Event | Liability |
|--|------------------|
| Quarterly Maintenance of Groundwater | \$ 9,600 |
| Operation and Maintenance of Groundwater | 7,595 |
| Replacement Drinking Water | 8,210 |
| Total by Obligating Event | <u>\$ 25,405</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.

NOTE 11: 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.

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.

CITY OF BARSTOW
Notes to Basic Financial Statements
Year Ended June 30, 2023

NOTE 11: RISK MANAGEMENT (Continued)

| | Workers' Compensation | General Liability | Total Claims |
|--|--------------------------|----------------------|---------------------|
| Liability - June 30, 2021 | \$ 2,878,475 | \$ 484,590 | \$ 3,363,065 |
| Claims incurred and Changes in Estimates | 1,888,420 | 918,061 | 2,806,481 |
| Claims payments | <u>(1,672,242)</u> | <u>(181,046)</u> | <u>(1,853,288)</u> |
| Liability - June 30, 2022 | <u>3,094,653</u> | <u>1,221,605</u> | <u>4,316,258</u> |
| Claims incurred and Changes in Estimates | 2,417,566 | 485,007 | 2,902,573 |
| Claims payments | <u>(2,117,302)</u> | <u>(342,254)</u> | <u>(2,459,556)</u> |
| Liability - June 30, 2023 | <u>\$ 3,394,917</u> | <u>\$ 1,364,358</u> | <u>\$ 4,759,275</u> |

At June 30, 2023, claims liabilities of \$678,933 and \$341,090 were due within one year for Workers' Compensation and General Liability, respectively.

NOTE 12: RETIREMENT PLANS

A. Summary of Pension Plan Balances

Pension related balances presented on the Statement of Net Position as of the June 30, 2023, by individual plan are described in the following table:

| | Deferred Employer Contributions | Deferred Outflows- Pension | Net Pension Liability | Deferred Inflows- Pension | Pension Expense |
|--|---------------------------------------|----------------------------------|--------------------------|---------------------------------|---------------------|
| CalPERS Cost Sharing Plan | \$ 2,349,577 | \$ 17,704,342 | \$ (18,023,479) | \$ (16,058,984) | \$ 15,458,183 |
| SBCERA- Barstow Fire Protection District | 1,321,109 | 5,597,620 | (7,854,204) | (1,227,909) | (6,200,887) |
| Total | <u>\$ 3,670,686</u> | <u>\$ 23,301,962</u> | <u>\$ (25,877,683)</u> | <u>\$ (17,286,893)</u> | <u>\$ 9,257,296</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
Year Ended June 30, 2023

NOTE 12: 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 |
| Monthly Benefits, as a % of Annual Salary | 3% | 2.7% |
| Required Employee Contribution Rates | 8.990% | 7.960% |
| Required Employer Contribution Rates | 23.750% | 14.030% |
| Required UAL Payment | \$1,262,233 | \$1,470,741 |
| | <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 |
| Monthly Benefits, as a % of Annual Salary | 2.70% | 2.00% |
| Required Employee Contribution Rates | 13.000% | 6.750% |
| Required Employer Contribution Rates | 12.780% | 7.470% |
| Required UAL Payment | \$8,650 | \$19,715 |

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, 2022, recognized as a reduction to the net pension liability were \$23,404,058.

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

As of June 30, 2023, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$18,023,479.

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, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2021. The City’s proportionate of the net pension liability was based on the City’s plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

CITY OF BARSTOW
Notes to Basic Financial Statements
Year Ended June 30, 2023

NOTE 12: RETIREMENT PLANS (Continued)

The City's proportionate share of the net pension liability for the Plan as of the measurement dates June 30, 2021 and 2022 were as follows:

| | |
|------------------------------|------------------|
| Proportion - June 30, 2021 | 0.39191% |
| Proportion - June 30, 2022 | <u>0.08838%</u> |
| Change - Increase (Decrease) | <u>-0.30353%</u> |

For the year ended June 30, 2023, the City recognized pension expense of \$15,458,183. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Pension Contributions Subsequent to Measurement Date | \$ 2,349,577 | \$ - |
| Changes of Assumptions | 3,622,425 | - |
| Differences Between Expected and Actual Experience | 293,188 | - |
| Changes in Employer's Proportion | - | (16,058,984) |
| Differences Between the Employer's Contribution and the Employer's Proportionate Share of Contributions | 10,670,876 | - |
| Net Differences Between Projected and Actual Earnings on Plan Investments | <u>3,117,853</u> | <u>-</u> |
| Total | <u>\$ 20,053,919</u> | <u>\$ (16,058,984)</u> |

The \$2,349,577 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, 2024.

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 | Deferred Outflows/(Inflows) |
|------------------------------|--------------------------------|
| June 30: | |
| 2023 | \$ 159,073 |
| 2024 | 84,531 |
| 2025 | (86,774) |
| 2026 | <u>1,488,528</u> |
| Total | <u>\$ 1,645,358</u> |

NOTE 12: RETIREMENT PLANS (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2022, 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 | 6.90% |
| Inflation | 2.30% |
| 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 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter |

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021, 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 - Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial 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 6.90% 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 6.90 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90 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.

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

CITY OF BARSTOW
Notes to Basic Financial Statements
Year Ended June 30, 2023

NOTE 12: RETIREMENT PLANS (Continued)

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

| Asset Class ¹ | New Strategic Allocation | Real Return ^{1, 2} |
|--------------------------------|-----------------------------|-----------------------------|
| Global Equity - Cap-weighted | 30.00% | 4.54% |
| Global Equity Non-Cap-weighted | 12.00% | 3.84% |
| Private Equity | 13.00% | 7.28% |
| Treasury | 5.00% | 0.27% |
| Mortgage-Backed Securities | 5.00% | 0.50% |
| Investment Grade Corporates | 10.00% | 1.56% |
| High Yield | 5.00% | 2.27% |
| Emerging Market Debt | 5.00% | 2.48% |
| Private Debt | 5.00% | 3.57% |
| Real Assets | 15.00% | 3.21% |
| Leverage | -5.00% | -0.59% |
| Total | 100.00% | |

¹ An expected price inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

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 | 5.90% |
| Net Pension Liability | \$ 38,245,173 |
| | |
| Current Discount Rate | 6.90% |
| Net Pension Liability | \$ 18,023,479 |
| | |
| 1% Increase | 7.90% |
| Net Pension Liability | \$ 1,432,020 |

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 were enrolled in the City’s retirement program through the SBCERA.

NOTE 12: RETIREMENT PLANS (Continued)

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.

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 benefits 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).

NOTE 12: RETIREMENT PLANS (Continued)

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 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 is equal to \$140,424. These limits are adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

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

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

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

The County of San Bernardino and participating employers contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from SBCERA's actuary after the completion of the annual actuarial valuation.

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

Fire safety members contribute the required employee share of their pension. The percentage of pay varies between 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, 2022 were \$2,141,231.

CITY OF BARSTOW
Notes to Basic Financial Statements
Year Ended June 30, 2023

NOTE 12: RETIREMENT PLANS (Continued)

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

As of June 30, 2023, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$7,854,204. During the 2021-2022 fiscal year, the City of Barstow issued the 2021 Lease Revenue Bonds at a fixed interest rate of 2.98% to provide funds for the Barstow Fire Protection District to refinance its payment obligation to the San Bernardino County Employees' Retirement Association. Under the bonds, the City will make lease payments from any available source of funds, and BFPD will reimburse the City. The payments under the agreement are due on July 1 and January 1 of each year and mature through July 2036.

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, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2021. 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, 2021 and 2022 were as follows:

| | |
|------------------------------|-----------------------|
| Proportion - June 30, 2021 | 0.435% |
| Proportion - June 30, 2022 | <u>0.338%</u> |
| Change - Increase (Decrease) | <u><u>-0.097%</u></u> |

For the year ended June 30, 2023, the City recognized pension expense of (\$6,200,887) at June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Pension Contributions Subsequent to Measurement Date | \$ 1,321,109 | \$ - |
| Changes of Assumptions or Other Inputs | 543,555 | - |
| Changes in Employer's Proportion and Differences Between the Employer's Contribution and the Employer's Proportionate Share of Contributions | 4,858,196 | (907,469) |
| Net Differences Between Projected and Actual Earnings on Plan Investments | - | (143,541) |
| Difference Between Expected and Actual Experience in the Total Pension Liability | 195,869 | (176,899) |
| Total | <u>\$ 6,918,729</u> | <u>\$ (1,227,909)</u> |

The \$1,321,109 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, 2024.

CITY OF BARSTOW
Notes to Basic Financial Statements
Year Ended June 30, 2023

NOTE 12: RETIREMENT PLANS (Continued)

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

| Fiscal Year Ending June 30: | Deferred Outflows/(Inflows) |
|--------------------------------|--------------------------------|
| 2024 | \$ 1,425,247 |
| 2025 | 943,120 |
| 2026 | 332,368 |
| 2027 | 1,587,875 |
| 2028 | 81,101 |
| Total | <u>\$ 4,369,711</u> |

Actuarial Assumptions – The total pension liabilities in the June 30, 2021, actuarial valuations were determined using the following actuarial assumptions:

| | |
|-----------------------|-----------------------------------|
| Valuation Date | June 30, 2021 |
| Measurement Date | June 30, 2022 |
| Actuarial Cost Method | Entry - Age Actuarial Cost Method |

Actuarial Assumptions:

| | |
|--|---|
| Discount Rate | 7.25% |
| Inflation | 2.75% |
| Projected Salary Increase ² | General: 4.55% to 12.75% and Safety: 4.75% to 12.25% |
| Cost of Living Adjustments | CPI increase of 2.75% per year; retiree COLA increases due to CPI subject to a 2.00% maximum change per year. |
| Investment Rate of Return ¹ | 7.25% |
| Mortality | Mortality rates are based on the Pub-2010 Amount Weighted Above-Median Mortality Table projected generationally using the two-dimensional MP-2019 projection scale. For healthy General members, the General Healthy retiree rates increased by 10% were used. For healthy Safety members, the Safety Healthy Retiree rates are used. For disabled General members, the Non-Safety Disabled Retiree rates were used. For disabled Safety members, the Safety Disabled Retiree rates were used. For beneficiaries, the General Contingent Survivor rates increased by 10% were used. |

¹ Net of pension plan investment expenses, including inflation.

² Includes inflation at 2.75% plus real across-the-board salary increase of 0.5% plus merit and promotional increases.

Change of Assumptions - There were no changes in assumptions.

NOTE 12: 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, 2021. 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, 2021.

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, 2021, 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 | 11.00% | 5.42% |
| Small Cap U.S. Equity | 2.00% | 6.21% |
| Developed International Equity | 9.00% | 6.50% |
| Emerging Market Equity | 6.00% | 8.80% |
| U.S. Core Fixed Income | 2.00% | 1.13% |
| High Yield/ Credit Strategies | 13.00% | 3.40% |
| International Core Fixed Income | 1.00% | -0.04% |
| Emerging Market Debt | 8.00% | 3.44% |
| Real Estate | 3.50% | 4.57% |
| Value added real estate | 3.50% | 6.53% |
| Cash & Equivalents | 2.00% | -0.03% |
| International Credit | 11.00% | 5.89% |
| Absolute Return | 7.00% | 3.69% |
| Real Assets | 5.00% | 10.64% |
| Private Equity | 16.00% | 10.70% |
| Total | 100.00% | |

NOTE 12: 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 | \$ | 12,854,316 |
| Current Discount Rate | | 7.25% |
| Net Pension Liability | \$ | 7,854,204 |
| 1% Increase | | 8.25% |
| Net Pension Liability | \$ | 3,764,506 |

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

NOTE 13: POSTEMPLOYMENT HEALTHCARE BENEFITS

A. City of Barstow OPEB Plan

OPEB related balances presented on the Statement of Net Position as of June 30, 2023, 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 | \$ 913,325 | \$ 1,744,762 | \$ (15,105,547) | \$ (5,106,246) | \$ 409,087 |
| Barstow Fire Protection District OPEB Plan | 64,217 | 355,479 | (3,288,280) | (1,899,013) | 565,956 |
| Total | <u>\$ 977,542</u> | <u>\$ 2,100,241</u> | <u>\$ (18,393,827)</u> | <u>\$ (7,005,259)</u> | <u>\$ 975,043</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.

Employee Covered

| | |
|--|------------|
| Inactive plan members currently receiving benefits | 116 |
| Inactive plan members entitled to but not receiving benefits | 41 |
| Active plan members | 134 |
| Total | <u>291</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 2021-2022, the City contributed \$901,111 which were in the form of benefit payments during the period. The City did not make additional contributions to the CERBT trust (CERBT).

CITY OF BARSTOW
Notes to Basic Financial Statements
Year Ended June 30, 2023

NOTE 13: POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

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, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021, based on the following actuarial methods and assumptions

| | |
|----------------------------------|---|
| Valuation Date | June 30, 2021 |
| Measurement Date | June 30, 2022 |
| Actuarial Cost Method | Entry - Age Normal Cost, level percent of pay |
| Actuarial Assumptions: | |
| Discount Rate | 4.09% |
| Inflation | 2.5% per year |
| Salary Increases | 3.0% per year |
| Assumed Wage Inflation | 3.00% |
| Investment Rate of Return | 6.05% ¹ |
| Mortality | 2017 CalPERS Experience Study |
| Post Retirement Benefit Increase | MacLeod Watts Scale 2022 |
| Healthcare Trend | 5.8% in 2023, fluctuates down to 3.9% by 2076 |

¹ Net of pension plan investment expenses and including inflation.

In March 2022, CalPERS updated the project future investment returns for CERBT Strategy 1. CalPERS determined its returns using a building block method and best-estimate ranges of expected future real rates of return for each major classes (expected returns, net of OPEB plan investment expense and inflation). The target allocation and best estimates of geometric real rates of return published by CalPERS for each major class are split for years 1-5 and years 6-20:

| Asset Class | Target Allocation* | Expected Real Return Year 1-5 | Expected Real Return Years 6-20 |
|--|--------------------|-------------------------------|---------------------------------|
| Global Equity | 49.00% | 4.40% | 4.50% |
| Fixed Income | 23.00% | -1.00% | 2.20% |
| Global Real Estate (REITs) | 20.00% | 3.00% | 3.90% |
| Treasury Inflation Protected Securities | 5.00% | -1.80% | 1.30% |
| Commodities | 3.00% | 0.80% | 1.20% |
| Assumed Long-Term Rate of Inflation | | | 2.40% |
| Assumed Long-Term Investment Expenses | | | N/A |
| Expected Long-Term Net Rate of Return, Rounded | | | 6.05% |
| Discount Rate | | | 4.09% |

*Real rates of return come from a geometric representation of returns that assume a general inflation rate of 2.5%.

NOTE 13: POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09 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, 2021 | \$ 20,799,802 | \$ 1,705,877 | \$ 19,093,925 |
| Change in the Year: | | | |
| Service Cost | 535,801 | - | 535,801 |
| Interest | 455,294 | - | 455,294 |
| Changes in Assumptions | (4,307,157) | - | (4,307,157) |
| Benefit Payments | (901,111) | (901,111) | - |
| Contribution - Employer | - | 901,111 | (901,111) |
| Net Investment Income | - | (228,363) | 228,363 |
| Administrative Expenses | - | (432) | 432 |
| Net Changes | (4,217,173) | (228,795) | (3,988,378) |
| Balance at June 30, 2022 | \$ 16,582,629 | \$ 1,477,082 | \$ 15,105,547 |

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, 2022:

| | 1% Decrease 3.09% | Current Discount 4.09% | 1% Increase 5.09% |
|--------------------|----------------------|------------------------------|----------------------|
| Net OPEB Liability | \$ 17,152,143 | \$ 15,105,547 | \$ 13,429,590 |

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, 2022:

| | 1% Decrease 4.8% - 2.9% | Current Healthcare Trend Rate 5.8% - 3.9% | 1% Increase 6.8% - 4.9% |
|--------------------|----------------------------|--|----------------------------|
| Net OPEB Liability | \$ 14,082,263 | \$ 15,105,547 | \$ 16,604,428 |

NOTE 13: POSTEMPLOYMENT 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 recognition |
| All Other Amounts | Expected average remaining service lifetime (EARSL) (6.69 years at June 30, 2022, measurement date) |

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

For the fiscal year ended June 30, 2023, the City recognized OPEB expense of \$409,087. For the fiscal year ended June 30, 2023, the City reported deferred outflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|----------------------------------|
| OPEB Contributions Subsequent to Measurement | \$ 913,325 | \$ - |
| Differences between expected and actual experience | 39,577 | 1,442,909 |
| Changes of Assumptions | 1,588,509 | 3,663,337 |
| Net Difference Between Projected and Actual | 116,676 | - |
| Total | <u>\$ 2,658,087</u> | <u>\$ 5,106,246</u> |

The \$913,325 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022, measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

| Fiscal Year Ending June 30: | Recognized Net Deferred Outflows (Inflows) of Resources |
|--------------------------------|--|
| 2024 | \$ (367,642) |
| 2025 | (412,192) |
| 2026 | (660,171) |
| 2027 | (723,384) |
| 2028 | (753,858) |
| Thereafter | (444,237) |
| Total | <u>\$ (3,361,484)</u> |

NOTE 13: POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

D. Barstow Fire Protection District OPEB Plan

Plan Description

The Barstow Fire Protection District (BFPD) 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 (BFPA) 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.

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 | 5 |
| Inactive Employees Entitled to but not yet Receiving Benefits | 1 |
| Active Employees | <u>22</u> |
| Total | <u><u>28</u></u> |

Contributions

The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. The District must agree to make a defined monthly payment towards the cost of each retiree's coverage. The required contribution is based on projected prefunding financing requirements. For the measurement period 2021-22, the District contributed \$64,217, 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.

NOTE 13: POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021, based on the following actuarial methods and assumptions:

| | |
|----------------------------|---|
| Valuation Date | June 30, 2021 |
| Measurement Date | June 30, 2022 |
| Actuarial Cost Method | Entry - Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 4.10% |
| Inflation | 2.50% |
| Contribution Policy | Contributes full ADC |
| Salary Increases | Varies by Entry Age and Service |
| Projected Salary Increases | 3.00% |
| Mortality | MacLeod Watts Scale 2022 applied generationally |
| Healthcare Trend | 5.8% decreasing to 3.9% in 2076 |

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 1-5 | Expected Real Return Years 6-20 |
|---|--------------------|-------------------------------|---------------------------------|
| Global Equity | 49.00% | 4.40% | 4.50% |
| Fixed Income | 23.00% | -1.00% | 2.20% |
| Global Real Estate (REITs) | 20.00% | 3.00% | 3.90% |
| Treasury Inflation Protected Securities | 5.00% | -1.80% | 1.30% |
| Commodities | 3.00% | 0.80% | 1.20% |

*Real rates of return come from a geometric representation of returns that assume a general inflation rate of 2.5%.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.10 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.

NOTE 13: POSTEMPLOYMENT 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, 2021 | \$ 4,353,123 | \$ 374,844 | \$ 3,978,279 |
| Change in the Year: | | | |
| Service Cost | 633,234 | - | 633,234 |
| Interest on the Total OPEB Liability | 109,198 | - | 109,198 |
| Contribution - Employer | - | 45,608 | (45,608) |
| Benefit Payments | (45,608) | (45,608) | - |
| Net Investment Income | - | 23,237 | (23,237) |
| Administrative Expenses | - | (95) | 95 |
| Investment Experience | - | (73,428) | 73,428 |
| Discount rate changes | (1,437,109) | - | (1,437,109) |
| Net Changes | (740,285) | (50,286) | (689,999) |
| Balance at June 30, 2022 | \$ 3,612,838 | \$ 324,558 | \$ 3,288,280 |

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, 2022:

| | 1% Decrease 3.10% | Current Discount 4.10% | 1% Increase 5.10% |
|--------------------|----------------------|------------------------------|----------------------|
| Net OPEB Liability | \$ 3,952,628 | \$ 3,288,280 | \$ 2,777,261 |

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

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

Recognition of Deferred Outflow and Deferred Inflows of Resources

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

| | |
|--|---|
| Net differences between projected and actual earnings on OPEB plan investments | 5 years straight-line |
| All Other Amounts | Expected average remaining service lifetime (EARSL) (10.72 years at June 30, 2022) |

CITY OF BARSTOW
Notes to Basic Financial Statements
Year Ended June 30, 2023

NOTE 13: POST-EMPLOYMENT HEALTHCARE BENEFITS (Continued)

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$565,956. For the fiscal year ended June 30, 2023, 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 | \$ 64,217 | \$ - |
| Changes of Assumptions | 256,037 | (1,324,824) |
| Differences between expected and actual experience | 72,415 | (574,189) |
| Net Difference Between Projected and Actual | | |
| Earnings on Plan Investments | 27,027 | - |
| Total | <u>\$ 419,696</u> | <u>\$ (1,899,013)</u> |

The \$64,217 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

| Fiscal Year Ending June 30: | Recognized Net Deferred Outflows (Inflows) of Resources |
|--------------------------------|--|
| 2024 | \$ (152,855) |
| 2025 | (153,240) |
| 2026 | (155,238) |
| 2027 | (143,208) |
| 2028 | (155,366) |
| Thereafter | (783,627) |
| Total | <u>\$ (1,543,534)</u> |

NOTE 14: COMMITMENTS AND CONTINGENCIES

A. Pending Litigation

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

B. Construction Commitments

| <u>Project Title</u> | <u>Contract Amount</u> | <u>Expenditures to date as of June 30, 2023</u> | <u>Remaining Commitments</u> |
|---|----------------------------|---|----------------------------------|
| First Avenue Bridge Over BNSF Railroad Track PS&E | \$ 4,610,000 | \$ 4,444,592 | \$ 165,408 |
| First Avenue Bridge Over BNSF Railroad Track ROW | 15,000,000 | 6,468,308 | 8,531,692 |
| First Avenue Bridge Over BNSF Railroad Track CPUC | 5,000,000 | 367,820 | 4,632,180 |
| First Avenue Bridge Over Mojave River | 4,242,837 | 4,202,462 | 40,375 |

CITY OF BARSTOW
Notes to Basic Financial Statements
Year Ended June 30, 2023

NOTE 15: FUND BALANCE FOR GOVERNMENTAL FUNDS

The schedule on the following page illustrates the City's fund balances as of June 30, 2023 for its governmental funds:

| | Major Governmental Funds | | | | | |
|-------------------------------------|---------------------------------|----------------------|-------------------------------|-----------------------------|----------------------------|----------------------|
| | General Fund | Measure I | Barstow Fire Protection | | Non Major Government Funds | Total Government |
| | | Special Revenue Fund | District Special Revenue Fund | Grants Special Revenue Fund | | |
| Fund Balances | | | | | | |
| Nonspendable Fund Balance: | | | | | | |
| Prepays & Inventory | \$ 206,888 | \$ - | \$ - | \$ - | \$ - | \$ 206,888 |
| Advance to Other Funds | 6,017,392 | - | - | - | - | 6,017,392 |
| | <u>6,224,280</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,224,280</u> |
| Restricted Fund Balance for: | | | | | | |
| Public Safety/Fire Protection | - | - | - | - | 192,443 | 192,443 |
| Streets & Highway | - | 353,809 | - | - | 2,568,109 | 2,921,918 |
| Parks and Recreation | - | - | - | - | 1,989 | 1,989 |
| Debt Service | - | - | - | - | 2,381 | 2,381 |
| Low & Moderate Income Housing | - | - | - | - | 447,413 | 447,413 |
| Capital Projects | - | - | - | - | 908,285 | 908,285 |
| Other Purposes | - | - | - | - | 10,582 | 10,582 |
| | <u>-</u> | <u>353,809</u> | <u>-</u> | <u>-</u> | <u>4,131,202</u> | <u>4,485,011</u> |
| Assigned Fund Balance | | | | | | |
| Emergency Contingency Policy | 1,093,525 | - | - | - | - | 1,093,525 |
| Working Capital Reserve | 4,374,098 | - | - | - | - | 4,374,098 |
| | <u>5,467,623</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,467,623</u> |
| Unassigned Fund Balance | | | | | | |
| Other | 17,147,841 | - | (3,668,043) | (4,996,594) | (15,308) | 8,467,896 |
| Total Fund Balances | <u>\$ 28,839,744</u> | <u>\$ 353,809</u> | <u>\$ (3,668,043)</u> | <u>\$ (4,996,594)</u> | <u>\$ 4,115,894</u> | <u>\$ 24,644,810</u> |

NOTE 16: 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
Year Ended June 30, 2023

NOTE 16: MEASURE Q (Continued)

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

| | Fiscal Year | |
|---|----------------------|---------------------|
| | 2022-2023 | 2021-2022 |
| Revenues: | | |
| Measure "Q" sales tax | \$ 10,212,109 | \$ 10,072,279 |
| Use of money and property | (36,805) | 190,213 |
| Miscellaneous income | 36,583 | 5,305 |
| Total Revenues | <u>10,211,887</u> | <u>10,267,797</u> |
| Expenditures: | | |
| General Government | 777,405 | 720,775 |
| Police | 2,610,364 | 2,697,974 |
| Fire | 3,236,021 | 4,220,525 |
| Community Development | 220,401 | 83,270 |
| Parks | - | 60,438 |
| Public Works | 872,605 | 373,721 |
| Total expenditures | <u>7,716,796</u> | <u>8,156,703</u> |
| Current year excess (deficiency) of revenues over expenditures | <u>2,495,091</u> | <u>2,111,094</u> |
| Fund Balance, Beginning of the year | <u>8,402,567</u> | <u>6,291,473</u> |
| Fund Balance, End of Year | <u>\$ 10,897,658</u> | <u>\$ 8,402,567</u> |

Measure Q is reported under the General Fund, and therefore, is not a separate standalone fund. For more information, please refer to the Measure Q section under Note 20.

NOTE 17: 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.

NOTE 17: SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY
(Continued)

Fiduciary Funds – Successor Agency Private Purpose Trust Fund

During the year ended June 30, 2023, the following changes occurred in liabilities reported in long-term debt for Fiduciary Funds:

| | Balance July 1, 2022 | Additions | Deletions | Balance June 30, 2023 |
|---|-------------------------|-------------|---------------------|--------------------------|
| Fiduciary Funds Successor Agency Private Purpose Trust Public Offerings: | | | | |
| Redevelopment Tax Allocation Bonds: | | | | |
| 2004 Tax Allocations Bonds | \$ 815,000 | \$ - | \$ (815,000) | \$ - |
| Total Fiduciary Funds | <u>\$ 815,000</u> | <u>\$ -</u> | <u>\$ (815,000)</u> | <u>\$ -</u> |

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 \$834,153. The principal amount outstanding at June 30, 2023 is \$0 as the 2004 Tax Allocation Bonds were fully paid off.

The last payment for the year ending June 30, 2023 was due on September 1, 2022.

Significant debt payments authorized in the Recognizable Obligations Payment Schedule (ROPS) by the State of California’s Department of Finance and made in FY 2022-23 from the Redevelopment Property Tax Trust Fund (RPTTF) include the following:

| | |
|-----------------------|---------|
| 2004 Bonds: Principal | 815,000 |
| Interest | 19,153 |

In addition, a \$36,510 administration charge was paid to the City of Barstow and other authorized payments were made for other miscellaneous fees.

NOTE 17: SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY
(Continued)

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 18: NEGATIVE FUND BALANCE/NET POSITION

The following funds have negative fund balance as of June 30, 2023:

Barstow Fire Protection District Fund (\$3,668,043) - As projected by staff and discussed with the Board, the District's expenditures exceeded revenues for the fiscal year. The District has 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 is also aware of the increasing fund balance deficit.

Grants Fund (\$4,996,594) – The City made major progress payments for reimbursable grant projects for which it has not been reimbursed.

Harvey House Foundation (\$15,308) – 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.

NOTE 19: BARSTOW FIRE PROTECTION DISTRICT

The Barstow Fire Protection District (District) continues to have a deficit fund balance in fiscal year 2023. In fiscal year 2018, the Board and management studied and reviewed a variety of options to address these concerns.

- Measure Q - In 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 Fire Protection district repaid \$500,000 in 2023, bringing the amount due at June 20, 2023 to \$4,317,392.

CITY OF BARSTOW
Notes to Basic Financial Statements
Year Ended June 30, 2023

NOTE 19: BARSTOW FIRE PROTECTION DISTRICT (Continued)

- 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.

NOTE 20: NET INVESTMENT IN CAPITAL ASSETS

The breakdown for net investment in capital assets for the year ended June 30, 2023 is as follows:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | | <u>Total Business-Type Activities</u> |
|---|------------------------------------|--|--------------------------------------|---|
| | | <u>Wastewater Reclamation Fund</u> | <u>Solid Waste Disposal Fund</u> | |
| Capital assets, net of accumulated depreciation/amortization | \$ 85,981,664 | \$ 23,778,706 | \$ 285,987 | \$ 24,064,693 |
| Less: | | | | |
| Bonds, notes and finance purchase agreements | (1,139,210) | - | - | - |
| Less: Lease liability | (599,140) | (57,637) | (9,402) | (67,039) |
| Less: Subscription liability | (92,699) | - | - | - |
| Net investment in capital assets | <u>\$ 84,150,615</u> | <u>\$ 23,721,069</u> | <u>\$ 276,585</u> | <u>\$ 23,997,654</u> |

REQUIRED SUPPLEMENTARY INFORMATION

NOTE 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.

CITY OF BARSTOW
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2023

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 23,327,785 | \$ 23,327,785 | \$ 23,327,785 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 27,034,000 | 28,186,500 | 30,703,327 | 2,516,827 |
| Licenses and permits | 304,300 | 361,079 | 520,718 | 159,639 |
| Intergovernmental | 384,540 | 957,007 | 506,252 | (450,755) |
| Charges for services | 1,869,975 | 1,505,311 | 1,599,549 | 94,238 |
| Use of money and property | 193,036 | 235,001 | 350,267 | 115,266 |
| Fines and forfeitures | 76,000 | 105,800 | 145,651 | 39,851 |
| Miscellaneous | 164,300 | 441,636 | 547,973 | 106,337 |
| Transfers in | 3,097,100 | 7,363,728 | 6,847,239 | (516,489) |
| Capital leases | - | - | 627,672 | 627,672 |
| Proceeds from sale of capital asset | - | 5,000 | 5,000 | - |
| SBITA proceeds | - | - | 137,517 | 137,517 |
| Amounts Available for Appropriations | 56,451,036 | 62,488,847 | 65,318,950 | 2,830,103 |
| Charges to Appropriation (Outflow): | | | | |
| General government | 6,612,508 | 7,624,146 | 7,309,941 | 314,205 |
| Public safety | 10,737,533 | 12,298,860 | 12,003,525 | 295,335 |
| Community development | 2,717,312 | 3,097,256 | 2,932,095 | 165,161 |
| Parks and recreation | 1,381,459 | 1,655,267 | 1,512,780 | 142,487 |
| Public works | 4,456,276 | 4,558,468 | 4,279,250 | 279,218 |
| Capital outlay | 226,148 | 708,115 | 814,416 | (106,301) |
| Debt service: | | | | |
| Principal retirement | - | - | 136,774 | (136,774) |
| Interest and fiscal charges | 539,203 | 548,903 | 884,783 | (335,880) |
| Transfers out | 6,855,717 | 7,245,141 | 6,605,642 | 639,499 |
| Total Charges to Appropriations | 33,526,156 | 37,736,156 | 36,479,206 | 1,256,950 |
| Budgetary Fund Balance, June 30 | \$ 22,924,880 | \$ 24,752,691 | \$ 28,839,744 | \$ 4,087,053 |

See Notes to Required Supplementary Information.

CITY OF BARSTOW
Budgetary Comparison Schedule
Measure I Special Revenue Fund
Year Ended June 30, 2023

| | <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 | \$ (667,667) | \$ (667,667) | \$ (667,667) | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 6,405,503 | 6,405,816 | 2,049,259 | (4,356,557) |
| Use of money and property | - | - | 10,285 | 10,285 |
| Amounts Available for Appropriations | 5,737,836 | 5,738,149 | 1,391,877 | (4,346,272) |
| Charges to Appropriation (Outflow): | | | | |
| Public safety | - | 33,963 | 9,021 | 24,942 |
| Transfers out | 5,253,032 | 4,446,487 | 1,029,047 | 3,417,440 |
| Total Charges to Appropriations | 5,253,032 | 4,480,450 | 1,038,068 | 3,442,382 |
| Budgetary Fund Balance, June 30 | \$ 484,804 | \$ 1,257,699 | \$ 353,809 | \$ (903,890) |

CITY OF BARSTOW
Budgetary Comparison Schedule
Barstow Fire Protection District Special Revenue Fund
Year Ended June 30, 2023

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-----------------------|-----------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (4,993,890) | \$ (4,993,890) | \$ (4,993,890) | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 4,964,950 | 4,964,950 | 5,823,748 | 858,798 |
| Licenses and permits | 1,000 | 2,351 | 3,956 | 1,605 |
| Intergovernmental | 102,000 | 209,353 | 209,330 | (23) |
| Use of money and property | 8,000 | 10,314 | 6,018 | (4,296) |
| Miscellaneous | - | 5,294 | 129,556 | 124,262 |
| Transfers in | 4,464,802 | 4,854,161 | 4,736,023 | (118,138) |
| Amounts Available for Appropriations | 4,546,862 | 5,052,533 | 5,914,741 | 862,208 |
| Charges to Appropriation (Outflow): | | | | |
| Public safety | 7,558,252 | 8,638,533 | 7,844,296 | 794,237 |
| Transfers out | 1,623,056 | 1,737,138 | 1,738,488 | (1,350) |
| Total Charges to Appropriations | 9,181,308 | 10,375,671 | 9,582,784 | 792,887 |
| Budgetary Fund Balance, June 30 | \$ (4,634,446) | \$ (5,323,138) | \$ (3,668,043) | \$ 1,655,095 |

CITY OF BARSTOW
Budgetary Comparison Schedule
Grants Special Revenue Fund
Year Ended June 30, 2023

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|----------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (4,628,594) | \$ (4,628,594) | \$ (4,628,594) | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 36,541,125 | 37,173,920 | 615,012 | (36,558,908) |
| Use of money and property | - | - | (375) | (375) |
| Amounts Available for Appropriations | 31,912,531 | 32,545,326 | (4,013,957) | (36,559,283) |
| Charges to Appropriation (Outflow): | | | | |
| Public safety | - | 883,123 | 112,521 | 770,602 |
| Community development | 42,198 | 42,198 | 41,761 | 437 |
| Capital outlay | - | 305,383 | 305,415 | (32) |
| Transfers out | 33,998,161 | 17,996,394 | 522,940 | 17,473,454 |
| Total Charges to Appropriations | 34,040,359 | 19,227,098 | 982,637 | 18,244,461 |
| Budgetary Fund Balance, June 30 | \$ (2,127,828) | \$ 13,318,228 | \$ (4,996,594) | \$ (18,314,822) |

CITY OF BARSTOW
Budgetary Comparison Schedule
COVID-19 Grants Special Revenue Fund
Year Ended June 30, 2023

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|--------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (5,324) | \$ (5,324) | \$ (5,324) | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 2,860,488 | 5,154,940 | 5,154,941 | 1 |
| Use of money and property | - | - | 11,611 | 11,611 |
| Amounts Available for Appropriation | 2,855,164 | 5,149,616 | 5,161,228 | 11,612 |
| Charges to Appropriation (Outflow): | | | | |
| General government | - | - | - | - |
| Capital outlay | 428,157 | 418,988 | 391,189 | 27,799 |
| Transfers out | - | 4,766,628 | 4,770,039 | (3,411) |
| Total Charges to Appropriations | 428,157 | 5,185,616 | 5,161,228 | 24,388 |
| Budgetary Fund Balance, June 30 | \$ 2,427,007 | \$ (36,000) | \$ - | \$ 36,000 |

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>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|----------------|----------------|----------------|----------------|
| Measurement Date | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 |
| Proportion of the Net Pension Liability | 0.08838% | 0.39191% | 0.26490% | 0.24588% |
| Proportionate Share of the Net Pension Liability | \$ 18,023,479 | \$ 14,864,924 | \$ 29,751,671 | \$ 26,777,913 |
| Covered-Employee Payroll | \$ 14,750,205 | \$ 9,880,472 | \$ 10,266,253 | \$ 9,842,257 |
| Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll | 122.19% | 150.45% | 289.80% | 272.07% |
| Plan Fiduciary Net Position | \$ 129,524,741 | \$ 123,982,203 | \$ 104,679,650 | \$ 102,046,037 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 87.78% | 89.29% | 77.87% | 75.26% |

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 such as Golden Handshakes, service purchases, and other prior service costs. 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. Additionally, the figures above do not include any liability impact that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes of Assumptions:

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

(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 eight years are shown.

| 2019 | 2018 | 2017 | 2016 |
|------------------|------------------|------------------|------------------|
| <u>6/30/2018</u> | <u>6/30/2017</u> | <u>6/30/2016</u> | <u>6/30/2015</u> |
| 0.25121% | 0.24901% | 0.24341% | 0.20999% |
| \$ 24,207,207 | \$ 24,695,340 | \$ 21,062,463 | \$ 14,413,454 |
| \$ 10,816,083 | \$ 11,891,452 | \$ 10,244,777 | \$ 10,085,135 |
| 223.81% | 207.67% | 205.59% | 142.92% |
| \$ - | \$ - | \$ - | \$ - |
| 75.26% | 73.31% | 74.06% | 79.82% |

CITY OF BARSTOW
CalPERS Cost Sharing Plan
Schedule of Plan Contributions
As of June 30, for the Last Ten Fiscal Years(1)

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|--------------------|------------------------|--------------------|--------------------|
| Actuarially Determined Contribution | \$ 2,349,577 | \$ 3,643,916 | \$ 3,405,375 | \$ 3,124,739 |
| Contribution in Relation to the Actuarially Determined Contribution | <u>(2,349,577)</u> | <u>(23,404,058)</u> | <u>(3,405,375)</u> | <u>(3,124,739)</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ (19,760,142)</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | | |
| Covered Payroll | 14,750,205 | 9,860,498 | 9,880,472 | 10,266,253 |
| | | | | |
| Contributions as a Percentage of Covered Payroll | 15.93% | 237.35% | 34.47% | 30.44% |

(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 eight years are shown.

Note to Schedule:

Valuation Date: June 30, 2020

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 2.5% per year

Payroll Growth 2.5%

Investment rate of return 7.0% net of pension plan investment expense, including inflation

Retirement age All other actuarial assumptions used in the 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.

| 2019 | 2018 | 2017 | 2016 |
|--------------|--------------|--------------|--------------|
| \$ 2,677,140 | \$ 2,533,851 | \$ 2,388,566 | \$ 2,051,026 |
| (2,677,140) | (2,533,851) | (2,388,566) | (2,051,026) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| 9,842,257 | 10,816,083 | 11,891,452 | 10,244,777 |
| 27.20% | 23.43% | 20.09% | 20.02% |

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>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|---------------|---------------|---------------|---------------|
| Measurement Date | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 |
| Proportion of the Net Pension Liability | 0.338% | 0.435% | 0.421% | 0.457% |
| Proportionate Share of the Net Pension Liability | \$ 7,854,204 | \$ 8,433,660 | \$ 16,891,227 | \$ 12,382,040 |
| Covered Payroll | \$ 2,550,102 | \$ 2,430,284 | \$ 2,045,831 | \$ 1,890,826 |
| Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll | 308.00% | 347.02% | 825.64% | 654.85% |
| Plan Fiduciary Net Position | \$ 29,379,425 | \$ 45,633,022 | \$ 33,270,269 | \$ 33,532,575 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 78.91% | 84.40% | 66.33% | 73.03% |

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 eight years are shown.

| 2019 | 2018 | 2017 | 2016 |
|------------------|------------------|------------------|------------------|
| <u>6/30/2018</u> | <u>6/30/2017</u> | <u>6/30/2016</u> | <u>6/30/2015</u> |
| 0.498% | 0.378% | 0.518% | 0.638% |
| \$ 12,626,176 | \$ 9,958,070 | \$ 12,781,554 | \$ 12,395,608 |
| \$ 1,816,148 | \$ 1,776,774 | \$ 2,518,304 | \$ 2,036,785 |
| 695.22% | 560.46% | 507.55% | 608.59% |
| \$ 34,034,011 | \$ 24,486,977 | \$ 18,856,232 | \$ 20,207,792 |
| 72.94% | 71.09% | 76.86% | 80.98% |

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>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|--------------------|-----------------------|--------------------|--------------------|
| Actuarially Determined Contribution | \$ 1,321,109 | \$ 2,141,231 | \$ 2,029,361 | \$ 1,760,542 |
| Contribution in Relation to the Actuarially Determined Contribution | <u>(1,321,109)</u> | <u>(10,276,108)</u> | <u>(2,029,361)</u> | <u>(1,760,542)</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ (8,134,877)</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | | |
| Covered Payroll | 2,605,075 | 2,550,102 | 2,430,284 | 2,045,831 |
| | | | | |
| Contributions as a Percentage of Covered Payroll | 50.71% | 402.97% | 83.50% | 86.06% |

(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 eight years are shown.

Note to Schedule:

Valuation Date: June 30, 2020

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry age normal cost method |
| Amortization method | Level Percent of pay (2.75% 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 | 2.75% per year |
| Salary Increases | 2.75% inflation per year, plus real across-the-board salary increase of 0.50%, plus merit and promotion increases. |
| Investment rate of return | 7.25% net of pension plan investment expense, including inflation |
| Retirement age | 53 years |
| Mortality | Pub-2010 Amount-Weighted Above-Median Mortality Table |

| 2019 | 2018 | 2017 | 2016 |
|--------------|--------------|--------------|--------------|
| \$ 1,625,725 | \$ 1,704,307 | \$ 1,258,947 | \$ 1,407,336 |
| (1,625,725) | (1,704,307) | (1,258,947) | (1,407,336) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| 1,890,826 | 1,816,148 | 1,776,774 | 2,518,304 |
| 85.98% | 93.84% | 70.86% | 55.88% |

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>2023</u> 6/30/2022 | <u>2022</u> 6/30/2021 | <u>2021</u> 6/30/2020 |
|--|---------------------------------|---------------------------------|---------------------------------|
| Changes in Total OPEB Liability | | | |
| Service cost | \$ 535,801 | \$ 565,909 | \$ 532,051 |
| Interest | 455,294 | 577,610 | 586,298 |
| Differences between actual and expected experience | - | (2,058,221) | - |
| Changes in assumptions | (4,307,157) | 991,369 | 353,512 |
| Benefit payments | <u>(901,111)</u> | <u>(851,272)</u> | <u>(759,312)</u> |
| Net change in total OPEB liability | (4,217,173) | (774,605) | 712,549 |
| Total OPEB liability - beginning | <u>20,799,802</u> | <u>21,574,407</u> | <u>20,861,858</u> |
| Total OPEB liability - ending (a) | <u>16,582,629</u> | <u>20,799,802</u> | <u>21,574,407</u> |
| Plan Fiduciary Net Position | | | |
| Contribution - employer | 901,111 | 851,272 | 759,312 |
| Net investment income | (228,363) | 367,993 | 45,704 |
| Benefit payments | (901,111) | (851,272) | (759,312) |
| Administrative expense | (432) | (507) | (632) |
| Other expense | - | - | - |
| Net change in plan fiduciary net position | <u>(228,795)</u> | <u>367,486</u> | <u>45,072</u> |
| Plan fiduciary net position - beginning | <u>1,705,877</u> | <u>1,338,391</u> | <u>1,293,319</u> |
| Plan fiduciary net position - ending (b) | <u>1,477,082</u> | <u>1,705,877</u> | <u>1,338,391</u> |
| Net OPEB Liability/(Assets) - ending (a) - (b) | <u>\$ 15,105,547</u> | <u>\$ 19,093,925</u> | <u>\$ 20,236,016</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 9% | 8% | 6% |
| Covered payroll | \$ 13,424,691 | \$ 12,765,028 | \$ 13,389,701 |
| Net OPEB liability as a percentage of covered payroll | 112.52% | 149.58% | 151.13% |

(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 increased from 218% to 4.09% in measurement period 6/30/2022.

See Notes to Required Supplementary Information.

| 2020 | 2019 | 2018 |
|----------------------|----------------------|----------------------|
| 6/30/2019 | 6/30/2018 | 6/30/2017 |
| \$ 628,854 | \$ 586,241 | \$ 637,325 |
| 557,475 | 559,512 | 497,633 |
| 110,249 | - | - |
| 1,857,556 | 365,110 | (1,110,604) |
| (741,262) | (702,823) | (628,957) |
| 2,412,872 | 808,040 | (604,603) |
| 18,448,986 | 17,640,946 | 18,245,549 |
| 20,861,858 | 18,448,986 | 17,640,946 |
| 741,262 | 702,823 | 628,957 |
| 75,207 | 89,989 | 108,069 |
| (741,262) | (702,823) | (628,957) |
| (261) | (603) | (548) |
| - | (1,496) | - |
| 74,946 | 87,890 | 107,521 |
| 1,218,373 | 1,130,483 | 1,022,962 |
| 1,293,319 | 1,218,373 | 1,130,483 |
| \$ 19,568,539 | \$ 17,230,613 | \$ 16,510,463 |

6% 7% 6%

\$ 12,153,938 \$ 10,550,746 \$ 10,550,746

161.01% 163.31% 156.49%

See Notes to Required Supplementary Information.

CITY OF BARSTOW
Schedule of Contributions - OPEB
As of June 30, for the Last Ten Fiscal Years(1)

| | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---|-------------------|-------------------|-------------------|
| Actuarially Determined Contribution | \$ 1,003,698 | \$ 995,997 | \$ 1,213,266 |
| Contribution in Relation to the Actuarially Determined Contributions | 913,325 | 901,111 | 851,272 |
| Contribution Deficiency (Excess) | <u>\$ 90,373</u> | <u>\$ 94,886</u> | <u>\$ 361,994</u> |
| Covered payroll | \$ 14,750,205 | \$ 13,424,691 | \$ 12,765,028 |
| Contributions as a percentage of covered payroll | 6.19% | 6.71% | 6.67% |

(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:

*Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2023 were from the June 30, 2021 actuarial valuation.

Methods and assumptions used to determine contributions:

| | |
|--------------------------------------|---|
| Valuation Date | 6/30/2021 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Valuation Method/Period | Level percent of pay 20 year open |
| Asset Valuation Method | Market value |
| Inflation | 2.50% |
| Investment Rate of Return | 6.05% |
| Healthcare cost-trend rates | 5.8% in 2023, fluctuates down to 3.9% by 2076 |
| Retirement Age | 50 to 75 |
| Mortality | 2017 CalPERS Experience Study |

See Notes to Required Supplementary Information.

| 2020 | 2019 | 2018 |
|-------------------|-------------------|-------------------|
| \$ 1,085,891 | \$ 1,032,102 | \$ 982,138 |
| 759,312 | 741,262 | 702,823 |
| <u>\$ 326,579</u> | <u>\$ 290,840</u> | <u>\$ 279,315</u> |
| \$ 13,389,701 | \$ 12,153,938 | \$ 10,550,746 |
| 5.67% | 6.10% | 6.66% |

See Notes to Required Supplementary Information.

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 | 2023 6/30/2022 | 2022 6/30/2021 | 2021 6/30/2020 |
|---|--------------------------|--------------------------|--------------------------|
| Changes in Total OPEB Liability | | | |
| Service cost | \$ 633,234 | \$ 573,551 | \$ 544,393 |
| Interest on the total OPEB liability | 109,198 | 127,973 | 111,849 |
| Plan experience | - | (705,883) | - |
| Changes in assumptions | (1,437,109) | 208,292 | 72,167 |
| Changes in benefit terms | - | - | - |
| Benefit payments | (45,608) | (33,966) | (19,568) |
| Net change in total OPEB liability | (740,285) | 169,967 | 708,841 |
| Total OPEB liability - beginning | 4,353,123 | 4,183,156 | 3,474,315 |
| Total OPEB liability - ending (a) | 3,612,838 | 4,353,123 | 4,183,156 |
| Plan Fiduciary Net Position | | | |
| Contribution - employer | 45,608 | 33,966 | 19,568 |
| Net investment income | (50,191) | 80,880 | 10,045 |
| Benefit payments | (45,608) | (33,966) | (19,568) |
| Administrative expense | (95) | (111) | (139) |
| Net change in plan fiduciary net position | (50,286) | 80,769 | 9,906 |
| Plan fiduciary net position - beginning | 374,844 | 294,075 | 284,169 |
| Plan fiduciary net position - ending (b) | 324,558 | 374,844 | 294,075 |
| Net OPEB Liability/(Assets) - ending (a) - (b) | \$ 3,288,280 | \$ 3,978,279 | \$ 3,889,081 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 8.98% | 8.61% | 7.03% |
| Covered payroll | \$ 4,005,521 | \$ 3,624,974 | \$ 2,045,831 |
| Net OPEB liability as a percentage of covered payroll | 82.09% | 109.75% | 190.10% |

(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 increased from 4.10% to 2.20% in measurement period 6/30/2022.

See Notes to Required Supplementary Information.

| 2020 | 2019 | 2018 |
|---------------------|-------------------|-------------------|
| 6/30/2019 | 6/30/2018 | 6/30/2017 |
| \$ 90,956 | \$ 86,320 | \$ 90,934 |
| 29,157 | 26,317 | 21,440 |
| 124,887 | - | - |
| 52,128 | 13,302 | (50,934) |
| 2,355,457 | - | - |
| (14,200) | (12,072) | (12,099) |
| 2,638,385 | 113,867 | 49,341 |
| 835,930 | 722,063 | 672,722 |
| 3,474,315 | 835,930 | 722,063 |
| 14,200 | 12,072 | 12,099 |
| 16,415 | 19,778 | 23,752 |
| (14,200) | (12,072) | (12,099) |
| 57 | (461) | (121) |
| 16,472 | 19,317 | 23,631 |
| 267,697 | 248,380 | 224,749 |
| 284,169 | 267,697 | 248,380 |
| \$ 3,190,146 | \$ 568,233 | \$ 473,683 |

| | | |
|-------|--------|--------|
| 8.18% | 32.02% | 34.40% |
|-------|--------|--------|

| | | |
|--------------|--------------|--------------|
| \$ 2,758,300 | \$ 2,611,101 | \$ 2,537,528 |
|--------------|--------------|--------------|

| | | |
|---------|--------|--------|
| 115.66% | 21.76% | 18.67% |
|---------|--------|--------|

See Notes to Required Supplementary Information.

BARSTOW FIRE PROTECTION DISTRICT PLAN
Schedule of Contributions - OPEB
As of June 30, for the Last Ten Fiscal Years(1)

| | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---|-------------------|-------------------|-------------------|
| Actuarially Determined Contribution | \$ 408,795 | \$ 376,137 | \$ 366,074 |
| Contribution in Relation to the Actuarially Determined Contributions | 64,217 | 45,608 | 33,966 |
| Contribution Deficiency (Excess) | <u>\$ 344,578</u> | <u>\$ 330,529</u> | <u>\$ 332,108</u> |
| Covered payroll | \$ 4,272,131 | \$ 4,005,521 | \$ 3,624,974 |
| Contributions as a percentage of covered payroll | 1.50% | 1.14% | 0.94% |

(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 2023 were from the June 30, 2021 actuarial valuation.

Methods and assumptions used to determine contributions:

| | |
|--------------------------------------|---|
| Valuation Date | 6/30/2021 |
| 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 | 6.20% |
| Healthcare cost-trend rates | 5.8% in 2023, fluctuating to 3.9% by 2076 |
| Retirement Age | 45 to 65 years |
| Mortality | SBCERA 2017 Experience Study |

See Notes to Required Supplementary Information.

| 2020 | 2019 | 2018 |
|-------------------|------------------|------------------|
| \$ 335,358 | \$ 64,738 | \$ 62,732 |
| 19,568 | 14,200 | 12,072 |
| <u>\$ 315,790</u> | <u>\$ 50,538</u> | <u>\$ 50,660</u> |
| \$ 2,045,831 | \$ 2,758,300 | \$ 2,611,101 |
| 0.96% | 0.51% | 0.46% |

See Notes to Required Supplementary Information.

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SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUES FUNDS

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

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

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

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

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

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

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

Public Safety COPS Program Fund is used to account for the Supplemental Law Enforcement funds used for front line law enforcement services, and for the purchase of equipment to assist law enforcement to prevent and reduce crime.

CAPITAL PROJECTS FUND

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

Debt Service Fund is used for the payment of principal and interest on the 2021 Lease Revenue Bonds and the 2022 Taxable Pension Obligation Bonds.

CITY OF BARSTOW
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

| | Special Revenue Funds | | | |
|--|------------------------------|----------------------|--|--|
| | Gas Tax | Asset Seizure | Barstow Harvey House Foundation | Redevelopment Housing Successor |
| Assets: | | | | |
| Pooled cash and investments | \$ 2,205,568 | \$ 85,103 | \$ - | \$ 444,311 |
| Receivables: | | | | |
| Accounts | 99,852 | - | - | - |
| Taxes | 56,910 | - | - | - |
| Accrued interest | 11,623 | - | - | 3,102 |
| Prepaid costs | - | - | - | - |
| Total Assets | \$ 2,373,953 | \$ 85,103 | \$ - | \$ 447,413 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Unearned revenues | \$ - | \$ 63,079 | \$ - | \$ - |
| Due to other funds | - | - | 15,308 | - |
| Retentions payable | - | - | - | - |
| Total Liabilities | - | 63,079 | 15,308 | - |
| Fund Balances: | | | | |
| Restricted | 2,373,953 | 22,024 | - | 447,413 |
| Unassigned | - | - | (15,308) | - |
| Total Fund Balances | 2,373,953 | 22,024 | (15,308) | 447,413 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 2,373,953 | \$ 85,103 | \$ - | \$ 447,413 |

CITY OF BARSTOW
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

(Continued)

| | Special Revenue Funds | | | |
|--|----------------------------------|-------------------------|------------------|-------------------------------|
| | Barstow Community Services | Local Transportation | Flood Control | Public Safety COPS Program |
| Assets: | | | | |
| Pooled cash and investments | \$ 1,974 | \$ 192,991 | \$ 10,509 | \$ 166,303 |
| Receivables: | | | | |
| Accounts | - | - | - | - |
| Taxes | - | - | - | - |
| Accrued interest | 15 | 1,165 | 73 | 1,216 |
| Prepaid costs | - | - | - | 2,900 |
| Total Assets | \$ 1,989 | \$ 194,156 | \$ 10,582 | \$ 170,419 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Unearned revenues | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | - | - | - | - |
| Retentions payable | - | - | - | - |
| Total Liabilities | - | - | - | - |
| Fund Balances: | | | | |
| Restricted | 1,989 | 194,156 | 10,582 | 170,419 |
| Unassigned | - | - | - | - |
| Total Fund Balances | 1,989 | 194,156 | 10,582 | 170,419 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 1,989 | \$ 194,156 | \$ 10,582 | \$ 170,419 |

CITY OF BARSTOW
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

| | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | |
|--|----------------------------------|------------------------------|---|
| | <u>City Capital Projects</u> | <u>Debt Service</u> | <u>Total Governmental Funds</u> |
| Assets: | | | |
| Pooled cash and investments | \$ 925,437 | \$ - | \$ 4,032,196 |
| Receivables: | | | |
| Accounts | - | - | 99,852 |
| Taxes | - | - | 56,910 |
| Accrued interest | 6,111 | - | 23,305 |
| Prepaid costs | - | 562,796 | 565,696 |
| Total Assets | <u>\$ 931,548</u> | <u>\$ 562,796</u> | <u>\$ 4,777,959</u> |
| Liabilities and Fund Balances: | | | |
| Liabilities: | | | |
| Unearned revenues | \$ - | \$ - | \$ 63,079 |
| Due to other funds | - | 560,415 | 575,723 |
| Retentions payable | 23,263 | - | 23,263 |
| Total Liabilities | <u>23,263</u> | <u>560,415</u> | <u>662,065</u> |
| Fund Balances: | | | |
| Restricted | 908,285 | 2,381 | 4,131,202 |
| Unassigned | - | - | (15,308) |
| Total Fund Balances | <u>908,285</u> | <u>2,381</u> | <u>4,115,894</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 931,548</u> | <u>\$ 562,796</u> | <u>\$ 4,777,959</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, 2023

| | Special Revenue Funds | | | |
|--|------------------------------|----------------------|--|--|
| | Gas Tax | Asset Seizure | Barstow Harvey House Foundation | Redevelopment Housing Successor |
| Revenues: | | | | |
| Intergovernmental | \$ 1,160,840 | \$ - | \$ - | \$ - |
| Use of money and property | 13,515 | 83 | - | 5,849 |
| Miscellaneous | - | - | - | - |
| Total Revenues | 1,174,355 | 83 | - | 5,849 |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | - | 4,095 | - | - |
| Community development | - | - | - | 69 |
| Parks and recreation | - | - | 375 | - |
| Public works | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | - | 4,095 | 375 | 69 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,174,355 | (4,012) | (375) | 5,780 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (6,900) | - | - | - |
| Total Other Financing Sources (Uses) | (6,900) | - | - | - |
| Net Change in Fund Balances | 1,167,455 | (4,012) | (375) | 5,780 |
| Fund Balances, Beginning of Year | 1,206,498 | 26,036 | (14,933) | 441,633 |
| Fund Balances, End of Year | \$ 2,373,953 | \$ 22,024 | \$ (15,308) | \$ 447,413 |

CITY OF BARSTOW
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

(Continued)

| | Special Revenue Funds | | | |
|--|---|---------------------------------|----------------------|---------------------------------------|
| | Barstow Community Services | Local Transportation | Flood Control | Public Safety COPS Program |
| Revenues: | | | | |
| Intergovernmental | \$ - | \$ 63,641 | \$ - | \$ 315,476 |
| Use of money and property | 528 | 1,762 | 138 | 2,281 |
| Miscellaneous | - | - | - | - |
| Total Revenues | 528 | 65,403 | 138 | 317,757 |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | - | - | - | 11,357 |
| Community development | 375 | - | - | - |
| Parks and recreation | - | - | - | - |
| Public works | - | - | - | - |
| Capital outlay | - | - | - | 55,190 |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | 375 | - | - | 66,547 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 153 | 65,403 | 138 | 251,210 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | (80,000) |
| Total Other Financing Sources (Uses) | - | - | - | (80,000) |
| Net Change in Fund Balances | 153 | 65,403 | 138 | 171,210 |
| Fund Balances, Beginning of Year | 1,836 | 128,753 | 10,444 | (791) |
| Fund Balances, End of Year | \$ 1,989 | \$ 194,156 | \$ 10,582 | \$ 170,419 |

CITY OF BARSTOW
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

| | <u>Capital Projects Fund</u> | <u>Debt Service Funds</u> | |
|--|----------------------------------|-------------------------------|---|
| | <u>City Capital Projects</u> | <u>Debt Service</u> | <u>Total Governmental Funds</u> |
| Revenues: | | | |
| Intergovernmental | \$ 62,768 | \$ - | \$ 1,602,725 |
| Use of money and property | 11,087 | - | 35,243 |
| Miscellaneous | - | - | - |
| Total Revenues | 73,855 | - | 1,637,968 |
| Expenditures: | | | |
| Current: | | | |
| Public safety | - | - | 15,452 |
| Community development | - | - | 444 |
| Parks and recreation | - | - | 375 |
| Public works | 2,693,613 | - | 2,693,613 |
| Capital outlay | 1,246,250 | - | 1,301,440 |
| Debt service: | | | |
| Principal retirement | - | 1,609,386 | 1,609,386 |
| Interest and fiscal charges | - | 1,229,674 | 1,229,674 |
| Total Expenditures | 3,939,863 | 2,839,060 | 6,850,384 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (3,866,008) | (2,839,060) | (5,212,416) |
| Other Financing Sources (Uses): | | | |
| Transfers in | 3,939,863 | 2,839,060 | 6,778,923 |
| Transfers out | - | - | (86,900) |
| Total Other Financing Sources (Uses) | 3,939,863 | 2,839,060 | 6,692,023 |
| Net Change in Fund Balances | 73,855 | - | 1,479,607 |
| Fund Balances, Beginning of Year | 834,430 | 2,381 | 2,636,287 |
| Fund Balances, End of Year | \$ 908,285 | \$ 2,381 | \$ 4,115,894 |

CITY OF BARSTOW
Budgetary Comparison Schedule
Gas Tax
Year Ended June 30, 2023

| | <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 | \$ 1,206,498 | \$ 1,206,498 | \$ 1,206,498 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 1,263,595 | 1,067,000 | 1,160,840 | 93,840 |
| Use of money and property | - | - | 13,515 | 13,515 |
| Amounts Available for Appropriations | 2,470,093 | 2,273,498 | 2,380,853 | 107,355 |
| Charges to Appropriation (Outflow): | | | | |
| Transfers out | 29,900 | 392,480 | 6,900 | 385,580 |
| Total Charges to Appropriations | 29,900 | 392,480 | 6,900 | 385,580 |
| Budgetary Fund Balance, June 30 | \$ 2,440,193 | \$ 1,881,018 | \$ 2,373,953 | \$ 492,935 |

CITY OF BARSTOW
Budgetary Comparison Schedule
Asset Seizure
Year Ended June 30, 2023

| | <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 | \$ 26,036 | \$ 26,036 | \$ 26,036 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | - | - | 83 | 83 |
| Amounts Available for Appropriations | 26,036 | 26,036 | 26,119 | 83 |
| Charges to Appropriation (Outflow): | | | | |
| Public safety | 7,500 | 7,500 | 4,095 | 3,405 |
| Total Charges to Appropriations | 7,500 | 7,500 | 4,095 | 3,405 |
| Budgetary Fund Balance, June 30 | \$ 18,536 | \$ 18,536 | \$ 22,024 | \$ 3,488 |

CITY OF BARSTOW
Budgetary Comparison Schedule
Barstow Harvey House Foundation
Year Ended June 30, 2023

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (14,933) | \$ (14,933) | \$ (14,933) | \$ - |
| Amounts Available for Appropriation | (14,933) | (14,933) | (14,933) | - |
| Charges to Appropriation (Outflow): | | | | |
| Parks and recreation | 325 | 425 | 375 | 50 |
| Total Charges to Appropriations | 325 | 425 | 375 | 50 |
| Budgetary Fund Balance, June 30 | \$ (15,258) | \$ (15,358) | \$ (15,308) | \$ 50 |

CITY OF BARSTOW
Budgetary Comparison Schedule
Redevelopment Housing Successor
Year Ended June 30, 2023

| | <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 | \$ 441,633 | \$ 441,633 | \$ 441,633 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | - | - | 5,849 | 5,849 |
| Amounts Available for Appropriations | 441,633 | 441,633 | 447,482 | 5,849 |
| Charges to Appropriation (Outflow): | | | | |
| Community development | - | 69 | 69 | - |
| Total Charges to Appropriations | - | 69 | 69 | - |
| Budgetary Fund Balance, June 30 | \$ 441,633 | \$ 441,564 | \$ 447,413 | \$ 5,849 |

CITY OF BARSTOW
Budgetary Comparison Schedule
Barstow Community Services Foundation
Year Ended June 30, 2023

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-----------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 1,836 | \$ 1,836 | \$ 1,836 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | - | 500 | 528 | 28 |
| Miscellaneous | - | - | - | - |
| Amounts Available for Appropriations | 1,836 | 2,336 | 2,364 | 28 |
| Charges to Appropriation (Outflow): | | | | |
| Community development | 335 | 435 | 375 | 60 |
| Total Charges to Appropriations | 335 | 435 | 375 | 60 |
| Budgetary Fund Balance, June 30 | \$ 1,501 | \$ 1,901 | \$ 1,989 | \$ 88 |

CITY OF BARSTOW
Budgetary Comparison Schedule
Local Transportation
Year Ended June 30, 2023

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 128,753 | \$ 128,753 | \$ 128,753 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | - | 63,641 | 63,641 | - |
| Use of money and property | - | - | 1,762 | 1,762 |
| Amounts Available for Appropriations | 128,753 | 192,394 | 194,156 | 1,762 |
| Budgetary Fund Balance, June 30 | \$ 128,753 | \$ 192,394 | \$ 194,156 | \$ 1,762 |

CITY OF BARSTOW
Budgetary Comparison Schedule
Flood Control
Year Ended June 30, 2023

| | <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 | \$ 10,444 | \$ 10,444 | \$ 10,444 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | - | - | 138 | 138 |
| Amounts Available for Appropriations | 10,444 | 10,444 | 10,582 | 138 |
| Budgetary Fund Balance, June 30 | \$ 10,444 | \$ 10,444 | \$ 10,582 | \$ 138 |

CITY OF BARSTOW
Budgetary Comparison Schedule
Public Safety Cops Program
Year Ended June 30, 2023

| | <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 | \$ (791) | \$ (791) | \$ (791) | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 100,000 | 165,282 | 315,476 | 150,194 |
| Use of money and property | - | - | 2,281 | 2,281 |
| Amounts Available for Appropriations | 99,209 | 164,491 | 316,966 | 152,475 |
| Charges to Appropriation (Outflow): | | | | |
| Public safety | 20,000 | 31,000 | 11,357 | 19,643 |
| Capital outlay | - | 55,568 | 55,190 | 378 |
| Debt service: | | | | |
| Transfers out | 80,000 | 80,000 | 80,000 | - |
| Total Charges to Appropriations | 100,000 | 166,568 | 146,547 | 20,021 |
| Budgetary Fund Balance, June 30 | \$ (791) | \$ (2,077) | \$ 170,419 | \$ 172,496 |

CITY OF BARSTOW
Budgetary Comparison Schedule
Debt Service Fund
Year Ended June 30, 2023

| | <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 | \$ 2,381 | \$ 2,381 | \$ 2,381 | \$ - |
| Resources (Inflows): | | | | |
| Transfers in | 2,724,630 | 2,839,089 | 2,839,060 | (29) |
| Amounts Available for Appropriation | 2,727,011 | 2,841,470 | 2,841,441 | (29) |
| Charges to Appropriation (Outflow): | | | | |
| Debt service: | | | | |
| Principal retirement | 1,609,386 | 1,609,386 | 1,609,386 | - |
| Interest and fiscal charges | 1,115,244 | 1,234,326 | 1,229,675 | 4,651 |
| Total Charges to Appropriations | 2,724,630 | 2,843,712 | 2,839,061 | 4,651 |
| Budgetary Fund Balance, June 30 | \$ 2,381 | \$ (2,242) | \$ 2,380 | \$ 4,622 |

CITY OF BARSTOW
Budgetary Comparison Schedule
City Capital Projects
Year Ended June 30, 2023

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 834,430 | \$ 834,430 | \$ 834,430 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | - | 37,339 | 62,768 | 25,429 |
| Use of money and property | - | - | 11,087 | 11,087 |
| Transfers in | 42,270,242 | 25,934,008 | 3,939,863 | (21,994,145) |
| Amounts Available for Appropriations | 43,104,672 | 26,805,777 | 4,848,148 | (21,957,629) |
| Charges to Appropriation (Outflow): | | | | |
| Community development | 106,804 | 255,144 | - | 255,144 |
| Public works | 835,465 | 4,671,543 | 2,693,613 | 1,977,930 |
| Capital outlay | 44,298,603 | 21,007,321 | 1,246,250 | 19,761,071 |
| Transfers out | - | 250,201 | - | 250,201 |
| Total Charges to Appropriations | 45,240,872 | 26,184,209 | 3,939,863 | 22,244,346 |
| Budgetary Fund Balance, June 30 | \$ (2,136,200) | \$ 621,568 | \$ 908,285 | \$ 286,717 |

CUSTODIAL 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.

CITY OF BARSTOW
Combining Statement of Fiduciary Net Position
All Custodial Funds
June 30, 2023

| | Public Improvement District 91-1 | Landscape Assessment District | Totals |
|--|---|--|-------------------|
| Assets: | | | |
| Cash and investments | \$ 96,934 | \$ 108,266 | \$ 205,200 |
| Receivables: | | | |
| Accounts | - | 105 | 105 |
| Accrued interest receivable | 677 | 654 | 1,331 |
| Total Assets | 97,611 | 109,025 | 206,636 |
| Liabilities: | | | |
| Accounts payable | - | 12,140 | 12,140 |
| Total Liabilities | - | 12,140 | 12,140 |
| Net Position: | | | |
| Restricted for individuals, organizations, and other governments | 97,611 | 96,885 | 194,496 |
| Total Net Position | \$ 97,611 | \$ 96,885 | \$ 194,496 |

CITY OF BARSTOW
Combining Statement of Changes in Fiduciary Net Position
All Custodial Funds
For the Year Ended Year Ended June 30, 2023

| | Public Improvement District 91-1 | Landscape Assessment District | Totals |
|---|---|--|-------------------|
| Additions: | | | |
| Investment earnings: | | | |
| Interest | \$ 1,276 | \$ 1,070 | \$ 2,346 |
| Net investment earnings | 1,276 | 1,070 | 2,346 |
| Collections for assessment districts | - | 22,148 | 22,148 |
| Total Additions | 1,276 | 23,218 | 24,494 |
| Deductions: | | | |
| Administrative expenses | - | 7,110 | 7,110 |
| Contractual services | - | 5,587 | 5,587 |
| Total Deductions | - | 12,697 | 12,697 |
| Net Increase (Decrease) in Fiduciary Net Position | 1,276 | 10,521 | 11,797 |
| Net Position - Beginning | 96,335 | 86,364 | 182,699 |
| Net Position - End of the Year | \$ 97,611 | \$ 96,885 | \$ 194,496 |

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STATISTICAL SECTION

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

| 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. | 145 |
| Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenues sources, property tax and sales tax. | 150 |
| 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. | 158 |
| 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. | 163 |
| 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. | 165 |

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

| | Fiscal Year | | | | | | | | | |
|---|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Governmental Activities: | | | | | | | | | | |
| Net investment in | | | | | | | | | | |
| capital assets | \$ 73,335,444 | \$ 76,362,833 | \$ 80,392,246 | \$ 81,895,762 | \$ 82,945,793 | \$ 83,892,867 | \$ 83,177,722 | \$ 83,193,605 | \$ 85,392,038 | \$ 84,182,513 |
| Restricted | 6,079,590 | 2,245,332 | 1,912,180 | 2,122,953 | 2,815,993 | 4,321,280 | 4,856,154 | 2,060,032 | 2,652,011 | 4,485,010 |
| Unrestricted | 1,591,292 | 777,665 | (4,892,883) | (15,011,733) | (36,244,461) | (40,010,751) | (48,226,357) | (47,612,389) | (49,033,863) | (44,227,542) |
| Total Governmental Activities Net Position | \$ 81,006,326 | \$ 79,385,830 | \$ 77,411,543 | \$ 69,006,982 | \$ 49,517,325 | \$ 48,203,396 | \$ 39,807,519 | \$ 37,641,248 | \$ 39,010,186 | \$ 44,439,981 |
| Business-type Activities: | | | | | | | | | | |
| Net investment in | | | | | | | | | | |
| capital assets | \$ 23,983,537 | \$ 28,045,832 | \$ 22,332,269 | \$ 22,376,249 | \$ 22,036,073 | \$ 22,493,982 | \$ 22,443,932 | \$ 21,922,426 | \$ 22,527,948 | \$ 23,997,654 |
| Unrestricted | (10,547,818) | (14,863,742) | (12,179,023) | (10,757,834) | (9,598,849) | (8,538,249) | (7,598,760) | (5,702,487) | (2,791,649) | (4,068,738) |
| Total Business-type Activities Net Position | \$ 13,435,719 | \$ 13,182,090 | \$ 10,153,246 | \$ 11,618,415 | \$ 12,437,224 | \$ 13,955,733 | \$ 14,845,172 | \$ 16,219,939 | \$ 19,736,299 | \$ 19,928,916 |
| Primary Government: | | | | | | | | | | |
| Net investment in | | | | | | | | | | |
| capital assets | \$ 97,318,981 | \$ 104,408,665 | \$ 102,724,515 | \$ 104,272,011 | \$ 104,981,866 | \$ 106,386,849 | \$ 105,621,654 | \$ 105,116,031 | \$ 107,919,986 | \$ 108,180,167 |
| Restricted | 6,079,590 | 2,245,332 | 1,912,180 | 2,122,953 | 2,815,993 | 4,321,280 | 4,856,154 | 2,060,032 | 2,652,011 | 4,485,010 |
| Unrestricted | (8,956,526) | (14,086,077) | (17,071,906) | (25,769,567) | (45,843,310) | (48,549,000) | (55,825,117) | (53,314,876) | (51,825,512) | (48,296,280) |
| Total Primary Government Net Position | \$ 94,442,045 | \$ 92,567,920 | \$ 87,564,789 | \$ 80,625,397 | \$ 61,954,549 | \$ 62,159,129 | \$ 54,652,691 | \$ 53,861,187 | \$ 58,746,485 | \$ 64,368,897 |

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

| | Fiscal Year | | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Expenses: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 3,040,319 | \$ 2,340,584 | \$ 3,453,207 | \$ 4,243,537 | \$ 3,407,933 | \$ 3,195,349 | \$ 4,539,158 | \$ 7,178,050 | \$ 11,261,122 | \$ 9,714,186 |
| Public safety | 13,263,509 | 13,655,432 | 14,618,441 | 16,507,044 | 16,367,119 | 18,968,397 | 23,887,685 | 22,274,486 | 20,727,916 | 20,200,731 |
| Community development | 2,068,450 | 2,458,665 | 2,567,843 | 3,328,046 | 2,868,473 | 2,522,157 | 2,959,442 | 1,835,249 | 2,114,693 | 3,692,053 |
| Recreation | 2,647,726 | 2,777,589 | 2,840,457 | 3,221,250 | 3,097,501 | 2,573,335 | 2,548,681 | 1,413,896 | 1,892,705 | 1,767,910 |
| Public works | 11,353,600 | 6,882,670 | 7,863,741 | 7,603,005 | 6,911,603 | 6,937,058 | 7,842,090 | 9,115,346 | 8,246,181 | 10,133,006 |
| Interest on long-term debt | 260,017 | 239,143 | 188,887 | 143,333 | 100,036 | 55,104 | 85 | 51,162 | 1,178,331 | 2,002,106 |
| Unallocated depreciation | - | - | - | - | - | - | - | - | - | - |
| Total Governmental Activities Expenses | 32,633,621 | 28,354,083 | 31,532,576 | 35,046,215 | 32,752,665 | 34,251,400 | 41,777,141 | 41,868,189 | 45,420,948 | 47,509,992 |
| Business-type Activities: | | | | | | | | | | |
| Wastewater | 3,933,499 | 5,217,340 | 5,183,363 | 3,991,004 | 4,077,582 | 3,928,331 | 5,093,118 | 4,626,634 | 2,572,697 | 3,299,653 |
| Solid Waste | 4,605,465 | 4,350,342 | 4,588,155 | 2,376,886 | 2,526,901 | 2,216,662 | 1,575,575 | 3,901,112 | 5,088,339 | 5,882,295 |
| Transit Services | 2,916,096 | 2,685,773 | 127,671 | - | - | - | - | - | - | - |
| Interest on long-term debt | - | - | - | - | - | - | - | - | - | - |
| Other Enterprise Funds | 382,573 | 473,911 | 391,844 | - | - | - | - | - | - | - |
| Total Business-type Activities Expenses | 11,837,633 | 12,727,366 | 10,291,033 | 6,367,690 | 6,604,483 | 6,144,993 | 6,668,693 | 8,527,746 | 7,661,036 | 9,181,948 |
| Total Primary Government Expenses | 44,471,254 | 41,081,449 | 41,823,609 | 41,413,905 | 39,357,148 | 40,396,393 | 48,445,834 | 50,395,935 | 53,081,984 | 56,691,940 |
| Program revenues: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 1,430,544 | 1,490,257 | 1,569,444 | 1,702,142 | 1,488,493 | 2,318,518 | 1,327,757 | 1,236,136 | 1,830,004 | 2,593,480 |
| Operating grants and contributions | 861,484 | 1,702,084 | 1,045,110 | 638,283 | 847,091 | 1,002,010 | 859,437 | 757,387 | 305,735 | 1,152,051 |
| Capital grants and contributions | 7,793,386 | 3,978,333 | 5,488,502 | 4,365,660 | 6,145,461 | 5,670,702 | 3,526,055 | 4,994,774 | 9,450,259 | 9,095,030 |
| Total governmental activities program revenues | 10,085,414 | 7,170,674 | 8,103,056 | 6,706,085 | 8,481,045 | 8,991,230 | 5,713,249 | 6,988,297 | 11,585,998 | 12,840,561 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Wastewater | 4,930,118 | 5,530,122 | 5,514,969 | 5,382,396 | 5,395,851 | 5,691,682 | 5,541,935 | 5,564,001 | 5,204,267 | 5,500,174 |
| Solid Waste | 4,040,347 | 4,023,189 | 4,121,294 | 1,926,405 | 2,027,441 | 1,971,820 | 1,988,453 | 4,208,547 | 5,733,905 | 6,301,088 |
| Transit Services | 610,918 | 169,247 | 129,803 | - | - | - | - | - | - | - |
| Other business-type activities | 75,831 | 69,973 | 58,451 | - | - | - | - | - | - | - |
| Operating grants and contributions | 1,849,657 | 2,275,972 | 219,038 | 524,058 | - | - | - | - | - | - |
| Capital grants and contributions | 4,779,757 | 405,234 | - | - | - | - | - | - | - | - |
| Total business-type activities program revenues | 16,286,628 | 12,473,737 | 10,043,555 | 7,832,859 | 7,423,292 | 7,663,502 | 7,530,388 | 9,772,548 | 10,938,172 | 11,801,262 |
| Total primary government program revenues | 26,372,042 | 19,644,411 | 18,146,611 | 14,538,944 | 15,904,337 | 16,654,732 | 13,243,637 | 16,760,845 | 22,524,170 | 24,641,823 |

(Continued)

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

| | Fiscal Year | | | | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Net revenues (expenses): | | | | | | | | | | |
| Governmental activities | \$ (22,548,207) | \$ (21,183,409) | \$ (23,429,520) | \$ (28,340,130) | \$ (25,103,932) | \$ (25,260,170) | \$ (36,063,892) | \$ (34,879,892) | \$ (33,834,950) | \$ (34,669,431) |
| Business-type activities | 4,448,995 | (253,629) | (247,478) | 1,465,169 | 818,809 | 1,518,309 | 861,695 | 1,244,802 | 3,277,136 | 2,619,314 |
| Total net revenues (expenses) | (18,099,212) | (21,437,038) | (23,676,998) | (26,874,961) | (24,285,123) | (23,741,861) | (35,202,197) | (33,635,090) | (30,557,814) | (32,050,117) |
| General Revenues and Other Changes in Net Position: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | 7,288,665 | 7,398,978 | 7,441,119 | 7,970,015 | 9,108,160 | 8,774,293 | 9,252,006 | 9,796,572 | 10,448,051 | 11,492,487 |
| Transient occupancy taxes | 2,748,763 | 2,892,232 | 2,857,509 | 3,056,078 | 3,147,207 | 3,320,952 | 2,855,796 | 3,436,464 | 4,318,551 | 4,591,458 |
| Sales taxes | 7,532,540 | 7,259,449 | 7,670,993 | 7,166,274 | 7,239,830 | 9,690,333 | 13,527,079 | 16,387,048 | 18,622,825 | 18,807,640 |
| Franchise taxes | N/A | N/A | N/A | N/A | N/A | 1,023,994 | 1,077,373 | 1,175,996 | 1,212,053 | 1,329,910 |
| Business License taxes | N/A | N/A | N/A | N/A | N/A | 233,526 | 220,930 | 222,605 | 228,316 | 228,630 |
| Other taxes | 1,178,629 | 1,211,911 | 1,285,262 | 1,264,374 | 1,308,951 | 59,958 | 64,808 | 55,188 | 144,161 | 87,730 |
| Motor vehicle in lieu, unrestricted | - | - | - | - | - | - | - | - | - | - |
| Use of money and property | 693,341 | 471,980 | 482,812 | 278,153 | 202,328 | 242,147 | 318,440 | 1,048,338 | 117,614 | 374,912 |
| Other general revenues | 141,895 | 328,363 | 199,570 | 200,675 | 269,350 | 601,038 | 352,124 | 721,375 | 370,710 | 641,520 |
| Gain (loss) on sale of assets | - | - | - | - | - | - | - | - | - | - |
| Transfers | - | - | 1,537,968 | - | - | - | - | - | (258,393) | 2,544,939 |
| Special item - merger of fire district | - | - | - | - | - | - | - | - | - | - |
| Extraordinary item - gain due to dissolution of RDA | - | - | - | - | - | - | - | - | - | - |
| Inventory Adjustment for Capital Assets | - | - | - | - | - | - | - | - | - | - |
| Total Governmental Activities | 19,583,833 | 19,562,913 | 21,455,233 | 19,935,569 | 21,275,826 | 23,946,241 | 27,668,555 | 32,843,585 | 35,203,887 | 40,099,226 |
| Business-type activities: | | | | | | | | | | |
| Use of money and property | - | - | - | - | - | - | - | - | (3,498) | 28,614 |
| Other revenue | - | - | - | - | - | - | 27,744 | 129,965 | 39,202 | 63,818 |
| Gain on sale of capital assets | - | - | - | - | - | - | - | - | (54,873) | - |
| Transfers | - | - | (2,781,366) | - | - | - | - | - | 258,393 | (2,519,129) |
| Total Business-type Activities | - | - | (2,781,366) | - | - | - | 27,744 | 129,965 | 239,224 | (2,426,697) |
| Total Primary Government | 19,583,833 | 19,562,913 | 18,673,867 | 19,935,569 | 21,275,826 | 23,946,241 | 27,696,299 | 32,973,551 | 35,443,112 | 37,672,529 |
| Changes in Net Position: | | | | | | | | | | |
| Governmental activities | (2,964,374) | (1,620,496) | (1,974,287) | (8,404,561) | (3,828,106) | (1,313,929) | (8,395,337) | (2,166,271) | 1,368,937 | 5,429,795 |
| Business-type activities | 4,448,995 | (253,629) | (3,028,844) | 1,465,169 | 818,809 | 1,518,509 | 889,439 | 1,374,767 | 3,516,360 | 192,617 |
| Total Primary Government | \$ 1,484,621 | \$ (1,874,125) | \$ (5,003,131) | \$ (6,939,392) | \$ (3,009,297) | \$ 204,580 | \$ (7,505,898) | \$ (791,504) | \$ 4,885,297 | \$ 5,622,412 |

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

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| General Fund: | | | | | | | | | | |
| Nonspendable | \$ 5,391,889 | \$ 10,843,398 | \$ 8,680,778 | \$ 7,619,282 | \$ 5,183,492 | \$ 8,111,586 | \$ 9,955,211 | \$ 8,002,559 | \$ 6,651,670 | \$ 6,224,280 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | 4,406,560 | 4,438,404 | 4,438,404 | 5,467,623 |
| Unassigned | 21,445,217 | 14,466,701 | 12,063,100 | 9,222,550 | 9,163,739 | 5,843,014 | (479,717) | 5,218,191 | 12,237,711 | 17,285,358 |
| Total General Fund | \$ 26,837,106 | \$ 25,310,099 | \$ 20,743,878 | \$ 16,841,832 | \$ 14,347,231 | \$ 13,954,600 | \$ 13,882,054 | \$ 17,659,154 | \$ 23,327,785 | \$ 28,977,261 |
| All Other Governmental Funds: | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | 6,266,281 | 2,269,521 | 1,941,169 | 2,122,945 | 2,232,689 | 4,376,375 | 4,856,154 | 2,060,032 | 2,652,011 | 4,485,010 |
| Assigned | - | - | - | - | - | - | - | - | - | - |
| Unassigned, reported in: | | | | | | | | | | |
| Special revenue funds | (4,178,949) | (1,203,369) | (3,645,638) | (4,363,879) | (5,509,987) | (8,192,534) | (8,168,382) | (6,784,541) | (10,311,199) | (8,679,945) |
| Debt Service | - | - | - | - | - | - | - | - | - | - |
| Capital projects funds | - | - | - | - | - | - | - | - | - | - |
| Total all other governmental funds | \$ 2,087,332 | \$ 1,066,152 | \$ (1,704,469) | \$ (2,240,934) | \$ (3,277,298) | \$ (3,816,159) | \$ (3,312,228) | \$ (4,724,509) | \$ (7,659,188) | \$ (4,194,935) |

Source: Barstow Finance Department

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

| | Fiscal Year | | | | | | | | | |
|--|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------|---------------------|---------------------|---------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Revenues: | | | | | | | | | | |
| Taxes | \$ 18,558,246 | \$ 18,540,422 | \$ 19,035,503 | \$ 19,265,710 | \$ 20,748,728 | \$ 22,592,237 | \$ 26,994,270 | \$ 31,071,466 | \$ 34,961,386 | \$ 36,527,075 |
| Licenses and permits | 472,222 | 429,256 | 509,323 | 574,297 | 561,068 | 490,306 | 442,883 | 536,798 | 430,332 | 524,674 |
| Fines and forfeitures | 142,409 | 125,915 | 140,692 | 216,117 | 78,862 | 114,564 | 132,885 | 89,923 | 163,033 | 145,651 |
| Rental income | - | - | - | - | - | - | - | - | - | - |
| From other agencies | 5,075,232 | 9,278,029 | 6,713,437 | 5,161,172 | 7,365,874 | 6,051,941 | 5,818,278 | 5,535,566 | 5,625,545 | 10,174,029 |
| Charges for services | 750,382 | 1,281,351 | 808,528 | 712,690 | 655,742 | 1,053,338 | 444,041 | 328,465 | 1,003,759 | 1,599,549 |
| Use of Money and Property | 768,427 | 586,238 | 579,736 | 430,896 | 350,328 | 924,400 | 354,439 | 1,084,648 | 154,154 | 412,548 |
| Other | 82,362 | 115,621 | 80,491 | 68,327 | 136,635 | 472,340 | 352,124 | 592,683 | 370,710 | 641,520 |
| Total Revenues | 25,849,280 | 30,356,832 | 27,867,710 | 26,429,209 | 29,897,237 | 31,699,126 | 34,538,920 | 39,239,549 | 42,708,919 | 50,025,046 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 2,882,514 | 2,934,731 | 3,350,641 | 3,633,918 | 3,197,895 | 3,964,134 | 3,271,395 | 5,750,679 | 16,070,310 | 5,448,047 |
| Public safety | 13,473,842 | 14,493,181 | 14,032,923 | 14,419,752 | 15,862,429 | 17,253,463 | 18,655,220 | 18,784,049 | 35,711,833 | 20,875,565 |
| Public works | 3,108,045 | 3,050,005 | 3,274,837 | 3,418,593 | 3,321,773 | 3,162,077 | 3,854,666 | 5,042,790 | 5,467,331 | 6,972,863 |
| Recreation | 2,333,991 | 2,380,982 | 2,541,381 | 2,575,293 | 2,628,551 | 2,429,324 | 2,188,673 | 1,007,100 | 1,487,939 | 1,513,155 |
| Community development | 2,147,003 | 2,427,110 | 2,573,815 | 2,839,218 | 2,609,936 | 2,555,676 | 2,626,193 | 1,605,860 | 1,981,876 | 2,974,300 |
| Debt service: | | | | | | | | | | |
| Principal retirement | 1,070,000 | 1,100,000 | 1,145,000 | 1,190,000 | 1,249,026 | 1,290,000 | 1,826,578 | 2,114,295 | 155,368 | 1,746,160 |
| Interest and fiscal charges | 386,172 | 356,970 | 311,543 | 262,775 | 212,818 | 167,854 | 112,835 | 163,912 | 877,959 | 2,114,458 |
| Capital Outlay | 15,212,059 | 6,162,422 | 6,929,898 | 2,652,301 | 4,176,662 | 3,372,692 | 1,890,389 | 2,532,983 | 6,843,748 | 2,581,897 |
| Total Expenditures | 40,613,626 | 32,905,401 | 34,160,038 | 30,991,850 | 33,259,090 | 34,195,220 | 34,425,949 | 37,001,668 | 68,596,364 | 44,226,445 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (14,764,346) | (2,548,569) | (6,292,328) | (4,562,641) | (3,361,853) | (2,496,094) | 112,971 | 2,237,881 | (25,887,445) | 5,798,601 |
| Other financing sources (uses): | | | | | | | | | | |
| Transfers in | 13,715,655 | 5,401,533 | 7,939,085 | 3,486,269 | 4,950,785 | 4,645,038 | 4,667,368 | 8,189,791 | 38,734,738 | 16,388,185 |
| Transfers out | (13,715,655) | (5,401,533) | (9,288,600) | (3,486,269) | (4,950,785) | (4,645,038) | (4,667,368) | (8,189,791) | (38,993,131) | (13,843,246) |
| Proceeds from sale of assets | 33,374 | 382 | 24,332 | - | 32,306 | 720,188 | 318,414 | 126,938 | - | 5,000 |
| Capital leases | 33,208 | - | - | 124,130 | 642,996 | - | - | - | - | - |
| Issuance of bonds | - | - | - | - | - | - | - | - | 28,415,878 | - |
| Proceeds from leases | - | - | - | - | - | - | - | - | 463,912 | 627,672 |
| Proceeds from subscription based IT agmts | - | - | - | - | - | - | - | - | - | 137,517 |
| Extraordinary loss on dissolution of RDA | - | - | - | - | - | - | - | - | - | - |
| Transfer of residual equity due to termination | - | - | - | - | - | - | - | - | - | - |
| Total Other Financing | - | - | - | - | - | - | - | - | - | - |
| Sources (Uses) | 66,582 | 382 | (1,044,514) | 124,130 | 675,302 | 720,188 | 318,414 | 126,938 | 28,621,397 | 3,315,128 |
| Net Change in Fund Balances | \$ (14,697,764) | \$ (2,548,187) | \$ (7,336,842) | \$ (4,438,511) | \$ (2,686,551) | \$ (1,775,906) | \$ 431,385 | \$ 2,364,819 | \$ 2,733,952 | \$ 9,113,729 |
| Debt service as a percentage of noncapital expenditures | 5.7% | 5.4% | 5.3% | 5.1% | 5.0% | 4.7% | 6.0% | 6.6% | 1.7% | 9.3% |

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

| Fiscal Year Ended June 30 | City of Barstow | | | | |
|---------------------------------|------------------|----------------|-------------------|-------------------|----------|
| | Secured | Unsecured | SBE Nonunitary | City Net Value | % Change |
| 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 | 1,277,320,622 | 97,633,037 | 1,100,258 | 1,376,053,917 | 6.90% |
| 2020 | 1,364,148,974 | 96,231,522 | 1,041,131 | 1,461,421,627 | 6.20% |
| 2021 | 1,406,623,300 | 99,619,193 | 986,567 | 1,507,229,060 | 3.13% |
| 2022 | 1,519,793,070 | 97,859,589 | 891,005 | 1,618,543,664 | 7.39% |
| 2023 | 1,621,768,649 | 102,344,988 | 625,283 | 1,724,738,920 | 6.56% |

Source: HdL Coren & Cone/San Bernardino Co Assessor 2013/14-2022/23 Combined Tax Rolls

*Exempt values are not included in Total Assessed Value.

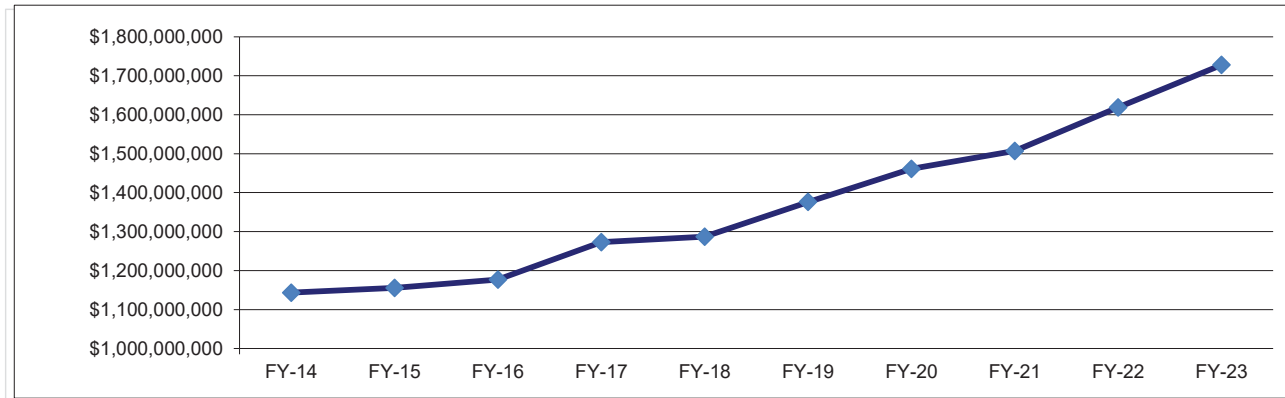
CITY OF BARSTOW
Assessed Value of Taxable Property by Class
Last Ten Fiscal Years

| Fiscal Year | Residential Property | Commercial Property | Industrial Property | Vacant Land | SBE Non Unitary | Unsecured | Other | Total Taxable Assessed Value (a) | Total Direct Tax Rate |
|-------------|----------------------|---------------------|---------------------|----------------|-----------------|----------------|---------------|----------------------------------|-----------------------|
| 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 | 0.180% |
| 2020-21 | 675,586,704 | 541,992,444 | 28,785,991 | 104,526,446 | 986,567 | 99,619,193 | 55,731,715 | 1,507,229,060 | 0.179% |
| 2021-22 | 708,405,523 | 562,837,351 | 34,196,759 | 101,079,158 | 891,005 | 97,859,589 | 113,274,279 | 1,618,543,664 | 0.179% |
| 2022-23 | 777,247,468 | 594,512,150 | 31,769,133 | 104,409,274 | 625,283 | 102,344,988 | 113,830,624 | 1,724,738,920 | 0.178% |

Source: HdL Coren & Cone/San Bernardino Co Assessor 2013/14-2022/23 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 | | | | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| 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 | 0.0474 | 0.0329 | 0.0394 | 0.0308 | 0.1245 | 0.0451 | 0.0844 | 0.0705 | 0.0816 |
| 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 | <u>\$ 1.20450</u> | <u>\$ 1.21490</u> | <u>\$ 1.20040</u> | <u>\$ 1.20690</u> | <u>\$ 1.19830</u> | <u>\$ 1.29200</u> | <u>\$ 1.21260</u> | <u>\$ 1.25190</u> | <u>\$ 1.23800</u> | <u>\$ 1.24910</u> |
| 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) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Total Direct Rate (5) | 0.14996 | 0.14998 | 0.15012 | 0.15012 | 0.15015 | 0.15016 | 0.18054 | 0.17982 | 0.17928 | 0.17797 |

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 ABX 1 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

Largest 2022-23 Local Taxpayers

| | <u>Property Owner</u> | <u>Primary Land Use</u> | <u>2022-23 Assessed Valuation</u> | <u>% of Total (1)</u> |
|----|------------------------------------|-------------------------|---------------------------------------|---------------------------|
| 1 | FRO2MO Barstow LLC | Shopping Center | \$123,527,561 | 7.16% |
| 2 | Golden State Water Company | Utility Company | 53,623,476 | 3.11% |
| 3 | Hospital of Barstow Inc | Hospital | 50,768,614 | 2.94% |
| 4 | Walmart Inc. | Commercial Store | 32,284,665 | 1.87% |
| 5 | TVL Properties LLC | Supermarket | 13,864,250 | 0.80% |
| 6 | Desert Heights LP | Apartments | 13,761,022 | 0.80% |
| 7 | Pilot Travel Centers LLC | Travel Center | 13,256,069 | 0.77% |
| 8 | Fred and Robin Rosenberg Family LP | Commercial Properties | 12,851,620 | 0.75% |
| 9 | Global Resorts | Hotelier | 12,377,608 | 0.72% |
| 10 | Lee Family Irrevocable Trust | Hotelier | 11,934,338 | 0.69% |
| | | | <u>\$338,249,223</u> | <u>19.61%</u> |

(1) 2022-23 Local Secured Assessed Valuation: \$1,724,738,920

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

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

| Owner** | 2023 | | 2014 | |
|---|------------------------|--|------------------------|--|
| | Taxable Assessed Value | Percent of Total City Taxable Assessed Value | Taxable Assessed Value | Percent of Total City Taxable Assessed Value |
| Desert Heights LLC | \$ 13,761,022 | 0.80% | \$ - | 0.00% |
| Fred and Robin Rosenberg Family Limited | 12,851,620 | 0.75% | 13,695,619 | 1.20% |
| FRO2MO Barstow LLC | 123,527,561 | 7.16% | - | - |
| Global Resorts Inc. | 12,377,608 | 0.72% | - | - |
| Golden State Water Company | 53,623,476 | 3.11% | - | - |
| HPT TA Prperties | - | - | 9,245,439 | 0.81% |
| Home Depot USA Inc. | - | 0.00% | 10,690,114 | 0.93% |
| Hospital of Barstow Inc | 50,768,614 | 2.94% | 46,607,061 | 4.08% |
| Hospitality Express II LLC | - | - | 9,664,906 | 0.85% |
| Lee Family Irrevocable Trust | 11,934,338 | 0.69% | - | - |
| Meruelo Maddux Properties | - | - | 9,120,000 | 0.80% |
| Pilot Travel Center LLC | 13,256,069 | 0.77% | 12,481,453 | 1.09% |
| Tanger Properties LP | - | - | 25,496,937 | 2.23% |
| TVL Properties | 13,864,250 | 0.80% | 9,039,299 | 0.79% |
| Walmart Real Estate Business Trust | 32,284,665 | 1.87% | 12,846,491 | 1.12% |
| TOTAL OF TOP TEN: | \$ 338,249,223 | 19.61% | \$ 158,887,319 | 13.90% |

CITY TOTAL

\$ 1,724,738,920

\$ 1,143,477,603

**Listed alphabetically

Source: Hdl Coren & Cone-San Bernardino County Assessor

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

| Fiscal Year Ended June 30 | Taxes Levied for the | Collected within the | | Collected in Subsequent Years | Total Collections to Date | |
|---------------------------------|-------------------------|----------------------|--------------------|-------------------------------------|---------------------------|-----------------------|
| | Fiscal Year | Fiscal Year of Levy | Percent of Levy | | Amount | Percentage of Levy |
| 2014 | \$ 4,511,674 | \$ 4,410,513 | 98% | \$ 168,309 | \$ 4,578,822 | 101% |
| 2015 | 4,598,336 | 4,506,775 | 98% | 104,983 | 4,611,758 | 100% |
| 2016 | 4,730,324 | 4,634,977 | 98% | 74,541 | 4,709,518 | 100% |
| 2017 | 4,806,433 | 4,729,390 | 98% | 76,581 | 4,805,971 | 100% |
| 2018 | 4,812,206 | 4,753,763 | 99% | 66,060 | 4,819,823 | 100% |
| 2019 | 4,980,727 | 4,901,322 | 98% | 61,874 | 4,963,196 | 100% |
| 2020 | 5,241,332 | 5,145,125 | 98% | 73,233 | 5,218,358 | 100% |
| 2021 | 5,365,780 | 5,355,407 | 100% | 54,397 | 5,409,804 | 101% |
| 2022 | 5,528,046 | 5,544,215 | 100% | 52,262 | 5,596,477 | 101% |
| 2023 | 5,880,691 | 5,769,079 | 98% | - | 5,769,079 | 98% |

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

CITY OF BARSTOW
Top 25 Sales Tax Producers (Alphabetically)
For the Calendar Year 2022

| <u>Business Name</u> | <u>Business Category</u> |
|---------------------------------------|---------------------------|
| 7 Eleven | Service Stations |
| Arco AM PM | Service Stations |
| Chevron | Service Stations |
| Circle K | Service Stations |
| Coach | Women's Apparel |
| Del Taco | Quick-Service Restaurants |
| 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 |
| Marshalls | Family Apparel |
| McDonalds | Quick-Service Restaurants |
| Mobil | Service Stations |
| 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 |
| Shell | Service Stations |
| Shell | Service Stations |
| Stater Bros | Grocery Stores |
| Terrible Herbst | Service Stations |
| Travel Centers of America | Service Stations |
| Walmart | Discount Dept Stores |

Percent of calendar Year Total Paid by Top 25 Accounts = 67.79%
 Period: January 22 Through December 2022

Source: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, The HdL Companies

CITY OF BARSTOW
Top 25 Sales Tax Producers (Alphabetically)
For the Calendar Year 2013

| <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 |
| Del Taco | Quick-Service Restaurants |
| Food 4 Less | Grocery Stores |
| Home Depot | Building Materials |
| In N Out Burgers | Quick-Service Restaurants |
| Loves Travel Stop | Service Stations |
| McDonalds | Quick-Service Restaurants |
| Michael Kors | Family Apparel |
| Nike | Shoe Stores |
| Pilot Travel Center | Service Stations |
| Ralph Lauren | Family Apparel |
| Shell | Service Stations |
| Soutar's Chrysler Dodge Jeep Ram & Toyota | New Motor Vehicle Dealers |
| Soutar's Ford/Nissan | New Motor Vehicle Dealers |
| Travelcenters of America | Service Stations |
| Union 76 | Service Stations |
| USA Gasoline | Service Stations |
| Valero | Service Stations |
| Walmart | Discount Dept Stores |

Percent of Fiscal Year Total Paid by Top 25 Accounts = 70.29%
 Period: January 2013 thru December 2013

Source: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, The HdL Companies

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

| | Fiscal Year | | | | | | | | | |
|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2021 |
| Apparel Stores | \$ 133,682 | \$ 132,209 | \$ 130,388 | \$ 131,088 | \$ 126,811 | \$ 121,533 | \$ 107,548 | \$ 57,145 | \$ 69,409 | \$ 70,906 |
| Food Stores | 18,756 | 27,229 | 25,860 | 25,047 | 25,129 | 27,425 | 26,153 | 23,631 | 24,351 | 26,659 |
| Eating & Drinking Places | 73,539 | 79,001 | 81,755 | 86,384 | 88,812 | 89,813 | 93,163 | 81,780 | 108,858 | 111,626 |
| Auto Dealers & Supplies | 27,340 | 27,153 | 36,442 | 41,107 | 38,696 | 35,936 | 35,918 | 36,183 | 44,649 | 44,625 |
| Service Stations | 292,385 | 301,169 | 262,870 | 251,792 | 251,362 | 262,665 | 260,683 | 203,080 | 282,951 | 347,102 |
| Other Retail Stores | 101,714 | 103,093 | 102,123 | 100,869 | 107,020 | 110,770 | 112,224 | 131,828 | 150,481 | 138,067 |
| All Other Outlets | 86,315 | 86,878 | 80,657 | 83,411 | 88,427 | 93,896 | 100,325 | 120,142 | 131,018 | 140,470 |
| Total | \$ 733,731 | \$ 756,732 | \$ 720,095 | \$ 719,698 | \$ 726,257 | \$ 742,038 | \$ 736,014 | \$ 653,789 | \$ 811,717 | \$ 879,455 |

Source: State of California Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office and The Hdl Companies

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

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 |
|---------------------------|--------------------------|---------------------|---------|----------------|----------------------|-------------------------------|--|---------------------------------|--------|--------------------------------|--------------------------|--|------------------------------|
| | Pension Obligation Bonds | Lease Revenue Bonds | Leases | Measure I TRIP | Financing Agreements | Total Governmental Activities | Wastewater Certificates of Participation | Wastewater Financing Agreements | Leases | Total Business-type Activities | Total Primary Government | Percentage of Personal Income ¹ | |
| | | | | | | | | | | | | | |
| 2014 | \$ - | \$ - | \$ - | \$ 9,849,249 | \$ 2,874,809 | \$ 12,724,058 | \$ 1,500,766 | \$ 1,757,803 | \$ - | \$ - | \$ 15,982,627 | 3.58% | 686 |
| 2015 | - | - | - | 8,276,499 | 2,574,443 | 10,850,942 | 1,225,279 | 1,544,289 | - | 2,769,568 | 13,620,510 | 2.99% | 585 |
| 2016 | - | - | - | 7,018,749 | 2,092,667 | 9,111,416 | 935,472 | 1,312,813 | - | 2,248,285 | 11,359,701 | 2.61% | 466 |
| 2017 | - | - | - | 5,715,999 | 1,625,443 | 7,341,442 | 636,157 | 1,096,638 | - | 1,732,795 | 9,074,237 | 2.14% | 374 |
| 2018 | - | - | - | 4,363,249 | 1,825,131 | 6,188,380 | 327,402 | 887,323 | - | 1,214,725 | 7,403,105 | 1.87% | 305 |
| 2019 | - | - | - | 2,960,499 | 1,195,399 | 4,155,898 | - | 598,645 | - | 598,645 | 4,754,543 | 1.10% | 197 |
| 2020 | - | - | - | 1,507,749 | 1,027,235 | 2,534,984 | - | 349,491 | - | 349,491 | 2,884,475 | 0.62% | 119 |
| 2021 | - | - | - | - | 1,594,224 | 1,594,224 | - | 47,057 | - | 47,057 | 1,641,281 | 0.35% | 68 |
| 2022 | 20,170,000 | 8,245,878 | - | - | 1,275,983 | 29,691,861 | - | - | - | - | 29,691,861 | 6.05% | 1,178 |
| 2023 | 19,150,000 | 7,656,492 | 599,140 | - | 1,139,209 | 28,544,841 | - | - | 67,039 | 67,039 | 28,611,880 | 5.05% | 1,148 |

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 | General Obligation Bonds | Percent of Assessed Value ¹ | Per Capita |
|---------------------------------|--------------------------------|--|---------------|
| 2014 | \$ - | 0.00% | \$ - |
| 2015 | - | 0.00% | - |
| 2016 | - | 0.00% | - |
| 2017 | - | 0.00% | - |
| 2018 | - | 0.00% | - |
| 2019 | - | 0.00% | - |
| 2020 | - | 0.00% | - |
| 2021 | - | 0.00% | - |
| 2022 | - | 0.00% | - |
| 2023 | - | 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. 2023 Net Assessed Value is \$1,724,738,920

² The 2022 population of the City of Barstow is 24,918

CITY OF BARSTOW
Direct & Overlapping Governmental Activities Debt
As of June 30, 2023

2022-23 Assessed Valuation: \$1,724,738,920

| <u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | Total Debt 6/30/2023 | % Applicable (1) | City's Share of Debt 6/30/23 |
|---|-------------------------|------------------|---------------------------------|
| Barstow Unified School District | \$ 38,533,776 | 67.16% | \$ 25,880,440 |
| City of Barstow | - | 100 | - |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT | | | \$ 25,880,440 |
| <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u> | | | |
| San Bernardino County General Fund Obligations | \$ 160,860,000 | 0.594% | 955,508 |
| San Bernardino County Pension Obligation Bonds | 62,960,000 | 0.594% | 373,982 |
| San Bernardino County Flood Control District General Fund Obligations | 41,065,000 | 0.594% | 243,926 |
| Barstow Unified School District Certificates of Participation | 14,085,000 | 67.163% | 9,459,909 |
| City of Barstow Pension Obligation Bonds | 26,806,492 | 100.00% | 26,806,492 |
| City of Barstow Loans Payable | 1,139,209 | 100.00% | 1,139,209 |
| City of Barstow Lease Payable | 666,179 | 100.00% | 666,179 |
| TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT | | | \$ 39,645,205 |
| TOTAL DIRECT DEBT | | | \$ 28,611,880 |
| TOTAL OVERLAPPING DEBT | | | 36,913,765 |
| COMBINED TOTAL DEBT | | | (2) \$ 65,525,645 |

(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 2022-23 Assessed Valuation:

| | |
|--|--------------|
| Total Direct Debt (\$28,611,880) | 1.66% |
| Total Direct and Overlapping Tax and Assessment Debt | 1.50% |
| Combined Total Debt | 3.80% |

Source: Avenu Insights & Analytics
California Municipal Statistics, Inc.

CITY OF BARSTOW
Legal Debt Margin Information
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Assessed valuation | \$ 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 | \$ 1,507,229,060 | \$ 1,618,543,664 | \$ 1,724,738,920 |
| Conversion Percentage | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% |
| Adjusted assessed valuation | 285,869,401 | 288,921,422 | 294,210,523 | 318,291,579 | 321,808,973 | 344,013,479 | 365,355,407 | 376,807,265 | 404,635,916 | 431,184,730 |
| Debt limit percentage | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% |
| Debt limit | 42,880,410 | 43,338,213 | 44,131,578 | 47,743,737 | 48,271,346 | 51,602,022 | 54,803,311 | 56,521,090 | 60,695,387 | 64,677,710 |
| Legal debt margin | \$ 42,880,410 | \$ 43,338,213 | \$ 44,131,578 | \$ 47,743,737 | \$ 48,271,346 | \$ 51,602,022 | \$ 54,803,311 | \$ 56,521,090 | \$ 60,695,387 | \$ 64,677,710 |

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> | |
| | Increment (1) | Principal and Interest | Coverage |
| June 30 | \$ | \$ | \$ |
| 2014 | - | - | - |
| 2015 | - | - | - |
| 2016 | - | - | - |
| 2017 | - | - | - |
| 2018 | - | - | - |
| 2019 | - | - | - |
| 2020 | - | - | - |
| 2021 | - | - | - |
| 2022 | - | - | - |
| 2023 | - | - | - |

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

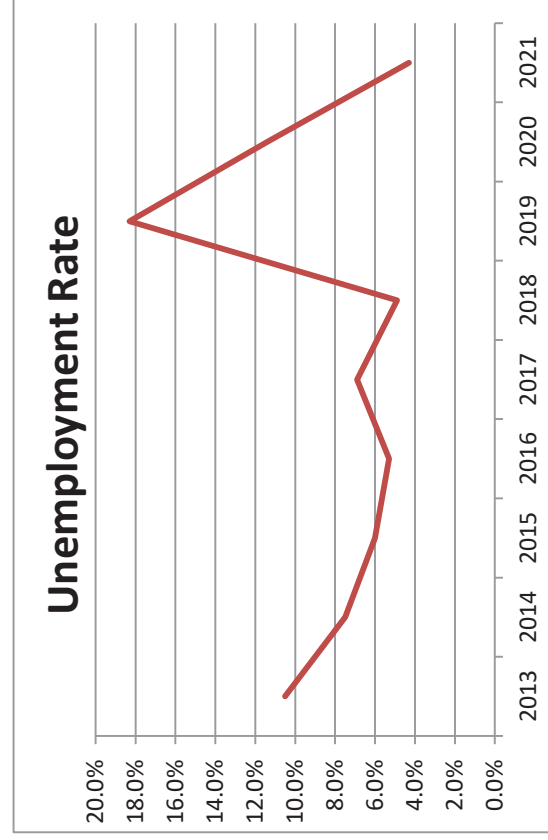
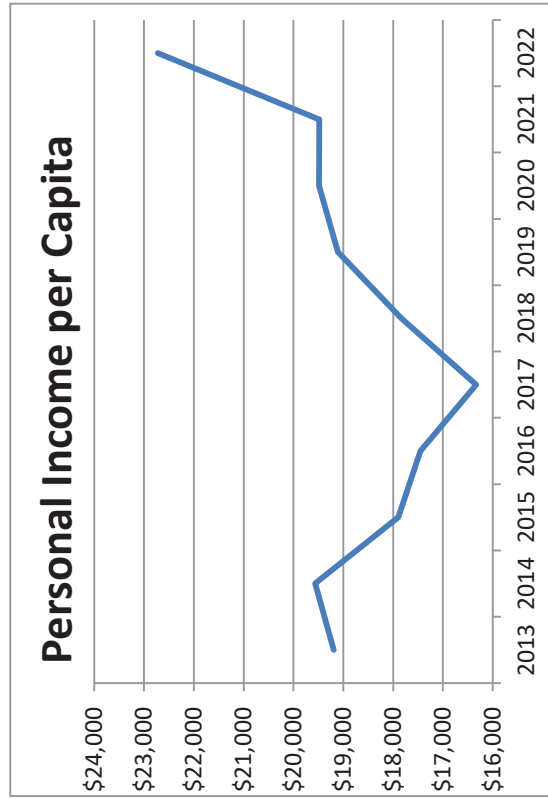
| Calendar Year | Population (1) | Personal Income (3) (in thousands) | Per Capita Income (3) | Unemployment Rate (2) | Median Age | % of Pop 25+ with | |
|---------------|----------------|------------------------------------|-----------------------|-----------------------|------------|--------------------|-------------------|
| | | | | | | High School Degree | Bachelor's Degree |
| 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 | 4.9% | 30.0 | 78.4% | 11.7% |
| 2019 | 24,268 | 463,700 | 19,107 | 18.3% | 29.8 | 79.3% | 11.3% |
| 2020 | 24,205 | 471,728 | 19,488 | 11.4% | 30.1 | 78.2% | 9.2% |
| 2021 | 25,202 | 490,979 | 19,481 | 4.3% | 30.3 | 81.4% | 10.5% |
| 2022 | 24,918 | 566,202 | 22,723 | 4.8% | 33.9 | 83.3% | 11.1% |

Sources: HdL, Coren & Cone

(1) Population: California State Department of Finance

(2) Unemployment Data: California Employment Development Department's Bureau of Labor Statistics

(3) Income Data is provided by the U.S. Census Bureau.



**City of Barstow
Principal Employers
Last Fiscal Year and Nine Years Ago**

| Business Name | 2023 | | 2014 | |
|---|-----------|-----------------------|-----------|-----------------------|
| | Employees | % of Total Employment | Employees | % of Total Employment |
| Ft. Irwin National Training Center* | 8,900 | 87.25% | 22,700 | 73.28% |
| Marine Corps Logistics Base** | 1,530 | 15.00% | 2,071 | 6.69% |
| BNSF Railroad | 1,000 | 9.80% | 1,000 | 3.23% |
| Barstow Unified School District | 676 | 6.63% | 643 | 2.08% |
| Outlets at Barstow | 450 | 4.41% | | |
| Vertex (formerly Raytheon Technical Services)* | 393 | 3.85% | 501 | 1.62% |
| Barstow Community Hospital | 358 | 3.51% | | |
| Barstow Community College | 340 | 3.33% | 396 | 1.28% |
| Walmart Supercenter** | 323 | 3.17% | | |
| Silver Valley School District | 301 | 2.95% | | |
| Northrup Grumman (Vernell till 2002)* | | | 469 | 1.51% |
| High Desert Support Services | | | 330 | 1.07% |
| IAP World Services* | | | | |
| Tanger Outlet Stores | | | 600 | 1.94% |
| San Bernardino County | | | 410 | 1.32% |
| Total Top Employers | 14,271 | 139.91% | 29,120 | 94.01% |
| Total City Labor Force (1) | 10,200 | | 30,975 | |

Source: MuniServices, LLC, / Avenu Insights & Analytics

Source: 2014, previously published ACFR

Results based on direct correspondence with city's local businesses.

***Employers outside of City Limits**

** Business has not responded to Avenu's inquiries, prior year count applied.

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

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

| Function | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|----------|
| General government* | 13 | 15 | 17 | 16 | 16 | 16 | 27 | 25 | 25 | - |
| Police Safety | | | | | | | | | | |
| Sworn | 37 | 37 | 38 | 38 | 37 | 38 | 46 | 46 | 46 | - |
| Non-Sworn | 17 | 16 | 19 | 19 | 18 | 18 | 20 | 20 | 20 | - |
| Fire Safety** | | | | | | | | | | |
| Sworn | 23 | 23 | 28 | 20 | 20 | 20 | 27 | 28 | 28 | - |
| Non-Sworn | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | - |
| Recreation | 16 | 14 | 17 | 17 | 17 | 17 | 11 | 3 | 3 | - |
| Community Service | 36 | 33 | 26 | 21 | 21 | 24 | 23 | 29 | 29 | - |
| Community Development | 10 | 12 | 10 | 16 | 15 | 10 | 11 | 7 | 7 | - |
| Solid Waste | 2 | 3 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | - |
| Wastewater | 8 | 9 | 11 | 11 | 11 | 10 | 11 | 11 | 11 | - |
| Transit | 1 | - | - | - | - | - | - | - | - | - |
| Total | 164 | 163 | 167 | 160 | 157 | 155 | 178 | 171 | 171 | - |

* 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 | | | | | | | | | |
|---|-------------|---------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Police: | | | | | | | | | | |
| Arrests | 2,959 | 2,911 | 2,762 | 2,625 | 2,463 | 2,410 | 2,235 | 2,198 | 1,937 | 1,959 |
| Parking citations issued | 489 | 522 | 286 | 501 | 408 | 299 | 1,110 | 579 | 1,191 | 49 |
| Fire Services: | | | | | | | | | | |
| Fire Calls | 199 | 222** | 242 | 311 | 212 | 340 | 576 | 499 | 426 | 397 |
| Medical Aid Calls | 3,452 | 4,079** | 4,597 | 5,380 | 4,031 | 5,165 | 5,351 | 5,118 | 5,112 | 4,867 |
| Parks and recreation: | | | | | | | | | | |
| Number of recreation classes | 14 | 14 | 14 | 14 | 10 | 10 | 6 | 13 | 19 | 21 |
| Number of facility rentals | 68 | 99 | 85 | 64 | 52 | 50 | 6 | 27 | 60 | 106 |
| Sewer: | | | | | | | | | | |
| New connections | 4 | 2 | 5 | 4 | 4 | 5 | 8 | 6 | 5 | 7 |
| Average/Millions of Gallons Sewage Treatment | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Building Department: | | | | | | | | | | |
| Permits | 533 | 879 | 720 | 1,106 | 905 | 710 | 657 | 686 | 780 | 861 |
| Fire Permits | | | | | | | | | | |
| Fire Permits | * | 61 | - | - | - | - | - | - | - | - |
| Construction Fire Permits# | | | 88 | 99 | 94 | 93 | 97 | 78 | 73 | 77 |
| Annual Permit to Operate# | | | 323 | 347 | 335 | 323 | 287 | 313 | 323 | 330 |

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

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 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) | 91 | 91 | 91 | 91 | 91 | 91 | 91 | 104 | 104 | 104 |
| Streetlights | 1,081 | 1,081 | 1,081 | 1,081 | 1,081 | 1,081 | 1,053 | 1,053 | 1,053 | 1,053 |
| Traffic signals | 22 | 22 | 22 | 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) | 117 | 113 | 113 | 113 | 113 | 113 | 123 | 123 | 123 | 123 |
| Storm sewers (miles) | 16 | 16 | 16 | 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