



# BARSTOW FIRE PROTECTION DISTRICT

JUNE 30, 2023

BASIC FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

Focused  
on YOU



BARSTOW FIRE PROTECTION DISTRICT  
Basic Financial Statements and Independent Auditors' Report  
June 30, 2023

BARSTOW FIRE PROTECTION DISTRICT

Basic Financial Statements and Independent Auditors' Report

June 30, 2023

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## INDEPENDENT AUDITORS' REPORT

To the Board Of Directors  
Barstow Fire Protection District  
City of Barstow, California

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, and the general fund of the Barstow Fire Protection District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District'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, and the general fund of the District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### 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 District 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 Regarding Going Concern

The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note 10 to the financial statements, the District has suffered recurring losses from operations and has a deficit fund balance of \$3,668,043 in the General Fund and a deficit net position of \$10,460,532 on the government-wide financial statements that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 10. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. 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 Board Of Directors  
Barstow Fire Protection District  
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 District'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 District'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 District'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 budgetary comparison schedules for the General Fund, and the required pension and other postemployment benefits schedules, as listed on the table of contents, 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 Board Of Directors  
Barstow Fire Protection District  
City of Barstow, California

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

**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 District'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 District'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 District's internal control over financial reporting and compliance.

*Lance, Solt & Lughard, LLP*

Brea, California  
December 28, 2023

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**BARSTOW FIRE PROTECTION DISTRICT**  
**Statement of Net Position**  
**June 30, 2023**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and investments	\$ 888,739
Receivables:	
Accounts	59,856
Leases	242,191
Capital assets not being depreciated/amortized	45,129
Capital assets, net of depreciation/amortization	<u>475,435</u>
<b>Total Assets</b>	<b><u>1,711,350</u></b>
<b>Deferred Outflows of Resources:</b>	
Deferred employer pension contributions	1,321,109
Deferred employer OPEB contributions	64,217
Deferred outflow - pension	5,597,620
Deferred outflow - OPEB	<u>355,479</u>
<b>Total Deferred Outflows of Resources</b>	<b><u>7,338,425</u></b>
<b>Liabilities:</b>	
Accounts payable	139,930
Accrued liabilities	164,391
Leases payable, due within one year	7,267
Due to other governments	4,317,392
Compensated absences, due within one year	104,856
Noncurrent liabilities:	
Compensated absences, due in more than one year	157,284
Net pension liability	7,854,204
Net OPEB liability	<u>3,288,280</u>
<b>Total Liabilities</b>	<b><u>16,033,604</u></b>
<b>Deferred Inflows of Resources:</b>	
Deferred inflow - pension	1,227,909
Deferred inflow - OPEB	1,889,013
Deferred inflow - leases	<u>237,116</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>3,354,038</u></b>
<b>Net Position:</b>	
Net investment in capital assets	513,297
Unrestricted	<u>(10,851,164)</u>
<b>Total Net Position</b>	<b><u>\$ (10,337,867)</u></b>

**BARSTOW FIRE PROTECTION DISTRICT**  
**Statement of Activities**  
**Year Ended June 30, 2023**

	Program Revenues				Governmental Activities
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
<b>Functions/Programs</b>					
<b>Primary Government:</b>					
Governmental Activities:					
Public safety	\$ 1,622,225	\$ 4,015,047	\$ 209,330	\$ -	\$ 2,602,152
<b>Total Governmental Activities</b>	<b>1,622,332</b>	<b>4,015,047</b>	<b>209,330</b>	<b>-</b>	<b>2,602,045</b>
<b>Total Primary Government</b>	<b>\$ 1,622,332</b>	<b>\$ 4,015,047</b>	<b>\$ 209,330</b>	<b>\$ -</b>	<b>2,602,045</b>
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purpose					5,823,748
Use of money and property					6,018
<b>Total General Revenues</b>					<b>5,811,958</b>
Change in Net Position					8,414,003
Net Position at Beginning of Year					(18,751,870)
<b>Net Position at End of Year</b>					<b>\$ (10,337,867)</b>

**FUND FINANCIAL STATEMENTS**

**BARSTOW FIRE PROTECTION DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

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	<u>General</u>
<b>Assets:</b>	
Cash and investments	\$ 888,739
Receivables:	
Accounts	59,856
Leases	242,191
	<u>          </u>
<b>Total Assets</b>	<b><u>\$ 1,190,786</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 139,930
Accrued liabilities	164,391
Due to City of Barstow	4,317,392
	<u>          </u>
<b>Total Liabilities</b>	<b><u>4,621,713</u></b>
<b>Deferred Inflows of Resources:</b>	
Leases	237,116
	<u>          </u>
<b>Total Deferred Inflows of Resources</b>	<b><u>237,116</u></b>
<b>Fund Balances:</b>	
<b>Nonspendable:</b>	
Unassigned	(3,668,043)
	<u>          </u>
<b>Total Fund Balances</b>	<b><u>(3,668,043)</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 1,190,786</u></b>

**BARSTOW FIRE PROTECTION DISTRICT**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2023**

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Fund balances of governmental funds \$ (3,668,043)

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

Capital assets net of depreciation have not been included as financial resources in governmental fund activity. 520,564

Leases payable and compensated absences that have not been included in the governmental fund activity:

Leases payable	\$ (7,267)	
Compensated Absences	<u>(262,140)</u>	(269,407)

Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements, these contributions are deferred. 1,321,109

Employer contributions for OPEB were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements, these contributions are deferred. 64,217

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	5,597,620	
Deferred outflows of resources - OPEB	355,479	
Deferred inflows of resources - pension	(1,227,909)	
Deferred inflows of resources - OPEB	<u>(1,889,013)</u>	2,836,177

Long-term liabilities are not due and payable in the current period and therefore they are not reported in the funds:

Net OPEB obligation	(3,288,280)	
Net pension liability	<u>(7,854,204)</u>	<u>(11,142,484)</u>

**Net Position of Governmental Activities \$ (10,337,867)**

**BARSTOW FIRE PROTECTION DISTRICT**  
**Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2023**

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	<u>General</u>
<b>Revenues:</b>	
Taxes	\$ 5,823,748
Licenses and permits	3,956
Intergovernmental	209,330
Contributions from City of Barstow	3,881,535
Use of money and property	6,018
Miscellaneous	<u>129,556</u>
<b>Total Revenues</b>	<b><u>10,054,143</u></b>
<b>Expenditures:</b>	
Current - public safety	
Salaries and benefits	6,400,913
Services and supplies	2,120,519
Capital outlay	188,949
Debt service:	
Lease principal	17,808
Lease interest	<u>107</u>
<b>Total Expenditures</b>	<b><u>8,728,296</u></b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,325,847</u>
Net Change in Fund Balances	1,325,847
<b>Fund Balances</b>	
Beginning of year	<u>(4,993,890)</u>
<b>End of Year</b>	<b><u>\$ (3,668,043)</u></b>

**BARSTOW FIRE PROTECTION DISTRICT**  
**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**

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Net change in fund balances - total governmental funds \$ 1,325,847

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. The activity is reconciled as follows:

Capital outlay	\$ 36,000	
Depreciation	<u>(165,051)</u>	\$ (129,051)

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.

Lease principal	17,809
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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.

169,141
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Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements, these contributions are deferred.

7,521,996
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Employer contributions for OPEB were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements, these contributions are deferred.

<u>(491,739)</u>
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<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 8,414,003</u></u></b>
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**NOTES TO BASIC FINANCIAL STATEMENTS**



**I SIGNIFICANT ACCOUNT POLICIES**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Barstow Fire Protection District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States as applied to governmental units. 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 District’s accounting policies are described below:

**A. Description of Reporting Entity**

Barstow Fire Protection District (the District) was organized on May 24, 1926. On November 17, 2010, Resolution No. 23-10 was passed by the City of Barstow Council establishing the District as a component unit of the City. Previously the District was an independent district. Barstow Fire Protection District continues 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.

The District is an integral part of the City of Barstow (City) and the Accompanying Basic Financial Statements are included as a component unit of the basic financial statements prepared by the City.

**B. Basis of Accounting/Measurement Focus**

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting 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 District’s government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities for the District.

These financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets and liabilities, including capital 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.

Governmental Fund Financial Statements - Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The District has one major fund.

The following is the District’s major fund:

*General Fund* - This fund is the District’s primary operating fund. It accounts for all financial resources of the District.

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 Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under 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.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenues are recorded when received in cash, except 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 District, are property taxes, intergovernmental revenues, and other taxes and investment income. Expenditures are recorded in the accounting period in which the related fund liability is incurred except for claims, judgments, compensated absence, interest on long-term debt which is recognized when paid.

Unavailable revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unavailable revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unavailable revenue is removed from the combined balance sheet and revenue is recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

**C. Cash and Cash Equivalents**

The District considers cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition to be cash and cash equivalents.

**D. Investments**

The District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 31 “Accounting and Financial Reporting for Certain Investments and External Pools”, which require governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. In accordance with GASB Statement No. 31, the District has adjusted certain investments to fair value (when material).

Investments, if any, are reported in the financial statements at fair value, unless fair value reasonably approximates cost, in which case cost is used.

**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. Accounts Receivable and Allowance for Bad Debts**

During the course of normal operations, the District carries various receivable balances for taxes and interest. Receivables are shown net of an allowance for doubtful accounts. As of June 30, 2023, no allowance was required to be recorded.

**G. Capital Assets**

The District’s buildings, machinery, equipment, infrastructure, and lease 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. Donated assets are stated at fair value on the date donated. The District updated its Capital Asset Policy on June 16, 2014, per Board approval. The District capitalizes its assets as follows:

Buildings and Building Improvement	Costs of \$50,000 or more
Furniture	Costs of \$20,000 or more
Equipment	Costs of \$20,000 or more
Infrastructure	Costs of \$100,000 or more

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Amortization of assets acquired under capital leases is based on the shorter of the lease term or the estimated useful life of the asset and is included in depreciation and amortization. Water rights, which are intangible assets, are not amortized. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	50 years
Infrastructure and improvements other than buildings	10-100 years
Machinery and equipment	3-15 years
Lease assets	Shorter of the leased asset's useful life or the lease term

**H. Liability for Compensated Absences**

The District is required to recognize a liability for compensated absences when future payments for such absences have been earned by employees based on pay and salary rated in effect at the balance sheet date. For the District, this consists of accumulated sick leave, vacation and compensation time.

**I. Property Taxes**

The County of San Bernardino collects property taxes for the District. Tax liens attach annually as of 12:01 A.M. on the first day in March preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1, the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10 respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31.

**J. Fund Balances**

In the fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for governmental funds are made up of the following:

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

Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. The District does not have any restricted fund balances.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the District's highest level of decision-making authority, the Board of Directors by passage of an ordinance or resolution. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally. The District does not have any committed fund balances.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Assigned Fund Balance – comprises amounts intended to be used by the District for specific purposes that are neither restricted nor committed. The District has not designated any level of authority for assigning fund balance; therefore, the Board of Directors can assign fund balance. The District does not have any assigned fund balances.

Unassigned Fund Balance – is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. In other governmental funds, if expenditures exceed amounts restricted, committed, or assigned, the negative amount is reflected as negative 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 generally depleted in the order of restricted, committed, assigned, and unassigned.

**K. 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.

**L. Pensions**

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 District's San Bernardino County Employees' Retirement Association (SBCERA) plan (Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by 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.

**M. Net Positions**

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is the remaining net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

**NOTE 2: CASH AND INVESTMENTS**

The City's treasurer maintains a cash and investment pool used by all funds of the City and by certain component units of the City, including the District. The District does not own specifically identifiable securities of the City's pool. The District's portion of this pool is reported on the financial statements as "cash and investments." Investment policies and associated risk factors applicable to the District's funds are those of the City of Barstow and are included in the City's Annual Comprehensive Financial Report.

**BARSTOW FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2023**

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**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

At June 30, 2023, the portion of the District’s cash and investments pooled with the City is \$888,739.

The following disclosures are based upon the City of Barstow’s investment policy which the District is subject to.

**A. Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits, or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments 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, none of the District’s deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2023, no District investments were held by the same broker-dealer (counterparty) that was used by the District to buy the securities.

**B. 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 District(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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Bills, Notes, or Bonds	5 years	None	None
U.S. Agencies	5 years	None	None
Time Certificates of Deposit	5 years	None	50%
Negotiable Certificates of Deposit	N/A	30%	50%
Bankers' Acceptance	180 days	40%	30%
Prime Commercial Paper	270 days	25%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Mutual Funds investing in eligible securities	N/A	20%	10%
Medium Term Notes	5 years	30%	None
County Pooled Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	100%	\$75 million*

\*Limit set by LAIF Governing Board, not Government Code

**BARSTOW FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2023**

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**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

**C. Disclosures Related to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District 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.

Barstow Fire Protection District's cash is pooled with the City of Barstow's cash to maximize investments. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided in the City of Barstow's Comprehensive Annual Financial Report for fiscal year ended June 30, 2023.

**D. Disclosure 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. The District's investment in the City's investment pool is not rated by a nationally recognized rating organization.

**NOTE 3: ACCOUNTS RECEIVABLE**

Receivables at June 30, 2023 consisted of property taxes and other local sources. All receivables are considered collectible in full.

	<u>General Fund</u>
Accounts Receivable	<u>\$ 59,856</u>

**NOTE 4: LEASES**

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

**Leases Receivable and Deferred Inflows of Resources**

The District leases land to various companies. As of June 30, 2023, the value of the lease receivable was \$242,191. The value of the deferred inflow of resources as of June 30, 2023, was \$237,116.

**BARSTOW FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2023**

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**NOTE 4: LEASES (CONTINUED)**

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

Fiscal Year	Principal	Interest	Total
2024	\$ 3,053	\$ 6,601	\$ 9,654
2025	3,138	6,516	9,654
2026	3,225	6,429	9,654
2027	3,314	6,340	9,654
2028	3,406	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	23,303	834	24,137
Totals	<u>\$ 242,191</u>	<u>\$ 168,125</u>	<u>\$ 410,316</u>

**Lease Payable and Lease Assets**

The District entered into a lease of a 2020 Ford Explorer Police Interceptor. As of June 30, 2023, the value of the lease liability is \$5,310. The District is required to make monthly fixed payments of \$1,461. The lease has an interest rate of 0.5925%. The value of the right to use asset as of June 30, 2023, was \$37,027 with accumulated amortization of \$31,738.

The District entered into a lease for the use of Ricoh Printers. As of June 30, 2023, the value of the lease liability is \$1,957. The District is required to make monthly fixed payments of \$178. The lease has an interest rate of 0.8453%. The value of the lease asset as of June 30, 2023, was \$5,823 with accumulated amortization of \$1,900.

Right-to-use leased assets include the following at June 30, 2023:

Lease Type	Major Class of Underlying Asset	Amount of Leased Capital Assets	Accumulated Amortization
Equipment	Right-to-Use Leased Assets	\$ 42,850	\$ 33,638
	Total	<u>\$ 42,850</u>	<u>\$ 33,638</u>

Future principal and interest requirements to maturity for the lease liability are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 7,267	\$ 16	\$ 7,283
Totals	<u>\$ 7,267</u>	<u>\$ 16</u>	<u>\$ 7,283</u>

**BARSTOW FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2023**

**NOTE 5: CAPITAL ASSETS**

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets, not being depreciated/amortized				
Land	\$ 45,129	\$ -	\$ -	\$ 45,129
Total capital assets, not being depreciated/amortized	45,129	-	-	45,129
Capital assets, being depreciated/amortized				
Buildings	2,093,869	-	-	2,093,869
Machinery, equipment, and vehicles	1,435,415	36,000	(137,555)	1,333,860
Lease assets	42,850	-	-	42,850
Total capital assets, being depreciated/amortized	3,572,134	36,000	(137,555)	3,470,579
Less accumulated depreciation/amortization				
Buildings	(1,796,505)	(119,131)	-	(1,915,636)
Machinery, equipment, and vehicles	(1,153,374)	(28,151)	137,555	(1,043,970)
Lease assets	(17,769)	(17,769)	-	(35,538)
Total accumulated depreciation/amortization	(2,967,648)	(165,051)	137,555	(2,995,144)
Total capital assets, being depreciated/amortized, net	604,486	(129,051)	-	475,435
Total governmental activities capital assets	\$ 649,615	\$ (129,051)	\$ -	\$ 520,564

**NOTE 6: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities at June 30, 2023, consisted of the following:

	General Fund
Salaries and Benefits	\$ 164,391
Accounts Payable	139,930
Total	\$ 304,321

**NOTE 7: LONG-TERM LIABILITIES**

Long-term liabilities consisted of the following:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year	Due in More Than One Year
Compensated absences	\$ 431,281	\$ 363,916	\$ (533,057)	\$ 262,140	\$ 104,856	\$ 157,284
Leases (note 4)	25,076	-	(17,809)	7,267	7,267	-
Total long-term liabilities	\$ 456,357	\$ 363,916	\$ (550,866)	\$ 269,407	\$ 112,123	\$ 157,284

**Compensated Absences**

The District's policy relating to compensated absences is described in Note 1. Compensated absences are liquidated by the District's General Fund. The total amount outstanding at June 30, 2023, was \$262,140.



**BARSTOW FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2023**

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**NOTE 8: RETIREMENT PLAN**

The District became a component of the City from November 17, 2010, and effective on that date all of the employees of the District became employees of the City. The District employees were covered under the pension plan of the San Bernardino County Employees' Retirement Association (SBCERA). Subsequent to the merger, the members of Barstow Professional Firefighters Association are enrolled in the City's retirement program through the SBCERA.

Plan Description

The SBCERA is a cost-sharing multiple- employer defined benefit pension plan (the Plan) operating under the California County Employees' Retirement Act of 1937 (1937 Act). It provides retirement, death and disability benefits to members. Although legally established as a single employer plan, the City of Big Bear Lake, Department of Water and Power-City of Big Bear Lake, Crestline Sanitation District, California State Association of Counties, South Coast Air Quality Management District (SCAQMD), San Bernardino Associated Governments (SANBAG), Local Agency Formation Commission (LAFCO), San Bernardino County Law Library, Barstow Fire Protection District, Hesperia Recreation and Parks District, SBCERA, City of Chino Hills, Mojave Desert Air Quality Management District (MDAQMD), California Electronic Recording Transaction Network Authority (CERTNA), along with the County, and are collectively referred to as the "Participating Members." The plan is governed by the SBCERA Board of Retirement under the 1937 Act. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W Hospitality Lane - 3rd Floor, San Bernardino, California 92415-0014.

Benefits Provided

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

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

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

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

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

**NOTE 8: RETIREMENT PLAN (CONTINUED)**

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

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

For Tier 1 members, the maximum monthly retirement allowance is 100% of final compensation. There is no final compensation limit on the maximum retirement benefit for Tier 2 members. However, the maximum amount of compensation earnable that can be taken into account for 2017 for Tier 1 members with membership dates on or after July 1, 1996 is \$265,000. The maximum amount of pensionable compensation for Tier 2 members that can be taken into account for 2017 is equal to \$140,424. These limits are adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

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

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

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

The County of San Bernardino and participating employers contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement.

Employer contribution rates are adopted annually based upon recommendations received from SBCERA's actuary after the completion of the annual actuarial valuation.

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

Fire safety members contribute the required employee share of their pension. The percentage of pay varies between 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. Employer pension costs have two tiers. The employer's costs are capped at 46% with the employee paying the difference.

**BARSTOW FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2023**

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**NOTE 8: RETIREMENT PLAN (CONTINUED)**

**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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The District’s contributions to the Plan for the measurement period ended June 30, 2022 were \$1,508,934.

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

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

As of June 30, 2023, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$7,854,204.

The District’s net pension liability for the Plan is measured as the proportionate share of the total net pension liability of Plan. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plans used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2022. The District’s proportionate of the net pension liability was based on the District’s share of all actual contributions, actuarially determined.

The District’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	0.640%
Proportion - June 30, 2022	0.338%
Change - Increase (Decrease)	<u>-0.302%</u>

**BARSTOW FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2023**

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**NOTE 8: RETIREMENT PLAN (CONTINUED)**

For the year ended June 30, 2023, the District recognized pension expense/revenue of (\$7,521,996). At June 30, 2023, the District 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
Contributions subsequent to the measurement date	\$ 1,321,109	\$ -
Changes of assumptions	543,555	-
Differences between expected and actual experience	195,869	176,899
Net excess of actual over projected earnings	-	143,541
Changes in proportion and differences between employer's contributions and proportionate share of contributions	4,858,196	907,469
<b>Total</b>	<b>\$ 6,918,729</b>	<b>\$ 1,227,909</b>

\$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. 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 ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 1,425,247
2025	943,120
2026	332,368
2027	1,587,875
2028	81,101
<b>Total</b>	<b>\$ 4,369,711</b>

**BARSTOW FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2023**

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**NOTE 8: RETIREMENT PLAN (CONTINUED)**

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
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 <sup>2</sup>	General: 4.55% to 12.75% and Safety: 4.75% to 12.25%
Cost of Living Adjustments	Contingent upon CPI increases with a 2% maximum
Investment Rate of Return <sup>1</sup>	7.25%
Mortality	Mortality rates are based on the Pub-2010 Amount-Weighted Above-Median Mortality Table project generationally with the two-dimensional MP-2019 project scale. For healthy General members, the General Healthy Retiree rates increased by 10% were used. For healthy Safety members, the Safety Healthy Retiree rates were 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.

<sup>1</sup> Net of pension plan investment expenses, including inflation.

<sup>2</sup> Varying by service, including inflation 3%

**Discount Rate** – The discount rates used to measure the Total Pension Liability was 7.25% as of June 30, 2022. 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, 2022.

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.

**BARSTOW FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2023**

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**NOTE 8: RETIREMENT PLAN (CONTINUED)**

The June 30, 2022 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 below.

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%
<b>Total</b>	<b>100.00%</b>	

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following presents the District’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District’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:

	Discount Rate -1 Percent (6.25%)	Current Discount Rate (7.25%)	Discount Rate +1 Percent (8.25%)
Proportionate share of net pension liability/(asset)	<u>\$12,854,316</u>	<u>\$ 7,854,204</u>	<u>\$ 3,764,506</u>

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

**BARSTOW FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2023**

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**NOTE 9: POSTEMPLOYMENT HEALTH CARE BENEFITS**

**Plan Description**

The Barstow Fire Protection District became part of the City of Barstow in November 2010 as a special revenue fund. The Barstow Fire Professional Fire Fighters Association maintains health coverage through CalPERS, the same coverage offered to City employees. The City provides retiree medical benefits to eligible retirees and their spouses in accordance with their labor agreements. The health insurance plan is a single employer defined benefit plan.

**Employee Covered**

Inactive members currently receiving benefits	5
Inactive members entitled to but not yet receiving benefits	1
Active members	<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 2021-2022, the District contributed \$45,608, which were in the form of benefit payments during the period. The City did not make additional contributions to the CERBT trust (CERBT).

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

**Net OPEB Liability**

The District’s net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to the 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%
Investment Rate of Return	6.20%
Mortality	MacLeod Watts Scale 2022 applied
Healthcare Trend	5.8% in 2023, fluctuating to 3.9% by 2076

**BARSTOW FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2023**

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**NOTE 9: POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)**

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

Asset Class	Target Allocation*	Expected Real Return Year 1-5	Expected Real Return Years 6+
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			6.30%
Discount Rate			2.20%

\*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.



**BARSTOW FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2023**

**NOTE 9: POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)**

**Changes in the net OPEB Liability**

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2021	\$ 4,353,123	\$ 374,844	\$ 3,978,279
Changes recognized for the measurement period:			
Service cost	633,234	-	633,234
Interest on total OPEB liability	109,198	-	109,198
Differences between expected and actual experience	(1,437,109)	(73,428)	(1,363,681)
Contributions-employer	-	45,608	(45,608)
Net investment income	-	23,237	(23,237)
Benefit payments, including refunds of employee contributions	(45,608)	(45,608)	-
Administrative expense	-	(95)	95
Net changes during 2021-22	(740,285)	(50,286)	(689,999)
Balance at June 30, 2022	\$ 3,612,838	\$ 324,558	\$ 3,288,280

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:

	Discount Rate -1 Percent (3.10%)	Current Discount Rate (4.10%)	Discount Rate +1 Percent (5.10%)
Plan's net OPEB liability/(asset)	\$ 3,952,628	\$ 3,288,280	\$ 2,777,261

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

The following presents the net OPEB liability of the District if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

	1 Percent Decrease	Current Healthcare Trend Rate	1 Percent Increase
Plan's net OPEB liability/(asset)	\$ 2,644,380	\$ 3,288,280	\$ 4,167,510

**BARSTOW FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2023**

**NOTE 9: POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)**

**Recognition of Deferred Outflow and Deferred Inflows of Resources**

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

Net differences between projected and actual earnings on OPEB plan investments	5 years straight-line
All Other Amounts	Expected average remaining service lifetime (EARSL) (10.72 years at June 30, 2021)

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

For the measurement period ended June 30, 2022, 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 Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 64,217	\$ -
Changes of assumptions	256,037	1,324,824
Differences between expected and actual experience	72,415	564,189
Net difference between projected and actual earnings on OPEB plan investments	27,027	-
<b>Total</b>	<b>\$ 419,696</b>	<b>\$ 1,889,013</b>

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 ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (152,855)
2025	(153,240)
2026	(155,238)
2027	(143,208)
2028	(155,366)
Thereafter	(783,627)
<b>Total</b>	<b>\$ (1,543,534)</b>

**BARSTOW FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**Year Ended June 30, 2023**

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**NOTE 10: RISK MANAGEMENT**

The government is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the government carried commercial insurance.

The District was a defendant in personal injury lawsuits of a nature common to many similar jurisdictions. The District's management believes that any potential claims against the District, not covered by insurance, resulting from such litigation will not materially affect the financial statements of the District.

**NOTE 11: NEGATIVE FUND BALANCE AND EXCESS EXPENDITURES OVER APPROPRIATIONS**

The Barstow Fire Protection District (BFPD) had a deficit fund balance of \$3,668,043 and a deficit net position on the government-wide statements of \$10,337,867 as of June 30, 2023.

In fiscal year 2023, the negative fund balance was actually reduced due to a positive net change of \$1,325,847.

The Fire District has had on-going losses carried over from previous fiscal years. The Board and Administration 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.

**Revenues**

Actual property tax revenues came in at \$5,823,748 million as opposed to a budget estimate of \$4,964,950 million, or \$858,798 higher. The budget for licenses and permits was \$2,351, and actual receipts came in \$1,605 over projections. Contribution from the City's Measure Q and Debt Service fund to the District amounted to \$3,881,535.

**Expenditures**

Salary and benefit projections were under budgeted expenditures by \$715,218 with total salary and benefit expenditures of \$6,400,913. Services and supplies expenditures were under budget by \$57,168, mainly due to the deferral of equipment purchases.

**REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 1: BUDGETARY INFORMATION**

**A. Budgets and Budgetary Accounting**

The District follows these procedures in establishing the budgets.

1. The annual budget is adopted by the City of Barstow City Council acting as the District's Board of Directors after the holding of a hearing and provides for the general operation of the District. 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.

The City manager is authorized to transfer budgeted amounts between departments. Actual expenditures may not exceed budgeted appropriations at the fund level.

3. Formal budgetary integration is employed as a management control device during the year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Capital projects appropriations are an automatic supplemental appropriation for next year. All others lapse unless they are encumbered at year end or re-appropriated through the formal budget process.
4. Annual budgets are adopted for the General Fund on a basis substantially consistent with accounting principles generally accepted in the United States of America. Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.

**B. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation is employed as an extension of formal budgetary integration. Encumbrances outstanding at year-end are reported as restricted or committed fund balance since they do not constitute expenditures or liabilities and are added to the subsequent year's adopted appropriations.

**BARSTOW FIRE PROTECTION DISTRICT**  
**Budgetary Comparison Schedule**  
**Barstow Fire Protection District General Fund**  
**Year Ended June 30, 2023**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Resources (Inflows):</b>				
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
Contributions from City of Barstow	3,725,746	4,001,023	3,881,535	(119,488)
<b>Amounts Available for Appropriations</b>	<b>8,801,696</b>	<b>9,193,285</b>	<b>10,054,143</b>	<b>860,858</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety				
Salaries and benefits	6,151,700	7,116,131	6,400,913	715,218
Services and supplies	2,059,552	2,195,602	2,120,519	75,083
Capital outlay	231,000	210,800	188,949	21,851
Debt service:				
Lease principal	-	-	17,808	(17,808)
Lease interest	-	-	107	(107)
<b>Total Charges to Appropriations</b>	<b>8,442,252</b>	<b>9,522,533</b>	<b>8,728,296</b>	<b>794,237</b>
<b>Net Change in Fund Balance</b>	<b>\$ 359,444</b>	<b>\$ (329,248)</b>	<b>1,325,847</b>	<b>\$ 1,655,095</b>
<b>FUND BALANCE:</b>				
Beginning of year			(4,993,890)	
End of year			\$ (3,668,043)	

**BARSTOW FIRE PROTECTION DISTRICT**  
**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)**

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	<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%	0.640%	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	54.34%	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 seven years are shown.

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<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<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%



**BARSTOW FIRE PROTECTION DISTRICT**  
**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>(2,141,231)</u>	<u>(2,009,357)</u>	<u>(1,760,542)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,004</u>	<u>\$ -</u>
Covered-Employee Payroll	2,605,075	2,550,102	2,430,284	2,045,831
Contributions as a Percentage of Covered-Employee Payroll	50.71%	83.97%	82.68%	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 seven years are shown.

**Note to Schedule:**

Valuation Date: June 30, 2022

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	3.00% 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

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<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
\$ 1,625,725	\$ 1,704,307	\$ 1,258,947	\$ 1,407,336
<u>(1,625,725)</u>	<u>(1,704,307)</u>	<u>(1,258,947)</u>	<u>(1,407,336)</u>
<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%

**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)**

	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Measurement Date</b>	6/30/2022	6/30/2021	6/30/2020
<b>Changes in Total OPEB Liability</b>			
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)
<b>Net change in total OPEB liability</b>	<b>(740,285)</b>	<b>169,967</b>	<b>708,841</b>
<b>Total OPEB liability - beginning</b>	<b>4,353,123</b>	<b>4,183,156</b>	<b>3,474,315</b>
<b>Total OPEB liability - ending (a)</b>	<b>3,612,838</b>	<b>4,353,123</b>	<b>4,183,156</b>
<b>Plan Fiduciary Net Position</b>			
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)
<b>Net change in plan fiduciary net position</b>	<b>(50,286)</b>	<b>80,769</b>	<b>9,906</b>
<b>Plan fiduciary net position - beginning</b>	<b>374,844</b>	<b>294,075</b>	<b>284,169</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>324,558</b>	<b>374,844</b>	<b>294,075</b>
<b>Net OPEB Liability/(Assets) - ending (a) - (b)</b>	<b>\$ 3,288,280</b>	<b>\$ 3,978,279</b>	<b>\$ 3,889,081</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	8.98%	8.61%	7.03%
<b>Covered-employee payroll</b>	\$ 4,005,521	\$ 3,624,974	\$ 2,045,831
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	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 decreased from 2.20% to 4.10% in measurement period 2021-22.

<b>2020</b>	<b>2019</b>	<b>2018</b>
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)
<b>2,638,385</b>	<b>113,867</b>	<b>49,341</b>
<b>835,930</b>	<b>722,063</b>	<b>672,722</b>
<b>3,474,315</b>	<b>835,930</b>	<b>722,063</b>
14,200	12,072	12,099
16,415	19,778	23,752
(14,200)	(12,072)	(12,099)
57	(461)	(121)
<b>16,472</b>	<b>19,317</b>	<b>23,631</b>
<b>267,697</b>	<b>248,380</b>	<b>224,749</b>
<b>284,169</b>	<b>267,697</b>	<b>248,380</b>
<b>\$ 3,190,146</b>	<b>\$ 568,233</b>	<b>\$ 473,683</b>
8.18%	32.02%	34.40%
\$ 2,758,300	\$ 2,611,101	\$ 2,537,528
115.66%	21.76%	18.67%

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

	<b>2023</b>	<b>2022</b>	<b>2021</b>
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-employee payroll	\$ 4,272,131	\$ 4,005,521	\$ 3,624,974
Contributions as a percentage of covered-employee 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, 2022 actuarial valuation.

**Methods and assumptions used to determine contributions:**

Valuation Date	6/30/2022
Actuarial Cost Method	Entry Age Normal
Amortization Valuation Method/Period	Level percent of pay
Asset Valuation Method	Market value
Inflation	2.50%
	3% per annum, in aggregate
Payroll Growth	
Investment Rate of Return	4.10%
Healthcare cost-trend rates	5.8% in 2023, fluctuating to 3.9% by 2076
Retirement Age	45 to 65 years
Mortality	MacLeod Watts Scale 2022 applied generationally

<b>2020</b>	<b>2019</b>	<b>2018</b>
\$ 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%



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Barstow Fire Protection District  
City of Barstow, California

We have audited, in accordance with the 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, the financial statements of the governmental activities and the general fund information of the Barstow Fire Protection District, a component unit of the City of Barstow, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 28, 2023.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



To the Board of Directors  
Barstow Fire Protection District  
City of Barstow, California

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Lance, Soll & Lughard, LLP*

Brea, California  
December 28, 2023