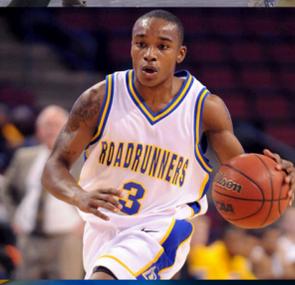
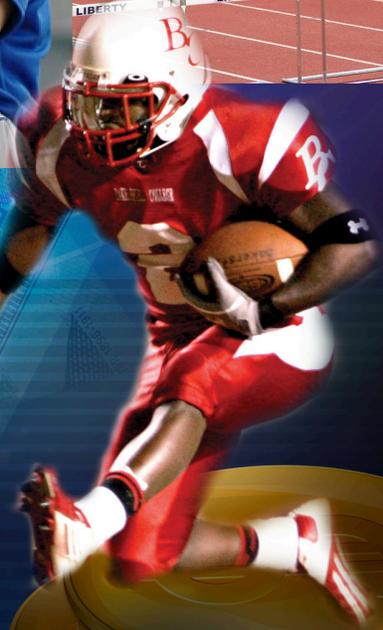


# City of Bakersfield

California



Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2009



# CITY OF BAKERSFIELD, CALIFORNIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2009



Prepared by the Department of Finance  
Nelson K. Smith, Finance Director

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**CITY OF BAKERSFIELD**

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Comprehensive Annual Financial Report  
Year Ended June 30, 2009

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December 4, 2009

Honorable Mayor, City Council, City Manager and Citizens of Bakersfield:

In accordance with requirements of our Municipal Code (Section 2.08.020F) I am pleased to submit the City's Comprehensive Annual Financial Report for the year ended June 30, 2009. This report was prepared by the City's Finance Department, which assumes responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures.

The accompanying financial statements of the City of Bakersfield (the "City") have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

Generally Accepted Accounting Principals (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 Bakersfield's MD&A can be found immediately following the report of the independent auditors, which begins at page 1 of the financial section.

## **GENERAL BACKGROUND**

The City of Bakersfield is located approximately one hundred miles north of Los Angeles in the southern San Joaquin Valley. The City maintains an incorporated area of 148.22 square miles and has an estimated population of 333,719 as of January 1, 2009.

The City of Bakersfield is a Charter City that offers a full range of City services including:

- Fire and Police Protection
- Streets and Infrastructure Maintenance
- Planning and Community Development
- Parks and Recreation Services
- Water Utility
- Municipal Airpark - General Aviation
- Refuse Collection
- Wastewater Treatment

As such, this report includes the financial activities of the City, the Bakersfield Redevelopment Agency, and the Public Financing Authority. A more detailed discussion of the reporting entity is provided in the notes to the financial statements.

## **MAJOR INITIATIVES**

Major transportation projects such as the Thomas Roads Improvement Program (TRIP) and the Westside Parkway will move forward using a combination of local fund, Transportation Impact Fees, and State and Federal road funds. The 2009-10 Budget includes funding for the construction of Mohawk Street between Rosedale Highway and Truxtun Avenue - \$69,400,000; and construction of the Westside Parkway from Mohawk to Allen Road - \$93,000,000. Additionally, construction on the Fairfax / Hwy 178 interchange project is near completion and several other TRIP projects have contracts in place for environmental study work.

The expansion of the wastewater treatment plant that services the western half of Bakersfield is about 85% complete. The \$211 million construction project was awarded to Kiewit Construction in August 2007. The expansion project will double the size of the Westside plant, taking it from a capacity of 16 million gallons per day (MGD) to 32 MGD. Initial phases of the project are already operational and the scheduled completion date for the entire project is June 2010. The project was funded by Wastewater Revenue Bonds issued in 2007. The bonds will be repaid with future sewer connection fees and / or sewer user charges.

The Mill Creek Linear Park project is a joint City / Redevelopment Agency effort to enhance a two mile stretch of an irrigation canal that runs north/south along the eastern edge of the central downtown area. Phase I improvements were completed earlier this year, which include a large pond within a downtown central park enclosed with decorative fencing and a landscaped walking path along the perimeter of the pond. Future phases of the project will extend the walking path to the north and south and will include additional enhancements to both the canal and the street crossings; thus expanding on the linear park concept. Funding for the project includes both a State Infrastructure Bank Loan for \$10,000,000 and a California Proposition 1C grant for \$10,847,200 as major funding sources for the additional project phases.

## **FACTORS AFFECTING FINANCIAL CONDITION**

**Local Economy and Local Budget issues-** The City of Bakersfield has been impacted by the statewide economic slump. Sales tax revenues have been in decline for ten of the past eleven quarters and we expect sales to remain depressed for the next twelve months. New home construction and assessed values of existing homes have declined from prior year amounts. The local economic environment continues to follow state and national trends, which show very mixed signs regarding any type of recovery. Property tax receipts are expected to decrease by 10% to 11% in 2009-10 and are projected to show no growth in 2010-11. Sales tax revenues are expected to decline in 2009-10 by 6% to 10% and we do not expect any significant recovery in fiscal 2010-11. Up until the last couple of years historic growth trends in both sales tax and property taxes have averaged in the 6% to 7% range.

The City Council continues to take a conservative approach in adopting our budget for 2009-10. The Council has maintained a \$12,000,000 cash basis reserve fund along with a \$5,000,000 facilities reserve fund to protect the City in times of need. During the 2009-10 budget process the City Council significantly reduced operating costs by eliminating over 140 vacant positions that resulted from a hiring freeze implemented by the City Manager. Each department was instructed to reduce their operating budgets by 7%. These steps have allowed us to maintain basic service levels in critical areas while riding out the current economic slump.

Retirement costs are expected to remain fairly level for the next year, but because of the unprecedented portfolio losses recognized by CalPERS in 2008-09 we expect our employer rates to climb by several percentage points beginning in 2011-12. CalPERS has approved a multi-year smoothing method to spread the rate increases associated with the portfolio losses over a three year period beginning with the rates charged to cities in 2011-12. Preliminary estimates provided by CalPERS project employer rates climbing by 7% to 10% over the next four fiscal years. These projected rate increases reflect a significant change in retirement costs for the City that are

currently estimated at approximately \$7.5 million per year once the rate increases have been fully implemented by CalPERS. While the smoothing method approved by CalPERS spreads the rate increases over a three year period, the recovery plan anticipates the inflated costs will remain in effect for a 30 year period in order to offset the portfolio losses recognized by CalPERS in 2008-09. Thus the \$7.5 million estimated impact will be an ongoing cost to the City for many years.

The City Council did adopt a revised and reduced retirement plan for newly hired miscellaneous employees in August 2008 as part of a labor union settlement with our blue and white collar bargaining units. The impact of this benefit reduction will be long term in nature, but it represents the City's interest and long term goal in maintaining fiscal responsibility.

**State Budgetary Actions** - The budget problems at the State level are of major concern for the City of Bakersfield. The City has adjusted to prior State actions, including the reduction of Vehicle License Fees (VLF) and the State action of taking one-fourth of our sales tax revenues and replacing them with property tax revenues (the so called "triple flip" budget action). We have also anticipated and planned for the most recent 2009-10 capture of over \$6.7 million of property tax revenues by the State in their Proposition 1A forced borrowing from local tax dollars. Additionally, the State decision to defer the remittance of Gas Tax dollars to the City has a negative impact on our investment income as we continue to cover cash flow needs for street maintenance.

The City is aware that the State has not solved its budget problems and may again have a significant budget deficit looming on their horizon for 2009-10 and 2010-11. We will continue to monitor any potential actions the State may propose that might have a negative effect on the City's financial status.

**Long Term Financial Planning** - The City of Bakersfield continues to look forward to long term financial needs. The recent acquisition of a 55,000 square foot office building across the street from our existing city hall complex will provide needed room for consolidation of some operations and allow other division to grow as those needs develop. The site also has land space for a second structure of similar size to address more long term space needs. We believe purchase of this facility will improve customer service to the citizens of Bakersfield and provide opportunities for improved operational efficiency. The City continues to monitor departmental needs for satellite storage and staging areas for Public Works and Parks operations. As the City continues to grow both in population and in geographic area we must continuously evaluate opportunities to become more efficient and effective in our efforts to serve our community.

**Accounting system and internal controls** - The City's accounting system is organized and operated on a fund basis. Each fund is a distinct self-balancing accounting entity. Various funds utilized by the City of Bakersfield are fully described in Note 1 of Notes to the Basic Financial Statements. The City's accounting records for general governmental operations are maintained on a modified accrual basis whereby revenues are recognized when measurable and available and expenditures are recognized when materials and services are received. Accounting records for the enterprise and internal services funds are recorded on an accrual basis, whereby revenues are recognized when earned and expenses are recognized when incurred.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (a) the cost of a control should not exceed the benefits likely to be derived and (b) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. However, the City recognizes that even sound internal controls have their inherent limitations. Internal controls are reviewed to ensure that the City's operating policies and procedures are being adhered to and that the controls are adequate to ensure accurate and reliable financial reporting and to safeguard the City's assets.

**Budgetary Controls** - The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Project length financial plans are adopted for the capital projects funds. The level of budgetary control is established at the fund level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered amounts lapse at year end. However, encumbrances and certain capital projects are re-appropriated as part of the following year's budget. The 2008-09 City of Bakersfield appropriation limit established as required by state statute was \$266,206,944.

**Cash Management** - The City maintains a cash and investment pool that is available for use by all funds, except the fire pension trust fund. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and short-term investments. The deposits and investments of the fire pension trust fund are held separately from other City funds.

The City Council has adopted an investment policy in accordance with California government code sections 53607 and 53646, with a goal to minimize credit and market risks while maintaining a competitive yield on its portfolio. The City is also governed by State statutes authorizing the City to invest in bonds or other evidences of indebtedness of the U. S. Government or any of its agencies and instrumentalities, repurchase agreements and banker's acceptances. The pension trust investments are administered separately under Municipal Code Section 2.92, which is within state guidelines.

## **OTHER INFORMATION**

**Independent Audit** - The City Charter requires an annual audit by independent certified public accountants. The City Council also adopted a policy regarding auditor rotation that limits the tenure of any one audit firm "not to exceed five consecutive years". The accounting firm of Brown Armstrong Accountancy Corporation was selected by the City Council to perform the annual audit for the 2006-07 fiscal year. This 2008-09 audit year is the third year of a contemplated five year agreement with this firm. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984 and related OMB Circular A-133. The auditors report on the basic financial statements, including the notes to the financial statements, but their opinion does not cover the combining and individual fund statements.

**Awards** - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bakersfield for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008, marking the twenty-eighth consecutive year Bakersfield has received the GFOA certificate. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports 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 our current report continues to conform to Certificate of Achievement Program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

**Acknowledgments** - The preparation of this report on a timely basis could not be accomplished without the efficient services of the entire staff of the Finance Department. I should like to express my appreciation to all members of the Department who assisted and contributed to its preparation. I should also like to thank the Mayor, City Council and the City Manager for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully,



Nelson K. Smith  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## City of Bakersfield California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

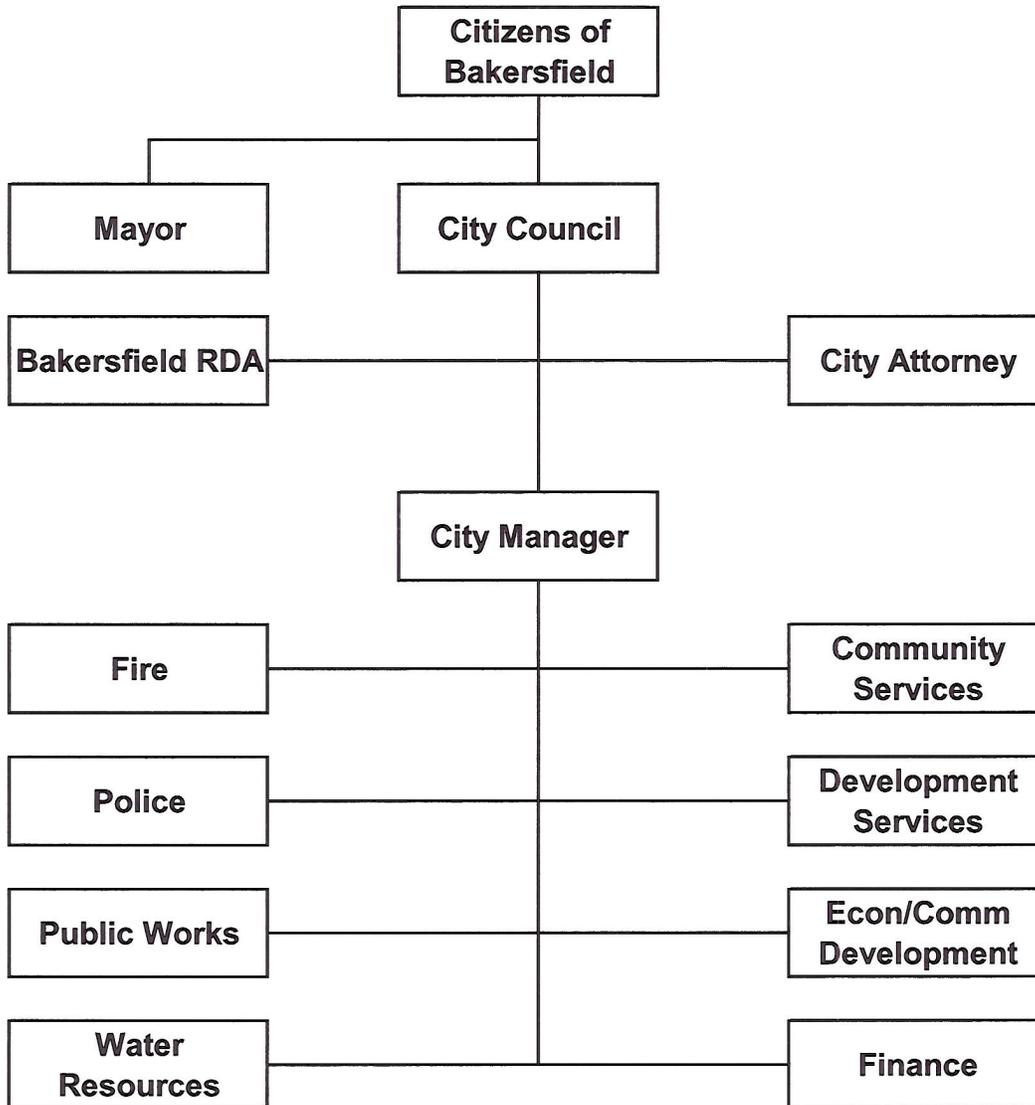
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

*City of*  
**Bakersfield**  
*Organizational Chart*



# CITY OF BAKERSFIELD

June 30, 2009

## City Council

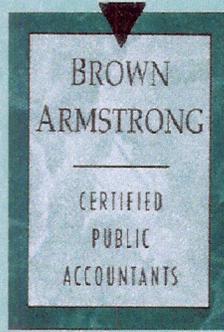
Harvey L. Hall ..... Mayor  
Irma Carson ..... Member/Ward 1  
Sue Benham ..... Member/Ward 2  
Ken Weir ..... Member/Ward 3  
David R. Couch ..... Member/Ward 4  
Harold Hanson ..... Member /Ward 5  
Jacquie Sullivan ..... Member/Ward 6  
Zack Scrivner ..... Vice Mayor /Ward 7

## Administrative Personnel

Alan Tandy ..... City Manager  
John W. Stinson ..... Assistant City Manager  
Virginia Gennaro..... City Attorney  
Donna Kunz ..... Economic Development Director  
Nelson K. Smith ..... Finance Director  
Ron Frazee ..... Fire Chief  
Stanley Grady ..... Development Services Director  
William Rector..... Police Chief  
Raul Rojas ..... Public Works Director  
Dianne Hoover ..... Director Recreation & Parks  
Florn Core ..... Water Resources Manager



Peter C. Brown, CPA  
Burton H. Armstrong, CPA, MST  
Andrew J. Paulden, CPA  
Steven R. Starbuck, CPA  
Chris M. Thornburgh, CPA  
Eric H. Xin, CPA, MBA  
Richard L. Halle, CPA, MST  
Aileen K. Keeter, CPA



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■ 8365 N. Fresno Street, Suite 440  
Fresno, California 93720  
Tel 559.476.3592 Fax 559.476.3593

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregated remaining fund information of the City of Bakersfield, California (the City) as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's non-major governmental funds, internal service funds, and fiduciary funds, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the supplementary information section of table of contents. These financial statements are the responsibility of the City of Bakersfield's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, the aggregate discretely presented component unit, each major fund, and the aggregated remaining fund information of the City of Bakersfield, California, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each of the City's non-major governmental funds, internal service funds, and fiduciary funds, of the City of Bakersfield as of June 30, 2009, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The *management's discussion and analysis (MD&A)* and *budgetary comparison* information as listed in the required supplementary information section of the accompanying table of contents are not a required part of the City's basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures to the MD&A, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the *management's discussion and analysis* information. However, we did not audit the MD&A and express no opinion on it. The budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Bakersfield, California's basic financial statements and the financial statements of each of the non-major government funds, internal service funds, and agency funds. The introductory section, combining and individual non-major funds' budgetary comparison schedules, and the statistical section identified in the table of contents, where applicable, are presented for the purposes of additional analysis and are not a required part to the basic financial statements. The combining and individual non-major funds' budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION



Bakersfield, California  
December 4, 2009

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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This discussion and analysis of the City of Bakersfield's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements, and the accompanying notes to those financial statements.

**FINANCIAL HIGHLIGHTS**

- The assets of the City of Bakersfield exceeded its liabilities at the close of the most recent fiscal year by \$2.35 billion (net assets). Of this amount, \$200.0 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$50.1 million over the prior fiscal year. This increase is attributable to a \$136.1 million increase in capital asset investments and an \$90.2 million decrease in restricted net assets for capital improvements with approximately \$70.0 million related to the Wastewater Plant 3 expansion.
- As of the close of the current fiscal year, the City of Bakersfield's governmental funds reported combined ending fund balances of \$166.8 million, a decrease of \$9.3 million in comparison with the prior year. A total of \$72.5 million of the total fund balance is available for spending at the government's discretion (unreserved fund balance) within the limitations of each specific fund.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$38.1 million (a decrease of \$5.6 million from the prior year). Of this amount \$4.6 million is designated for current projects and \$6.7 million is designated for compensated absences. The balance of \$26.8 million is unreserved and undesignated.
- The City of Bakersfield's total debt showed a net decrease of \$5.0 million during the current fiscal year. The decrease in debt was a result of normal maturity on existing debt.

**THE FINANCIAL STATEMENTS**

The City of Bakersfield (City) and its component units basic financial statements 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.

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 statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. Additionally, certain eliminations have occurred as prescribed by the GASB statements in regards to inter-fund activity, payables and receivables.

The **Fund Financial Statements** include statements for each of the three categories of activities – governmental, proprietary and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary activities are agency funds, which only report a balance sheet and do not have a measurement focus. Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach.

**OVERVIEW OF THE FINANCIAL STATEMENTS****Government-Wide Financial Statements****The Statement of Net Assets and the Statement of Activities and Changes in Net Assets**

The Statement of Net Assets and the Statement of Activities and Changes in Net Assets report information about the City as a whole and about its activities. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and sales tax base.

In the Statement of Net Assets and the Statement of Activities and Changes in Net Assets, we separate the City activities as follows:

**Governmental activities** -- Most of the City's basic services are reported in this category, including the General Government, Police, Fire, Public Works, Parks, Recreation and Community Development. These activities are generally financed by property and sales taxes, user fees, interest income, franchise fees, and state and federal shared revenues and grants.

**Business-Type activities** -- The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's Water system, Wastewater system, Refuse Collection system, Municipal Airport, and Off-street Parking activities are reported in this category.

The City's Government-wide Financial Statements include not only the City itself (referred to as the primary government) but also a legally separate redevelopment agency. A Component Unit report of the Bakersfield Redevelopment Agency is also prepared which includes an independent auditor's report in its financial statements. Also, the Bakersfield Public Finance Authority is financially accountable to the City and is blended in these financial statements.

**FUND FINANCIAL STATEMENTS**

The fund financial statements provide detailed information about the most significant funds -- not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

**Governmental funds** - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation schedule following each Governmental fund financial statement.

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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**Proprietary funds** - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in Proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets. In fact, the City's Enterprise funds are the same as the Business-Type activities reported in the Government-Wide statements, but provide more detail and additional information, such as cash flows, for Proprietary funds. The City uses Internal Service funds (the other component of Proprietary funds) to report activities that provide supplies and services for the City's other programs and activities--such as the City's Self-Insurance and Equipment Management funds. The Internal Service funds are reported with governmental activities in the Government-Wide financial statements.

**Fiduciary Funds** - The City is the trustee, or fiduciary, for certain funds held on behalf of various third parties. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**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.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain "Required Supplementary Information" concerning the City's progress in funding its obligation to provide pension benefits to its employees, budgetary comparison schedules for the General fund and Special Revenue major funds.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Bakersfield, assets exceeded liabilities by \$2,351,190,423 at the close of the most recent fiscal year.

The largest portion of the City of Bakersfield's net assets (85% of the total) reflects its investment in capital assets of \$2,009,337,550 (e.g., land, buildings, machinery, infrastructure and equipment); less any related debt used to acquire those assets that are still outstanding. The City of Bakersfield uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Bakersfield's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A small portion of the City of Bakersfield's net assets of \$149,909,773 (6.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$200,219,670 (8.5%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Bakersfield is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate Governmental and Business-type activities. The same situation held true for the prior fiscal year.

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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**City of Bakersfield – Net Assets**

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
<b>Assets</b>						
Current and other assets	\$ 258,984,300	\$ 255,203,499	\$ 276,626,329	\$ 193,820,321	\$ 535,610,629	\$ 449,023,820
Capital assets (net)	<u>1,378,812,471</u>	<u>1,416,607,899</u>	<u>741,477,292</u>	<u>841,783,529</u>	<u>2,120,289,763</u>	<u>2,258,391,428</u>
Total assets	<u>1,637,796,771</u>	<u>1,671,811,398</u>	<u>1,018,103,621</u>	<u>1,035,603,850</u>	<u>2,655,900,392</u>	<u>2,707,415,248</u>
<b>Liabilities</b>						
Long-term liabilities						
outstanding	24,915,944	27,417,787	253,673,498	250,797,488	278,589,442	278,215,275
Other liabilities	<u>42,423,957</u>	<u>44,556,748</u>	<u>33,804,602</u>	<u>33,452,802</u>	<u>76,228,559</u>	<u>78,009,550</u>
Total liabilities	<u>67,339,901</u>	<u>71,974,535</u>	<u>287,478,100</u>	<u>284,250,290</u>	<u>354,818,001</u>	<u>356,224,825</u>
<b>Net Assets</b>						
Invested in capital assets,						
net of related Debt	1,369,689,471	1,412,593,899	495,247,523	588,467,081	1,864,936,994	2,001,060,980
Restricted	79,340,245	61,026,264	158,082,119	88,883,509	237,422,364	149,909,773
Unrestricted	<u>121,427,154</u>	<u>126,216,700</u>	<u>77,295,879</u>	<u>74,002,970</u>	<u>198,723,033</u>	<u>200,219,670</u>
<b>Total Net Assets</b>	<u>\$1,570,456,870</u>	<u>\$1,599,836,863</u>	<u>\$ 730,625,521</u>	<u>* \$ 751,353,560</u>	<u>\$2,301,082,391</u>	<u>\$2,351,190,423</u>

\* - As restated

The government's net assets increased by \$50,108,032 compared to the prior fiscal year. This increase is due primarily to additions to infrastructure and construction in progress throughout the City. The construction in progress increase relates to the ongoing work on a new Wastewater treatment facility and the continuing road improvements throughout the City, including the Westside Parkway and Thomas Road Improvement Program projects.

**Governmental activities** – Governmental activities increased the City of Bakersfield's net assets by \$29,379,993, thereby accounting for 59% of the total growth in the net assets of the City of Bakersfield. Again, the primary cause of this increase is the investment in capital assets.

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**Management's Discussion and Analysis**

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**City of Bakersfield – Changes in Net Assets**

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
<b>Revenues:</b>						
<b>Program revenues</b>						
Charges for services	\$ 51,248,032	\$ 47,368,228	\$ 88,562,228	\$ 94,751,659	\$ 139,810,260	\$ 142,119,887
Operating grants and contributions	14,389,999	18,940,149	8,391,106	5,228,837	22,781,105	24,168,986
Capital grants and contributions	74,434,259	75,921,404	23,514,481	12,174,540	97,948,740	88,095,944
<b>Total Program Revenues</b>	<b>140,072,290</b>	<b>142,229,781</b>	<b>120,467,815</b>	<b>112,155,036</b>	<b>260,540,105</b>	<b>254,384,817</b>
<b>General revenues:</b>						
<b>Taxes:</b>						
Property taxes	71,655,585	70,869,285			71,655,585	70,869,285
Sales taxes	63,415,357	56,615,428			63,415,357	56,615,428
Other taxes	3,193,162	3,136,193			3,193,162	3,136,193
<b>Intergovernmental:</b>						
Intergovt., unrestricted	910,205	962,870			910,205	962,870
Grants and contributions not restricted to specific programs	16,303,921	16,767,713			16,303,921	16,767,713
Investment earnings	4,019,639	2,050,010	4,894,373	3,378,654	8,914,012	5,428,664
Miscellaneous	131,121	393,088			131,121	393,088
Gain on sale of property	43,215	58,726			43,215	58,726
<b>Total revenues</b>	<b>299,744,495</b>	<b>293,083,094</b>	<b>125,362,188</b>	<b>115,533,690</b>	<b>425,106,683</b>	<b>408,616,784</b>
<b>Expenses:</b>						
General government	12,738,456	15,624,497			12,738,456	15,624,497
Public safety – Police	71,485,694	68,830,802			71,485,694	68,830,802
Public safety – Fire	32,930,374	32,844,159			32,930,374	32,844,159
Public works	93,674,545	98,187,688			93,674,545	98,187,688
Community services	34,783,064	30,968,448			34,783,064	30,968,448
Development services	10,920,263	10,111,034			10,920,263	10,111,034
Economic/Community dev.	3,917,710	6,930,730			3,917,710	6,930,730
Interest on long term debt	430,313	252,743			430,313	252,743
<b>Subtotal - Governmental</b>	<b>260,880,419</b>	<b>263,750,101</b>	<b>-</b>	<b>-</b>	<b>260,880,419</b>	<b>263,750,101</b>

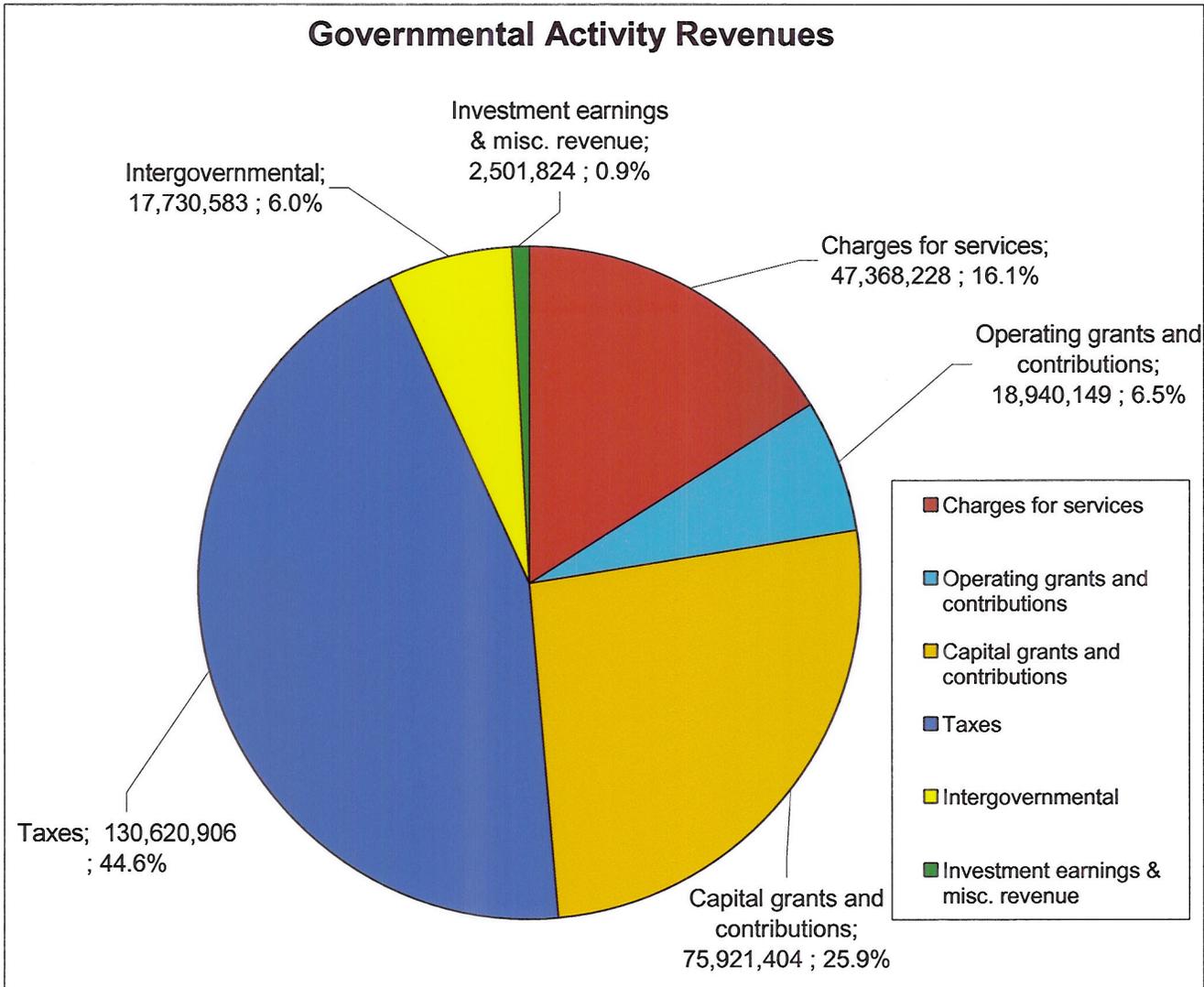
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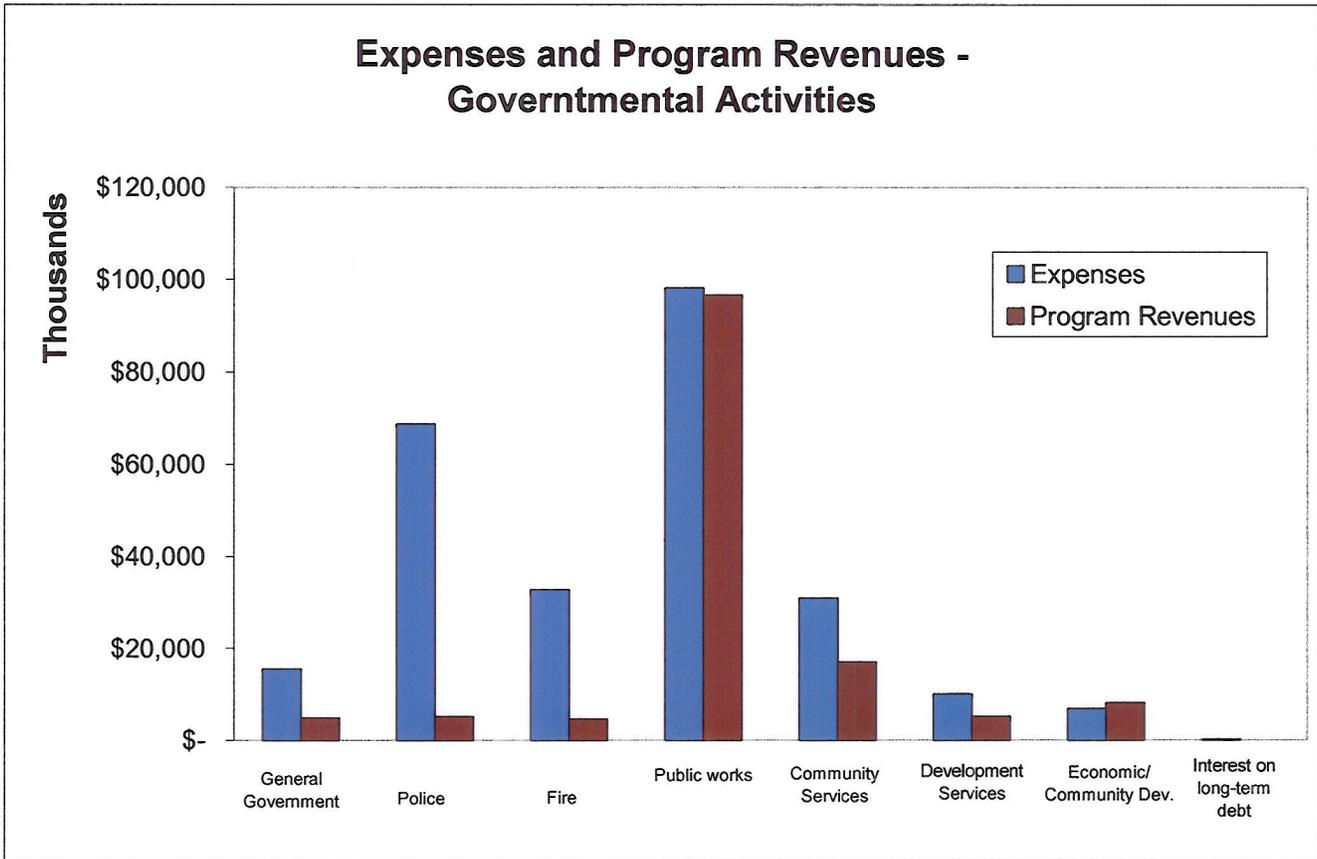
	Governmental activities		Business-type activities		Total	
	2008	2009	2008	2009	2008	2009
<b>Business Type:</b>						
Wastewater treatment			34,006,998	32,009,889	34,006,998	32,009,889
Refuse collection			39,679,394	37,590,048	39,679,394	37,590,048
Agricultural water			5,415,452	5,014,733	5,415,452	5,014,733
Domestic water			16,579,051	19,655,317	16,579,051	19,655,317
General aviation			395,181	296,653	395,181	296,653
Off-street parking			168,780	192,011	168,780	192,011
Subtotal - Business Type	-	-	96,244,856	94,758,651	96,244,856	94,758,651
Total expenses	260,880,419	263,750,101	96,244,856	94,758,651	357,125,275	358,508,752
Change in net assets before transfers & other items	38,864,076	29,332,993	29,117,332	20,775,039	67,981,408	50,108,032
Transfers	2,004,146	47,000	(2,004,146)	(47,000)	-	-
Contributed Capital	1,600,000					-
Change in net assets	42,468,222	29,379,993	27,113,186	20,728,039	69,581,408	50,108,032
Net Assets - Beginning of Year (as restated)	1,527,988,648	1,570,456,870	703,512,335	730,625,521	2,231,500,983	2,301,082,391
Net assets - End of Year	<u>\$1,570,456,870</u>	<u>\$1,599,836,863</u>	<u>\$730,625,521 *</u>	<u>\$751,353,560</u>	<u>\$ 2,301,082,391</u>	<u>\$2,351,190,423</u>

\* as restated

Revenues decreased in governmental activities due primarily to a 10.7% (\$6.8 million) decrease in sales tax revenue and a 7.6% (\$4.0 million) decrease in charges for services. The decrease in sales tax revenue is due to a continued declining economy and the decrease in charges for services is due to the slow down in building activity.

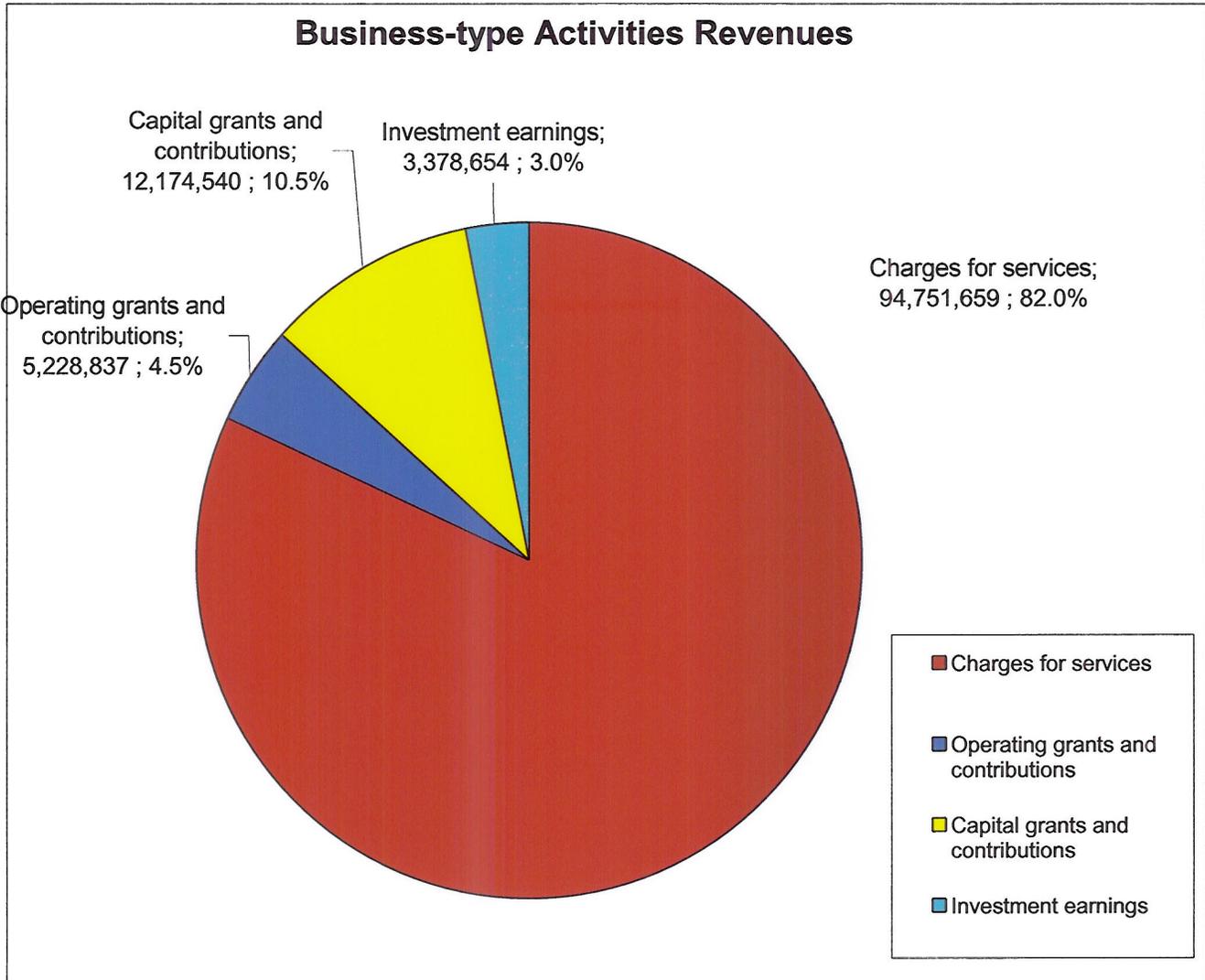


Total expenses in Governmental activities had a net increase of \$2,869,682 from the previous fiscal year with the largest percentage increase in Economic and Community Services. Economic and Community Development increased by \$3.0 million due to a shift in personnel from the General Fund. Community Services and Public Safety-Police decreased by \$3.8 million and \$2.7 million respectively due primarily to a reduction in staffing, hiring freeze and reduction in overtime. General Government increased by \$2.9 million due to salary and benefit increases.



**Business-type activities** – Business-type activities increased the City of Bakersfield’s net assets by \$20,728,039, accounting for approximately 42% of the total growth in the government’s net assets. Unlike in prior years, the increase in net assets related to capital asset investments was offset significantly by the increase in related debt. This debt increase is from the bond issued for the new Wastewater treatment facility currently being constructed.

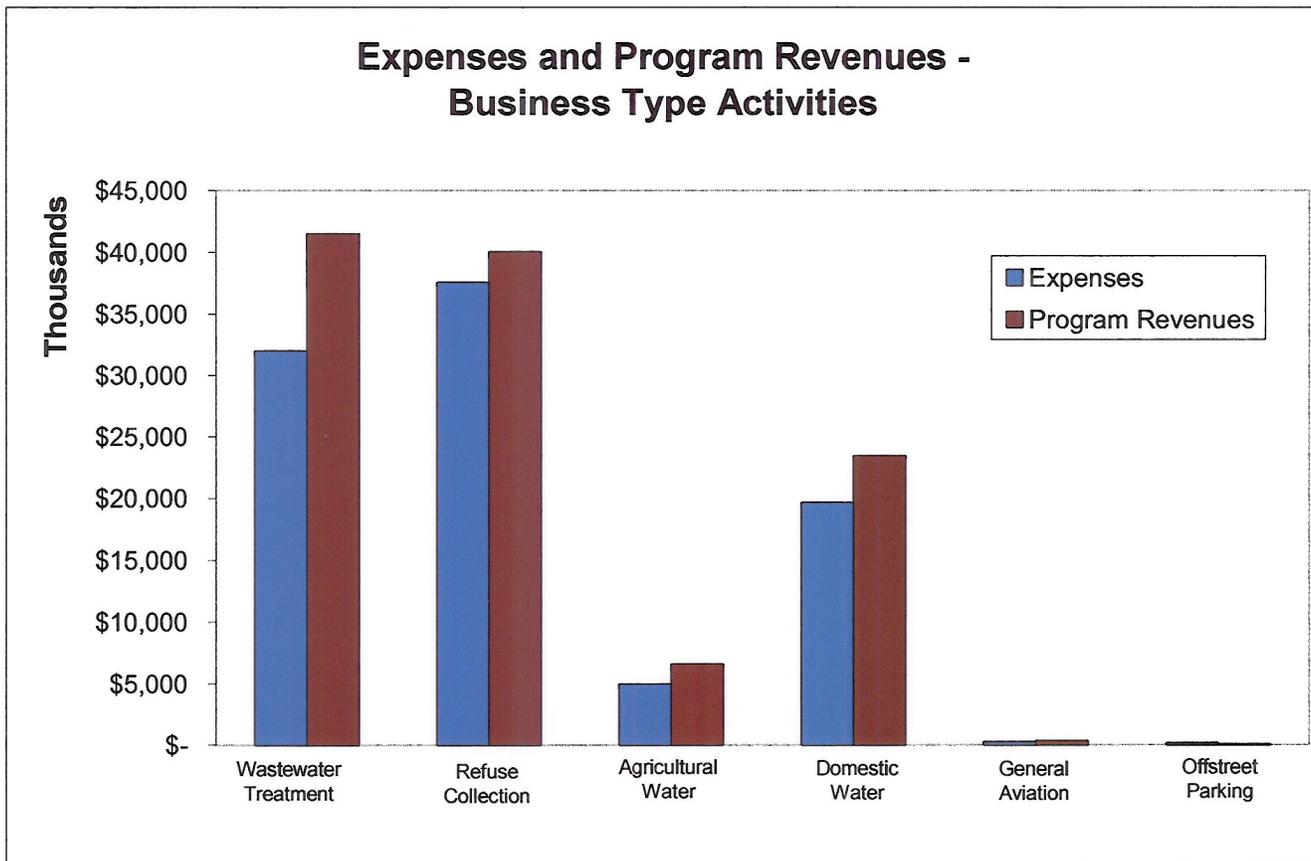
Charges for services in Business-type activities increased by \$6.2 million, which represents a 7.0% increase over the prior fiscal year revenue figures. This increase is due to increases in fees and system usage primarily in the Wastewater and Domestic Water activities. Operating grants and contributions for Business-type activities decreased by approximately \$3.2 million, which is a 37.7% decrease from the prior year revenue figures. This decrease is related to the decline in development activity. This revenue source is primarily the fees paid by developments for connection to the City’s Water and Sewer systems. The Domestic Water fund showed the largest increase in expenses over the prior year, with an increase of \$3,076,266. The increase in the Domestic Water Fund is due to new water supply and treatment programs.



**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the City of Bakersfield uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds** - The focus of the City of Bakersfield's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City of Bakersfield's financing requirements. In particular, unreserved 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 of Bakersfield's Governmental funds reported combined ending fund balances of \$166,832,908, a decrease of \$9,251,442 in comparison with the prior year. Approximately 43% of this total amount, \$72,524,533, is available for spending at the government's discretion (unreserved fund balance) within the limitations of each specific fund. The remainder of fund balance is "reserved" to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$77,283,641); 2) to be set aside as a cash basis reserve (\$12,001,989); 3) for facility replacement set aside (\$5,000,000), or 4) for a variety of other restricted purposes (\$22,745).

The General Fund is the chief operating fund of the City of Bakersfield. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$38,126,478 (of this amount \$4.6 million is designated for current projects and \$6.7 million is designated for compensated absences), while total fund balance reached \$51,074,468. It may be useful to compare both unreserved fund balance and total fund balance to total expenditures as a measure of the General Fund's liquidity. Unreserved fund balance for the General Fund represents approximately 24.0% of General Fund expenditures. Total fund balance for the General Fund represents approximately 32.0% of General Fund expenditures.

The fund balance of the City of Bakersfield's General Fund is \$4,897,691 higher than the prior fiscal year. The major factors in General Fund activity that resulted in this increase are as follows:

- Operating expenses decreased in the General Fund by approximately \$6 million, a decrease of 3.6% from the prior year. The primary cause of this decrease is due to reductions in staff, a hiring freeze and overtime reductions. The actions above were directly related to the declining economy.

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- Transfers to other funds decreased by \$11,123,412 due to a significant decrease in revenue from the previous year resulting in less funds available for capital projects. In the prior year there was over \$4.5 million set aside for new fire stations and equipment compared to this year's \$1 million. There was also an \$8 million decrease in funds used for new Recreation and Parks facilities and capital improvements for existing facilities.

The Transient Occupancy Tax fund has a total fund balance of \$1,574,925 at the end of the current year. The majority of the fund balance is available for spending at the government's discretion (unreserved fund balance). This fund's total expenditures and other financing uses exceeded revenues by \$88,514. This fund accounts for the local hotel taxes collected by the City. The fund also accounts for the operations, maintenance and capital needs of the Rabobank Arena, Convention Center, the Bakersfield Ice Sports Center and the Convention and Visitor Bureau.

The Community Development Block Grant (CDBG) fund has a reserved fund balance of \$3,113,359 and a deficit of \$492,022 in unreserved fund balance at the end of the current year. Expenditures and uses exceeded revenues resulting in a net decrease in fund balance of \$415,860. This decrease is due to the increase in expenditures primarily related to the Mill Creek Linear Park project. The block grant program is almost entirely funded by Housing and Urban Development (HUD) federal block grants and can only be used for specific purposes.

The Gas Tax and Road fund has a reserved fund balance of \$59,973,759 and a deficit of \$51,154,742 in unreserved fund balance that reflected an increase in the deficit of \$3,326,086. Increase is due primarily to the significant amount of contracts entered into for preliminary engineering and environmental studies needed for the Thomas Road Improvement Program (TRIP). Charges for Service increased as a result of a rise in reimbursable expenditures. Expenditures also increased as more TRIP projects have entered the construction phase. Amounts reported in this fund include gasoline taxes received from the State of California and other federal and state grant proceeds earmarked for street and highway related purposes.

The Special Assessment Districts capital fund has a total fund balance of \$20,046,675, a decrease of \$9,449,924 over the previous fiscal year. The decrease is due to the continued payment of special assessment bonds and a decrease in the issuance of new special assessment bonds. All of these funds are reserved for the construction or acquisition of public improvements that are funded by 1915 act bonds. The bonds are **not** secured by the general taxing power of the City of Bakersfield (City), the County of Kern (County), or the State of California (State) or any political subdivision of the State; and neither the City, the County, nor the State nor any political subdivision of the State has pledged its full faith and credit for the repayment of the bonds.

The Capital Outlay fund has a total fund balance of \$21,475,359, a total decrease of \$5,118,769 from the previous fiscal year. Of this amount, \$2,593,184 is reserved for the payment of encumbrances on existing capital projects and \$5,000,000 is reserved for facility replacement. A total of \$12,974,708 is designated for specified capital projects that were in the planning stage as of the end of the current fiscal year. The remaining amount of \$907,467 is unreserved and undesignated. The decrease in the current year is due to the lack of monies available that are normally transferred from the General Fund for capital projects. This resulted in the use of fund balance to fund current year projects.

The Park Development fund has a total fund balance of \$12,471,733 at the end of the current year. Of this amount \$171,595 is reserved for the payment of encumbrances on existing capital projects and a total of \$6,432,008 is designated for specified for either acquisition of parkland or construction of new park facilities that were in the planning stage at year-end. Revenues in this fund decreased by 50% compared to the previous fiscal year due to the continuing decline in the housing industry while expenditures also decreased by 63% due to delays in project completion because of possible delays in grant reimbursements from the State. The remaining

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funds of \$5,868,130 are unreserved and undesignated. Revenues exceeded expenditures resulting in a net increase in fund balance of \$1,419,326.

The Transportation Development fund has a total fund balance of \$47,360,718 at the end of the current year. Of this amount, \$6,916,124 is reserved for the payment of encumbrances on existing capital projects and \$16,925,905 is designated for projects. The remaining funds of \$23,518,689 will be programmed in the 2009-10 budget for projects that have been identified as necessary to maintain the level of services required for the regional transportation network.

**Proprietary funds** - The City of Bakersfield's proprietary funds are shown in their entirety in the government-wide financial statements. All funds are being reported as major funds, so there is no need to report additional detail elsewhere in the document.

The Wastewater Treatment fund has total net assets of \$494,924,965 at the end of the current year, an increase of \$11,443,479 over the prior year. Total net assets include \$376,775,630 invested in capital assets and \$83,715,993 of restricted assets (of which \$78,520,993 relates to the Sewer Plant 3 expansion project), which are not available to cover current expenses. The remaining net assets of \$34,433,342 are unrestricted and available to cover current operating and capital needs (including plant and equipment replacement) of the fund. This increase is due primarily to an increase in sewer residential rates.

The Refuse Collection fund has total net assets of \$16,296,353 at the end of the current year, an increase of \$3,790,504 from the prior year. A portion of net assets of \$5,167,516 are designated for future landfill closure costs. The remaining net assets within the Refuse fund of \$11,128,837 are unrestricted and available to cover current operating and capital needs of the fund.

The Agricultural Water fund has total net assets of \$26,329,864 at the end of the current year, an increase of \$1,674,283 over the prior year. Total net assets include \$21,555,001 invested in capital assets, which are not available to cover current expenses. The remaining net assets of \$4,774,863 are unrestricted and thus there are no unrestricted funds available to cover current operating and capital needs of the fund.

The Domestic Water fund has total net assets of \$197,325,742 at the end of the current year, an increase of \$4,501,811 over the prior year. Total net assets include \$174,537,138 invested in capital assets, which are not available to cover current expenses. The remaining net assets of \$22,788,604 are unrestricted and available to cover current operating and capital needs of the fund.

The General Aviation fund has total net assets of \$9,980,734 at the end of the current year, an increase of \$73,227 compared to the prior year. Total net assets include \$9,491,827 invested in capital assets, which are not available to cover current expenses. The remaining net assets of \$488,907 are unrestricted and available to cover current operating and capital needs of the fund.

The Offstreet Parking fund has total net assets of \$6,186,571 at the end of the current year, a decrease of \$112,303 compared to the prior year. Total net assets include \$6,107,485 invested in capital assets, which are not available to cover current expenses. The remaining net assets of \$79,086 are unrestricted and available to cover current operating and capital needs of the fund.

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**Management's Discussion and Analysis**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** - The City of Bakersfield's investment in capital assets for its governmental and business type activities as of June 30 of the current fiscal year amounts to \$2,258,391,428 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, bridges and construction in progress. The total increase in the City of Bakersfield's investment in capital assets for the current fiscal year was \$138,269,785.

The majority of the increase is a result of infrastructure constructed or acquired during the fiscal year. These financial statements include infrastructure assets constructed or acquired through 2008-09 fiscal years.

Major capital asset events during the current fiscal year included the following:

- A variety of street construction projects and rehabilitation of major arterial streets. Construction in progress for governmental activities as of the end of the current fiscal year had reached \$127,574,910. This figure includes over \$117 million towards major street construction, traffic signal, and resurfacing projects throughout the City.
- The Wastewater Treatment funds have over \$204 million in Construction in Progress in Business-type activities. This includes about \$200 million for the Wastewater Plant #3 expansion project and \$4 million for various sewer line extension projects.
- The City added over \$15 million in new streets and roads primarily due to new residential developments completed in the current year. These newly constructed right of ways are transferred over to the City by the various developers when the work is finalized. This number is significantly lower when compared to previous fiscal years due to the decline in the housing industry and a declining economy.

**City of Bakersfield – Capital Assets**

	Governmental activities		Business-type activities		Total	
	2008	2009	2008	2009	2008	2009
Land and water storage rights	\$ 404,362,555	\$ 404,362,555	\$ 33,741,805	\$ 33,741,805	\$ 438,104,360	\$ 438,104,360
Depreciable buildings, property, equipment and infrastructure, Net	900,065,942	884,670,434	584,560,808	598,028,835	1,484,626,750	1,482,699,269
Construction in progress	74,383,974	127,574,910	123,006,559	210,012,889	197,390,533	337,587,799
Total Capital Assets	<u>\$ 1,378,812,471</u>	<u>\$ 1,416,607,899</u>	<u>\$ 741,309,172</u>	<u>\$ 841,783,529</u>	<u>\$2,120,121,643</u>	<u>\$ 2,258,391,428</u>

**Long-term debt** - At the end of the current fiscal year, the City of Bakersfield had a total debt outstanding of \$249,053,878. The City of Bakersfield's total debt decreased by a net amount of \$4,698,891 during the current fiscal year. The debt reductions were generally the result of normal debt maturities.

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**Management's Discussion and Analysis**

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**City of Bakersfield – Outstanding Debt**

	Balance July 1, 2008	Incurred or Issued	Satisfied or Matured	Balance June 30, 2009
<b>Governmental Activities</b>				
Loans payable	\$ 4,208,000	\$ -	\$ 194,000	\$ 4,014,000
Other bonds payable	3,315,000		3,315,000	-
Total governmental activities	<u>\$ 7,523,000</u>	<u>\$ -</u>	<u>\$ 3,509,000</u>	<u>\$ 4,014,000</u>
<b>Business-Type Activities</b>				
General obligation bonds payable	\$ -	\$ -	\$ -	\$ -
Revenue Bonds Payable	243,032,633		331,063	242,701,570
Loans Payable	11,804,769	186,811	1,376,702	10,614,878
Total business-type activities	<u>\$ 254,837,402</u>	<u>\$ 186,811</u>	<u>\$ 1,707,765</u>	<u>\$ 253,316,448</u>
Total Debt	<u>\$ 262,360,402</u>	<u>\$ 186,811</u>	<u>\$ 5,216,765</u>	<u>\$ 257,330,448</u>

Certificates of Participation issued by the City and the Bakersfield Redevelopment Agency in 2006 carry a Reserve Fund Surety from Ambac Assurance Company. Moody's Investor's service rating on Ambac is currently "Caa2". The current underlying rating on the Certificates has not been revised (currently "A2"). Such reduced rating on the Certificates reflects only the view of Moody's, and any desired explanation of the significance of such rating should be obtained from Moody's. There is no assurance that such rating will continue for any given period of time or that such rating will not be revised or withdrawn by Moody's if, in the judgment of Moody's, circumstances so warrant.

The Series A and B Wastewater revenue bonds issued by the City in 2007 to fund the new wastewater treatment plant construction carry a Reserve Fund Surety from Financial Security Assurance Inc. Moody's Investor's service has lowered its rating on Financial Security Assurance Inc. for Series A, from "Aaa" to "Aa3" rating from Moody's and an underlying "A1" rating from Moody's. The Series B revenue bond has a "Aa3/VMIG1" rating from Moody's and a standby bond purchase agreement with Dexia.

The Series B and C bonds of the Public Financing Authority (issued in 1994) are not rated.

More detailed information regarding capital asset and long term debt activity can be found in the related notes to the financial statements. See Note 6 page 64 for capital assets and Note 10 page 69 for long term debt.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget reflect a decrease in resources of \$6,794,358 and a decrease in appropriations of \$8,162,879. Significant budgetary amendments (changes) are summarized as follows:

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- \$6.6 million decrease in resources from Taxes. This significant decrease was a direct result of phase one budget reductions due to a continuing declining economy which has been felt at the national, state and local levels. Charges for services decreased by \$1.9 million due to a decline in development activity.
- \$1,482,464 increase in resources from Other Revenue. This change in the budget was due to additional environmental impact reports (EIR's) required for large developments throughout the City. The cost of these studies is fully reimbursed by the developers when they are completed.
- \$8,162,879 total decrease in appropriations. This net decrease was also a direct result of phase one budget reductions due to a continuing declining economy.

The final amended revenue estimate budget figures in the General Fund were lower than actual revenue by \$10,732,342 and appropriations were higher than actual expenditures by \$9,903,828. Significant differences between budget and actual amounts are as follows:

- \$6.8 million positive variance in tax revenue is due to a conservative mid-year budget adjustment that was initiated when it was determined that the City of Bakersfield would be facing significant reductions in operating revenue. The estimates used were as conservative as possible and as such the actual revenue amounts in these areas did not drop as much as originally anticipated.
- \$2.3 million positive variance in charges for services is due primarily to an adjustment which led to more assessments of property owners for Park maintenance fees being collected than originally budgeted. Positive variances in other department's charges for services are due to conservative budgeting.
- \$1.7 million variance of appropriations over actual expenditures in the Police Department. This savings was due primarily to benefit savings from unfilled positions and a reduction in overtime.
- \$1.1 million variance of appropriations over actual expenditures in Community Services. This savings was due primarily to salary and benefit savings from unfilled positions and a reduction in overtime and operating expenditures.
- \$1.5 million variance in Development service charges is due primarily to budgeted consultant work for EIR's that were contracted for but not completed in the current year. Also, Development services realized salary and benefit savings from unfilled positions left vacant due to a decrease in service caused by the slowdown in developments throughout the City.
- \$4.6 million savings was realized in the current year for a reserve that was set aside as a contingency to cover any City shortages that may have occurred as a result of any State of California budgetary actions.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The key assumptions in the General-Fund revenue forecast for fiscal year 2009-10 were:

1. Because of the general economic slowdown property tax revenues are expected to decline by 11% in the upcoming year.
2. Sales tax revenues are expected to decline 5.0 % as a result of the continued decline in economic activity over the past year. City staff will continue to monitor this revenue source for significant changes.
3. A total decrease of 8.8% in revenue has been budgeted due to the continued economic slowdown. This includes reduced budgeted revenues in charges for services, reflect decreases due to the slowdown in building and construction activity and reduced services provided by the City with those user fees.

New items specifically addressed in the 2009-10 budget include the following:

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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**Public Works** –The total operating budget for the department has decreased from fiscal year 2008-09 by 9.1%, totaling \$91,786,413. This decrease is due to the deletion of forty-five vacant positions. This decrease is also due to a deferral of some purchases of replacement equipment, as well as extending the life of vehicles and equipment. Despite these reductions, Public Works continues to focus on council priority items, such as street maintenance and graffiti removal throughout the community.

**Development Services** – The Development Services Department has experienced a significant slow down in the levels of development activity over the past two fiscal years. The total operating budget for the Department is \$8,258,135, which is a 19.7% decrease as compared to the previous fiscal year. This decrease is due to the deletion of sixteen vacant positions.

**Domestic Water** – The Domestic Water system's current operating budget has decreased by 0.1% from the 2008-09 fiscal year due to an increase in customers. The 2008-09 budget includes an increase in the quantity rate for City customers to \$0.88 per hundred cubic feet (a \$0.03 increase) which will take affect in October 2009.

**Wastewater** – The Wastewater enterprise fund's budget includes a 9.6% increase in residential sewer rates, increasing from \$178 per single family home to \$195. The funds generated by the rate increases will help offset the increased operating costs and be applied to the debt service payments for the Plant 3 expansion.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information can be sent via e-mail to: [finance@bakersonfieldcity.us](mailto:finance@bakersonfieldcity.us). Formal written requests should be addressed to: City of Bakersfield, Attn: Finance Department, 1600 Truxtun Avenue, Bakersfield, CA 93301.

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*Government-Wide Financial Statements*

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# CITY OF BAKERSFIELD

## Statement of Net Assets June 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bakersfield Redevelopment Agency
<b>Assets:</b>				
Current assets:				
Cash and investments	\$ 208,967,885	\$ 179,388,067	\$ 388,355,952	\$ 17,558,751
Accounts receivable, net	6,085,901	6,602,060	12,687,961	1,081,185
Interest receivable	848,796	448,092	1,296,888	60,874
Loans receivable - current	125,000		125,000	1,765,000
Due from other governmental agencies	34,428,259	813,861	35,242,120	207,557
Internal balances	(309,331)	309,331	-	
Prepayments and inventories	1,314,121		1,314,121	
<b>Total current assets</b>	<b>251,460,631</b>	<b>187,561,411</b>	<b>439,022,042</b>	<b>20,673,367</b>
Noncurrent assets:				
Capital assets:				
Land and water storage rights	404,362,555	33,741,805	438,104,360	
Land held for resale				8,530,678
Depreciable buildings, property, equipment and infrastructure, net	884,670,434	598,028,835	1,482,699,269	
Construction in progress	127,574,910	210,012,889	337,587,799	13,775,849
Amortizable costs		38,663	38,663	
Note/loan receivable	3,742,868	6,220,247	9,963,115	30,565,000
<b>Total noncurrent assets</b>	<b>1,420,350,767</b>	<b>848,042,439</b>	<b>2,268,393,206</b>	<b>52,871,527</b>
<b>Total assets</b>	<b>1,671,811,398</b>	<b>1,035,603,850</b>	<b>2,707,415,248</b>	<b>73,544,894</b>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	27,551,228	17,282,410	44,833,638	1,597,963
Customers' deposits		5,159,207	5,159,207	
Unearned revenue	963,283	6,213,455	7,176,738	32,330,000
Noncurrent liabilities:				
Due within one year:				
Long-term debt	203,000	3,054,275	3,257,275	2,968,195
Kern River Levee District		106,390	106,390	
Claims and judgements payable	8,454,026		8,454,026	
Compensated absences payable	7,385,211	1,637,065	9,022,276	11,778
Due in more than one year:				
Long-term debt	3,811,000	250,262,173	254,073,173	46,734,811
Claims and judgements payable	14,733,000		14,733,000	
Net Post Employment Benefit Obligation	2,551,812		2,551,812	
Compensated absences payable	6,321,975	535,315	6,857,290	120,601
<b>Total liabilities</b>	<b>71,974,535</b>	<b>284,250,290</b>	<b>356,224,825</b>	<b>83,763,348</b>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	1,412,593,899	588,467,081	2,001,060,980	
Restricted:				
Current projects / contingency	4,646,968		4,646,968	
Capital improvements	56,379,296	83,715,993	140,095,289	
Debt services			-	8,410
Housing			-	5,446,379
Sanitation districts		5,167,516	5,167,516	
Unrestricted	126,216,700	74,002,970	200,219,670	(15,673,243)
<b>Total net assets</b>	<b>\$ 1,599,836,863</b>	<b>\$ 751,353,560</b>	<b>\$ 2,351,190,423</b>	<b>\$ (10,218,454)</b>

The accompanying notes are an integral part of these financial statements.



**CITY OF BAKERSFIELD**

**Statement of Activities  
For the Fiscal Year Ended June 30, 2009**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental activities:</b>				
General Government	\$ 15,624,497	\$ 4,534,243	\$ 485,862	\$ -
Public safety - Police	68,830,802	4,411,906	830,560	
Public safety - Fire	32,844,159	3,230,597	1,437,932	
Public works	98,187,688	16,598,877	7,538,067	72,519,583
Community services	30,968,448	13,423,547	334,961	3,401,821
Development services	10,111,034	5,245,507	11,423	
Economic/Community dev.	6,930,730	(76,449)	8,301,344	
Interest on long-term debt	252,743			
<b>Total governmental activities</b>	<b>263,750,101</b>	<b>47,368,228</b>	<b>18,940,149</b>	<b>75,921,404</b>
<b>Business-type activities:</b>				
Wastewater treatment	32,009,889	26,836,539	4,967,261	9,736,531
Refuse collection	37,590,048	39,814,200		265,816
Agricultural water	5,014,733	6,619,487		
Domestic water	19,655,317	21,160,388	251,576	2,069,185
General aviation	296,653	243,923	10,000	103,008
Offstreet parking	192,011	77,122		
<b>Total business-type activities</b>	<b>94,758,651</b>	<b>94,751,659</b>	<b>5,228,837</b>	<b>12,174,540</b>
<b>Total primary government</b>	<b>\$ 358,508,752</b>	<b>\$ 142,119,887</b>	<b>\$ 24,168,986</b>	<b>\$ 88,095,944</b>
<b>Component unit-</b>				
Bakersfield Redevelopment Agency	\$ 5,026,356	\$ 1,945,950	\$ 287,539	\$ 123,161

**General Revenues:**

- Taxes:
  - Property taxes
  - Sales and use tax
  - Other taxes
- Intergovernmental, unrestricted
- Unrestricted grants and contributions
- Investment earnings
- Miscellaneous
- Gain of sale of property

**Transfers**

**Total general revenues and transfers**

**Change in net assets**

Net assets - Beginning of year, as restated

Net assets - End of year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Assets				
Total	Governmental Activities	Business-Type Activities	Total	Bakersfield Redevelopment Agency
\$ 5,020,105	\$ (10,604,392)	\$ -	\$ (10,604,392)	\$ -
5,242,466	(63,588,336)		(63,588,336)	
4,668,529	(28,175,630)		(28,175,630)	
96,656,527	(1,531,161)		(1,531,161)	
17,160,329	(13,808,119)		(13,808,119)	
5,256,930	(4,854,104)		(4,854,104)	
8,224,895	1,294,165		1,294,165	
	(252,743)		(252,743)	
<u>142,229,781</u>	<u>(121,520,320)</u>	<u>-</u>	<u>(121,520,320)</u>	<u>-</u>
41,540,331		9,530,442	9,530,442	
40,080,016		2,489,968	2,489,968	
6,619,487		1,604,754	1,604,754	
23,481,149		3,825,832	3,825,832	
356,931		60,278	60,278	
77,122		(114,889)	(114,889)	
<u>112,155,036</u>	<u>-</u>	<u>17,396,385</u>	<u>17,396,385</u>	<u>-</u>
<u>\$ 254,384,817</u>	<u>(121,520,320)</u>	<u>17,396,385</u>	<u>(104,123,935)</u>	<u>-</u>
<u>\$ 2,356,650</u>				<u>(2,669,706)</u>
	70,869,285		70,869,285	8,461,142
	56,615,428		56,615,428	
	3,136,193		3,136,193	
	962,870		962,870	
	16,767,713		16,767,713	
	2,050,010	3,378,654	5,428,664	226,397
	393,088		393,088	268,701
	58,726		58,726	
	47,000	(47,000)	-	
	<u>150,900,313</u>	<u>3,331,654</u>	<u>154,231,967</u>	<u>8,956,240</u>
	29,379,993	20,728,039	50,108,032	6,286,534
	<u>1,570,456,870</u>	<u>730,625,521</u>	<u>2,301,082,391</u>	<u>(16,504,988)</u>
<u>\$ 1,599,836,863</u>	<u>\$ 751,353,560</u>	<u>\$ 2,351,190,423</u>	<u>\$ (10,218,454)</u>	



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## *Governmental Fund Financial Statements*

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**CITY OF BAKERSFIELD****Balance Sheet****Governmental Funds****June 30, 2009**

	General Fund	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road Fund
<b>Assets:</b>				
Cash and investments	\$ 44,605,368	\$ 939,348	\$ 1,711,763	\$ -
Accounts receivable, net	1,445,017	650,932	2,586,026	1,349,949
Interest receivable	144,130	13,954	11,926	22,401
Due from other governmental agencies	11,476,091		1,665,064	20,911,559
Due from other funds	4,164,985			
Loans receivable			1,867,868	
Total assets	<u>\$ 61,835,591</u>	<u>\$ 1,604,234</u>	<u>\$ 7,842,647</u>	<u>\$ 22,283,909</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 6,153,951	\$ 29,309	\$ 771,407	\$ 8,921,534
Due to other governmental agencies	1,165,008			
Due to other funds				4,139,449
Unearned revenue	863,776			22,031
Deferred revenue	2,578,388		4,449,903	381,878
Total liabilities	<u>10,761,123</u>	<u>29,309</u>	<u>5,221,310</u>	<u>13,464,892</u>
<b>Fund Balances:</b>				
<b>Reserved for:</b>				
Petty cash	22,620	125		
Encumbrances	923,381	60,786	3,113,359	59,973,759
Cash basis	12,001,989			
Facility replacement				
<b>Unreserved:</b>				
<b>Designated for:</b>				
Current projects / contingency	4,646,968			
Capital improvements				
Compensated Absences	6,714,368	50,925		
<b>Undesignated, reported in:</b>				
General fund	26,765,142			
Special revenue funds		1,463,089	(492,022)	(51,154,742)
Capital projects funds				
Total fund balances	<u>51,074,468</u>	<u>1,574,925</u>	<u>2,621,337</u>	<u>8,819,017</u>
Total liabilities and fund balances	<u>\$ 61,835,591</u>	<u>\$ 1,604,234</u>	<u>\$ 7,842,647</u>	<u>\$ 22,283,909</u>

The accompanying notes are an integral part of these financial statements.

Special Assessments Districts	Capital Outlay	Parks Development	Transportation Development	Other Governmental Funds	Total Governmental Funds
\$ 20,046,675	\$ 22,168,722	\$ 17,254,647	\$ 48,805,748	\$ 1,667,206	\$ 157,199,477
	104,041	77,841	234,122	6,371	6,031,924
	142,218		161,667	49,474	614,786
					34,406,073
					4,164,985
					1,867,868
<u>\$ 20,046,675</u>	<u>\$ 22,414,981</u>	<u>\$ 17,332,488</u>	<u>\$ 49,201,537</u>	<u>\$ 1,723,051</u>	<u>\$ 204,285,113</u>
\$ -	\$ 939,622	\$ 4,860,755	\$ 1,679,153	\$ 35,528	\$ 23,391,259
				195,835	1,360,843
				25,536	4,164,985
				77,476	963,283
			161,666		7,571,835
<u>-</u>	<u>939,622</u>	<u>4,860,755</u>	<u>1,840,819</u>	<u>334,375</u>	<u>37,452,205</u>
					22,745
	2,593,184	171,595	6,916,124	3,531,453	77,283,641
	5,000,000				12,001,989
					5,000,000
20,046,675	12,974,708	6,432,008	16,925,905		4,646,968
					56,379,296
					6,765,293
					26,765,142
	907,467	5,868,130	23,518,689	(2,142,777)	(52,326,452)
<u>20,046,675</u>	<u>21,475,359</u>	<u>12,471,733</u>	<u>47,360,718</u>	<u>1,388,676</u>	<u>30,294,286</u>
<u>\$ 20,046,675</u>	<u>\$ 22,414,981</u>	<u>\$ 17,332,488</u>	<u>\$ 49,201,537</u>	<u>\$ 1,723,051</u>	<u>\$ 204,285,113</u>

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**CITY OF BAKERSFIELD**

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**Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Statement of Net Assets  
June 30, 2009**

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**Total Fund Balances - Total Governmental Funds** \$ 166,832,908

Amounts reported for Governmental Activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. Capital assets allocated from Internal Service Funds are included in the Internal Service Fund adjustment below.

Capital assets	2,014,194,222	
Ending accumulated depreciation	<u>(597,586,323)</u>	1,416,607,899

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet. (85,380)

Deferred revenue and other resources not available to liquidate liabilities of the current period are not recognized in the funds. 7,571,835

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Government-Wide Statement of Net Assets. 28,512,941

Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet. Noncurrent liabilities allocated from internal service funds are included in the internal service fund adjustment above.

Notes/Contracts/Loans payable	(4,014,000)	
Compensated Absences payable	(13,037,528)	
Unfunded post-retirement employee benefits	<u>(2,551,812)</u>	<u>(19,603,340)</u>

**Net Assets of Governmental Activities** \$ 1,599,836,863



**CITY OF BAKERSFIELD****Statement of Revenues, Expenditures and Changes in Fund Balances****Governmental Funds****For the Fiscal Year Ended June 30, 2009**

	General Fund	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road Fund
<b>Revenues:</b>				
Taxes	\$ 140,008,617	\$ 7,144,718	\$ -	\$ -
Licenses and permits	2,576,755			
Intergovernmental	3,452,533		7,354,670	69,601,494
Charges for services	17,269,122	6,511,229		8,520
Fines, forfeitures and assessments	1,036,609			21,676
Interest income	818,326	72,782	74,624	209,934
Loan payments			95,685	
Contributions and donations	229,724	1,200,000		
Other	1,913,953	43	91,075	170,528
Total revenues	<u>167,305,639</u>	<u>14,928,772</u>	<u>7,616,054</u>	<u>70,012,152</u>
<b>Expenditures:</b>				
Current:				
General government	11,235,430			
Police	64,949,571			
Fire	31,338,492			
Public works	21,541,872			4,558,011
Community services	15,802,570	7,871,336		
Development services	9,593,312			
Economic/Community development	542,288		5,025,642	
Non departmental	6,592,313	3,145,950		
Capital outlay			2,603,955	60,614,804
Debt service:				
Principal retirement				
Interest and fiscal charges				
Total expenditures	<u>161,595,848</u>	<u>11,017,286</u>	<u>7,629,597</u>	<u>65,172,815</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,709,791</u>	<u>3,911,486</u>	<u>(13,543)</u>	<u>4,839,337</u>
<b>Other financing sources (uses):</b>				
Transfers in	700,000			
Transfers out	(1,512,100)	(4,000,000)	(402,317)	
Total other financing sources (uses)	<u>(812,100)</u>	<u>(4,000,000)</u>	<u>(402,317)</u>	<u>-</u>
Net change in fund balances	4,897,691	(88,514)	(415,860)	4,839,337
Fund balances - beginning	<u>46,176,777</u>	<u>1,663,439</u>	<u>3,037,197</u>	<u>3,979,680</u>
Fund balances - ending	<u>\$ 51,074,468</u>	<u>\$ 1,574,925</u>	<u>\$ 2,621,337</u>	<u>\$ 8,819,017</u>

The accompanying notes are an integral part of these financial statements.

Special Assessments Districts	Capital Outlay	Parks Development	Transportation Development	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 147,153,335
	1,723,861		201,667	660,764	2,576,755
	195,527		1,456,949	1,409,154	82,994,989
245,005	68,486	2,803,695	12,768,234	1,263,822	26,850,501
	604,131	263,330	1,348,097	63,983	18,207,527
	261,654				3,455,207
	62,253		72,125		95,685
					1,691,378
					2,309,977
245,005	2,915,912	3,067,025	15,847,072	3,397,723	285,335,354
88,253			177,628	7,999	11,509,310
				874,935	65,824,506
			1,292,332	202,293	31,338,492
				28,271	27,594,508
				26,661	23,702,177
		1,143,938			9,619,973
9,606,676	13,534,681	503,761	17,480,593	229,154	5,567,930
				128,113	11,111,355
					104,472,583
				3,509,000	3,509,000
				324,862	324,862
9,694,929	13,534,681	1,647,699	18,950,553	5,331,288	294,574,696
(9,449,924)	(10,618,769)	1,419,326	(3,103,481)	(1,933,565)	(9,239,342)
	5,500,000			1,540,413	7,740,413
				(1,838,096)	(7,752,513)
-	5,500,000	-	-	(297,683)	(12,100)
(9,449,924)	(5,118,769)	1,419,326	(3,103,481)	(2,231,248)	(9,251,442)
29,496,599	26,594,128	11,052,407	50,464,199	3,619,924	176,084,350
\$ 20,046,675	\$ 21,475,359	\$ 12,471,733	\$ 47,360,718	\$ 1,388,676	\$ 166,832,908

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**CITY OF BAKERSFIELD**

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**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets For the Fiscal Year Ended June 30, 2009**

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**Net Change in Fund Balances - Total Governmental Funds** \$ (9,251,442)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures are added back to fund balance.	80,871,996	
Depreciation expense is deducted from fund balance (net of internal service fund depreciation of \$6,010,511 which has already been allocated to serviced funds.)	(50,098,991)	
Contributions of infrastructure and improvements by Developers are capitalized in the Statement of Activities, but are not recorded in the Fund Statements because no cash changed hands.	<u>9,640,862</u>	40,413,867

Certain expenses are reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, these expenses are not reported as expenditures in Governmental Funds.

Long-term compensated absences	(363,711)	
Interest expense on long-term debt	72,119	
Other post-employment benefits	<u>(2,551,812)</u>	(2,843,404)

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets. 3,509,000

Earned deferred revenue and other resources not available to liquidate liabilities of the current period are not recognized in governmental funds. Revenue in the statement of activities is not limited by availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year. This adjustment records a net decrease in revenues - unavailable revenues at the beginning of the year exceed ending unavailable revenues by this amount. (487,926)

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the Internal Service Funds are reported with Governmental Activities. (1,960,102)

**Change in Net Assets of Governmental Activities** \$ 29,379,993

The accompanying notes are an integral part of these financial statements.

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## *Proprietary Fund Financial Statements*

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These funds account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of net income appropriate for accountability purpose.

**Wastewater Treatment Fund** is used to account for the provision of sewer service to the residents of the City and some residents of the County. This fund also accounts for the activities related to the debt issuance which provided for the Wastewater Treatment Facilities.

**Refuse Collection Fund** is used to account for the collection and disposal of refuse within the City. All activities necessary to provide such services are accounted for in this fund.

**Agricultural Water Fund** is used to account for the provision of water service restricted primarily to agricultural purposes to users within the City and some users within the County (some Kern River water is exchanged for State Aqueduct water for domestic water purposes). All activities necessary to provide such services are accounted for in this fund.

**Domestic Water Fund** is used to account for the provision of water service to some residents of the City and County. All activities necessary to provide such service are accounted for in this fund.

**General Aviation Fund** is used to account for the acquisition and operation of the Bakersfield Airpark. The majority of acquisition and improvement financing for the airport facility was provided by a grant from the Federal Aviation Administration.

**Offstreet Parking Fund** is used to account for the operations of the parking garage at 18th and Eye Streets and various off street surface parking lots within the City. Parking garage was financed by the Redevelopment Agency and the related debt was retired in August 1994, and subsequently, the title was transferred to the City.

**Internal Service Funds** are used to provide goods and services by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

**CITY OF BAKERSFIELD****Statement of Net Assets****Proprietary Funds****June 30, 2009**

	Wastewater Treatment	Refuse Collection	Agricultural Water
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 129,250,369	\$ 18,721,152	\$ 3,775,511
Accounts receivable, net	2,029,952	721,150	1,513,157
Interest receivable	244,785	67,857	13,657
Loans			
Due from other governmental agencies	199,019	612,625	2,217
Prepayments and inventories			
<b>Total current assets</b>	<b>131,724,125</b>	<b>20,122,784</b>	<b>5,304,542</b>
Noncurrent assets:			
Capital assets:			
Land and water storage rights	10,427,782		10,315,406
Depreciable buildings, property, equipment and infrastructure, net	414,425,042		10,223,657
Construction in progress	203,649,890		1,015,938
Amortizable costs			
Note/loan receivable			
Other long term receivable	4,951,347		52,275
<b>Total noncurrent assets</b>	<b>633,454,061</b>	<b>-</b>	<b>21,607,276</b>
<b>Total assets</b>	<b>765,178,186</b>	<b>20,122,784</b>	<b>26,911,818</b>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	11,709,985	2,428,981	131,864
Claims payable			
Workers compensation claims			
Compensated absences payable	412,137	770,248	298,064
Long-term debt - due within one year	2,183,189		
<b>Total current liabilities</b>	<b>14,305,311</b>	<b>3,199,229</b>	<b>429,928</b>
Noncurrent liabilities:			
Long-term debt - due in more than one year	249,543,895		
Kern River Levee District/Buena Vista			106,390
Customers' deposits	1,258,126	325,370	
Workers compensation claims			
Compensated absences payable	194,542	256,349	45,636
Unearned revenue	4,951,347	45,483	
<b>Total noncurrent liabilities</b>	<b>255,947,910</b>	<b>627,202</b>	<b>152,026</b>
<b>Total liabilities</b>	<b>270,253,221</b>	<b>3,826,431</b>	<b>581,954</b>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	376,775,630		21,555,001
Restricted for:			
Capital improvements	83,715,993		
Sanitation districts		5,167,516	
Unrestricted	34,433,342	11,128,837	4,774,863
<b>Total net assets</b>	<b>\$ 494,924,965</b>	<b>\$ 16,296,353</b>	<b>\$ 26,329,864</b>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Net assets of business-type activities

The accompanying notes are an integral part of these financial statements.

Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
\$ 27,049,706	\$ 509,063	\$ 82,266	\$ 179,388,067	\$ 51,768,408
2,331,973	4,505	1,323	6,602,060	53,977
119,000	2,343	450	448,092	234,010
			-	125,000
			813,861	22,186
			-	1,314,121
<u>29,500,679</u>	<u>515,911</u>	<u>84,039</u>	<u>187,252,080</u>	<u>53,517,702</u>
547,102	7,464,254	4,987,261	33,741,805	
170,450,638	1,809,274	1,120,224	598,028,835	24,463,498
5,128,762	218,299		210,012,889	
38,663			38,663	
			-	1,875,000
<u>1,216,625</u>			<u>6,220,247</u>	
<u>177,381,790</u>	<u>9,491,827</u>	<u>6,107,485</u>	<u>848,042,439</u>	<u>26,338,498</u>
<u>206,882,469</u>	<u>10,007,738</u>	<u>6,191,524</u>	<u>1,035,294,519</u>	<u>79,856,200</u>
2,996,553	10,074	4,953	17,282,410	2,713,746
			-	4,191,026
			-	4,263,000
150,330	6,286		1,637,065	551,151
871,086			3,054,275	
<u>4,017,969</u>	<u>16,360</u>	<u>4,953</u>	<u>21,973,750</u>	<u>11,718,923</u>
718,278			250,262,173	
			106,390	
3,567,896	7,815		5,159,207	14,733,000
			-	118,507
35,959	2,829		535,315	
<u>1,216,625</u>			<u>6,213,455</u>	
<u>5,538,758</u>	<u>10,644</u>	<u>-</u>	<u>262,276,540</u>	<u>14,851,507</u>
<u>9,556,727</u>	<u>27,004</u>	<u>4,953</u>	<u>284,250,290</u>	<u>26,570,430</u>
174,537,138	9,491,827	6,107,485	588,467,081	24,463,498
			-	
			83,715,993	
			5,167,516	
<u>22,788,604</u>	<u>488,907</u>	<u>79,086</u>	<u>73,693,639</u>	<u>28,822,272</u>
<u>\$ 197,325,742</u>	<u>\$ 9,980,734</u>	<u>\$ 6,186,571</u>	<u>751,044,229</u>	<u>\$ 53,285,770</u>
			<u>309,331</u>	
			<u>\$ 751,353,560</u>	

**CITY OF BAKERSFIELD****Statement of Revenues, Expenses and Changes in Fund Net Assets****Proprietary Funds****For the Fiscal Year Ended June 30, 2009**

	Wastewater Treatment	Refuse Collection	Agricultural Water
<b>Operating revenues:</b>			
Intergovernmental	\$	\$	\$
Charges for services	25,449,920	38,234,557	3,566,225
Cost recoveries	994,194	1,532,575	872,060
Rental income	385,348		84,523
Other sales or services		40,875	2,096,679
Miscellaneous	7,077	6,193	
Total operating revenues	<u>26,836,539</u>	<u>39,814,200</u>	<u>6,619,487</u>
<b>Operating expenses:</b>			
General and administrative	11,383,488	36,306,423	4,383,430
Transmission and distribution	64,475	522,985	77,702
Workers' compensation payments			
Claims paid			
Depreciation and amortization	10,048,702		489,894
Compensated absences		102,467	40,119
Total operating expenses	<u>21,496,665</u>	<u>36,931,875</u>	<u>4,991,145</u>
Operating income (loss)	<u>5,339,874</u>	<u>2,882,325</u>	<u>1,628,342</u>
<b>Nonoperating revenues (expenses):</b>			
Interest income	1,972,849	642,363	74,441
Interest revenue on debt	5,958,658		
Federal/State grants		246,212	
Revenue bond premium	331,063		
Connection fees	4,967,261		
Interest expense	(10,554,536)		
Gain/loss on sale of real property	1,643	9,329	
Total nonoperating revenues	<u>2,676,938</u>	<u>897,904</u>	<u>74,441</u>
Income (loss) before transfers and capital contributions	8,016,812	3,780,229	1,702,783
Capital contributions	3,445,167	10,275	
Transfers in			
Transfers out	(18,500)		(28,500)
Change in net assets	11,443,479	3,790,504	1,674,283
<b>Total Net Assets - Beginning of Year - as restated</b>	<u>483,481,486</u>	<u>12,505,849</u>	<u>24,655,581</u>
<b>Total Net Assets - End of Year</b>	<u>\$ 494,924,965</u>	<u>\$ 16,296,353</u>	<u>\$ 26,329,864</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Change in net assets of business-type activities

The accompanying notes are an integral part of these financial statements.

Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
\$	\$	\$	\$	\$
18,982,007	10,000		10,000	-
156,198	241,018	77,122	86,550,849	30,979,851
	2,905		3,557,932	834,732
1,775,782			469,871	
246,401			3,913,336	
			259,671	378,188
<u>21,160,388</u>	<u>253,923</u>	<u>77,122</u>	<u>94,761,659</u>	<u>32,192,771</u>
15,294,734	158,743	116,281	67,643,099	26,001,244
341,171	3,483		1,009,816	
			-	1,705,294
			-	2,688,350
3,895,586	135,390	75,730	14,645,302	6,010,511
53,372			195,958	50,769
<u>19,584,863</u>	<u>297,616</u>	<u>192,011</u>	<u>83,494,175</u>	<u>36,456,168</u>
<u>1,575,525</u>	<u>(43,693)</u>	<u>(114,889)</u>	<u>11,267,484</u>	<u>(4,263,397)</u>
672,503	13,912	2,586	3,378,654	1,405,195
			5,958,658	
	103,008		349,220	
			331,063	
251,576			5,218,837	
(66,978)			(10,621,514)	
14,809			25,781	142,487
<u>871,910</u>	<u>116,920</u>	<u>2,586</u>	<u>4,640,699</u>	<u>1,547,682</u>
2,447,435	73,227	(112,303)	15,908,183	(2,715,715)
2,054,376			5,509,818	53,551
			-	59,100
			(47,000)	
<u>4,501,811</u>	<u>73,227</u>	<u>(112,303)</u>	<u>21,371,001</u>	<u>(2,603,064)</u>
<u>192,823,931</u>	<u>9,907,507</u>	<u>6,298,874</u>		<u>55,888,834</u>
<u>\$ 197,325,742</u>	<u>\$ 9,980,734</u>	<u>\$ 6,186,571</u>		<u>\$ 53,285,770</u>
			(642,962)	
			<u>\$ 20,728,039</u>	

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**CITY OF BAKERSFIELD**

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**Statement of Cash Flows****Proprietary Funds****For the Fiscal Year Ended June 30, 2009**

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	Wastewater Treatment	Refuse Collection	Agricultural Water
<b>Cash flows from operating activities:</b>			
Cash received from:			
Customers, including cash deposits	\$ 25,605,478	\$ 40,435,840	\$ 6,503,446
Prior year reimbursements and cost recoveries	938,801		
Cash paid to:			
Suppliers	(7,830,883)	(27,365,804)	(2,775,741)
Employees	(4,827,641)	(9,387,878)	(1,754,087)
Cash deposits returned to customers			
Net cash provided (used) by operating activities	<u>13,885,755</u>	<u>3,682,158</u>	<u>1,973,618</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash received from federal and state grants		246,212	
Cash transferred from other funds			
Cash transferred to other funds	(18,500)		(28,500)
Contributions		10,275	
Connection fees	4,967,261		
Net cash provided (used) by noncapital financing activities	<u>4,948,761</u>	<u>256,487</u>	<u>(28,500)</u>
<b>Cash flows from capital and related financing activities:</b>			
Principal payments:			
Notes/Loans	(752,126)		
Principal repayment on interfund loan			
Interest on construction fund	5,958,658		
Interest paid	(10,554,536)		
Purchase of capital assets			
Proceeds from sale of capital assets	1,643	9,329	
Construction	(106,773,080)		
Net cash provided (used) by capital and related financing activities	<u>(112,119,441)</u>	<u>9,329</u>	<u>-</u>
<b>Cash flows from investing activities:</b>			
Interest received	2,261,115	717,709	85,107
Net increase (decrease) in the fair value of investments	331	(12,284)	(4,332)
Net cash provided (used) by investing activities	<u>2,261,446</u>	<u>705,425</u>	<u>80,775</u>
Net increase (decrease) in cash	(91,023,479)	4,653,399	2,025,893
Cash and cash equivalents - Beginning of year	220,273,848	14,067,753	1,749,618
Cash and cash equivalents - End of year	<u>\$ 129,250,369</u>	<u>\$ 18,721,152</u>	<u>\$ 3,775,511</u>

The accompanying notes are an integral part of these financial statements.

<u>Domestic Water</u>	<u>General Aviation</u>	<u>Offstreet Parking</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 21,495,122	\$ 254,736 2,905	\$ 97,072	\$ 94,391,694 941,706	\$ 30,189,796 43,605
(13,698,753) (563,718) (436,669)	(218,527)	(55,797) (59,472)	(51,945,505) (16,592,796) (436,669)	(21,199,462) (6,184,322)
<u>6,795,982</u>	<u>39,114</u>	<u>(18,197)</u>	<u>26,358,430</u>	<u>2,849,617</u>
	103,008		349,220 - (47,000) 10,275	59,100
<u>251,576</u>			<u>5,218,837</u>	
<u>251,576</u>	<u>103,008</u>	<u>-</u>	<u>5,531,332</u>	<u>59,100</u>
(1,162,381)			(1,914,507) - 5,958,658	785,000
(70,652)	(99,614)		(10,625,188) (99,614) 25,781	(3,731,726) 535,691
14,809 (1,994,403)			(108,767,483)	
<u>(3,212,627)</u>	<u>(99,614)</u>	<u>-</u>	<u>(115,422,353)</u>	<u>(2,411,035)</u>
784,520 (13,805)	16,167 (229)	3,103 (8)	3,867,721 (30,327)	1,649,132 (13,195)
<u>770,715</u>	<u>15,938</u>	<u>3,095</u>	<u>3,837,394</u>	<u>1,635,937</u>
4,605,646	58,446	(15,102)	(79,695,197)	2,133,619
<u>22,444,060</u>	<u>450,617</u>	<u>97,368</u>	<u>259,083,264</u>	<u>49,634,789</u>
<u>\$ 27,049,706</u>	<u>\$ 509,063</u>	<u>\$ 82,266</u>	<u>\$ 179,388,067</u>	<u>\$ 51,768,408</u>

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**CITY OF BAKERSFIELD**

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**Statement of Cash Flows (concluded)****Proprietary Funds****For the Fiscal Year Ended June 30, 2009**

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	<u>Wastewater Treatment</u>	<u>Refuse Collection</u>	<u>Agricultural Water</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 5,339,874	\$ 2,882,325	\$ 1,628,342
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	10,048,702		489,894
Amortization expense			
(Increase) decrease in accounts receivable	(567,383)	621,640	(28,952)
Decrease in inventories			
(Increase) decrease in prepaid items			
Increase (decrease) in accounts payable	(1,190,511)	77,490	(68,695)
Increase in workers compensation claims			
Increase (decrease) in deferred revenue		(1,764)	
Increase (decrease) in customers' deposits	275,124		919
Increase (decrease) in developer advances			(88,009)
Increase (decrease) in compensated absences	(20,051)	102,467	40,119
Increase in meter deposits			
Net cash provided (used) by operating activities	<u>\$ 13,885,755</u>	<u>\$ 3,682,158</u>	<u>\$ 1,973,618</u>

**Noncash investing, capital, and financing activities:**

Contribution of equipment from other departments	
Contributions of infrastructure and improvements by Developers	3,445,167

The accompanying notes are an integral part of these financial statements.

<u>Domestic Water</u>	<u>General Aviation</u>	<u>Offstreet Parking</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 1,575,525	\$ (43,693)	\$ (114,889)	\$ 11,267,484	\$ (4,263,397)
3,885,919	135,390	75,730	14,635,635	6,010,511
9,667			9,667	
(127,657)	(1,696)	19,949	(84,099)	(1,884,370)
			-	155,571
			-	(75,000)
1,373,434	(55,542)	1,013	137,189	683,891
			-	2,202,056
			(1,764)	(260)
40,317	5,414		321,774	
			(88,009)	
53,372	(759)		175,148	20,615
(14,595)			(14,595)	
<u>\$ 6,795,982</u>	<u>\$ 39,114</u>	<u>\$ (18,197)</u>	<u>\$ 26,358,430</u>	<u>\$ 2,849,617</u>

53,551

2,054,376

5,499,543



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## ***Fiduciary Fund Financial Statements***

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Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Below are descriptions of the generic fund types within this category and specific funds within each fund type.

### **Private-Purpose Trust Funds**

Planning Habitat Trust Fund – This fund is used to account for monies collected from developers' to be used to purchase suitable land to provide habitat for endangered species. After the land is purchased it is transferred to the State Fish and Game Department for maintenance.

### **Pension and Other Employee Benefit Trust Funds**

Fire Relief and Pension Fund – This fund is used to account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future for Fire Department personnel who retired prior to June 26, 1972.

Other Post-Employment Benefits (OPEB) Irrevocable Trust Fund – This fund is used to account for the City's postretirement medical benefit plan. The City provides medical insurance coverage through contributions to eligible retiree's insurance premium.

### **Agency Funds**

Special Deposits Fund – This fund is used to account for the collection by the City as agent for organizations operated under the auspices of the Recreation Division, security deposits for utility franchises, temporary deposits for construction permits and bid deposits. This fund is also used for the collection of police seized property, local Law Enforcement Block Grants, Habitat Conservation and other revenues held in trust pending disposition of contingencies.

Improvement Districts Fund – This fund is used to account for the collection of liens for improvements benefiting private properties and payments to the holders of bonds issued pursuant to the Improvement Act of 1913 and the Improvement Bond Act of 1915. The City is in no way liable for the payment of bonded indebtedness, but the City serves as agent to collect the principal and interest installments from the owners of the benefited property. A trustee administers the periodic payment to the bondholders.

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**CITY OF BAKERSFIELD**

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**Statement of Fiduciary Net Assets****Fiduciary Funds****June 30, 2009**

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	Private Purpose Trust Fund	Pension and Other Employee Benefit Trust Funds	Agency Funds
<b>Assets:</b>			
Cash and investments	\$ 21,173,947	\$ 12,673,405	\$ 28,252,626
Retirement system investments-			
Federal agency coupons		1,045,000	
Interest receivable	107,435	20,597	66,228
Due from other governmental agencies			158,080
	<hr/>	<hr/>	<hr/>
Total assets	21,281,382	13,739,002	28,476,934
	<hr/>	<hr/>	<hr/>
<b>Liabilities -</b>			
Payables:			
Accounts			62,324
Deposits			17,030,251
Accrued bond interest			2,174,359
Bonds			9,210,000
	<hr/>	<hr/>	<hr/>
Total liabilities	-	-	28,476,934
	<hr/>	<hr/>	<hr/>
<b>Net Assets -</b>			
Held in trust for:			
Individuals, organizations and other governments	21,281,382		
Pension benefits and other purposes		13,739,002	
	<hr/>	<hr/>	<hr/>
	\$ 21,281,382	\$ 13,739,002	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

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**CITY OF BAKERSFIELD**

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**Statement of Changes in Fiduciary Net Assets****Fiduciary Funds****For the Fiscal Year Ended June 30, 2009**

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	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds
<b>Additions -</b>		
Investment income:		
Contributions to pooled investments	\$	\$ 5,279,032
Developers fees	910,640	
Interest and investment income, net	619,605	(468,428)
	<hr/>	<hr/>
Total additions	1,530,245	4,810,604
	<hr/>	<hr/>
<b>Deductions:</b>		
Benefits		2,840,620
Purchase of uninhabited land	4,182,259	
Administrative expense		31,338
	<hr/>	<hr/>
Total deductions	4,182,259	2,871,958
	<hr/>	<hr/>
Change in net assets	(2,652,014)	1,938,646
	<hr/>	<hr/>
Beginning of year	23,933,396	11,800,356
	<hr/>	<hr/>
End of year	\$ 21,281,382	\$ 13,739,002
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.



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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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

The accompanying financial statements of the City of Bakersfield (the "City") have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The following summary of the City's more significant accounting policies is presented to assist the reader in interpreting the basic financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying basic financial statements.

**A. Description of Reporting Entity**

The City of Bakersfield, California is a California Charter City, incorporated on January 11, 1898, and serves as the county seat of the County of Kern, California. The City is a full-service city and operates under a Council - Manager form of government, providing the following services as authorized by its Charter: General government; public safety; public works; and development and conservation.

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the primary government. Each blended and discretely presented component unit has a June 30 year-end.

**Discretely Presented Component Unit**

The Bakersfield Redevelopment Agency (Agency) is responsible for the development and financing of projects within the Southeast Bakersfield Redevelopment Project Area, the Old Town Kern - Pioneer Redevelopment Project Area, and the Downtown Bakersfield Redevelopment Project Area. The Agency is governed by a board comprised of members appointed by the City Council. However, the City is financially accountable for the Agency because the City Council approves the Agency's budget and any debt issuances. The Agency is reported discretely in the government-wide financial statements as a component unit.

**Blended Component Unit**

The Bakersfield Public Financing Authority (the Authority) is a joint exercise of powers authority formed on July 7, 1993 by and between the City of Bakersfield, California (the City) and the Bakersfield Redevelopment Agency of the City of Bakersfield (the Agency). The Authority was created to assist the City, the Agency and other local public agencies in financing and refinancing, through the issuance of bonds or other instruments of indebtedness, public capital improvements and working capital pursuant to the Marks-Roos Local Bond Pooling Act of 1985. The Authority is authorized to make and enter into Bond Purchase Agreements and to purchase Obligations of any local public agency. In September 2008, PFA Series B and C bonds were paid in full and as of the end of this reporting period the Authority has no outstanding debt.

The Authority is governed by a board consisting of the Mayor and the City Council. The Authority is reported as a Governmental Fund Type.

Complete financial statements for each of the individual component units may be obtained at the City's Finance Department at 1600 Truxtun Avenue.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**B. Basis of Presentation***Government-wide Financial Statements*

The Government-wide financial statements (the statement of net assets and the statement of activities) report information of all of the non-fiduciary activities of the primary government and its component units. For the most part, eliminations have been made to minimize the double counting on internal activities. Internal activity for services provided and used is not eliminated which includes water, solid waste and sewer services provided to various other functions of the government. These statements distinguish between the *governmental* and *business-type activities* of the City and between the City and its discretely presented component unit. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Some functions include expenses that are, in essence, indirect expenses of other functions resulting from charges among funds or programs for centralized services. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

*Governmental Fund Financial Statements*

The governmental fund financial statements provide information about the City's funds, including fiduciary funds and the blended component unit. Separate statements for each fund category - *governmental*, *proprietary* and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. *Operating* expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation of capital assets. All expenses not meeting this definition are reported as *nonoperating* expenses.

The City reports the following major governmental funds:

**General Fund** - The General Fund is the principal operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. For the City, the General Fund includes basic governmental activities such as general government, public safety, public works and community services.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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Transient Occupancy Tax Fund - The Transient Occupancy Tax Fund is used to account for transient occupancy tax revenues (hotel tax) and expenditures funded by this revenue source. The Rabobank Arena and Convention Center and the Bakersfield Ice Sports Center operating revenues and expenses are recorded in this fund. This fund is also used to account for duties performed by the Greater Bakersfield Convention and Visitors Bureau.

Community Development Block Grant Fund – Community Block Grant Fund is used to account for resources provided by the Federal Housing and Community Development Act of 1974 for the elimination of slums and blight, housing conservation and improvements of community services.

Gas Tax & Road Fund - The Gas Tax & Road Fund is used to account for the City's share, based upon population, of state gasoline taxes. State law requires these gasoline taxes to be used to maintain streets or for major street construction. This fund also accounts for other State and Federal grant revenues related to street maintenance or construction.

Special Assessment Districts Fund - The Special Assessment Districts Fund is used to account for the construction phase of capital improvements where the City's role is limited to acting only as agent for the assessed property owners and the bondholders. Assessment Districts are formed in accordance with the Municipal Improvement Act of 1913, being Division 12 of the California Streets and Highways Code (the "1913 Act"). The Bonds are issued pursuant to the Improvement Bond Act of 1915, being Division 10 of the Streets and Highways Code (the "1915 Act"), and Section 13.08.070 of the Municipal Code of the City. The payments by property owners and the debt service are accounted for in an Agency fund.

Capital Outlay Fund - The Capital Outlay Fund is used to account for the cost of capital projects financed by general revenues and grant/loan proceeds for recreational facilities.

Parks Development Fund – The Parks Development Fund is used to account for funds collected for residential park development (Ordinance No. 3646). Fees are collected based on the development's share of the cost to develop, improve, construct or enhance a neighborhood park (Ordinance No. 3327).

Transportation Development Fund - The Transportation Development Fund is used to account for funds collected from fees paid to mitigate the traffic impacts to the regional circulation system caused by a development project. The fees are paid when a building permit for the development project is obtained, and are based upon the amount of traffic the development will generate. The fee schedule was adopted with Ordinance No. 3513 and will be periodically evaluated by the City Council and revised to reflect updated costs and growth projections.

The City reports the following major proprietary (enterprise) funds:

Wastewater Treatment Fund - The Wastewater Treatment Fund is used to account for the provision of sewer service to the residents of the City and some residents of the County. This fund also accounts for the activities related to the debt issuance, which provided for the Wastewater Treatment Facilities.

Refuse Collection Fund - The Refuse Collection Fund is used to account for the collection and disposal of refuse within the City. All activities necessary to provide such services are accounted for in this fund.

Agricultural Water Fund - The Agricultural Water Fund is used to account for the provision of water service restricted primarily to agricultural purposes to users within the City and some users within the County (some Kern River water is exchanged for State Aqueduct water for domestic water purposes). All activities necessary to provide such services are accounted for in this fund.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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Domestic Water Fund - The Domestic Water Fund is used to account for the provision of water service to some residents of the City and County. All activities necessary to provide such service are accounted for in this fund.

General Aviation Fund - The General Aviation Fund is used to account for the acquisition and operation of the Bakersfield Airpark. The majority of acquisition and improvement financing for the airport facility was provided by a grant from the Federal Aviation Administration.

Offstreet Parking Fund - The Offstreet Parking Fund is used to account for the operations of the parking garage at 18<sup>th</sup> and Eye Streets and various offstreet surface parking lots within the City. The Parking garage was financed by the Redevelopment Agency and the related debt was retired on August 1994, and subsequently, the title was transferred to the City.

The City reports the following additional fund types:

Internal Service Funds - The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit on a cost-reimbursement basis. The City accounts for its self insurance and equipment management activities as internal service funds.

Private-Purpose Trust Fund - The Planning Habitat Trust Fund is used to account for monies collected from developers' to be used to purchase suitable land to provide habitat for endangered species. After the land is purchased it is transferred to the State Fish and Game Department for maintenance.

Pension and Other Employee Benefit Trust Funds - The Fire Relief and Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future for Fire Department personnel who retired prior to June 26, 1972. The Other Post-Employment Benefits (OPEB) Irrevocable Trust Fund is used to account for the City's postretirement medical benefit plan in which the City provides medical insurance coverage through contributions to eligible retiree's insurance premium.

Agency Funds - The Agency Funds account for assets held by the city as an agent for various local governments or other entities. Special Deposits Fund is used to account for the collection by the City as agent for organizations operated under the auspices of the Recreation Division, security deposits for utility franchises, temporary deposits for construction permits and bid deposits. This fund is also used for the collection of police seized property, local Law Enforcement Block Grants and other revenues held in trust pending disposition of contingencies. Assessment District Fund is used to account for the collection of liens for improvements benefiting private properties and payments to the holders of bonds issued pursuant to the Improvement Act of 1913 and the Improvement Bond Act of 1915. The city is in no way liable for the payment of bonded indebtedness, but the City serves as agent to collect the principal and interest installments from the owners of the benefited property. A trustee provides the periodic payment to the bondholders.

**C. Basis of Accounting**

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

For its government-wide activities and enterprise funds, the City has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating.

**D. Assets, Liabilities, Net Assets or Fund Balance, and Other Financial Statement Items****Cash and Investments**

Cash balances of each of the City's funds and the Discretely Presented Component Unit, except for certain Trust and Agency Funds, are pooled and invested by the City. Income earned from pooled investments is allocated to each of the funds based on average pooled cash balances during the year. Deficit cash balances are classified as due to other funds and funded by the General Fund or related operating fund.

The City applies Governmental Accounting Standards Board Statement Number 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. This statement generally requires that investments be reported at their fair value and that all changes in fair value be reflected in income of the period in which they occur.

Statutes authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper, bankers' acceptances, repurchase agreements, money market funds and the State Treasurer's investment pool. The City's Pension Trust Fund is also authorized to invest in corporate bonds rated A or better by a national rating system generally recognized and used by banks and investment brokers in the United States.

Investments are comprised of obligations of the U.S. Treasury, agencies and instrumentalities, cash, time certificates of deposit, mutual funds, bankers' acceptances, money market accounts and deposits in the State of California Local Agency Investment Fund (LAIF), and are stated at fair value. The fair value of the City's position in LAIF approximates the value of the pool shares.

The LAIF has oversight by the Local Investment Advisory Board. The LAIF Board consists of five members as designated by Statute. The Chairman is the State Treasurer, or his designated representative. Two members

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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qualified by training and experience in the field of investment of finance, and two members who are Treasurer's, finance or fiscal officers or business managers employed by any County, City or local district or municipal corporation of this state, are appointed by the State Treasurer. The term of each appointment is two years, or at the pleasure of the appointing authority.

Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and 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 noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government wide financial statement as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Receivables

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectible accounts.

Inventory and Prepaid Items

Inventory is valued at average cost applied on a first-in, first-out (FIFO) basis. The reserve for prepaid relates to certain payments to vendors for costs applicable to future accounting periods.

Capital Assets

Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold are met.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Infrastructure	10 to 50 years
Buildings, structures and improvements	5 to 40 years
Water storage rights	40 years
Transmission and distribution equipment	5 to 50 years
Rolling equipment	2 to 30 years
Office equipment	3 to 10 years

Long-term Obligations

In the government-wide financial statements, and proprietary 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 proprietary fund type statement of net assets. Debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid. Governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Assets/Fund Balance

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested In Capital Assets, Net of Related Debt* - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* - This category presents 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 Assets* - This category represents net assets of the City, not restricted for any project or other purpose.

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

As of June 30, 2009, net assets are as follows:

	Primary Government			Discretely Presented Component Unit	Total Reporting Entity
	Governmental Activities	Business-Type Activities	Total		
Invested in capital assets, net of related debt	\$ 1,412,593,899	\$ 588,467,081	\$ 2,001,060,980	\$ -	\$ 2,001,060,980
Restricted	61,026,264	88,883,509	149,909,773	5,454,789	155,364,562
Unrestricted	126,216,700	74,002,970	200,219,670	(15,673,243)	184,546,427
<b>Total net assets</b>	<b>\$ 1,599,836,863</b>	<b>\$ 751,353,560</b>	<b>\$ 2,351,190,423</b>	<b>\$ (10,218,454)</b>	<b>\$ 2,340,971,969</b>

In the fund financial statements, reserves and designations segregate portions of fund balances that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

Reserved fund balances for June 30, 2009 are as follows:

	Community								Total
	General Fund	Transient Occupancy Taxes	Development Block Grant Fund	Gas Tax & Road Fund	Capital Outlay Fund	Parks Development Fund	Transportation Development Fund	Non-major Governmental Funds	
Petty cash	\$ 22,620	\$ 125	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,745
Encumbrances	923,381	60,786	3,113,359	59,973,759	2,593,184	171,595	6,916,124	3,531,453	77,283,641
Cash basis	12,001,989								12,001,989
Facility replacement					5,000,000				5,000,000
	<b>\$ 12,947,990</b>	<b>\$ 60,911</b>	<b>\$ 3,113,359</b>	<b>\$ 59,973,759</b>	<b>\$ 7,593,184</b>	<b>\$ 171,595</b>	<b>\$ 6,916,124</b>	<b>\$ 3,531,453</b>	<b>\$ 94,308,375</b>

Petty cash reserve

The City maintains a petty cash fund - \$22,745 at June 30, 2009 - to facilitate the processing of small transactions. The balance of petty cash is equally offset by a reservation of fund balance to indicate that the petty cash balance does not constitute an "available spendable resource" even though it is a component of total assets.

Reserve for encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded as encumbrances in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at June 30, 2009 - \$77,283,641 - are reported as reservations of fund balances since these resources are not available for appropriation for expenditure in subsequent periods.

Cash basis reserve

The City budget provides for a cash basis reserve - \$12,001,989 at June 30, 2009 - in order to finance operations between July 1 and the date of receipt of the first installment of property taxes. The cash basis reserve also provides short-term interfund loans for funds on a reimbursable basis.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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Facility replacement reserve

The City sets aside a reserve in the Capital Outlay Fund to cover significant costs to repair City property in case of an emergency.

Designations of unreserved fund balance

Portions of unreserved fund balance may be designated to indicate tentative plans for financial resource utilization in a future period, such as for current projects or capital projects. Such plans are subject to change at the City's discretion and may not ultimately result in expenditures for the purposes indicated. Designated unreserved fund balances as of June 30, 2009 are as follows:

	General Fund	Transient Occupancy Taxes Fund	Special Assessments Districts Fund	Capital Outlay Fund	Parks Development Fund	Transportation Development Fund	Total
Current projects/contingency	\$ 4,646,968	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,646,968
Capital improvements			20,046,675	12,974,708	6,432,008	16,925,905	56,379,296
Compensated absences	6,714,368	50,925					6,765,293
	<u>\$ 11,361,336</u>	<u>\$ 50,925</u>	<u>\$ 20,046,675</u>	<u>\$ 12,974,708</u>	<u>\$ 6,432,008</u>	<u>\$ 16,925,905</u>	<u>\$ 67,791,557</u>

Designations of fund balance are for anticipated currently budgeted, but not started or completed, multi-year non-capital projects and capital projects are denoted "Current projects" and "Capital improvements," respectively. A designation of fund balance is also made for compensated absences, which is all accrued vacation and a portion of accrued sick leave amounts for current employees that are eligible for retirement. It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

Property Taxes

In 1978, a state constitutional amendment (Proposition 13) provided that the property tax rate is limited to 1% of market value. This property tax rate limitation may only be increased through voter approval. The County is the sole agency responsible for levying and collecting the property taxes and distributing them to taxing jurisdictions. Taxes are allocated and distributed based upon each taxing jurisdiction's assessed valuations and upon any voter-approved debt override on the tax rate.

The property tax calendar for the City and the Agency is as follows:

Valuation Date	January 1
Lien date	March 1
Levy dates	July 1 through June 30
Due dates	November 1; February 1
Collection dates	December 10; April 10

Cash Flow Statements

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, deposits, short-term investments and cash and investments with fiscal agents. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash, and so near their maturity that they

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**E. Stewardship, Compliance, and Accountability**Budgets and Budgetary Accounting

The procedures established by the City Council in adopting the budgetary data reflected in the financial statements are as follows:

1. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The City Council legally enacts the budget by resolution before July 1.

The City Manager is authorized to transfer budgeted amounts between departments within any fund and approve reductions of budgeted amounts. Since expenditures may not exceed budgeted appropriations at the fund level, any revisions that alter the total appropriations of any fund are to be approved by the City Council. Projects budgeted within the fiscal year but not yet completed can be re-appropriated the following fiscal year with City Manager approval. All other unencumbered appropriations, lapse at year-end. Encumbered amounts are re-appropriated in the ensuing fiscal year budget.

Budgets are adopted for all governmental fund types and are prepared on a basis consistent with accounting principles generally accepted in the United States of America.

Budgeted amounts are as originally adopted, or as amended by the City Council. During the fiscal year ended June 30, 2009 the City Council approved \$4,682,792 of increases to the originally adopted budget, excluding carryovers of prior year encumbered balances and selected capital appropriations.

Excess of Expenditures over Appropriations

Major Governmental Funds	Final Budgeted Amount	Actual	Excess of Expenditures over Appropriations
Special Assessment Districts			
General government	63,500	88,253	(24,753)

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**Deficit Fund Equity**

The Bakersfield Redevelopment Agency, a discretely presented component unit of the City, reported a deficit in fund equity of \$10,218,454 at the close of the most recent fiscal year. The basic purpose of Redevelopment Agency is to incur debt, and one would generally expect an agency's liabilities to exceed assets at any given point in time. By far the largest portion of the Bakersfield Redevelopment Agency's liabilities (negative net assets) reflects its long term debt obligations regarding the 1997 Convention Center expansion project.

**Reclassification and Eliminations**

Interfund balances must generally be eliminated in the government-wide financial statements, except for net residual amounts due between governmental activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once - in the function in which they are allocated.

**NOTE 2 - CASH AND INVESTMENTS**

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$405,914,703
Fiduciary funds:	
Cash and investments	62,099,978
Retirement system investments-	<u>1,045,000</u>
Total cash and investments	<u>\$469,059,681</u>

Cash and investments as of June 30, 2009 consist of the following:

Cash on hand	\$ 2,504,900
Deposits with financial institutions	4,313,492
Investments	462,839,199
GASB 31 Market Value Adjustment	<u>(597,910)</u>
Total cash and investments	<u>\$469,059,681</u>

**Investment authorized by California Government Code and the City's Investment Policy**

The table below identifies the investment types that are authorized for the City by the California Government Code, or the City's investment policy, where more restrictive. These statutory and local restrictions also apply to the Redevelopment Agency, a discretely presented component unit of the City. The table also identifies the more restrictive provision of the California Government Code or the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investment of debt proceeds held by bond trustee that are governed by the provisions of the City's debt agreements, rather than the general provisions of either the California Government Code or the City's investment policy.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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<u>Authorized Investment Types</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Maturity</u>
U.S. Treasury Bills, Notes and Bonds	0 to 100%	5 Years
U.S. Government Agency Obligations	20% per agency	5 Years
Bankers Acceptances	40%	180 Days
Commercial Paper	25%	270 Days
Repurchase Agreements	30%	90 Days
Local Agency Investment Fund	40%	N/A
Time Certificates of Deposit	40%	5 Years
Public Agency Demand Accounts	30%	N/A
Mutual Funds	20%	N/A

**Investment Authorized by Debt Agreements**

The City and its Component Units have \$78,521,001 in investments held by bond trustees pledged to the payment or security of certain debt issues. These investments are held in direct obligations of, or obligations that are fully guaranteed as to principal and interest by, the United States Government or an agency thereof. The California Government Code provides that monies held by a bond trustee pledged to the payment or security of debt issues, in absent specific statutory provisions governing the issuance of the debt, may be invested in accordance with the ordinances, resolutions, or indentures specifying the types of investments the respective bond issue's trustee may make. The obligations described above are authorized per the investment agreements with the bond trustees and include, but are not limited to, Federal Land Bank Bonds, Federal Home Loan Bank notes and bonds, Export-Import Bank notes and guaranteed participation certificates, obligations of or fully guaranteed by the Government National Mortgage Association, Federal National Mortgage Association notes, debentures and guaranteed certificates of participation, obligations of the International Bank of Reconstruction and Development and Federal Home Loan Mortgage Corporation notes, debentures and guaranteed certificates of participation.

**Interest Rate Risk**

Interest rate risk is the risk that changes in the 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. As part of the City's investment policy, 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 maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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

<u>Remaining Maturity (in Months)</u>		12 Months	13 to 24	25 to 60	More Than
Investment Type		Or Less	Months	Months	60 Months
U.S. Government Agency Obligations:					
Federal Farm Credit Bank	\$ 39,988,750	\$ 1,000,000	\$ 2,000,000	\$ 36,988,750	
Federal Home Loan Bank	43,996,000		2,000,000	41,996,000	
Federal Loan Mortgage Corp.	39,000,000	10,000,000	1,000,000	28,000,000	
Federal National Mortgage Assn.	42,000,000	1,000,000	6,000,000	35,000,000	
Commercial Paper	19,802,000	19,802,000			
Bankers Acceptances	23,878,590	23,878,590			
Time Certificate of Deposit	30,000,000	30,000,000			
U.S. Treasury Bills, Notes, and Bonds	-				
Local Agency Investment Fund	107,494,060	107,494,060			
Mutual Funds (1)	38,158,798	38,158,798			
Investment Contracts	78,521,001				78,521,001
Total	\$ 462,839,199	\$231,333,448	\$ 11,000,000	\$ 141,984,750	\$ 78,521,001

(1) See Note 14 for Other Post Employment Benefits

**Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations**

Except as inherent by their nature as disclosed above the City's investments (including those held by a bond trustee) are not highly sensitive to interest rate fluctuations.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations 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, or debt agreements, and the actual rating as of year end for each investment type.

## CITY OF BAKERSFIELD

### Notes to the Basic Financial Statements (continued)

Investment Type		Minimum Legal Rating	Ratings as of the Year End		
			AAA	Aa	Not Rated
U.S. Government Agency Obligations:					
Federal Farm Credit Bank	\$ 39,988,750	N/A	\$ 39,988,750		
Federal Home Loan Bank	43,996,000	N/A	43,996,000		
Federal Loan Mortgage Corp.	39,000,000	N/A	39,000,000		
Federal National Mortgage Assn.	42,000,000	N/A	42,000,000		
Commercial Paper	19,802,000	A-1 P-1	19,802,000		
Bankers Acceptances	23,878,590	A-1 P-1	23,878,590		
Time Certificate of Deposit	30,000,000	N/A			30,000,000
U.S. Treasury Bills, Notes, and Bonds	-	N/A			
Local Agency Investment Fund	107,494,060	N/A			107,494,060
Mutual Funds	38,158,798	N/A	38,158,798		
Investment Contracts	78,521,001	N/A			78,521,001
<b>Total</b>	<b>\$ 462,839,199</b>	<b>\$ -</b>	<b>\$ 246,824,138</b>	<b>\$ -</b>	<b>\$ 216,015,061</b>

### Concentration of Credit Risk

The City's investment policy does not limit the amount that can be invested in any one issuer beyond the limitations stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represent 5% or more of the total City's total investments are as follows.

Issuer	Investment Type	Reported Amount	Investment Percentage
Federal Farm Credit Bank	Federal Agency Securities	\$39,988,750	9%
Federal Home Loan Bank	Federal Agency Securities	43,996,000	9%
Federal Home Loan Mortgage Corp.	Federal Agency Securities	39,000,000	8%
Federal National Mortgage Assn.	Federal Agency Securities	42,000,000	9%

### Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that the City will not be able to recover its deposits or will not be able to recover collateral securities in the possession of an outside party if a depository institution fails. The custodial credit risk for *investments* is the risk that the City will not be able to recover the value of its investment or collateral securities held by another party if the counterparty (e.g. broker-dealer) to a transaction fails. The California Government Code and City's investment policy do not contain legal or policy requirements that would limit exposure to custodial credit risk for deposits or investments, other than the following provision applicable to *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.

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

As of June 30, 2009, all of the City's deposits with financial institutions in excess of federal depository insurance limits were held in fully collateralized accounts, as permitted by the California Government Code. As of June 30, 2009, all of the City's investments were held by the City itself or by a broker-dealer (counterparty) other than the broker-dealer used by the City to purchase the securities in the City's name.

**Investment in State Investment Pool**

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 fair value of the City's investments in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawals is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**NOTE 3 - COMPOSITION OF ACCOUNTS RECEIVABLE AND PAYABLE BALANCES**

Accounts receivable at June 30, 2009 of the City's major individual funds and non-major and internal service funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

<b>Accounts Receivable - Governmental Activities:</b>	General Fund	Transient Occupancy Taxes Fund	Community Development Block Grant Fund	Gas Tax & Road Fund	Internal Service Funds	Total Governmental Activities
Taxes	\$ -	\$ 650,932	\$ -	\$ -	\$ -	\$ 650,932
Accounts	1,445,017		2,586,026	1,349,949	203,009	5,584,001
Gross Receivables	1,445,017	650,932	2,586,026	1,349,949	203,009	6,234,933
Less: Allowance for Uncollectible	-	-	-	-	(149,032)	(149,032)
Total Accounts Receivable - Net	\$ 1,445,017	\$ 650,932	\$ 2,586,026	\$ 1,349,949	\$ 53,977	\$ 6,085,901

<b>Accounts Receivable - Business Activities:</b>	Wastewater Treatment Fund	Refuse Collection Fund	Agricultural Water Fund	Domestic Water Fund	General Aviation Fund	Offstreet Parking Fund	Total Business-Type Activities
Accounts	\$ 2,029,952	\$ 721,150	\$ 1,513,157	\$ 2,331,973	\$ 4,505	\$ 1,323	\$ 6,602,060
Gross Receivables	2,029,952	721,150	1,513,157	2,331,973	4,505	1,323	6,602,060
Less: Allowance for Uncollectible							
Total Accounts Receivable - Net	\$ 2,029,952	\$ 721,150	\$ 1,513,157	\$ 2,331,973	\$ 4,505	\$ 1,323	\$ 6,602,060

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

**NOTE 3 - COMPOSITION OF ACCOUNTS RECEIVABLE AND PAYABLE BALANCES (continued)**

**Accounts Receivable -**

<b>Component Unit:</b>	
Accounts	\$ 1,081,185
Gross Receivables	1,081,185
Less: Allowance for Uncollectible	
 Total Accounts Receivable - Net	 <u>\$ 1,081,185</u>

Accounts payable and accrued liabilities at June 30, 2009 are composed of the following:

Accounts Payable and Accrued Liabilities - Governmental Activities:	General	Transient Occupancy	Community Development	Gas Tax & Road	Capital Outlay	Parks Development	Trans. Development	Non-major Governmental	Internal Service	Total Governmental
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Funds	Funds	Activities
Accounts Payable	\$ 6,153,951	\$ 29,309	\$ 771,407	\$ 8,921,534	\$ 939,622	\$ 4,860,755	\$ 1,679,153	\$ 35,528	\$ 2,713,746	\$ 26,105,005
Due to federal government								195,835		195,835
Due to other governments	1,165,008									1,165,008
Total Accounts Payable and Accrued Liabilities	<u>\$ 7,318,959</u>	<u>\$ 29,309</u>	<u>\$ 771,407</u>	<u>\$ 8,921,534</u>	<u>\$ 939,622</u>	<u>\$ 4,860,755</u>	<u>\$ 1,679,153</u>	<u>\$ 231,363</u>	<u>\$ 2,713,746</u>	<u>\$ 27,465,848</u>

Accounts Payable and Accrued Liabilities - Business Activities:	Wastewater Treatment	Refuse Collection	Agricultural Water	Domestic Water	General Aviation	Off-street Parking	Total Business-Type Activities
	Fund	Fund	Fund	Fund	Fund	Fund	Activities
Accounts Payable	\$ 8,869,385	\$ 2,428,981	\$ 131,864	\$ 2,978,305	\$ 10,074	\$ 4,953	\$ 14,423,562
Accrued interest	2,840,600			14,938			2,855,538
Meter deposit				3,310			3,310
Total Accounts Payable and Accrued Liabilities	<u>\$ 11,709,985</u>	<u>\$ 2,428,981</u>	<u>\$ 131,864</u>	<u>\$ 2,996,553</u>	<u>\$ 10,074</u>	<u>\$ 4,953</u>	<u>\$ 17,282,410</u>

**Accounts Payable and**

**Accrued Liabilities -**

**Component Unit:**

Accounts Payable	\$ 1,597,963
 Total Accounts Payable and Accrued Liabilities	 <u>\$ 1,597,963</u>

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

**NOTE 4 - DUE FROM OTHER GOVERNMENTS**

Amounts due from other governments at June 30, 2009 are comprised of the following:

	Federal Government	State of California	County Agencies	Total Governmental Activities	Business Activities	Discretely Presented Component Unit	Total Reporting Entity
SB90 Claims	\$ -	\$ 2,056,250	\$ -	\$ 2,056,250	\$ -	\$ -	\$ 2,056,250
Sales Tax		6,364,900		6,364,900			6,364,900
Property Tax				-	803,390	207,557	1,010,947
Kern Co. Planning			142,218	142,218			142,218
Fire Services			3,054,941	3,054,941			3,054,941
Economic & Community Development	1,665,064			1,665,064			1,665,064
Department of Transportation	12,284,331	8,627,228		20,911,559			20,911,559
National Stabilization Program	26,661			26,661			26,661
East Niles Comm. Serv. Dist.			161,667	161,667			161,667
Kern Council of Governments			22,813	22,813			22,813
Cycle 9 Used Oil Program					10,471		10,471
PERS Retirement		22,186		22,186			22,186
<b>Totals</b>	<b>\$ 13,976,056</b>	<b>\$ 17,070,564</b>	<b>\$ 3,381,639</b>	<b>\$ 34,428,259</b>	<b>\$ 813,861</b>	<b>\$ 207,557</b>	<b>\$ 35,449,677</b>

**NOTE 5 - LAND HELD FOR RESALE**

The City's discretely presented component unit acquires and, for limited periods, holds real property to be used in its redevelopment activities. These inventories of land held for resale and not held for use by the Agency are presented at the lower of cost or net realizable value. The following activity occurred in the Agency's inventory of such real property during the current fiscal year:

Component unit	Balance at	Additions	Deletions	Balance at
	June 30, 2008			June 30, 2009
Land held for resale	\$ 9,029,128		\$ 498,450	\$ 8,530,678
Construction in progress	4,134,669	9,641,180		13,775,849
	<u>\$ 13,163,797</u>	<u>\$ 9,641,180</u>	<u>\$ 498,450</u>	<u>\$ 22,306,527</u>

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

**NOTE 6 - CAPITAL ASSETS**

Capital asset activities for the year ended June 30, 2009 were as follows:

	Balance June 30, 2008	Adjustments	Addition	Retirement	Balance June 30, 2009
<b>Governmental Activities</b>					
Capital assets, not being depreciated					
Land	\$ 404,362,555	\$ -	\$ -	\$ -	\$ 404,362,555
Construction in progress	74,383,974		68,036,653	14,845,717	127,574,910
Total capital assets, not being depreciated	478,746,529	-	68,036,653	14,845,717	531,937,465
Capital assets, being depreciated					
Buildings structures and improvements	127,703,195		7,541,148		135,244,343
Infrastructure	1,233,801,662		29,150,882		1,262,952,544
Rolling equipment	57,083,232		3,514,838	4,174,109	56,423,961
Furniture and other equipment	26,766,799		875,582	6,472	27,635,909
Total capital assets, being depreciated	1,445,354,888	-	41,082,450	4,180,581	1,482,256,757
Less accumulated depreciated for					
Buildings structures and improvements	(41,084,741)		(3,537,196)		(44,621,937)
Infrastructure	(454,733,565)		(45,657,838)		(500,391,403)
Rolling equipment	(33,491,220)		(5,636,471)	(3,805,653)	(35,322,038)
Furniture and other equipment	(15,979,420)		(1,277,997)	(6,472)	(17,250,945)
	(545,288,946)	-	(56,109,502)	(3,812,125)	(597,586,323)
Total capital assets, being depreciated, net	900,065,942	-	(15,027,052)	368,456	884,670,434
Governmental activities capital assets, net	\$ 1,378,812,471	\$ -	\$ 53,009,601	\$ 15,214,173	\$ 1,416,607,899
<b>Business-type activities</b>					
Capital assets, not being depreciated					
Land	\$ 33,741,805				\$ 33,741,805
Construction in progress	123,006,559	168,120	101,480,196	14,641,986	210,012,889
Total capital assets, not being depreciated	156,748,364	168,120	101,480,196	14,641,986	243,754,694
Capital assets, being depreciated					
Buildings structures and improvements	118,373,124	(8,887,511)	821,350		110,306,963
Infrastructure	673,499,065	8,887,511	27,282,312		709,668,888
Equipment	9,787,385				9,787,385
Total capital assets, being depreciated	801,659,574	-	28,103,662	-	829,763,236
Less accumulated depreciation for					
Buildings structures and improvements	(52,349,247)		(3,061,056)		(55,410,303)
Infrastructure	(159,035,019)		(11,061,490)		(170,096,509)
Equipment	(5,714,500)		(513,089)		(6,227,589)
Total accumulated depreciation	(217,098,766)	-	(14,635,635)	-	(231,734,401)
Total capital assets, being depreciated, net	584,560,808	-	13,468,027	-	598,028,835
Business-type activities capital assets, net	\$ 741,309,172	\$ 168,120	\$ 114,948,223	\$ 14,641,986	\$ 841,783,529

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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Depreciation and amortization expense was charged in the following functions in the Statement of Activities:

<b>Governmental functions:</b>	<u>Amortization</u>	<u>Depreciation</u>	<u>Total</u>
General government	\$ -	\$ 304,548	\$ 304,548
Public safety - Police		445,332	445,332
Public safety - Fire		624,645	624,645
Public works		52,272,690	52,272,690
Community services		2,368,018	2,368,018
Development services		51,447	51,447
Economic and Community Development		42,822	42,822
	<hr/>	<hr/>	<hr/>
Total	\$ -	\$ 56,109,502	\$56,109,502
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Business-type functions:</b>			
Wastewater treatment		\$ 10,048,702	\$10,048,702
Agricultural water		489,894	489,894
Domestic water	9,667	3,885,919	3,895,586
General aviation		135,390	135,390
Off-street parking		75,730	75,730
	<hr/>	<hr/>	<hr/>
Total	\$ 9,667	\$ 14,635,635	\$14,645,302
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**NOTE 7 - OTHER LONG-TERM RECEIVABLE**

Other long-term receivables consist of the following:

Governmental Activities

Loans receivable in the equipment management internal service fund due from the Bakersfield Redevelopment Agencies Southeast Project Area for the Millcreek South mixed use development project. This loan has a 4% interest rate and an eight year payment period per Agreement 06-124.

\$ 2,000,000

Deferred loans receivable associated with the low and moderate income housing project. These loans bear 0%-3% interest and are not due until ten years after the loan agreement date (also see deferred revenue at Note 9).

1,867,868

Face value of loans

3,867,868

Less: current portion

125,000

Long-term portion

\$ 3,742,868

Business-Type Activities

Notes receivable in the agricultural water fund are for the amounts due from various customers/vendors.

These loans are non-interest bearing.

\$ 52,275

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**NOTE 7 - OTHER LONG-TERM RECEIVABLE (Continued)**

Long term receivable under agreement 73-153(6) between the City and East Niles Community Services District (ENCSD) for additional flow and treatment capacity in Waste Water Treatment Plant #2. 1,765,436

Long term receivable under agreement 87-153(5) between the City and Dreyer's Grand Ice Cream Inc. for additional flow and and treatment capacity in Waste Water Treatment Plant #3 3,185,911

Various long term receivables in the domestic water fund relate to contracts under which the City has agreed to provide future water services to properties to be developed and the land owners have agreed to pay the receivable amounts upon filing of tract maps. The amounts due are liens against the respective properties upon execution of the agreements. The revenues related to these contracts are deferred. 1,216,625

Total Business-type noncurrent receivables \$ 6,220,247

**Component Unit**

Golden Empire Affordable Housing, Inc., principal due and payable on July 12, 2054. Interest at 1.5%. The interest payment will be deferred for first ten years until the year 2010. \$ 800,000

Canyon Hills Senior Housing, Inc., principal due and payable by July 30, 2031. Interest at 0%. 310,000

Capital Vision Equities Development, Inc., principal due and payable by March 2036. Interest at 3%. The interest payment will start on January 1, 2004. 990,000

Lease receivable from City of Bakersfield for the Convention Center Arena. Principal due and payable semi-annually by April 1 and October 1 until April 1, 2022. Interest at 5.5%. 30,230,000

Face value of loans 32,330,000  
Less current portion 1,765,000

Long-term portion \$ 30,565,000

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**NOTE 8 - INTERFUND TRANSACTIONS**

Interfund transactions are comprised of loans, services provided, reimbursements, or transfers. Loans are reported as amounts “due to/due from” other funds or as “advances”, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental type activities and business-type activities are netted as part of the consolidation required to produce the government-wide financial statements.

Interfund receivable and payable balances at June 30, 2009 were:

Fund	Due from Other Funds	Due to Other Funds
Governmental Funds:		
Major Funds:		
General Fund	\$ 4,164,985	\$ -
Gas Tax and Road Fund		4,139,449
Non-Major Fund -		
National Stabilization		25,536
	\$ 4,164,985	\$ 4,164,985

These balances are a result of expenditures incurred prior to the receipt of the related special revenue source.

Interfund transfers at June 30, 2009 consisted of the following:

	Transfers In	Transfers Out
Governmental Funds:		
Major Funds:		
General Fund	\$ 700,000	\$ 1,512,100
Transient Occupancy Tax Fund		4,000,000
Community Development Block Grant Fund		402,317
Capital Outlay Fund	5,500,000	
Non-Major Funds:		
State Safety Fund		700,000
General Obligation Debt	402,317	
Public Financing Authority Debt Service Fund	1,138,096	
Public Financing Authority Capital Project Fund		1,138,096
Proprietary Funds:		
Major Funds:		
Wastewater Treatment Fund		18,500
Agricultural Water Fund		28,500
Internal Service Funds	59,100	
	\$ 7,799,513	\$ 7,799,513

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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Additional details regarding transfers in and out of various funds are provided below:

- The \$700,000 transfer in to the General fund is a transfer from the State Safety Fund to subsidize cost of the traffic division of the police department for parking fine violations.
- The \$1,500,000 transfer in to the Capital Outlay fund is made up of a combination of transfers from several funds to facilitate construction of various capital assets of the City. The remaining \$4,000,000 is a transfer from the Transient Occupancy Tax Fund to increase the cash basis reserve fund.
- The \$402,317 transfer in to the General Obligation Debt fund is a transfer from the Community Development Block Grant (CDBG) fund for repayment of a Section 108 loan.
- The \$1,138,096 transfer in to the Public Finance Authority (PFA) Debt fund is a transfer from the PFA Operating fund to be used for debt service.
- The \$59,100 is a transfer in to Internal Service funds. This item is from various funds to the Equipment fund to purchase additional vehicles and equipment.

**NOTE 9 – DEFERRED/UNEARNED REVENUE**

The following table summarizes deferred revenue for the Reporting Entity at June 30, 2009:  
The Governmental Activities is broken out by unearned revenue and deferred revenue (unavailable).

<b>Governmental activities:</b>	<u>Unearned</u>	<u>Unavailable</u>
General Fund		
Dog License	\$ 97,727	\$ -
California Water Receivable		374,910
Code Enforcement Receivable		9,540
Police Service Receivable		137,688
State Agencies (SB90)		2,056,250
Business License	380,762	
Developer's Share (EIRs)	385,287	
General Fund	<u>863,776</u>	<u>2,578,388</u>
Community Development Block Grant Fund - Deferred loans		4,449,903
Gas Tax & Road Fund	22,031	381,878
Transportation Development Fund		161,666
Non-major fund: State Transportation -- Grants advanced	77,476	
	<u>\$ 963,283</u>	<u>\$ 7,571,835</u>

# CITY OF BAKERSFIELD

## Notes to the Basic Financial Statements (continued)

### NOTE 9 – DEFERRED/UNEARNED REVENUE (Continued)

<b>Business-type activities:</b>	<u>Unavailable</u>
Wastewater Treatment	\$ 4,951,347
Refuse Collection	45,483
Domestic Water	<u>1,216,625</u>
Total Business-Type Activities	<u>\$ 6,213,455</u>
<b>Discretely Presented Component Unit:</b>	
Lease Receivable	\$ 30,230,000
Notes Receivable	2,100,000
Total Discretely Presented Component Unit	<u>\$ 32,330,000</u>

### NOTE 10 - LONG-TERM DEBT

Long-term debt transactions for the fiscal year ending June 30, 2009 are summarized below:

	Governmental Activities	Business-Type Activities			Total Primary Government	Discretely Presented Component Unit	Total Reporting Entity
		General Obligations	Revenue Obligations	Total			
Payable at June 30, 2008:							
Bonds (inc. unamortized premium)	\$ 3,315,000	\$ -	\$ 243,032,633	\$ 243,032,633	\$ 246,347,633	\$ -	\$ 246,347,633
Certificates of Participation					-	31,930,000	31,930,000
Notes	4,208,000	11,804,769		11,804,769	16,012,769		16,012,769
Contracts/Loans	-				-	11,688,058	11,688,058
Claims and Judgments Payable	20,984,970				20,984,970		20,984,970
Compensated Absences	13,292,706	1,997,232		1,997,232	15,289,938		15,289,938
Subtotal	<u>41,800,676</u>	<u>13,802,001</u>	<u>243,032,633</u>	<u>256,834,634</u>	<u>298,635,310</u>	<u>43,618,058</u>	<u>342,253,368</u>
New debt incurred:							
Notes		186,811		186,811	186,811		186,811
Contracts/Loans					-	9,051,444	9,051,444
Claims and Judgments Payable	2,202,056				2,202,056		2,202,056
Net Post Emp. Benefit Obligation	2,551,812				2,551,812		2,551,812
Compensated Absences	8,730,034	1,493,037		1,493,037	10,223,071	132,379	10,355,450
Subtotal	<u>13,483,902</u>	<u>1,679,848</u>	<u>-</u>	<u>1,679,848</u>	<u>15,163,750</u>	<u>9,183,823</u>	<u>24,347,573</u>

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

**NOTE 10 - LONG-TERM DEBT (Continued)**

Principal reductions:

Bonds (inc. unamortized premium)	3,315,000		331,063	331,063	3,646,063		3,646,063
Certificates of Participation					-	1,700,000	1,700,000
Notes	194,000	1,376,702		1,376,702	1,570,702		1,570,702
Contracts/Loans				-	-	1,266,496	1,266,496
Compensated Absences	8,315,554	1,317,889		1,317,889	9,633,443		9,633,443
<b>Subtotal</b>	<b>11,824,554</b>	<b>2,694,591</b>		<b>3,025,654</b>	<b>14,850,208</b>	<b>2,966,496</b>	<b>17,816,704</b>

Payable at June 30, 2009:

Bonds (inc. unamortized premium)	-		242,701,570	242,701,570	242,701,570		242,701,570
Certificates of Participation					-	30,230,000	30,230,000
Notes	4,014,000	10,614,878		10,614,878	14,628,878		14,628,878
Contracts/Loans	-			-	-	19,473,006	19,473,006
Claims and Judgments Payable	23,187,026				23,187,026		23,187,026
Net Post Emp. Benefit Obligation	2,551,812				2,551,812		2,551,812
Compensated Absences	13,707,186	2,172,380		2,172,380	15,879,566	132,379	16,011,945
<b>Total Payables</b>	<b>\$ 43,460,024</b>	<b>\$ 12,787,258</b>	<b>\$ 242,701,570</b>	<b>\$ 255,488,828</b>	<b>\$ 298,948,852</b>	<b>\$ 49,835,385</b>	<b>\$ 348,784,237</b>

	Business-Type Activities				Total Primary Government	Discretely Presented Component Unit	Total Reporting Entity
	Governmental Activities	General Obligations	Revenue Obligations	Total			
<b>Due Within One Year</b>							
Bonds (inc. unamortized premium)	\$ -	\$ -	\$ 1,431,063	\$ 1,431,063	\$ 1,431,063	\$ -	\$ 1,431,063
Certificates of Participation					-	1,765,000	1,765,000
Notes	203,000	1,623,212		1,623,212	1,826,212		1,826,212
Contracts/Loans				-	-	1,203,195	1,203,195
Claims and Judgments Payable	8,454,026			-	8,454,026		8,454,026
Compensated Absences	7,385,211	1,637,065		1,637,065	9,022,276	11,778	9,034,054
<b>Total Due Within One Year</b>	<b>\$ 16,042,237</b>	<b>\$ 3,260,277</b>	<b>\$ 1,431,063</b>	<b>\$ 4,691,340</b>	<b>\$ 20,733,577</b>	<b>\$ 2,979,973</b>	<b>\$ 23,713,550</b>
<b>Due in More Than One Year</b>							
Bonds (inc. unamortized premium)	\$ -	\$ -	\$ 241,270,507	\$ 241,270,507	\$ 241,270,507	\$ -	\$ 241,270,507
Certificates of Participation					-	28,465,000	28,465,000
Notes	3,811,000	8,991,666		8,991,666	12,802,666		12,802,666
Contracts/Loans				-	-	18,269,811	18,269,811
Claims and Judgments Payable	14,733,000			-	14,733,000		14,733,000
Net Post Emp. Benefit Obligation	2,551,812				2,551,812		2,551,812
Compensated Absences	6,321,975	535,315		535,315	6,857,290	120,601	6,977,891
<b>Total Due in More Than One Year</b>	<b>\$ 27,417,787</b>	<b>\$ 9,526,981</b>	<b>\$ 241,270,507</b>	<b>\$ 250,797,488</b>	<b>\$ 278,215,275</b>	<b>\$ 46,855,412</b>	<b>\$ 325,070,687</b>

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**NOTE 10 - LONG-TERM DEBT (Continued)**

The compensated absences for governmental activities will be paid by the General Fund. The compensated absences for business activities will be paid by the respective proprietary funds.

Long-term debt payable at June 30, 2009 was comprised of the following individual issues:

Bonds:

General obligation bonds serviced by business-type activities:

\$190,695,000 Wastewater Revenue Bonds Series A - due in annual principal installments of \$1,100,000 to \$14,465,000 commencing September 15, 2009 through 2034; interest ranging from 4.125% to 5.000%. (This issue is serviced by the issue is serviced by the Wastewater Treatment Fund). 190,695,000

\$43,730,000 Wastewater Revenue Bonds Series B - due in annual principal installments of \$11,590,000 to \$16,370,000 commencing September 1, 2033 through 2036; Estimated average variable rate of 3.60%. (This issue is serviced by the Wastewater Treatment Fund). 43,730,000

Unamortized Bond Premium on Wastewater Revenue Bonds 8,276,570

Total Bonds – Primary Government/Reporting Entity \$ 242,701,570

Certificates of Participation:

Certificates of participation serviced by Discretely Presented

Component Unit:

\$25,335,000 Bakersfield Redevelopment Agency - 2006 Refunding Certificates of Participation Series A. Certificates are due in annual principal installments of \$900,000 to \$2,170,000 commencing October 1, 2006 through 2022; interest ranging from 4.00% to 4.25%. (This issue is serviced by the Bakersfield Redevelopment Agency Debt Service Fund.) \$ 22,005,000

\$9,470,000 Bakersfield Redevelopment Agency - 2006 Refunding Certificates of Participation Series B. Certificates due in annual principal installments of \$345,000 to \$830,000 commencing October 1, 2006 through 2022; interest ranging from 4.00% to 5.000%. (This issue is serviced by the Bakersfield Redevelopment Agency Debt Service Fund.) 8,225,000

Total Certificates of Participation -- Discretely Presented Component Unit \$ 30,230,000

Notes/Loans:

General obligation note serviced by Community Development Block Grant (via the Municipal Debt Service Fund with Community Development Block Grant Entitlement): \$4,100,000 HUD Section 108 Loan 2003 – due in annual principal installments of \$137,000 to \$320,000 commencing August 1, 2004 through August 2022; interest ranging from 1.75% to 4.76% \$ 3,348,000

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**NOTE 10 - LONG-TERM DEBT (Continued)**

General obligation note serviced by Community Development Block Grant (via the Municipal Debt Service Fund with Community Development Block Grant Entitlement): \$800,000 HUD Section 108 Loan 2003 – due in annual principal installments of \$24,000 to \$61,000 commencing August 1, 2004 through August 2023; interest ranging from 1.61% to 4.76%

666,000

General obligation notes serviced by Business-Type Activities: \$14,263,555 note payable to California State Water Resources Control Board - Original advances of \$14,954,054 payable without interest in twenty annual installments beginning in fiscal year 2004 - 05 by the Wastewater Treatment Fund.

9,025,514

\$1,344,514 note payable made in 2006 to the California Water Company payable on June 15 commencing in 2007 continuing through payments due from April 1, 1998 through October 1, 2013 from the Domestic Water Fund.

612,529

\$3,045,000 note payable made in 1997 in favor of the State of California Department of Water Resources - thirty semi-annual principal and interest payments due from April 1, 1998 through October 1, 2013 from the Domestic Water Fund.

976,835

Total general obligation notes/loans payable - Primary government

\$ 14,628,878

General obligation notes/loans serviced by Discretely Presented Component Unit (all of the following debt is serviced by the Bakersfield Redevelopment Agency Debt Service Fund:

\$1,200,000 Bakersfield Redevelopment Agency Loan with the California Housing Finance Agency for the purchase of land for the Cottages Project. Repayment of the loan is deferred to October 2012, with 3% simple interest.

\$ 764,535

\$500,000 Bakersfield Redevelopment Agency Loan with the California Housing Finance Agency for the purpose of affordable housing program. Repayment of the loan is deferred to February 2013, with 3% simple interest.

500,000

\$10,000 Bakersfield Redevelopment Agency Ownership Participation Agreement 2001 - tax rebates due in annual principal installments of approximately \$1,000 commencing July 31, 2002 through July 31, 2011 without interest.

2,633

\$2,000,000 Bakersfield Redevelopment Inter-Agency Loan with the City of Bakersfield Equipment Fund to provide construction assistance required for the 19th Street Senior Plaza Development. Funds were disbursed June 2009. The loan has a 5% interest rate and a seven year payment period.

2,000,000

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**NOTE 10 - LONG-TERM DEBT (Continued)**

\$1,000,000 HUD Section 108 Loan, 2003 (Agency Agreement #RA 03-016) – due in annual principal installments of \$27,000 to \$82,000 commencing August 1, 2004; interest ranging from 1.61% to 4.76%.	847,000
\$30,000 Bakersfield Redevelopment Agency Ownership Participation Agreement 2002 - tax rebates due in annual principal installments of approximately \$4,200 to \$5,000 commencing January 31, 2004 without interest.	29,936
\$1,750,000 Bakersfield Redevelopment Loan with the California Housing Finance Agency for site acquisition of land and development of multifamily housing units. Repayment of the loan is deferred until September 2006 with 3% simple interest.	1,074,161
\$1,600,000 HUD Section 108 Loan, 2005 (Agency Agreement #RA 06-020) for construction of Fire Station No. 5 – due in annual principal installments of \$58,000 to \$137,000 commencing August 1, 2009; interest ranging from 4.96% to 5.77%.	1,600,000
\$1,000,000 Bakersfield Redevelopment Loan with the California Housing Finance Agency for predevelopment costs related to the development of an 84 unit owner subdivision. Repayment of the loan is deferred until September 2016 with 3% simple interest.	971,296
\$3,750,000 HUD Section 108 Loan, 2007 (Agency Agreement # RA 06-022) Loan proceeds are dedicated to the Mill Creek South Mixed-Use project and will go toward the acquisition and clean-up of a six acre parcel. - due in annual principal installments of \$136,000 to \$321,000 commencing August 1, 2008; interest ranging from 2.62% to 5.42%.	3,750,000
\$3,000,000 Bakersfield Redevelopment Loan with the California Housing Finance Agency for the development of Creek View Villas, a 35-unit condominium complex, of which, only \$1,000,000 of the loan was dispersed through fiscal year 2009. Repayment of the loan is deferred until September 2014 with 3% simple interest.	1,000,000
\$10,000,000 Bakersfield Redevelopment Agency Loan with I-Bank to help finance the Mill Creek Linear Park and Canal Refurbishment Project. Only \$6,933,445 of the loan was dispersed through fiscal year 2009. Annual principle installments of 217,383 to \$512,446 will commence on August 1, 2009 through August 2037; interest rate at 3.11%.	<u>6,933,445</u>
Total Contracts Payable -- Discretely Presented Component Unit	<u>\$ 19,473,006</u>
<u>Compensated Absences:</u>	
Governmental Activities	13,707,186
Business-type Activities	<u>2,172,380</u>
Total compensated absences - Primary Government/Reporting Entity	<u>\$ 15,879,566</u>
Component Unit	<u>\$ 132,379</u>

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**NOTE 10 - LONG-TERM DEBT (Continued)**

A summary of the reporting entity's debt service requirements outstanding at June 30, 2009 is as follows:

	Primary Government	Component Unit	Reporting Entity
Principal:			
Governmental Activities	\$ 43,460,024	\$ 49,835,385	\$ 93,295,409
Business-Type Activities:			
General Obligations	12,787,258		12,787,258
Revenue Obligations	242,701,570		242,701,570
	<hr/>	<hr/>	<hr/>
Subtotal - Principal	298,948,852	49,835,385	348,784,237
	<hr/>	<hr/>	<hr/>
Less: Claims and Judgments Payable included above that bear no interest and have no schedule repayment terms	23,187,026		23,187,026
Less: Net Post Employment Benefit Obligation	2,551,812		2,551,812
Less: Unamortized premium for Wastewater revenue bond	8,276,570		8,276,570
Less: Compensated Absences included above that bear no interest and have no schedule repayment terms	15,879,566	132,379	16,011,945
	<hr/>	<hr/>	<hr/>
Total principal with scheduled repayment terms	249,053,878	49,703,006	298,756,884
Interest on Obligations	191,602,406	19,993,250	211,595,656
	<hr/>	<hr/>	<hr/>
Total debt service requirements	\$ 440,656,284	\$ 69,696,256	\$ 510,352,540
	<hr/>	<hr/>	<hr/>

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

**NOTE 10 - LONG-TERM DEBT (Continued)**

The annual requirement to amortize the principal and interest on long-term debt at June 30, 2009 is as follows:

Year ending	Government-Type Activities			Government-Type Activities		
	Principal			Interest		
	Bonds	Notes/Loans	Total	Bonds	Notes/Loans	Total
2010	\$ -	\$ 203,000	\$ 203,000	\$ -	\$ 201,034	\$ 201,034
2011	-	214,000	214,000	-	192,717	192,717
2012	-	223,000	223,000	-	183,327	183,327
2013	-	235,000	235,000	-	172,900	172,900
2014	-	246,000	246,000	-	161,483	161,483
2015-2019	-	1,423,000	1,423,000	-	603,646	603,646
2020-2024	-	1,470,000	1,470,000	-	177,951	177,951
2025-2029	-	-	-	-	-	-
Totals	\$ -	\$ 4,014,000	\$ 4,014,000	\$ -	\$ 1,693,058	\$ 1,693,058

Year ending	Business-Type Activities			Business-Type Activities		
	Principal			Interest		
	Bonds	Notes	Total	Bonds	Notes	Total
2010	\$ 1,100,000	\$ 1,623,212	\$ 2,723,212	\$ 10,964,118	\$ 214,992	\$ 11,179,110
2011	1,945,000	1,026,684	2,971,684	10,894,899	190,109	11,085,008
2012	2,930,000	1,043,675	3,973,675	10,783,524	173,118	10,956,642
2013	2,845,000	904,297	3,749,297	10,651,618	155,083	10,806,701
2014	3,260,000	752,126	4,012,126	10,512,074	150,429	10,662,503
2015-2019	27,890,000	3,760,630	31,650,630	49,068,213	752,145	49,820,358
2020-2024	40,190,000	1,504,254	41,694,254	40,813,525	300,856	41,114,381
2025-2029	53,285,000	-	53,285,000	29,125,525	-	29,125,525
2030-2034	68,840,000	-	68,840,000	13,991,280	-	13,991,280
2035-2039	32,140,000	-	32,140,000	1,167,840	-	1,167,840
Totals	\$ 234,425,000	\$ 10,614,878	\$ 245,039,878	\$ 187,972,616	\$ 1,936,732	\$ 189,909,348

Year ending	Discretely Presented Component Unit			Discretely Presented Component Unit		
	Principal			Interest		
	COP	Notes/Contracts	Total	COP	Notes/Contracts	Total
2010	\$ 1,765,000	\$ 1,203,195	\$ 2,968,195	\$ 1,377,950	\$ 782,092	\$ 2,160,042
2011	1,845,000	2,006,852	3,851,852	1,307,350	936,800	2,244,150
2012	1,910,000	1,557,756	3,467,756	1,233,550	734,195	1,967,745
2013	1,985,000	1,602,346	3,587,346	1,154,576	679,005	1,833,581
2014	2,085,000	1,165,853	3,250,853	1,058,000	618,252	1,676,252
2015-2019	12,005,000	3,935,278	15,940,278	3,682,500	2,491,219	6,173,719
2020-2024	8,635,000	3,582,133	12,217,133	765,875	1,750,270	2,516,145
2025-2029	-	3,393,121	3,393,121	-	947,013	947,013
2030-2034	-	1,026,472	1,026,472	-	474,603	474,603
Totals	\$ 30,230,000	\$ 19,473,006	\$ 49,703,006	\$ 10,579,801	\$ 9,413,449	\$ 19,993,250

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**NOTE 10 - LONG-TERM DEBT (Continued)**

Year Ending	Reporting Entity			Reporting Entity		
	Principal			Interest		
	Bonds/COP	Notes/Cont./Loans	Total	Bonds/COP	Notes/Cont/Loan	Total
2010	\$ 2,865,000	\$ 3,029,407	\$ 5,894,407	\$ 12,342,068	\$ 1,198,118	\$ 13,540,186
2011	3,790,000	3,247,536	7,037,536	12,202,249	1,319,626	13,521,875
2012	4,840,000	2,824,431	7,664,431	12,017,074	1,090,640	13,107,714
2013	4,830,000	2,741,643	7,571,643	11,806,194	1,006,988	12,813,182
2014	5,345,000	2,163,979	7,508,979	11,570,074	930,164	12,500,238
2015-2019	39,895,000	9,118,908	49,013,908	52,750,713	3,847,010	56,597,723
2020-2024	48,825,000	6,556,387	55,381,387	41,579,400	2,229,077	43,808,477
2025-2029	53,285,000	3,393,121	56,678,121	29,125,525	947,013	30,072,538
2030-2034	68,840,000	1,026,472	69,866,472	13,991,280	474,603	14,465,883
2035-2039	32,140,000	-	32,140,000	1,167,840	-	1,167,840
Totals	\$ 264,655,000	\$ 34,101,884	\$ 298,756,884	\$ 198,552,417	\$ 13,043,239	\$ 211,595,656

**NOTE 11 - PLEDGED REVENUES**

The City has pledged net revenues generated by the Wastewater Enterprise Fund to repay \$234 million in wastewater revenue bonds series 2007A and 2007B issued in August 2007. Net revenues mean revenues less operation and maintenance costs for that fiscal year. The pledge of net revenues does not constitute a lien upon any property of the City. Proceeds of the bonds provided financing for expansion of Wastewater Treatment Plant #3, and improvements to Wastewater Treatment Plant #2. The bonds are payable through 2034 for 2007A, and 2036 for 2007B. The covenants of the ordinances authorizing the bonds include, among other things, an obligation of the City to fix, prescribe, revise, and collect rates, fees, and charges for the services and facilities of the system and revise the same whenever necessary, which will provide gross revenues in each fiscal year sufficient to pay the cost of operation and maintenance of the system; one hundred twenty five percent (125%) of the bond service requirement becoming due in such fiscal year on the outstanding bonds; plus one hundred percent (100%) of all reserve and other payments required to be made pursuant to the ordinances authorizing the bonds.

**NOTE 12 - REIMBURSABLE DEVELOPER COSTS**

Reimbursable developer costs of \$3,531,969 at June 30, 2009 represent amounts due to developers for construction of water mainline extensions and certain other water facilities. For mainline extensions transferred to the City after June 30, 1982, the developers are to be reimbursed based on revenues generated from the water sales associated with these mainline extensions. The City is required to reimburse 2.5% of the cost of the extension on a yearly basis with the total amount to be reimbursed within 40 years.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**NOTE 13 - EMPLOYEE RETIREMENT BENEFITS****General**

The City participates in the Miscellaneous Plan of the City of Bakersfield, the Safety Fire Plan of the City of Bakersfield, and the Safety Police Plan of the City of Bakersfield, which are included in the Public Agency portion of the California Public Employees Retirement System (CalPERS). The City also participates in the Fireman's Relief and Pension Fund (FRPF), which is administered by the City. Combined, the plans cover all permanent and certain part-time employees.

Prior to June 26, 1972, all City employees of the Fire Department were covered by FRPF. Effective June 26, 1972, all existing and new employees of the Fire Department became members of CalPERS.

**CalPERS****Miscellaneous Plan****A. Plan Description**

The City of Bakersfield's defined benefit pension plan, the Miscellaneous Plan, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employee's Retirement Law. The City of Bakersfield selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issue a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from their Executive Office - 400 P Street - Sacramento, CA 95814.

**B. Funding Policy**

Active plan members in the Miscellaneous Plan are required to contribute 8% of their annual covered salary. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2008/09 was 13.394%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

**C. Annual Pension Cost**

For the year ended June 30, 2009, the City's annual pension cost of \$7,086,529 for CalPERS was equal to the City's required and actual contributions. The required contribution for fiscal year 2008/09 was determined as part of the June 30, 2006 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.25% to 14.45%, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 3%. The actuarial value of the Miscellaneous Plan's assets was determined using techniques that smoothed the effects of short-term volatility in the market value of investments over a three year period depending on the size of investment gains and/or losses. The Miscellaneous Plan's unfunded actuarial accrued

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

liability is being amortized as a level percentage of projected payrolls on a closed basis. Based on the most recently completed actuarial valuation, the remaining amortization period at June 30, 2007 was twenty-six years.

THREE-YEAR TREND INFORMATION FOR THE MISCELLANEOUS PLAN

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2007	\$ 6,687,551	100%	\$ -
6/30/2008	\$ 6,840,851	100%	\$ -
6/30/2009	\$ 7,086,529	100%	\$ -

(UNAUDITED) REQUIRED SUPPLEMENTARY INFORMATION  
FUNDED STATUS OF MISCELLANEOUS PLAN

	(A)	(B)	(C)	(D)	(E)	(F)
		Entry Age	Unfunded	Funded	Covered	Unfunded
Actuarial Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability	Actuarial Accrued Liability	Ratio [(A)/(B)]	Payroll	Actuarial Liability as Percentage of Covered Payroll $\{[(B)-(A)]/(E)\}$
6/30/2005	\$ 208,030,836	\$ 237,796,477	\$ 29,765,641	87.5%	\$ 40,150,566	74.1%
6/30/2006	\$ 226,451,746	\$ 255,095,541	\$ 28,643,795	88.8%	\$ 43,527,124	65.8%
6/30/2007	\$ 248,242,670	\$ 276,470,476	\$ 28,227,806	89.8%	\$ 48,981,407	57.6%

**Safety Fire Plan**

A. Plan Description

The City of Bakersfield’s defined benefit pension plan, the Safety Fire Plan, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Safety Fire Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employee’s Retirement Law. The City of Bakersfield selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issue a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from their Executive Office - 400 P Street – Sacramento, CA 95814.

B. Funding Policy

Active Safety Fire Plan members are required to contribute 9% of their annual covered salary towards payment of the annual pension cost. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2008/09 was 21.409%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

## CITY OF BAKERSFIELD

Notes to the Basic Financial Statements (continued)

### C. Annual Pension Cost

For the year ended June 30, 2009, the City's annual pension cost of \$3,342,692 for CalPERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2006 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.25% to 13.15%, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 3%. The actuarial value of the Safety Fire Plan's assets was determined using techniques that smoothed the effects of short-term volatility in the market value of investments over a three year period depending on the size of investment gains and/or losses. The Safety Fire Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. Based on the most recently completed actuarial valuation, the remaining amortization period at June 30, 2007, was thirty years.

#### THREE-YEAR TREND INFORMATION FOR THE SAFETY FIRE PLAN

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2007	\$ 3,327,360	100%	\$ -
6/30/2008	\$ 3,285,452	100%	\$ -
6/30/2009	\$ 3,342,692	100%	\$ -

#### (UNAUDITED) REQUIRED SUPPLEMENTARY INFORMATION FUNDED STATUS OF THE SAFETY FIRE PLAN

	(A)	(B)	(C)	(D)	(E)	(F)
		Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio [(A)/(B)]	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll $\frac{\{(B)-(A)\}}{(E)}$
Actuarial Valuation Date	Actuarial Asset Value					
6/30/2005	\$ 129,535,660	\$ 145,627,905	\$ 16,092,245	88.9%	\$ 13,717,142	117.3%
6/30/2006	\$ 139,944,092	\$ 156,354,757	\$ 16,410,665	89.5%	\$ 14,362,096	114.3%
6/30/2007	\$ 151,385,127	\$ 166,571,394	\$ 15,186,267	90.9%	\$ 15,134,819	100.3%

### Safety Police Plan

#### A. Plan Description

The City of Bakersfield's defined benefit pension plan, the Safety Police Plan, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Safety Police Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. Menus of benefit provisions as well as other requirements are established by State statutes within the Public Employee's Retirement Law. The city of Bakersfield selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issue a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from their Executive Office - 400 P Street - Sacramento, CA 95814.

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

**B. Funding Policy**

Active plan members in the Safety Police Plan are required to contribute 9% of their annual covered salary. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members, the actuarial methods and assumptions used are those adopted by the CalPERS Board of administration. The required employer contribution rate for fiscal 2008/09 was 29.022%. The contribution requirements of the plan members are established and may be amended by CalPERS.

**C. Annual Pension Cost**

For the year ended June 30, 2009, the City's annual pension cost of \$8,056,681 for CalPERS was equal to the City's required and actual contributions. The required contribution for fiscal year 2008/09 was determined as part of the June 30, 2006 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.25% to 13.15%, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 3%. The actuarial value of the Safety Police Plan's assets was determined using techniques that smoothed the effects of short-term volatility in the market value of investments over a three year period depending on the size of investment gains and/or losses. The Safety Police Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. Based on the most recently completed actuarial valuation, the remaining amortization period at June 30, 2007, was thirty years.

THREE-YEAR TREND INFORMATION FOR THE SAFETY POLICE PLAN

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2007	\$ 7,465,785	100%	\$ -
6/30/2008	\$ 7,874,625	100%	\$ -
6/30/2009	\$ 8,056,681	100%	\$ -

(UNAUDITED) REQUIRED SUPPLEMENTARY INFORMATION  
FUNDED STATUS OF THE SAFETY POLICE PLAN

	(A)	(B)	(C)	(D)	(E)	(F)
		Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio [(A)/(B)]	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll $\{[(B)-(A)]/(E)\}$
Actuarial Valuation Date	Actuarial Asset Value					
6/30/2005	\$ 160,921,545	\$ 208,572,116	\$ 47,650,571	77.2%	\$ 22,543,104	211.4%
6/30/2006	\$ 175,933,055	\$ 228,096,765	\$ 52,163,710	77.1%	\$ 24,796,549	210.4%
6/30/2007	\$ 192,579,453	\$ 247,804,969	\$ 55,225,516	77.7%	\$ 26,707,658	206.8%

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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Fireman's Relief and Pension FundA. Plan Description

The Fireman's Relief and Pension Fund (FRPF), a single-employer defined benefit pension plan, is used to account for the accumulation of resources to be used for retirement, disability and death benefits as well as an annual COLA for Fire Department personnel who retired prior to June 26, 1972. At that time, eligible participants of the FRPF became members of CalPERS, and the FRPF was closed to new entrants. As of June 30, 2008, the most recent actuarial valuation date, there were 8 participants, retired and 100% vested, but as of June 30, 2009 there are 6 participants remaining. There is not a separate, audited GAAP-basis pension report available for the Firemen's Relief and Pension Fund defined benefit pension plan.

B. Funding Policy

There were no employer or employee contributions made to this plan subsequent to June 26, 1972; the only activity in this plan is the receipt of income on invested assets and the payment of vested benefits. Benefit provisions may be amended by action of the City Council.

Through June 30, 1996, an actuarial valuation was performed every three years using the unit-credit method to calculate the costs of the FRPF for pension benefits. Since June 30, 1998, valuations have occurred every two years. The June 30, 2009 valuation used the unprojected unit credit method to calculate the costs for pension benefits.

The FRPF carried the following investments at June 30, 2009 which were not issued or directly guaranteed by the U.S. government and which exceeded five percent of plan assets for any one organization:

Local Agency Investment Fund	\$ 494,288
Morgan Federal Farm Credit Bank Coupon	\$ 1,045,000

## Schedules of Funding Progress (Fire - FDRF)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of covered Payroll
06/30/05	1,937,190	2,119,131	181,941	91%	-0-	N/A
06/30/06	1,686,712	1,493,173	(193,539)	113%	-0-	N/A
06/30/07	1,686,712	1,493,173	(193,539)	113%	-0-	N/A
06/30/08	1,559,543	1,233,149	(326,394)	126%	-0-	N/A
06/30/09	1,559,543	1,233,149	(326,394)	126%	-0-	N/A

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**C. Actuarial Methods and Assumptions**

The following are actuarial assumptions for the Plan's most recent actuarial study:

Valuation date	06/30/08
Actuarial cost method	Unit credit method
Amortization method – UAAL	Average expected future lifetimes of plan participants.
Amortization period	N/A
Actuarial asset valuation method	Fair market value
Actuarial assumptions:	
Investment rate of return	5.25% Compounded annually (5.25% as of 06/30/06)
Projected salary increases	N/A
Post retirement benefit increases	None
Inflation	3.5%
Mortality	The RP2000 Annuity Table (projected to 2010). (1971 group annuity mortality table set back two years for males and eight years for females, as of 06/30/04.)

**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS****A. Plan Description**

In addition to the employee retirement benefits described in Note 13, the City provides a Post-Employment Retiree Medical Benefit Plan in accordance with a resolution approved by City Council. Two primary plans exist. All employees with a retirement date prior to January 1, 1985 were eligible for benefits upon retirement. Post-1985 employees must retire with fifteen years accumulated service upon retirement to participate. The service requirement is waived for safety employees who retire with a job-related disability.

Employees hired after the dates listed below will not participate in either of the retiree health subsidy programs mentioned above.

Miscellaneous Employees	February 22, 2006
Management and Supervisory	March 22, 2006
Fire Safety	May 5, 2006
Police Safety	May 24, 2006

For employees hired prior to the dates listed above, the City provides lifetime postretirement medical benefits for eligible retirees and qualified dependents with a choice of three medical options: Anthem Blue Cross Fee for Service (FFS), Anthem Blue Cross HMO, and Kaiser HMO. Mental Health and Vision benefits are carved out and provided through PBH and MES, respectively. After reaching eligibility for Medicare, retirees are offered a choice of Blue Cross Senior Secure or Kaiser Senior Advantage HMOs. Retirees may also elect dental coverage but must self-pay the premiums for such coverage. Vision coverage is not offered to retirees. Retiree rates are being gradually unblended from employee rates and will be entirely unblended by 2010.

The City contributes 3% of the lowest single-party rate per year of service to a maximum of 90%. If this dollar amount is greater than the premium for a retiree covered under one of the Medicare Risk plans, the retiree receives a cash reimbursement of the difference to a maximum of \$42.50 per month. The City also contributes 42% of the total FFS premium for all retirees participating in the FFS plan, excluding Miscellaneous employees hired after April 1, 1996 and Safety employees hired after April 1, 1998. The City has approximately 1,463 active employees and 449 retirees as of June 30, 2009. There is not a separate, audited GAAP-basis pension report available for the Post-Employment Retiree Medical Benefit Plan.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**B. Funding Policy**

As required by GASB 45, an actuary will determine the City's Annual Required Contributions (ARC) at least once every two fiscal years. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total unfunded actuarial accrued liability (UAL) over a period not to exceed 30 years.

On December 13, 2006, the City entered into an agreement with Phase II Systems, doing business as Public Agency Retirement Services (PARS) for trust administration services to its post-employment retiree medical benefit plan and established a separate irrevocable trust for its postretirement medical benefit plan on January 23, 2007. Under the trust agreement, Union Bank of California, N.A. will be the Trustee and Investment Fiduciary.

The City's funding policy is to contribute an amount to an irrevocable Trust each year equal to 100% of that year's ARC, to the extent funding sources are available to make such contributions. The percentage may be changed from time to time by City Council action. All future retiree health benefits will be paid out of the irrevocable trust set up for this purpose or reimbursed to the City for payments already made to date on the retirees' behalf.

**C. Annual OPEB Cost and Net OPEB Obligation/(Asset)**

The following table shows the components of the City's Annual OPEB Cost for each of the last two fiscal years, the amount actually contributed to the plan, and changes in the City's Net OPEB Obligation/(Asset):

<b><u>Item</u></b>	<b><u>FYE 6/30/09</u></b>	<b><u>FYE 6/30/08</u></b>
Annual Required Contributions	\$7,997,000	\$7,787,000
Interest on Net OPEB Obligation/(Asset)	(9,329)	0
Adjustment to Annual Required Contributions	5,408	0
Annual OPEB cost (expense)	\$7,993,079	\$7,787,000
Contributions made	<u>(5,279,032)</u>	<u>(7,949,235)</u>
Increase in Net OPEB Obligation/(Asset)	\$2,714,047	\$ (162,235)
Net OPEB Obligation/(Asset)– beginning of year	<u>\$ (162,235)</u>	<u>\$ 0</u>
Net OPEB Obligation/(Asset) – end of year	\$2,551,812	\$ (162,235)

The City's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation/(Asset) for the fiscal years ended June 30, 2008 and 2009 are as follows:

<b><u>Fiscal Year Ended</u></b>	<b><u>Annual OPEB Cost</u></b>	<b><u>Actual Contribution</u></b>	<b><u>Percentage of Annual OPEB Cost Contributed</u></b>	<b><u>Net OPEB Obligation/(Asset)</u></b>
6/30/07	\$6,808,000	\$6,675,563	98.05%	\$132,437
6/30/08	\$7,787,000	\$7,949,235	102.08%	\$(162,235)
6/30/09	\$7,993,079	\$5,279,032	66.05%	\$2,551,812

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**D. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2009, the end of the second year of GASB 45 applicability, was as follows:

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Projected Unit Credit Actuarial Accrued Liability</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
July 1, 2007	\$4,800,000	\$113,395,000	\$108,595,000	4.2%	\$85,689,000	126.7%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the Annual Required Contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**E. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The plan's initial (and most recent) actuarial valuation was performed as of July 1, 2007. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 5.75 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 12 percent initially, reduced by decrements to an ultimate rate of 5 percent after 7 years. These assumptions reflect an implicit 3.0 percent general inflation assumption. The City's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis over 30 years. The remaining amortization period as of June 30, 2009 was 30 years.

**NOTE 15 - SPECIAL ASSESSMENT DISTRICTS**

In addition to the Long-Term Obligations discussed in Note 10, the following Long-Term Obligations have been issued in the name of Special Assessment Districts or Agencies of the City. Neither the City, nor its Agencies, is obligated in any manner for the repayment of these obligations. The City acts as an agent to property owners for the collection and repayment of Special Assessment Debt.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**NOTE 15 - SPECIAL ASSESSMENT DISTRICTS (Continued)**

			Outstanding at 06/30/2009
Assessment District	93-3	(Cal/Oak)	\$ 515,000
Assessment District	94-1	(Renfro-Hughes)	375,000
Assessment District	94-2	(Gosford/White)	390,000
Assessment District	94-3	(Silver Creek-Brimhall, North Seven Oaks, South Laurelglen)	3,060,000
Assessment District	96-1	(Brimhall II/Spring Meadows/Fairways/Campus Park)	535,000
Assessment District	97-1	(Spring Meadows II/Stockdale Highway Commercial)	780,000
Assessment District	98-1	(Brimhall IV/Stockdale Commercial/Gosford Industrial)	3,220,000
Assessment District	99-1	(Polo Greens/Riveroaks)	1,375,000
Assessment District	99-2	(Seven Oaks West)	2,515,000
Assessment District	01-1	(Ming at Allen/Mountain Vista; Hampton Place)	1,635,000
Assessment District	01-2	(Seven Oaks West II/Riverwalk/Southern Oaks)	5,985,000
Assessment District	01-3	(Mountain Vista/San Lauren)	3,670,000
Assessment District	02-1	(Avalon/Belsera/Montara/The Woods)	1,485,000
Assessment District	03-1	(Brighton Place /Silver Creek II)	2,220,000
Assessment District	03-2	(Buena Vista Ranch/Belsera II/ Montera II/ Olive Park II)	2,235,000
Assessment District	03-3	(Seven Oaks West III/Brighton Place)	4,900,000
Assessment District	04-1	(Countryside/The Homestead)	3,365,000
Assessment District	04-2	(BP/BV/ST@Allen Com)	4,405,000
Assessment District	04-3	(Solera/Rio Vista)	3,080,000
Assessment District	05-1	(City in the Hills)	14,515,000
Assessment District	05-3	(Liberty II/Village Green/Tesoro/Encanto)	8,145,000
Assessment District	06-1	(Etcheverry/Lin II/University Park)	4,850,000
Assessment District	07-2	(Sydney Harbour)	4,825,000
			<u>\$ 78,080,000</u>

**NOTE 16 - RISK MANAGEMENT****Self Insurance**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City established a Self Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Self Insurance Fund provides coverage for up to \$500,000 for each worker's compensation claim and \$1,000,000 for each liability claim. The City participates in a joint powers authority for worker's compensation claims in excess of coverage provided by the Fund up to statutory limits and participates in a joint powers authority for any excess liability claims. All funds of the City participate in the program and are charged for their share of claim expenditures. The claims liability of \$23,187,026 at June 30, 2009 is based on the requirements of Governmental Accounting Standards Board No. 10 (GASB 10), which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. An estimate of incurred but not reported claims has been included in the liability based on the various percentages of loss reserves.

Changes in the Fund's claims liability over the last three fiscal years is shown below:

	Liability at Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	Liability at End of year
2006-2007	\$ 18,668,054	\$ 2,231,711	\$ 2,400,544	\$ 18,499,221
2007-2008	\$ 18,499,221	\$ 6,595,956	\$ 4,110,207	\$ 20,984,970
2008-2009	\$ 20,984,970	\$ 9,171,314	\$ 6,969,258	\$ 23,187,026

**Joint Powers Authority**

The City has obtained excess liability coverage through the Authority for California Cities Excess Liability (ACCEL), a joint powers authority of medium-size California municipalities. ACCEL pools catastrophic general liability, automobile liability and public officials' errors and omissions losses, or purchases excess insurance, depending on market conditions. Each member's share of pooled costs will depend on the catastrophic losses of all the members. In addition, the cost to a member city will also depend on that member's own loss experience. Entities with a consistent record of costly claims will pay more than entities with a consistent record of less serious claims activity.

In order to provide funds to pay claims, or purchase excess insurance, ACCEL collects a deposit from each member. The deposits will be credited with investment income at the rate earned on the Authority's investments. Based on information received from ACCEL as of June 30, 2009 the City had \$86,262 on deposit with ACCEL out of a total of approximately \$7,130,684.

The following municipalities are also members of ACCEL: Palo Alto, Santa Barbara, Visalia, Modesto, Ontario, Santa Monica, Anaheim, Santa Cruz, Mountain View, Burbank, Monterey, and Gardena. A representative from each member city, appointed to the position by their respective city councils, serves on the Board of Directors of ACCEL. The Board is responsible for deciding the risks the Authority will underwrite, monitoring the costs of large claims and arranging financial programs. Each member of the Board has an equal vote in matters concerning the Authority.

A summary of the financial information for ACCEL at June 30, 2009 is as follows:

Total assets	\$ 30,625,253
Total liabilities	<u>23,494,569</u>
Total members' equity	<u>\$ 7,130,684</u>
Total revenues	\$ 12,578,233
Total expenses	<u>8,693,339</u>
Net increase in members' equity	<u>\$ 3,884,894</u>

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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As of June 30, 2009 ACCEL had no long-term debt.

Included in total liabilities is an estimated retrospectively rated refund of \$7,854,764. Complete financial statements of ACCEL can be obtained at the City's Finance Department at 1600 Truxtun Avenue.

**NOTE 17 - COMMITMENTS AND CONTINGENCIES****General Liability**

Several claims and suits have been filed against the City in the normal course of business. In the opinion of management and the City Attorney, the potential liability of the City for such claims will not have a material adverse effect on the financial statements of the City. Also, the City has certain commitments under long-term construction projects which will be funded out of future revenues.

**Bakersfield Landfill**

The entire capacity of the former sanitary landfill has been used. The State of California has required environmental closure and capping of the City's former sanitary landfill and remediation of the adjacent burn dump. Although these two waste disposal areas are adjacent to each other, the City completed the remediation of the burn dump separately, through the State's Expedited Remedial Action Program, in 1998. The cost of remediation for the burn dump of \$1.8 million was funded by the City's Refuse Service Fund and was expensed in prior fiscal years.

Estimated final closure costs for the sanitary landfill are about \$7 million, with the City and Kern County each funding one-half except for landfill gas system costs, which will be paid solely by the City. The closure and capping of the sanitary landfill was planned for the 2008-09 fiscal year. The City received final regulatory approval for construction in December 2008. The City's share of the total costs is estimated to be about \$4.3 million. The Refuse Service fund currently has approximately \$5 million in restricted assets for this purpose. However, the current economic crisis created a revenue shortfall for Kern County, and the County was unable to fund its portion of the project. Therefore, in March 2009 the City notified the regulatory agency that construction can not proceed at this time. It is not known when Kern County will have funding available for its portion of the project.

The City will be required to perform post-closure monitoring and maintenance of the landfill after it is closed and capped. This will result in an ongoing annual cost of approximately \$150,000. The City will be responsible for about \$125,000 of these annual charges because most of these costs will be for the landfill gas management system, which is the City's responsibility. City management anticipates all closure and post-closure costs being covered by annual Refuse Service fund revenues. These estimates of cost are subject to future adjustment for inflation or deflation, technology, or applicable laws or regulations.

**NOTE 18 - CONDUIT DEBT OBLIGATIONS**

The City has been associated with the issuance of various health care, residential care, mortgage, commercial and industrial development debt issues. These debt obligations were issued under provisions of State and Federal laws that explicitly state that they do not constitute any indebtedness of the City. The City's sole involvement with these bonds was their issuance under the City's name or the City Council's authorization. As such, the following conduit debt obligations are not reflected in the accompanying basic financial statements:

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**NOTE 18 - CONDUIT DEBT OBLIGATIONS (Continued)**

	<u>Authorized and Issued</u>	<u>Current Outstanding at June 30, 2009</u>
City of Bakersfield - Lakeside Apartments Housing Bond, Series 1997F	\$ 3,110,000	\$ 2,490,000
City of Bakersfield - Blattella Apartments Housing Bond, Series 1998	10,200,000	10,200,000
City of Bakersfield - Willows Apartments Housing Bond, Series 1999 M thru T	7,135,000	7,135,000
City of Bakersfield - Guy Chaddock & Company IDB/Manufacturing Bond, Series 2000	1,511,000	1,511,000
City of Bakersfield - Cottonwood Village Housing Bond, Series 2004	5,000,000	5,000,000
City of Bakersfield - Cottonwood Court Housing Bond, Series 2004	1,950,000	1,950,000
Adventist Health System / West 501(c)(3) Nonprofit Bond, Series 2005 A1& A2	175,000,000	175,000,000
City of Bakersfield - American Baptist Homes of the West 501(c)(3) Nonprofit Bond, Series 2006	50,000,000	50,000,000
City of Bakersfield - Langers Juice IDB/Manufacturing Bond, Series 2006	4,303,000	4,303,000
City of Bakersfield - St. John Manor Housing Bond, Series 2006	3,867,794	3,779,277
City of Bakersfield - Coventry Apartments Housing Bond, Series 2007M	5,300,000	3,884,005
City of Bakersfield - Catholic Healthcare West 501(c)(3) Nonprofit Bond, Series A thru L	676,250,000	330,000,000
City of Bakersfield - National Health Services, Inc. 501(c)(3) Nonprofit Bond, Series 2007	11,000,000	11,000,000
City of Bakersfield - Descanso Place Housing Bond, Series TT	13,000,000	13,000,000
City of Bakersfield - Bakersfield Family Apartments Housing Bond, Series R	10,971,000	<u>2,000,000</u>
TOTAL		<u>\$ 621,252,282</u>

**NOTE 19 - PRIOR PERIOD ADJUSTMENT**

During the fiscal year 2008-09, the City made the following prior period adjustments to restate the indicated business-type activity funds' equity to increase construction in progress.

Fund	<u>Net Assets Accounts</u>		
	<u>July 1, 2008, as previously reported</u>	<u>Adjustment</u>	<u>July 1, 2008, as restated</u>
General Aviation	\$ 9,739,387	\$ 168,120	\$ 9,907,507

**BUDGETARY INFORMATION**

Through the budget process, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The Annual Budget assures the efficient and effective use of the City's economic resources, as well as establishing that the highest priority objectives are accomplished. Budgets are adopted for all governmental fund types and are prepared on a basis consistent with generally accepted accounting principles.

The Annual Budget serves from July 1 to June 30, and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees and other public agencies. Additionally, it establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the City's performance.

The City's budget is prepared and based on four expenditure categories; personnel, supplies and services, minor capital outlay and capital improvement programs. The first three listed are considered operational in nature and known as *recurring costs*. Capital improvement projects are asset acquisitions, facilities, systems, and infrastructure improvements typically over \$50,000, and / or those items "outside" of the normal operational budget. These are known as *one-time costs*.

The City collects and records revenue and expenditures within the following categories:

- Governmental Activities
- Business-Type Activities

The Governmental Funds include the General Fund, Special Revenue, Debt Service and Capital Projects funds. All funding sources are kept separate for both reporting and use of the money. The General Fund is where most City services are funded that are not required to be segregated.

The budget process begins as a team effort in January of each year, starting with an annual strategic planning meeting. Then the individual departments use projected revenue assumptions to prioritize and recommend the next fiscal year's objectives. The City Manager's Office and the Finance Department review all budget proposals and revenues assumptions, as well as all current financial obligations before preparing the document that is proposed to the City Council. The City Council reviews the Proposed Budget through a series of workshops, and the final adoption of the budget is normally scheduled for the second City Council meeting each June.

At the beginning of each fiscal year, certain appropriations are "carried forward" from the prior budget year. These items generally relate to either open encumbrances that exist at June 30, or capital projects that were budgeted in the prior fiscal year that did not progress to the encumbrance stage as of June 30. The City Managers Office approves all carryovers that are not encumbered as of June 30 of each year.

The amounts carried forward from fiscal year 2007-08 to fiscal year 2008-09 totaled \$441,099,379.

The following schedules represent budgetary comparisons for the General Fund and all major special revenue funds within the City of Bakersfield.

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**CITY OF BAKERSFIELD**

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Required Supplementary Information (continued)

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**Budgetary Comparison Schedule, General Fund  
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1</b>	\$ 46,176,777	\$ 46,176,777	\$ 46,176,777	\$ -
<b>Revenues:</b>				
Taxes	139,821,000	133,224,170	140,008,617	6,784,447
Licenses and permits	2,247,870	2,172,305	2,576,755	404,450
Intergovernmental	2,988,165	3,152,427	3,452,533	300,106
Charges for services	16,817,565	14,890,619	17,269,122	2,378,503
Fines, forfeitures and assessments	561,000	843,000	1,036,609	193,609
Interest income	900,000	751,000	818,326	67,326
Contributions and donations	1,000	32,312	229,724	197,412
Other	31,055	1,507,464	1,913,953	406,489
Transfers from other funds	700,000	700,000	700,000	-
Amount available for appropriation	\$ 164,067,655	\$ 157,273,297	\$ 168,005,639	\$ 10,732,342
<b>Expenditures:</b>				
General government	\$ 12,342,332	\$ 11,964,422	\$ 11,235,430	\$ 728,992
Police	69,733,823	66,620,306	64,949,571	1,670,735
Fire	31,724,892	31,752,367	31,338,492	413,875
Public works	22,837,247	21,941,160	21,541,872	399,288
Community services	17,976,768	16,933,966	15,802,570	1,131,396
Development services	10,284,576	11,060,070	9,593,312	1,466,758
Economic development	855,122	632,712	542,288	90,424
Non-departmental	13,657,795	10,544,673	6,592,313	3,952,360
Contingency	250,000	50,000		50,000
Transfers to other funds	1,512,100	1,512,100	1,512,100	-
Total charges to appropriations	181,174,655	173,011,776	163,107,948	9,903,828
Amount of resources over (under) charges to appropriations	(17,107,000)	(15,738,479)	4,897,691	20,636,170
<b>Fund balance, June 30</b>	\$ 29,069,777	\$ 30,438,298	\$ 51,074,468	\$ 20,636,170

**CITY OF BAKERSFIELD**

Required Supplementary Information (continued)

**Budgetary Comparison Schedule, Transient Occupancy Taxes  
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1</b>	\$ 1,663,439	\$ 1,663,439	\$ 1,663,439	\$ -
<b>Revenues:</b>				
Taxes	7,745,000	7,745,000	7,144,718	(600,282)
Charges for services	5,980,659	5,980,659	6,511,229	530,570
Interest income	62,000		72,782	72,782
Contributions and donations	1,200,000	1,200,000	1,200,000	-
Other			43	43
Amount available for appropriation	\$ 14,987,659	\$ 14,925,659	\$ 14,928,772	\$ 3,113
<b>Expenditures:</b>				
Community services	\$ 7,481,907	\$ 8,089,350	\$ 7,871,336	\$ 218,014
Non-departmental	3,366,300	3,208,700	3,145,950	62,750
Transfers to other funds	4,000,000	4,000,000	4,000,000	-
Total charges to appropriations	14,848,207	15,298,050	15,017,286	280,764
Amount of resources over (under) charges to appropriations	139,452	(372,391)	(88,514)	283,877
<b>Fund balance, June 30</b>	\$ 1,802,891	\$ 1,291,048	\$ 1,574,925	\$ 283,877

**Budgetary Comparison Schedule, Community Development Block Grant  
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1</b>	\$ 3,037,197	\$ 3,037,197	\$ 3,037,197	\$ -
<b>Revenues:</b>				
Intergovernmental	4,972,018	19,714,418	7,354,670	(12,359,748)
Interest income	-	-	74,624	74,624
Loan payments	166,000	166,000	95,685	(70,315)
Other	4,000	4,000	91,075	87,075
Amount available for appropriation	\$ 5,142,018	\$ 19,884,418	\$ 7,616,054	\$ (12,268,364)
<b>Expenditures:</b>				
Development and conservation	\$ 3,321,561	\$ 22,236,077	5,025,642	\$ 17,210,435
Capital outlay	1,427,331	5,725,199	2,603,955	3,121,244
Transfer to other funds	402,317	402,317	402,317	-
Total charges to appropriations	5,151,209	28,363,593	8,031,914	20,331,679
Amount of resources over (under) charges to appropriations	(9,191)	(8,479,175)	(415,860)	8,063,315
<b>Fund balance, June 30</b>	\$ 3,028,006	\$ (5,441,978)	\$ 2,621,337	\$ 8,063,315

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**CITY OF BAKERSFIELD**

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Required Supplementary Information (continued)

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**Budgetary Comparison Schedule, Gas Tax & Road Funds  
For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1</b>	\$ 3,979,680	\$ 3,979,680	\$ 3,979,680	\$ -
<b>Revenues:</b>				
Intergovernmental	172,084,877	284,474,138	69,601,494	(214,872,644)
Charges for services	45,600	45,600	8,520	(37,080)
Fines, forfeitures and assessments	30,000	30,000	21,676	(8,324)
Interest income	40,000	40,000	209,934	169,934
Other	-	176,912	170,528	(6,384)
Amount available for appropriation	\$ 172,200,477	\$ 284,766,650	\$ 70,012,152	\$ (214,754,498)
<b>Expenditures:</b>				
Public works	\$ 10,607,160	\$ 5,002,133	\$ 4,558,011	\$ 444,122
Capital outlay	161,809,581	282,896,040	60,614,804	222,281,236
Total charges to appropriations	172,416,741	287,898,173	65,172,815	222,725,358
Amount of resources over (under) charges to appropriations	(216,264)	(3,131,523)	4,839,337	7,970,860
<b>Fund balance, June 30</b>	\$ 3,763,416	\$ 848,157	\$ 8,819,017	\$ 7,970,860

Excess of Expenditures Over Appropriations

For the year ended June 30, 2009, expenditures over appropriations for major governmental funds were as follows:

Major Governmental Funds	Final Budgeted Amount	Actual	Excess of Expenditures over Appropriations
Special Assessment Districts			
General government	63,500	88,253	(24,753)

These over-expenditures were funded by greater than anticipated revenues and/or fund balance in this fund.

**CITY OF BAKERSFIELD**

Required Supplementary Information (continued)

**DEFINED PENSION PLAN**

A schedule of funding progress for the year ended June 30, 2009 (most recent actuarial dated information) including the past nine actuarial valuations is presented below.

	Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Underfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Underfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll
Miscellaneous	06/30/98	149,427,934	105,850,136	(43,577,798)	141.20%	27,329,968	(159.5%)
Employees Group	06/30/99	166,114,874	113,068,016	(53,046,858)	146.90%	28,421,325	(186.7%)
	06/30/00	182,162,991	124,623,988	(57,539,003)	146.20%	29,371,407	(195.9%)
	06/30/01	188,011,327	158,211,413	(29,799,914)	118.80%	32,225,024	(92.5%)
	06/30/02	177,719,369	171,571,099	(6,148,270)	103.60%	35,372,398	(17.4%)
	06/30/03	181,593,404	198,558,161	16,964,757	91.50%	37,993,015	44.7%
	06/30/04	192,771,610	220,986,653	28,215,043	87.20%	38,144,465	74.0%
	06/30/05	208,030,836	237,796,477	29,765,641	87.50%	40,150,566	74.1%
	06/30/06	226,451,746	255,095,541	28,643,795	88.80%	43,527,124	65.8%
	06/30/07	248,242,670	276,470,476	28,227,806	89.80%	48,981,407	57.6%
Police Safety	06/30/98	114,437,251	98,366,131	(16,071,120)	116.30%	15,545,004	(103.4%)
Employees Group	06/30/99	128,320,543	109,829,972	(18,490,571)	116.80%	16,549,536	(111.7%)
	06/30/00	140,630,655	124,014,791	(16,615,864)	113.40%	17,951,589	(92.6%)
	06/30/01	144,319,973	133,430,814	(10,889,159)	108.20%	17,856,713	(61.0%)
	06/30/02	135,089,787	160,095,659	25,005,872	84.40%	18,769,801	133.2%
	06/30/03	137,228,572	175,278,288	38,049,716	78.30%	22,142,625	171.8%
	06/30/04	147,387,137	194,008,124	46,620,987	76.00%	21,805,516	213.8%
	06/30/05	160,921,545	208,572,116	47,650,571	77.20%	22,543,104	211.4%
	06/30/06	175,933,055	228,096,765	52,163,710	77.10%	24,796,549	210.4%
	06/30/07	192,579,453	247,804,969	55,225,516	77.70%	26,707,658	206.8%
Fire Safety	06/30/98	97,274,829	82,559,219	(14,715,610)	117.80%	9,654,414	(152.4%)
Employees Group	06/30/99	107,092,520	84,304,944	(22,787,576)	127.00%	9,593,108	(237.5%)
	06/30/00	117,917,829	106,291,639	(11,626,190)	110.90%	10,509,276	(110.6%)
	06/30/01	120,528,257	111,492,076	(9,036,181)	108.10%	10,557,179	(85.6%)
	06/30/02	112,020,027	120,900,571	8,880,544	92.70%	11,404,064	77.9%
	06/30/03	112,838,988	125,111,024	12,272,036	90.20%	12,223,855	100.4%
	06/30/04	119,692,263	136,596,056	16,903,793	87.60%	12,719,475	132.9%
	06/30/05	129,535,660	145,627,905	16,092,245	88.90%	13,717,142	117.3%
	06/30/06	139,944,092	156,354,757	16,410,665	89.50%	14,362,096	114.3%
	06/30/07	151,385,127	166,571,394	15,186,267	90.90%	15,134,819	100.3%

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**CITY OF BAKERSFIELD**

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Required Supplementary Information (continued)

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**OTHER POST EMPLOYMENT BENEFIT (OPEB) IRREVOCABLE TRUST**

## I. Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of covered Payroll ((b-a)/c)
07/1/2007	4,800,000	113,395,000	108,595,000	4.2%	85,689,000	126.7%

## II. Schedule of Employer Contributions

Fiscal Year	Actual Annual Contribution	Annual Required Contribution	Percentage Contribution
2007	6,675,563	6,808,000	98.1%
2008	7,949,235	7,787,000	102.1%
2009	5,279,032	7,997,000	66%

**DEFINED BENEFIT PENSION TRUST**

## I. Schedules of Funding Progress (Fire - FDRF)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of covered Payroll
06/30/05	1,937,190	2,119,131	181,941	91%	-0-	N/A
06/30/06	1,686,712	1,493,173	(193,539)	113%	-0-	N/A
06/30/07	1,686,712	1,493,173	(193,539)	113%	-0-	N/A
06/30/08	1,559,543	1,233,149	(326,394)	126%	-0-	N/A
06/30/09	1,559,543	1,233,149	(326,394)	126%	-0-	N/A

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**CITY OF BAKERSFIELD**

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Required Supplementary Information (concluded)

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## II. Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Percentage of ARC Contributed	Net Pension Obligation (NPO)
2005	17,746	N/A	70,403
2006	(22,429)	N/A	45,795
2007	(22,429)	N/A	21,537
2008	(37,826)	N/A	(18,581)
2009	(37,826)	N/A	(18,581)



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## ***Supplementary Information***

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**CITY OF BAKERSFIELD****Schedule of Revenue by Function - General Fund  
Budgetary Level of Control - Budget and Actual  
For the Fiscal Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>			
Taxes:			
Property taxes	\$ 65,936,000	\$ 70,869,285	\$ 4,933,285
Sales and use taxes	55,823,170	56,615,428	792,258
Property transfer tax	900,000	896,192	(3,808)
Utility franchise tax	4,950,000	5,487,871	537,871
Business license tax	3,375,000	3,899,841	524,841
In lieu and other taxes	2,240,000	2,240,000	-
Total taxes	<u>133,224,170</u>	<u>140,008,617</u>	<u>6,784,447</u>
Licenses and permits:			
Building permits	1,122,000	1,334,604	212,604
Planning permits	102,045	82,614	(19,431)
Public works permits	355,000	449,793	94,793
Police permits	143,160	177,858	34,698
Fire permits	248,600	300,991	52,391
Other licenses and permits	201,500	230,895	29,395
Total licenses and permits	<u>2,172,305</u>	<u>2,576,755</u>	<u>404,450</u>
Intergovernmental:			
Federal grants	856,970	629,015	(227,955)
State of California	2,025,457	2,444,562	419,105
Other grants	270,000	378,956	108,956
Total intergovernmental	<u>3,152,427</u>	<u>3,452,533</u>	<u>300,106</u>
Charges for services:			
Building	1,424,000	1,422,205	(1,795)
Planning	335,955	277,846	(58,109)
Public works	362,750	230,394	(132,356)
Police	430,000	644,478	214,478
Fire	4,784,414	4,913,574	129,160
Recreation and parks	558,000	1,041,459	483,459
Interfund charges	6,860,000	8,517,602	1,657,602
Other charges	135,500	221,564	86,064
Total charges for services	<u>14,890,619</u>	<u>17,269,122</u>	<u>2,378,503</u>
Fines, forfeitures and assessments	<u>843,000</u>	<u>1,036,609</u>	<u>193,609</u>
Miscellaneous:			
Interest income	751,000	836,778	85,778
Net decrease in the fair value of investments		(18,452)	(18,452)
Contributions and donations	32,312	229,724	197,412
Other	1,507,464	1,913,953	406,489
Total miscellaneous	<u>2,290,776</u>	<u>2,962,003</u>	<u>671,227</u>
Total revenues	<u>156,573,297</u>	<u>167,305,639</u>	<u>10,732,342</u>

The accompanying notes are an integral part of these financial statements.

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**CITY OF BAKERSFIELD**

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**Schedule of Expenditures by Department - General Fund  
Budgetary Level of Control-Budget and Actual  
For the Fiscal Year Ended June 30, 2009**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>General Government:</b>			
Mayor	\$ 149,172	\$ 129,246	\$ 19,926
Council	307,749	302,834	4,915
City manager	1,002,047	994,862	7,185
City clerk	813,603	774,486	39,117
Human resources	1,432,050	1,354,128	77,922
Information technology	3,720,303	3,536,767	183,536
Financial services	2,654,054	2,559,167	94,887
City attorney	1,885,444	1,583,940	301,504
Total general government	<u>11,964,422</u>	<u>11,235,430</u>	<u>728,992</u>
<b>Public Safety:</b>			
Police	66,620,306	64,949,571	1,670,735
Fire	31,752,367	31,338,492	413,875
Total public safety	<u>98,372,673</u>	<u>96,288,063</u>	<u>2,084,610</u>
<b>Public Works:</b>			
Administration	620,730	639,275	(18,545)
Engineering	6,170,287	5,982,268	188,019
General services	8,130,466	8,117,991	12,475
Streets and roads	7,019,677	6,802,338	217,339
Total public works	<u>21,941,160</u>	<u>21,541,872</u>	<u>399,288</u>
<b>Community Services:</b>			
Administration	1,160,466	1,129,516	30,950
Recreation	3,247,344	2,891,743	355,601
Parks	12,526,156	11,781,311	744,845
Total community services	<u>16,933,966</u>	<u>15,802,570</u>	<u>1,131,396</u>
<b>Development Services:</b>			
Planning	4,554,297	3,773,202	781,095
Building	6,505,773	5,820,110	685,663
Total development services	<u>11,060,070</u>	<u>9,593,312</u>	<u>1,466,758</u>
<b>Economic/Community Development</b>	<u>632,712</u>	<u>542,288</u>	<u>90,424</u>
<b>Non departmental</b>	<u>10,544,673</u>	<u>6,592,313</u>	<u>3,952,360</u>
<b>Contingency</b>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
<b>Total General Fund Expenditures</b>	<u>\$ 171,499,676</u>	<u>\$ 161,595,848</u>	<u>\$ 9,903,828</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF BAKERSFIELD****Statement of Changes in Assets and Liabilities****Fiduciary Funds (Agency)****For the Fiscal Year Ended June 30, 2009**

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>Special Deposits Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 16,696,681	\$ 100,237,692	\$ 99,213,527	\$ 17,720,846
Interest receivable	102,069	50,088	102,069	50,088
Due from other governmental agencies	44,922	37,944	44,921	37,945
Total assets	<u>\$ 16,843,672</u>	<u>\$ 100,325,724</u>	<u>\$ 99,360,517</u>	<u>\$ 17,808,879</u>
<b>Liabilities</b>				
Payables:				
Deposits	\$ 16,843,672	\$ 100,325,724	\$ 99,360,517	\$ 17,808,879
Total liabilities	<u>\$ 16,843,672</u>	<u>\$ 100,325,724</u>	<u>\$ 99,360,517</u>	<u>\$ 17,808,879</u>
<b>Improvement Districts Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 11,355,843	\$ 2,861,176	\$ 3,685,239	\$ 10,531,780
Accounts receivable	503	1,242	503	1,242
Interest receivable	40,358	214	24,432	16,140
Due from other governmental agencies	92,618	75,659	49,384	118,893
Total assets	<u>\$ 11,489,322</u>	<u>\$ 2,938,291</u>	<u>\$ 3,759,558</u>	<u>\$ 10,668,055</u>
<b>Liabilities</b>				
Payables:				
Accounts	\$ 1,617,575	\$ 62,323	\$ 1,617,574	\$ 62,324
Deposits	527,200	4,797,145	6,102,973	(778,628)
Accrued bond interest	2,324,547	2,174,359	2,324,547	2,174,359
Bonds	7,020,000	9,210,000	7,020,000	9,210,000
Total liabilities	<u>\$ 11,489,322</u>	<u>\$ 16,243,827</u>	<u>\$ 17,065,094</u>	<u>\$ 10,668,055</u>
<b>Totals - All Agency Funds</b>				
<b>Assets</b>				
Cash and investments	\$ 28,052,524	\$ 103,098,868	\$ 102,898,766	\$ 28,252,626
Accounts receivable	503	1,242	503	1,242
Interest receivable	142,427	50,302	126,501	66,228
Due from other governmental agencies	137,540	113,603	94,305	156,838
Total assets	<u>\$ 28,332,994</u>	<u>\$ 103,264,015</u>	<u>\$ 103,120,075</u>	<u>\$ 28,476,934</u>
<b>Liabilities</b>				
Payables:				
Accounts	\$ 1,617,575	\$ 62,323	\$ 1,617,574	\$ 62,324
Deposits	17,370,872	105,122,869	105,463,490	17,030,251
Accrued bond interest	2,324,547	2,174,359	2,324,547	2,174,359
Bonds	7,020,000	9,210,000	7,020,000	9,210,000
Total liabilities	<u>\$ 28,332,994</u>	<u>\$ 116,569,551</u>	<u>\$ 116,425,611</u>	<u>\$ 28,476,934</u>

The accompanying notes are an integral part of these financial statements.

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**CITY OF BAKERSFIELD**

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**Combining Statement of Fiduciary Net Assets  
Pension and Other Employee Benefit Trust Funds  
June 30, 2009**

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	<u>OPEB Irrevocable Trust</u>	<u>Fire Relief and Pension Trust</u>	<u>Total Pension and Other Employee Benefit Trust Funds</u>
<b>Assets:</b>			
Cash and investments	\$ 12,179,117	\$ 494,288	\$ 12,673,405
Retirement system investments-			
Federal agency coupons		1,045,000	1,045,000
Interest receivable		20,597	20,597
	<hr/>	<hr/>	<hr/>
Total assets	12,179,117	1,559,885	13,739,002
	<hr/>	<hr/>	<hr/>
<b>Net Assets -</b>			
Held in trust for-			
Pension benefits and other purposes	12,179,117	1,559,885	13,739,002
	<hr/>	<hr/>	<hr/>
	<u>\$ 12,179,117</u>	<u>\$ 1,559,885</u>	<u>\$ 13,739,002</u>

The accompanying notes are an integral part of these financial statements.

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**CITY OF BAKERSFIELD**

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**Combining Statement of Changes in Fiduciary Net Assets  
Pension and Other Employee Benefit Trust Funds  
For the Fiscal Year Ended June 30, 2009**

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	<u>OPEB Irrevocable Trust</u>	<u>Fire Relief and Pension Trust</u>	<u>Total Pension and Other Employee Benefit Trust Funds</u>
<b>Additions -</b>			
Investment income:			
Contributions to pooled investments	\$ 5,279,032	\$	\$ 5,279,032
Interest and investment income, net	(589,161)	120,733	(468,428)
 Total additions	 <u>4,689,871</u>	 <u>120,733</u>	 <u>4,810,604</u>
 <b>Deductions:</b>			
Benefits	2,713,432	127,188	2,840,620
Administrative expense	25,938	5,400	31,338
 Total deductions	 <u>2,739,370</u>	 <u>132,588</u>	 <u>2,871,958</u>
 Change in net assets	 1,950,501	 (11,855)	 1,938,646
 Beginning of year	 <u>10,228,616</u>	 <u>1,571,740</u>	 <u>11,800,356</u>
 End of year	 <u>\$ 12,179,117</u>	 <u>\$ 1,559,885</u>	 <u>\$ 13,739,002</u>

The accompanying notes are an integral part of these financial statements.

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## *Non-Major Governmental Funds*

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### **SPECIAL REVENUE FUNDS**

**National Stabilization Fund** is used to account for resources received for the National Stabilization Program (NSP) established through the Federal Housing and Economic Recovery Act of 2008. The funds are to be used to address congressionally identified activities which include down payment assistance, acquisition of abandoned and foreclosed homes, and rehabilitation or demolition of homes in blighted areas.

**State (TDA) Transportation Fund** is used to account for three Transportation Development Act funding sources. Article 3 funds are used to construct facilities that specifically benefit pedestrians and / or bicyclists. Article 4 funds are Local Transportation and State Transit Assistance Funds. These resources are used to cover the City's maintenance and operation costs of the Bakersfield Amtrak Railway Station. The City is the owner of the station and leases the facility to Amtrak, who operates the transit service. Article 8 funds represent the City's allocation of the ¼ % of sales tax authorized by SB 325. State law requires these sales tax dollars to be used for street purposes. These funds are received and expended by the City as lead agency in servicing the local road network. All three revenue sources are accounted for individually as required by the State of California, but are combined for financial reporting purposes. The City currently receives only Article 3 and Article 4 money.

**State Safety Fund** is used to account for the City's share of traffic fine resources which are transferred to the General Fund to assist in funding the cost of traffic safety and control devices and State monies from the Supplemental Law Enforcement Services grant. Both of these revenue sources are accounted for individually as required by the state, but combined for financial reporting purposes.

### **DEBT SERVICE FUNDS**

**Public Financing Authority Debt Service Fund** is used to accumulate monies for the payment of the Bakersfield Public Financing Authority Revenue Bonds of 1994. The Bonds were issued to purchase local obligations of the City of Bakersfield in Series A, B and C and fund a debt service reserve (\$5,865,000).

**General Obligation Debt Service Fund** is used to accumulate monies for the payment of \$4,900,000 section 108 loans received in 2003. The proceeds of the loan were dedicated to construction of the McMurtrey Aquatic Center Recreational Facility (\$3.3M), the rehabilitation of Jefferson Park swimming pool (\$300,000), the Martin Luther King swimming pool (\$300,000), construction of a training facility in southeast Bakersfield (\$200,000) and funding assistance for street improvements in southeast Bakersfield (\$800,000), and a mixed use of facility loan to help with the revitalization of the Baker Street Area in Old Town Kern (\$1,000,000). The notes are due in annual installments of \$150,000 to \$220,000 plus interest at 1.61% to 4.76% with a scheduled final maturity in August 2024. Community Development Block Grant Funds are used to service this debt.

### **CAPITAL PROJECT FUNDS**

**Public Financing Authority Fund** is used to account for monies borrowed for the purpose of financing the acquisition of Local Obligations for the City of Bakersfield.

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**CITY OF BAKERSFIELD**

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**Combining Balance Sheet****Nonmajor Governmental Funds****June 30, 2009**

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	<u>Special Revenue Funds</u>		
	<u>National Stabilization</u>	<u>State (TDA) Transportation</u>	<u>State Safety</u>
<b>Assets:</b>			
Cash and investments	\$	\$ 88,377	\$ 1,578,829
Interest receivable		689	5,682
Due from other governmental agencies	26,661	22,813	
	<u>26,661</u>	<u>22,813</u>	<u></u>
Total assets	<u>\$ 26,661</u>	<u>\$ 111,879</u>	<u>\$ 1,584,511</u>
<b>Liabilities and Fund Balances:</b>			
Liabilities:			
Accounts payable	\$ 1,125	\$ 34,403	\$ -
Due to other governmental agencies			195,835
Due to other funds	25,536		
Unearned revenue		77,476	
	<u>26,661</u>	<u>111,879</u>	<u>195,835</u>
Total liabilities	<u>26,661</u>	<u>111,879</u>	<u>195,835</u>
Fund Balances:			
Reserved for:			
Encumbrances	3,128,359		403,094
Unreserved:			
Designated for -			
Undesignated	(3,128,359)		985,582
	<u>-</u>	<u>-</u>	<u>1,388,676</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>1,388,676</u>
Total liabilities and fund balances	<u>\$ 26,661</u>	<u>\$ 111,879</u>	<u>\$ 1,584,511</u>

The accompanying notes are an integral part of these financial statements.

Debt Service Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
General Obligation Debt	Public Financing Authority	Public Financing Authority	
\$ -	\$ -	\$ -	\$ 1,667,206
			6,371
			49,474
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,723,051</u>
\$ -	\$ -	\$ -	\$ 35,528
			195,835
			25,536
			77,476
			334,375
			3,531,453
			(2,142,777)
			1,388,676
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,723,051</u>

**CITY OF BAKERSFIELD****Combining Statement of Revenues, Expenditures and Changes in Fund Balances****Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2009**

	Special Revenue Funds		
	National Stabilization	State (TDA) Transportation	State Safety
<b>Revenues:</b>			
Intergovernmental	\$ 26,661	\$ 354,635	\$ 279,468
Charges for services			428,840
Fines, forfeitures and assessments			1,263,822
Interest income		4,042	31,901
Total revenues	<u>26,661</u>	<u>358,677</u>	<u>2,004,031</u>
<b>Expenditures:</b>			
Current:			
General government			
Public safety - Police			874,935
Public works		202,293	
Community Services		28,271	
Development and conservation	26,661		
Non departmental			
Capital outlay		128,113	-
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>26,661</u>	<u>358,677</u>	<u>874,935</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	1,129,096
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			(700,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(700,000)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	429,096
Fund balances - July 1	<u>-</u>	<u>-</u>	<u>959,580</u>
Fund balances - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,388,676</u>

The accompanying notes are an integral part of these financial statements.

Debt Service Fund		Capital Projects	Total Nonmajor Governmental Funds
General Obligation Debt	Public Financing Authority	Public Financing Authority	
\$ -	\$ -	\$ -	\$ 660,764
		980,314	1,409,154
	22,497	5,543	1,263,822
			63,983
-	22,497	985,857	3,397,723
		7,999	7,999
			874,935
			202,293
			28,271
			26,661
		229,154	229,154
			128,113
194,000	3,315,000		3,509,000
208,317	116,545		324,862
402,317	3,431,545	237,153	5,331,288
(402,317)	(3,409,048)	748,704	(1,933,565)
402,317	1,138,096	(1,138,096)	1,540,413
			(1,838,096)
402,317	1,138,096	(1,138,096)	(297,683)
	(2,270,952)	(389,392)	(2,231,248)
	2,270,952	389,392	3,619,924
\$ -	\$ -	\$ -	\$ 1,388,676



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## *Internal Service Funds*

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These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit on a cost-reimbursement basis.

**Self-Insurance Fund** is used to account for the cost of operating a self-insurance program as follows:

With regard to workers' compensation, the City is self-insured for the first \$500,000 of each injury or occurrence and is a member of the California Public Entity Insurance Authority (CPEIA) which provides \$5,000,000 of excess coverage to protect against catastrophic type losses. Funding for this program is provided by interdepartmental charges varying by employee classification and their industrial injury loss experience.

With regard to general and auto liability, the City is self-insured for the first \$1,000,000 of each accident or occurrence and is a member of the Authority for California Cities Excess Liability (ACCEL) which provides excess commercial insurance in the amount of \$10,000,000. Funding for this program is provided by interdepartmental charges.

**Equipment Management Fund** is used to account for the cost of operating and maintaining a maintenance facility for vehicular, telecommunications and computer equipment used by other City departments. Such costs are billed to other departments via established rates which are based upon actual cost. Actual costs include maintenance, repair, and replacement cost of shop and automotive equipment.

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**CITY OF BAKERSFIELD**

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**Combining Statement of Net Assets****All Internal Service Funds****June 30, 2009**

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	Self- Insurance	Equipment Management	Totals
<b>Assets:</b>			
Current assets			
Cash and investments	\$ 30,625,718	\$ 21,142,690	\$ 51,768,408
Accounts receivable, net	35,764	18,213	53,977
Interest receivable	136,852	97,158	234,010
Loans		125,000	125,000
Due from other governmental agencies	22,186		22,186
Prepayments and inventories	75,000	1,239,121	1,314,121
Total current assets	<u>30,895,520</u>	<u>22,622,182</u>	<u>53,517,702</u>
Noncurrent assets			
Capital assets:			
Depreciable buildings, property, equipment and infrastructure, net		24,463,498	24,463,498
Note/loan receivable		1,875,000	1,875,000
Total noncurrent assets	<u>-</u>	<u>26,338,498</u>	<u>26,338,498</u>
Total assets	<u>30,895,520</u>	<u>48,960,680</u>	<u>79,856,200</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	186,687	2,527,059	2,713,746
Claims payable	4,191,026		4,191,026
Workers compensation claims	4,263,000		4,263,000
Compensated absences payable	11,854	539,297	551,151
Total current liabilities	<u>8,652,567</u>	<u>3,066,356</u>	<u>11,718,923</u>
Noncurrent liabilities:			
Workers compensation claims	14,733,000		14,733,000
Compensated absences payable	4,184	114,323	118,507
Total noncurrent liabilities	<u>14,737,184</u>	<u>114,323</u>	<u>14,851,507</u>
Total liabilities	<u>23,389,751</u>	<u>3,180,679</u>	<u>26,570,430</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt		24,463,498	24,463,498
Unrestricted	7,505,769	21,316,503	28,822,272
Total net assets	<u>\$ 7,505,769</u>	<u>\$ 45,780,001</u>	<u>\$ 53,285,770</u>

The accompanying notes are an integral part of these financial statements.

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**CITY OF BAKERSFIELD**

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**Combining Statement of Activities and Changes in Net Assets****All Internal Service Funds****For the Fiscal Year Ended June 30, 2009**

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	Self- Insurance	Equipment Management	Totals
<b>Operating revenues:</b>			
Charges for services	\$ 9,259,041	\$ 21,720,810	\$ 30,979,851
Cost recoveries	337,754	496,978	834,732
Miscellaneous	25,257	352,931	378,188
	<hr/>	<hr/>	<hr/>
Total operating revenues	9,622,052	22,570,719	32,192,771
	<hr/>	<hr/>	<hr/>
<b>Operating expenses:</b>			
General and administrative	5,815,256	20,185,988	26,001,244
Workers' compensation payments	1,705,294		1,705,294
Claims paid	2,688,350		2,688,350
Depreciation		6,010,511	6,010,511
Compensated absences	12,964	37,805	50,769
	<hr/>	<hr/>	<hr/>
Total operating expenses	10,221,864	26,234,304	36,456,168
	<hr/>	<hr/>	<hr/>
Operating income (loss)	(599,812)	(3,663,585)	(4,263,397)
	<hr/>	<hr/>	<hr/>
<b>Nonoperating revenues (expenses):</b>			
Interest income	781,255	623,940	1,405,195
Gain/loss on sale of real property		142,487	142,487
	<hr/>	<hr/>	<hr/>
Income (loss) before transfers and capital contributions	181,443	(2,897,158)	(2,715,715)
	<hr/>	<hr/>	<hr/>
Capital contributions		53,551	53,551
Transfers in		59,100	59,100
	<hr/>	<hr/>	<hr/>
Change in net assets	181,443	(2,784,507)	(2,603,064)
	<hr/>	<hr/>	<hr/>
<b>Total Net Assets - Beginning of Year</b>	7,324,326	48,564,508	55,888,834
	<hr/>	<hr/>	<hr/>
<b>Total Net Assets - End of Year</b>	\$ 7,505,769	\$ 45,780,001	\$ 53,285,770
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements.

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**CITY OF BAKERSFIELD**

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**Combining Statement of Cash Flows****All Internal Service Funds****For the Fiscal Year Ended June 30, 2009**

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	Self- Insurance	Equipment Management	Totals
<b>Cash flows from operating activities:</b>			
Cash received from:			
Customers	\$ 9,645,741	\$ 20,544,055	\$ 30,189,796
Prior year reimbursements and cost recoveries		43,605	43,605
Cash paid to:			
Suppliers	(7,035,956)	(14,163,506)	(21,199,462)
Employees	(1,965,373)	(4,218,949)	(6,184,322)
Net cash provided by operating activities	<u>644,412</u>	<u>2,205,205</u>	<u>2,849,617</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash transferred from other funds		59,100	59,100
Net cash provided by noncapital financing activities	<u>-</u>	<u>59,100</u>	<u>59,100</u>
<b>Cash flows from capital and related financing activities:</b>			
Principal repayment on interfund loan		785,000	785,000
Purchase of capital assets		(3,731,726)	(3,731,726)
Proceeds from sale of capital assets		535,691	535,691
Net cash used by capital and related financing activities	<u>-</u>	<u>(2,411,035)</u>	<u>(2,411,035)</u>
<b>Cash flows from investing activities:</b>			
Interest received	923,232	725,900	1,649,132
Net increase in the fair value of investments	(8,005)	(5,190)	(13,195)
Net cash provided by investing activities	<u>915,227</u>	<u>720,710</u>	<u>1,635,937</u>
Net increase (decrease) in cash	1,559,639	573,980	2,133,619
Cash and cash equivalents - Beginning of year	29,066,079	20,568,710	49,634,789
Cash and cash equivalents - End of year	<u>\$ 30,625,718</u>	<u>\$ 21,142,690</u>	<u>\$ 51,768,408</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:</b>			
Operating income (loss)	\$ (599,812)	\$ (3,663,585)	\$ (4,263,397)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense		6,010,511	6,010,511
(Increase) decrease in accounts/notes receivable	98,689	(1,983,059)	(1,884,370)
(Increase) decrease in inventories		155,571	155,571
Decrease in prepaid items	(75,000)		(75,000)
Increase (decrease) in accounts payable	(994,225)	1,678,116	683,891
Increase in workers compensation claims	2,202,056		2,202,056
Increase (decrease) in deferred revenue	(260)		(260)
Increase (decrease) in compensated absences	12,964	7,651	20,615
Net cash provided by operating activities	<u>\$ 644,412</u>	<u>\$ 2,205,205</u>	<u>\$ 2,849,617</u>

The accompanying notes are an integral part of these financial statements.

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# *Statistical Section*

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**City of Bakersfield  
Statistical Section  
For the year ended June 30, 2009**

The statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, notes disclosure and required supplementary information say about the City's overall financial health. Where less than 10 years of data is presented, the information was not available.

<b>Contents</b>	<b>Pages</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	114-123
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sale tax revenues.	124-135
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	136-143
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	144-149
<b>Operating Information</b> 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.	150-155

**CITY OF BAKERSFIELD**

**Net Assets by Component (1)  
Last Eight Fiscal Years (2)**

	Fiscal Year			
	2002	2003	2004	2005
<b>Governmental Activities:</b>				
Invested in Capital Assets				
Net of Related Debt	\$ 123,977,879	\$ 170,569,678	\$ 204,064,183	\$ 240,757,766
Restricted for:				
Current projects	1,833,647	112,430	615,400	247,828
Capital improvements	37,308,606	41,128,820	34,881,765	47,942,901
Debt services	124,293	121,746	52,236	48,515
Unrestricted	<u>34,667,793</u>	<u>34,054,800</u>	<u>54,802,089</u>	<u>85,904,382</u>
Total governmental activities net assets:	<u>197,912,218</u>	<u>245,987,474</u>	<u>294,415,673</u>	<u>374,901,392</u>
% change from prior year	N/A	24%	20%	27%
<b>Business-type Activities:</b>				
Invested in Capital Assets				
Net of Related Debt	129,638,637	126,242,501	152,050,836	160,979,364
Restricted for:				
Capital improvements				
Sanitation Districts	2,969,532	3,039,678	3,108,624	8,233,452
Unrestricted	<u>47,565,143</u>	<u>65,092,489</u>	<u>58,087,164</u>	<u>69,661,071</u>
Total business-type activities net assets:	<u>180,173,312</u>	<u>194,374,668</u>	<u>213,246,624</u>	<u>238,873,887</u>
% change from prior year	N/A	8%	10%	12%
<b>Primary Government:</b>				
Invested in Capital Assets				
Net of Related Debt	253,616,516	296,812,179	356,115,019	401,737,130
Restricted for:				
Current projects	1,833,647	112,430	615,400	247,828
Capital improvements	37,308,606	41,128,820	34,881,765	47,942,901
Debt services	124,293	121,746	52,236	48,515
Housing				
Sanitation Districts	2,969,532	3,039,678	3,108,624	8,233,452
Unrestricted	<u>82,232,936</u>	<u>99,147,289</u>	<u>112,889,253</u>	<u>155,565,453</u>
Total primary government net assets:	<u>\$ 378,085,530</u>	<u>\$ 440,362,142</u>	<u>\$ 507,662,297</u>	<u>\$ 613,775,279</u>
% change from prior year	N/A	16%	15%	21%

Notes:

- (1) This schedule reports using the accrual basis of accounting
- (2) The City implemented GASB 34, the new reporting standard, in fiscal year 2002. Therefore, ten years of data is not available but will be accumulated over time.
- (3) In fiscal year 2005-2006, the City made a prior period adjustment to capitalize infrastructure in accordance with GASB 34.
- (4) There was a change in the distribution of net assets in the Business-type activities and a prior period adjustment in the Airpark fund

Source: City Finance Department

Fiscal Year			
2006 (3)	2007	2008 (4)	2009
\$ 939,282,573	\$ 1,300,533,136	\$ 1,369,689,471	\$ 1,412,593,899
620,618	298,110	1,975,111	4,646,968
87,336,669	84,146,096	77,319,182	56,379,296
48,209	44,145	45,952	-
<u>144,677,516</u>	<u>142,977,161</u>	<u>121,427,154</u>	<u>126,216,700</u>
<u>1,171,965,585</u>	<u>1,527,998,648</u>	<u>1,570,456,870</u>	<u>1,599,836,863</u>
213%	30%	3%	2%
521,824,277	566,728,647	495,079,403	588,467,081
8,318,774	8,357,453	152,968,360	83,715,993
96,501,463	129,325,391	5,113,759	5,167,516
<u>626,644,514</u>	<u>704,411,491</u>	<u>77,295,879</u>	<u>74,002,970</u>
<u>626,644,514</u>	<u>704,411,491</u>	<u>730,457,401</u>	<u>751,353,560</u>
162%	12%	4%	3%
1,461,106,850	1,867,261,783	1,864,936,994	2,001,060,980
620,618	298,110	1,975,111	4,646,968
87,336,669	84,136,096	230,287,542	140,095,289
48,209	44,145	45,952	-
8,318,774	8,357,453	5,113,759	5,167,516
<u>241,178,979</u>	<u>272,302,552</u>	<u>198,723,033</u>	<u>200,219,670</u>
<u>\$ 1,798,610,099</u>	<u>\$ 2,232,400,139</u>	<u>\$ 2,301,082,391</u>	<u>\$ 2,351,190,423</u>
193%	24%	3%	2%

# CITY OF BAKERSFIELD

## Change in Net Assets (1) Last Eight Fiscal Years (2)

	Fiscal Year			
	2002	2003	2004	2005
<b>Expenses</b>				
Governmental activities:				
General Government	\$ 21,461,540	\$ 18,202,526	\$ 18,683,743	\$ 16,258,160
Public safety:				
Police	39,561,343	44,782,890	48,189,574	53,133,158
Fire	20,754,458	22,844,140	24,238,425	28,274,641
Public works	20,286,811	21,982,599	45,548,570	26,874,096
Community services	16,938,212	16,788,597	16,169,163	17,285,798
Development services	5,551,228	6,241,494	6,217,528	7,609,292
Economic/Community Development	4,516,954	4,756,038	3,859,176	3,539,604
Interest on long-term debt	2,370,180	1,518,569	1,356,008	770,171
<b>Total governmental activities expenses</b>	<b>131,440,726</b>	<b>137,116,853</b>	<b>164,262,187</b>	<b>153,744,920</b>
Business-type activities:				
Wastewater treatment	13,139,259	12,968,565	13,425,848	13,364,173
Refuse collection	21,380,228	24,136,505	25,889,554	28,423,051
Agricultural water	3,995,511	3,881,162	3,901,437	4,016,718
Domestic water	9,178,806	10,096,232	11,149,998	11,755,936
General aviation	251,692	289,914	262,052	282,180
Off-street parking	182,039	188,585	188,110	184,434
<b>Total business-type activities expenses</b>	<b>48,127,535</b>	<b>51,560,963</b>	<b>54,816,999</b>	<b>58,026,492</b>
<b>Total primary government expenses</b>	<b>179,568,261</b>	<b>188,677,816</b>	<b>219,079,186</b>	<b>211,771,412</b>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General Government	1,670,126	3,347,636	3,557,776	6,213,032
Public safety:				
Police	1,126,188	1,080,696	898,132	2,077,127
Fire	1,487,153	1,880,705	2,075,028	4,313,192
Public works	26,861,214	21,728,972	32,692,425	34,714,601
Community services	8,355,692	8,194,610	8,033,785	8,925,298
Development services	4,329,511	4,654,840	6,589,533	8,547,411
Economic/Community Development	59,351	29,857	23,178	5,000,509
Operating Grants and Contributions	10,632,640	9,770,441	11,778,497	11,389,303
Capital Grants and Contributions	11,383,779	22,513,122	23,229,502	23,764,450
<b>Total governmental activities program revenues</b>	<b>\$ 65,905,654</b>	<b>\$ 73,200,879</b>	<b>\$ 88,877,856</b>	<b>\$ 104,944,923</b>

**Notes:**

- (1) This schedule reports using the accrual basis of accounting
- (2) The City implemented GASB 34, the new reporting standard, in fiscal year 2002. Therefore, ten years of data is not available but will be accumulated over time.
- (3) In fiscal year 2005-2006, the City made a prior period adjustment to capitalize infrastructure in accordance with GASB 34.

Fiscal Year			
2006 (3)	2007	2008	2009
\$ 16,387,448	\$ 22,376,302	\$ 12,738,456	\$ 15,624,497
59,217,664	62,681,714	71,485,694	68,830,802
29,124,399	27,697,731	32,930,374	32,844,159
53,935,339	66,939,234	93,674,545	98,187,688
14,678,060	23,360,416	34,783,064	30,968,448
9,551,861	10,738,435	10,920,263	10,111,034
2,846,210	3,980,925	3,917,710	6,930,730
678,238	595,412	430,313	252,743
<u>186,419,219</u>	<u>218,370,169</u>	<u>260,880,419</u>	<u>263,750,101</u>
18,476,617	19,660,934	34,006,998	32,009,889
32,147,482	34,546,899	39,679,394	37,590,048
4,269,889	4,577,030	5,415,452	5,014,733
13,516,193	15,963,620	16,579,051	19,655,317
286,651	268,707	395,181	296,653
174,258	174,531	168,780	192,011
<u>68,871,090</u>	<u>75,191,721</u>	<u>96,244,856</u>	<u>94,758,651</u>
<u>255,290,309</u>	<u>293,561,890</u>	<u>357,125,275</u>	<u>358,508,752</u>
3,923,612	4,262,137	4,770,899	4,534,243
1,121,545	1,055,577	1,165,047	4,411,906
3,535,136	4,961,943	5,605,740	3,230,597
61,378,381	32,389,571	22,599,790	16,598,877
10,577,088	11,521,373	11,974,626	13,423,547
8,658,762	6,052,621	5,131,522	5,245,507
-	314,609	408	(76,449)
13,699,627	14,052,014	14,389,999	18,940,149
18,987,290	254,881,641	74,434,259	75,921,404
<u>\$ 121,881,441</u>	<u>\$ 329,491,486</u>	<u>\$ 140,072,290</u>	<u>\$ 142,229,781</u>

**CITY OF BAKERSFIELD**

**Change in Net Assets (1) continued  
Last Eight Fiscal Years (2)**

	Fiscal Year			
	2002	2003	2004	2005
Business-type activities:				
Charges for services				
Wastewater treatment	\$ 17,924,450	\$ 13,977,132	\$ 18,534,135	\$ 17,154,209
Refuse collection	24,280,782	25,642,724	27,249,735	30,291,605
Agricultural water	3,403,931	3,479,324	3,343,104	6,717,939
Domestic water	10,087,632	10,975,653	12,268,089	13,188,040
General aviation	397,792	122,692	122,132	125,747
Off-street parking	84,876	85,727	88,665	93,713
Operating Grants and Contributions	6,628,775	8,433,833	10,713,532	14,343,274
Capital Grants and Contributions	16,453	260,759	1,208,811	1,410,465
Total business-type activities				
program revenues	<u>62,824,691</u>	<u>62,977,844</u>	<u>73,528,203</u>	<u>83,324,992</u>
Total primary government				
program revenues	<u>128,730,345</u>	<u>136,178,723</u>	<u>162,406,059</u>	<u>188,269,915</u>
Net (Expenses) Revenues				
Governmental activities	(65,535,072)	(63,915,974)	(75,384,331)	(48,799,997)
Business-type activities	<u>14,697,156</u>	<u>11,416,881</u>	<u>18,711,204</u>	<u>25,298,500</u>
Total primary government				
Net (Expenses)	<u>(50,837,916)</u>	<u>(52,499,093)</u>	<u>(56,673,127)</u>	<u>(23,501,497)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes:				
Property taxes	20,675,415	23,523,106	23,926,768	39,464,262
Sales and use tax	43,227,389	45,375,035	49,237,400	58,465,636
Other taxes	2,826,230	3,035,464	3,696,091	4,268,501
Intergovernmental, unrestricted	13,926,501	15,100,959	13,281,356 (5)	5,981,308
Unrestricted Grants and contributions	21,688,392	26,325,555	32,531,179	20,776,276
Investment earnings	4,814,801	2,252,054	714,434	1,416,716
Miscellaneous	89,517	142,679	137,346	232,035
Gain on sale of property	163,877	895,768	18,640	83,939
Loss on sale of capital asset	(5,282)			
Transfers*	(307,430)	311,392	269,316	2,168,098
Reserve transfer to Agency				(3,571,055)
Total governmental activities	<u>107,099,410</u>	<u>116,962,012</u>	<u>123,812,530</u>	<u>129,285,716</u>
Business-type activities:				
Investment earnings	3,130,492	2,172,138	930,304	2,496,861
Miscellaneous		332,562		
Transfers	307,430	(311,392)	(769,552) (4)	(2,168,098)
Total business-type activities	<u>3,437,922</u>	<u>2,193,308</u>	<u>160,752</u>	<u>328,763</u>
Total primary government	<u>110,537,332</u>	<u>119,155,320</u>	<u>123,973,282</u>	<u>129,614,479</u>
<b>Change in Net Assets</b>				
Governmental activities	107,099,410	116,962,012	123,812,530	129,285,716
Business-type activities	(62,097,150)	(61,722,666)	(75,223,579)	(48,471,234)
Total primary government	<u>\$ 45,002,260</u>	<u>\$ 55,239,346</u>	<u>\$ 48,588,951</u>	<u>\$ 80,814,482</u>

(4) In 2004 the City combined Reserve transfer to Agency with Transfers

(5) In 2005 the City changed the name of "Motor vehicle in lieu" from "Payments in lieu of services"

Source: City Finance Department

\* 2008 figure includes contributed capital of \$1.6 million between primary government and component unit

Fiscal Year				
	2006	2007	2008	2009
\$	16,742,598	\$ 19,146,468	\$ 23,793,814	\$ 26,836,539
	33,174,727	36,415,700	39,378,891	39,814,200
	5,426,547	6,523,342	4,972,037	6,619,487
	15,209,139	18,414,655	20,103,488	21,160,388
	135,383	142,520	211,573	243,923
	104,636	98,640	102,425	77,122
	17,016,789	15,268,751	8,391,106	5,228,837
	449,969	54,024,256	23,514,481	12,174,540
	<u>88,259,788</u>	<u>150,034,332</u>	<u>120,467,815</u>	<u>112,155,036</u>
	<u>210,141,229</u>	<u>479,525,818</u>	<u>260,540,105</u>	<u>254,384,817</u>
	(64,537,778)	111,121,317	(120,808,129)	(121,520,320)
	<u>19,388,698</u>	<u>74,842,611</u>	<u>24,222,959</u>	<u>17,396,385</u>
	<u>(45,149,080)</u>	<u>185,963,928</u>	<u>(96,585,170)</u>	<u>(104,123,935)</u>
	49,135,641	62,324,076	71,655,585	70,869,285
	66,495,453	68,367,251	63,415,357	56,615,428
	5,074,460	4,047,002	3,193,162	3,136,193
	2,176,967	1,845,520	910,205	962,870
	15,184,443	16,717,510	16,303,921	16,767,713
	1,332,755	4,470,903	4,019,639	2,050,010
	85,279	13,128	131,121	393,088
	673,947	1,140,896	43,215	58,726
	1,370,202	3,095,700	3,604,146	47,000
	<u>141,529,147</u>	<u>162,021,986</u>	<u>163,276,351</u>	<u>150,900,313</u>
	3,140,800	6,020,066	4,894,373	3,378,654
	(1,370,202)	(3,095,700)	(2,004,146)	(47,000)
	<u>1,770,598</u>	<u>2,924,366</u>	<u>2,890,227</u>	<u>3,331,654</u>
	<u>143,299,745</u>	<u>164,946,352</u>	<u>166,166,578</u>	<u>154,231,967</u>
	141,529,147	273,143,303	42,468,222	29,379,993
	(62,767,180)	77,766,977	26,945,063	20,728,039
\$	<u><u>78,761,967</u></u>	<u><u>\$ 350,910,280</u></u>	<u><u>\$ 69,413,285</u></u>	<u><u>\$ 50,108,032</u></u>

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**CITY OF BAKERSFIELD**

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**Fund Balances of Governmental Funds  
Last Eight Fiscal Years (1)**

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	Fiscal Year			
	2002	2003	2004	2005
<b>General Fund</b>				
Reserved				
Petty cash	\$ 18,675	\$ 19,375	\$ 19,625	\$ 21,825
Inventory	3,025	-	-	-
Prepaid items	436,776	445,248	472,566	537,812
Encumbrances	1,390,812	2,900,665	1,860,674	1,665,099
Cash basis	6,851,956	7,010,963	7,067,661	7,673,578
Unreserved				
Designated for current projects / contingency	1,722,647	112,430	615,400	247,828
Designated for compensated absences	-	-	-	4,854,216
Undesignated	9,135,777	8,972,901	15,611,812	19,032,319
Total general fund	19,559,668	19,461,582	25,647,738	34,032,677
<b>All other governmental funds</b>				
Reserved	18,808,728	19,360,697	43,805,667	16,918,396
Unreserved, reported in:				
Special revenue funds	124,293	(1,978,226)	6,695,504	3,418,829
Capital projects fund	37,419,606	8,499,121	10,352,393	7,647,901
Permanent funds	8,221,653	41,250,566	52,236	48,101,521
Total all other government funds	\$ 64,574,280	\$ 67,132,158	\$ 60,905,800	\$ 76,086,647

## Notes:

(1) Includes all governmental funds as shown in the Fund Financial Statements.

Source: City Finance Department

Fiscal Year			
2006	2007	2008	2009
\$ 22,095	\$ 22,545	\$ 22,545	\$ 22,620
-	-		
-	-		
1,850,208	2,933,414	1,963,262	923,381
9,265,797	11,159,944	11,686,035	12,001,989
620,618	298,110	1,628,900	4,646,968
5,554,097	5,928,547	6,120,523	6,714,368
<u>32,648,415</u>	<u>29,607,059</u>	<u>24,755,512</u>	<u>26,765,142</u>
49,961,230	49,949,619	46,176,777	51,074,468
32,340,825	41,592,473	82,349,797	81,360,385
(3,729,699)	(10,814,841)	(46,141,619)	(52,326,452)
12,481,455	18,602,700	15,921,174	30,294,286
87,503,135	84,314,434	77,778,221	56,430,221
<u>\$ 128,595,716</u>	<u>\$ 133,694,766</u>	<u>\$ 129,907,573</u>	<u>\$ 115,758,440</u>

**CITY OF BAKERSFIELD**

**Changes in Fund Balances of Governmental Funds  
Last Eight Fiscal Years**

	Fiscal Year			
	2002	2003	2004	2005
<b>Revenues</b>				
Taxes	\$ 78,907,131	\$ 84,514,309	\$ 89,363,833	\$ 115,631,300
Licenses and permits	2,909,850	2,675,401	3,607,543	3,853,451
Intergovernmental	31,574,925	39,841,785	35,973,313	34,255,270
Charges for services	21,455,630	23,451,366	34,924,030	26,675,781
Fines, forfeitures & assessments	19,062,542	16,071,148	17,949,056	31,499,007
Investment earnings	3,859,242	2,008,420	676,118	2,828,081
Miscellaneous	4,297,864	6,029,978	9,935,221	4,825,205
<b>Total Revenues</b>	<b>162,067,184</b>	<b>174,592,407</b>	<b>192,429,114</b>	<b>219,568,095</b>
<b>Expenditures</b>				
General government	7,987,509	8,686,836	9,712,947	8,473,071
Police	38,319,560	43,162,556	47,283,348	53,536,030
Fire	20,190,478	22,379,272	24,144,074	28,115,025
Public works	17,457,421	18,002,954	15,465,572	19,199,433
Community services	15,359,114	15,527,136	14,877,855	16,046,083
Development services	5,448,322	6,127,284	6,164,000	7,607,299
Economic/Community Development	4,519,912	4,691,066	3,818,640	3,541,200
Non departmental	11,662,500	9,281,777	8,888,063	7,726,250
Capital Outlay	19,481,953	35,515,109	41,568,039	41,691,554
Debt Service				
Principal	4,225,000	4,350,000	17,150,000	2,026,000
Interest	2,138,702	1,871,844	1,305,966	811,755
Other charges				
<b>Total Expenditures</b>	<b>146,790,471</b>	<b>169,595,834</b>	<b>190,378,504</b>	<b>188,773,700</b>
Excess of revenues over (under) expenditures	15,276,713	4,996,573	2,050,610	30,794,395
<b>Other financing sources (uses)</b>				
Transfers in	11,993,869	15,704,214	18,817,358	15,171,629
Transfers out	(13,851,887)	(18,240,995)	(20,908,170)	(27,063,316)
Refunding bonds issued				
Bonds issued				
Payment to refunded bond escrow agent				
Capital leases				
Sale of capital assets				
<b>Total Other financing sources (uses)</b>	<b>(1,858,018)</b>	<b>(2,536,781)</b>	<b>(2,090,812)</b>	<b>(11,891,687)</b>
<b>Net changes in fund balances</b>	<b>\$ 13,418,695</b>	<b>\$ 2,459,792</b>	<b>\$ (40,202)</b>	<b>\$ 18,902,708</b>
Debt service as a percentage of non capital expenditures	5.0%	4.6%	12.4%	1.9%

Source: City Finance Department

Fiscal Year			
2006	2007	2008	2009
\$ 135,540,591	\$ 151,067,427	\$ 154,249,416	\$ 147,153,335
4,279,532	3,029,719	2,613,944	2,576,755
24,965,724	36,774,497	55,926,098	82,994,989
30,604,785	28,299,553	27,056,425	26,850,501
60,485,776	30,450,784	25,511,482	18,207,527
3,936,649	9,327,675	6,157,327	3,455,207
5,155,640	4,668,437	5,166,473	4,097,040
<u>264,968,697</u>	<u>263,618,092</u>	<u>276,681,165</u>	<u>285,335,354</u>
10,758,950	10,807,970	10,809,819	11,509,310
59,716,106	64,936,013	68,853,581	65,824,506
28,878,953	30,349,754	31,737,283	31,338,492
21,500,679	25,634,650	27,771,403	27,594,508
19,204,779	22,047,595	23,959,813	23,702,177
9,143,519	10,787,216	10,558,195	9,619,973
3,022,308	3,939,418	3,417,684	5,567,930
5,486,829	11,584,563	13,866,439	11,111,355
35,744,826	75,443,460	89,813,206	104,472,583
1,258,000	1,957,000	1,256,000	3,509,000
702,386	598,067	491,605	324,862
<u>195,417,335</u>	<u>258,085,706</u>	<u>282,535,028</u>	<u>294,574,696</u>
69,551,362	5,532,386	(5,853,863)	(9,239,342)
21,908,333	1,600,000	26,562,537	12,740,413
(23,022,073)	(2,044,947)	(28,268,709)	(12,752,513)
<u>(1,113,740)</u>	<u>(444,947)</u>	<u>(1,706,172)</u>	<u>(12,100)</u>
\$ 68,437,622	\$ 5,087,439	\$ (7,560,035)	\$ (9,251,442)
1.2%	1.4%	0.9%	2.0%

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**CITY OF BAKERSFIELD**

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**Governmental Activities Tax Revenues By Source  
Last Eight Fiscal Years (1)**

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<u>Fiscal Year</u>	<u>General Property Taxes</u>	<u>Sales and Use Taxes</u>	<u>Transient Occupancy Taxes</u>	<u>Business License Taxes</u>	<u>Utility Franchise Taxes</u>	<u>In-Lieu and Other taxes</u>	<u>Total Taxes</u>
2002	\$ 20,675,415	\$ 44,033,531	\$ 5,493,486	\$ 2,123,484	\$ 3,754,985	\$ 2,826,230	\$ 78,907,131
2003	23,523,106	46,283,126	5,747,849	2,244,126	3,680,638	3,035,464	84,514,309
2004	23,926,768	49,237,400	6,069,043	2,459,889	3,974,642	3,696,091	89,363,833
2005	39,464,262 (2)	58,465,636	6,594,845	2,646,990	4,191,066	4,268,501	115,631,300
2006	49,135,641 (2)	66,495,453	7,456,838	2,995,555	4,382,644	5,074,460	135,540,591
2007	62,324,076 (2)	68,367,251	7,954,228	3,404,712	4,970,158	4,047,002	151,067,427
2008	71,655,585 (2)	63,415,357	7,749,531	3,331,064	4,904,717	3,193,162	154,249,416
2009	70,869,285 (2)	56,615,428	7,144,718	3,899,841	5,487,871	3,136,192	147,153,335

## Notes:

(1) Includes all governmental funds as shown in the Fund Financial Statements.

(2) Includes VLF Triple Flip tax revenue.

Source: City Finance Department

# CITY OF BAKERSFIELD

## Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer	2000			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Nestle Holdings Inc	63,326,270	3	0.65%	\$ 206,288,619	1	0.83%
Bakersfield Mall LLC	111,661,462	1	1.14%	155,367,163	2	0.63%
Chevron USA Inc.				134,788,013	3	0.54%
California Water Service Company	30,637,934	6	0.31%	81,945,522	4	0.33%
Donahue Schriber Realty Group LLP				80,039,167	5	0.32%
BLC Glenwood Gardens LLP				77,832,187	6	0.31%
Castle & Cook Comm. Inc.	92,722,831	2	0.94%	60,612,075	7	0.24%
State Farm Insurance Company	55,052,650	4	0.56%	58,523,959	8	0.24%
Kaiser Foundation Health Plan Inc.				56,777,032	9	0.23%
Lennar Homes of California Inc.				54,642,362	10	0.22%
Bear Mountain Limited	53,716,792	5	0.55%			
Albertsons Inc.	22,911,309	10	0.23%			
Sun Easton Corporation	27,064,668	7	0.28%			
Dayton Hudson Corporation	23,438,994	9	0.24%			
Wal Mart Stores, Inc.	23,586,885	8	0.24%			
Total taxable assessed value of ten (10) Largest taxpayers	\$ 504,119,795		5.14%	\$ 966,816,099		3.90%
Total taxable assessed value of other taxpayers	9,310,440,493		94.86%	23,813,493,688		96.10%
Total taxable assessed value of all taxpayers	<u>\$ 9,814,560,288</u>		<u>100.00%</u>	<u>\$ 24,780,309,787</u>		<u>100.00%</u>

Note:

Related parties grouped together on the original source document (County's list of assessed valuations) are included in the total assessed valuation amount for each taxpayer cited. Unitary and operating nonunitary are excluded as valuation by parcel is no longer available.

Source: HdL Coren & Cone, K.C. Assessor 2008-09 Combined Tax Rolls

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**CITY OF BAKERSFIELD**

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**Assessed Value and Estimated Actual Value of Taxable Property  
Last Eight Fiscal Years  
Amounts expressed in thousands**

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Fiscal Year Ended June 30	Secured			Unsecured	Less: Tax Exempt Real Property
	Residential Property	Commercial Property	Other		
2002	\$ 7,148,500	\$ 1,981,027	\$ 1,736,960	\$ 513,535	\$ 601,905
2003	7,713,303	2,117,283	1,809,671	532,842	645,761
2004	8,760,686	2,341,932	1,879,013	546,353	694,115
2005	9,966,804	2,463,503	1,943,657	565,311	680,115
2006	12,110,090	2,727,174	2,200,212	582,995	731,597
2007	15,371,291	3,104,110	2,655,402	631,452	816,684
2008	18,353,070	3,401,625	3,122,004	659,048	881,683
2009	17,705,933	3,785,022	3,495,239	751,790	957,674

(1) In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: HdL Coren & Cone, Kern County Assessor 2008-09 Combined Tax Rolls.

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Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value (1)
\$ 10,778,117	0.19%	Unavailable
11,527,338	0.16%	Unavailable
12,833,869	0.21%	Unavailable
14,259,160	0.20%	Unavailable
16,888,874	0.22%	Unavailable
20,945,571	0.22%	Unavailable
24,654,064	0.19%	Unavailable
24,780,310	0.20%	Unavailable

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**CITY OF BAKERSFIELD**

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**Property Tax Rates  
Direct and Overlapping Governments  
Last Eight Fiscal Years**

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	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Basic County Wide Levy</b>	1.0000	1.0000	1.0000	1.0000
<b>Overlapping Rates:</b>				
Kern High School District	0.0223	0.0219	0.0206	0.0300
Kern Community College District	0.0000	0.0000	0.0118	0.0092
Kern County Water Agency	<u>0.0619</u>	<u>0.0607</u>	<u>0.0637</u>	<u>0.0632</u>
Total Direct Rate	<u><u>1.0842</u></u>	<u><u>1.0826</u></u>	<u><u>1.0961</u></u>	<u><u>1.1024</u></u>

Source: Kern County Auditor-Controller's Office

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<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
1.0000	1.0000	1.0000	1.0000
0.0321	0.0405	0.0382	0.0358
0.0096	0.0053	0.0092	0.0091
<u>0.0476</u>	<u>0.0382</u>	<u>0.0534</u>	<u>0.0495</u>
<u>1.0893</u>	<u>1.0840</u>	<u>1.1008</u>	<u>1.0944</u>

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**CITY OF BAKERSFIELD**

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**Property Tax Levies and Collections  
Last Eight Fiscal Years (1)**

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Fiscal Year Ended June 30	Tax Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 20,121,528	\$ 19,994,799	99.4%	\$ 553,887	\$ 20,675,415	102.8%
2003	21,301,453	22,888,265	107.4%	2,221,653	23,523,106	110.4%
2004	22,792,274	23,186,177	101.7%	1,134,494	23,926,768	105.0%
2005	25,401,358	26,877,424	105.8%	2,291,051	27,692,409	109.0%
2006	29,296,719	31,697,289	108.2%	3,334,705	32,631,424	111.4%
2007	35,419,513	38,390,507	108.4%	3,887,442	39,306,955	111.0%
2008	40,762,499	42,792,719	105.0%	3,963,150	44,725,649	109.7%
2009	40,783,983	41,953,330	102.9%	3,146,143	43,930,126	107.7%

## Notes:

(1) Excludes Redevelopment property tax increment.

Source: City Finance Department

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**CITY OF BAKERSFIELD**

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**Direct and Overlapping Sales Tax Rates  
Last Eight Fiscal Years**

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<u>Year</u>	<u>State of California</u>	<u>Total Rate</u>
2002	7.25%	7.25%
2003	7.25%	7.25%
2004	7.25%	7.25%
2005	7.25%	7.25%
2006	7.25%	7.25%
2007	7.25%	7.25%
2008	7.25%	7.25%
2009	8.25%	8.25%

Note: The City's sales tax rate may be changed with voter approval

Source: California State Board of Equalization

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**CITY OF BAKERSFIELD**

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**Taxable Sales By Market Groups  
Last Eight Fiscal Years**

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	Year				
	2001	2002	2003	2004	2005
Retail Trade Groups	29,318,014	31,523,004	33,993,987	38,114,349	43,933,276
Non-Store Retailers	835,692	933,959	1,058,215	1,206,858	1,379,182
Service Groups	2,462,820	2,386,102	2,645,201	2,527,542	2,939,384
Construction Contractor Groups	1,120,570	823,322	1,009,244	1,318,508	1,800,092
Producers, Manufacturers and Wholesalers Group	<u>3,504,737</u>	<u>2,893,009</u>	<u>3,426,901</u>	<u>3,590,789</u>	<u>5,109,920</u>
Total	<u>37,241,833</u>	<u>38,559,396</u>	<u>42,133,548</u>	<u>46,758,046</u>	<u>55,161,854</u>

Note: Fiscal years 2001 to 2008 are the most current years for which a eight year history can be shown.

Source: California State Board of Equalization

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<u>2006</u>	<u>2007</u>	<u>2008</u>
44,882,615	43,965,080	40,428,261
1,505,922	1,312,047	991,106
3,071,729	2,979,402	3,149,366
2,364,714	1,839,151	1,615,488
<u>5,744,221</u>	<u>5,715,484</u>	<u>7,711,908</u>
<u><u>57,569,201</u></u>	<u><u>55,811,164</u></u>	<u><u>53,896,129</u></u>

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**CITY OF BAKERSFIELD**

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**Sales Tax Revenue Payers By Industry  
2008 and Seven Years Ago**

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	2001			
	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Tax Liability Paid</u>	<u>Percent of Total \$</u>
New Car Dealers	*	0.00%	\$ 7,278,102	19.54%
Department Stores	*	0.00%	3,002,876	8.06%
Service Stations	*	0.00%	1,972,693	5.30%
Petroleum, Petroleum Products, Oil Well, Refining, and Service Station Equipment	*	0.00%	1,532,661	4.12%
Eating/Drinking Places with out Alcohol	*	0.00%	1,544,282	4.15%
Building Materials	*	0.00%	1,710,530	4.59%
General Stores	*	0.00%	2,353,659	6.32%
Contractors & Mfgs & Wholesalers of Building Material	*	0.00%	1,120,570	3.01%
Full Time Specialty Stores	*	0.00%	943,033	2.53%
Family Apparel	*	0.00%	562,184	1.51%
All Other	*	0.00%	15,221,243	40.87%
Total	<u>*</u>	<u>0.00%</u>	<u>\$ 37,241,833</u>	<u>100.00%</u>

\*Data Not Available

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue. The amounts shown are gross collections prior to refunds and collections of amounts due from prior year. Fiscal years 2001 and 2008 are the most current years for which a seven year history can be shown.

Source: California State Board of Equalization

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2008			
<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Tax Liability Paid</u>	<u>Percent of Total \$</u>
36	0.48%	\$ 6,546,940	12.15%
45	0.61%	6,254,938	11.61%
116	1.56%	4,743,862	8.80%
44	0.59%	3,415,108	6.34%
494	6.65%	2,707,713	5.02%
31	0.42%	2,321,494	4.31%
306	4.12%	1,682,635	3.12%
123	1.66%	1,631,040	3.03%
193	2.60%	1,615,488	3.00%
162	2.18%	1,540,963	2.86%
<u>5874</u>	<u>79.13%</u>	<u>21,425,948</u>	<u>39.76%</u>
<u>7424</u>	<u>100.00%</u>	<u>\$ 53,886,129</u>	<u>100.00%</u>

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**CITY OF BAKERSFIELD**

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**Ratio of General Bonded Debt Outstanding  
Last Eight Fiscal Years**

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<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Net Bonded Debt</u>	<u>Total</u>	<u>Ration of Net Bonded Debt to Assessed Value</u>	<u>Population (1)</u>	<u>Total Debt Per Capita</u>
2002	\$ 4,930,000	\$ -	\$ 4,930,000	0.00%	257,914	19.11
2003	4,000,000	-	4,000,000	0.00%	266,784	14.99
2004	3,050,000	-	3,050,000	0.00%	279,672	10.91
2005	2,070,000	-	2,070,000	0.00%	295,893	7.00
2006	1,055,000	-	1,055,000	0.00%	311,824	3.38
2007(2)	-	-	-	0.00%	323,213	0.00
2008	-	-	-	-	328,692	0.00
2009	-	-	-	-	333,719	0.00

## Notes:

Includes all long-term general obligation bonded debt.

(1) State Department of Finance

(2) General Obligation Water Refunding Bonds, 2002 paid in full at December 15, 2006

Source: City Finance Department



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**CITY OF BAKERSFIELD**


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**Ratios of Outstanding Debt by Type  
Last Eight Fiscal Years**


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Fiscal Year	Governmental Activities				Sewer Bonds
	Revenue Bonds	Notes	Claims and Judgments Payable	Total Governmental Activities (3)	
2002	\$ 16,295,000	\$ 600,000	\$ -	\$ 16,895,000	\$ 21,895,000
2003	13,705,000	-	14,679,078	28,384,078	19,235,000
2004	9,120,000	5,732,640	16,244,903	31,097,543	5,110,000
2005	7,255,000	4,739,000	17,001,387	28,995,387	-
2006	6,165,000	4,571,000	18,668,054	29,404,054	-
2007	4,385,000	4,394,000	18,499,221	27,278,221	-
2008	3,315,000	4,208,000	20,984,970	28,507,970	234,425,000
2009	-	4,014,000	23,187,026	27,201,026	234,425,000

**Notes:**

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) US Dept of Commerce Bureau of Economic Analysis. As available, figures and estimates should be used for general purposes only. Estimates are revised periodically to include data that may not have been available at the time Personal income was used for the base of this calculation. Details can be found in the Demographic and Economic Statistics

(2) State Department of Finance. Estimates are revised periodically to include data that may not have been available at the time.

Population was used for the base of this calculation. Details can be found in the Demographic and Economic Statistics

(3) Total Governmental Activities and Total Primary Government totals do not include Compensated Absences

Source: City Finance Department

Business-Type Activities					
General Obligation		Total Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (2)
Bonds	Notes				
\$ 4,930,000	\$ 16,700,491	\$ 43,525,491	\$ 60,420,491	0.39%	\$ 234
4,000,000	15,778,619	39,013,619	67,397,697	0.41%	253
3,050,000	14,846,492	23,006,492	54,104,035	0.31%	193
2,070,000	13,902,687	15,972,687	44,968,074	0.24%	152
1,055,000	12,947,272	14,002,272	43,406,326	0.22%	139
-	13,054,738	13,054,738	40,332,959	0.19%	125
-	11,804,769	246,229,769	274,737,739	1.24%	836
-	10,614,878	245,039,878	272,240,904	0.00%	816

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**CITY OF BAKERSFIELD**

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**Direct and Overlapping Debt (1)****As of June 30, 2009**

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2008-09 Assessed Valuation	\$ 24,780,559,798
Redevelopment Incremental Valuation	883,664,203
Adjusted Assessed Valuation	<u>\$ 23,896,895,595</u>

	Debt Outstanding (2)	Estimated Percentage Applicable (3)	Estimated Share of Overlapping Debt
<u>Overlapping Tax and Assessment Debt</u>			
Kern Community College District Safety School Facilities Improvement District	\$ 115,381,213	33.555%	\$ 38,716,166
Kern High School District	232,335,000	50.339	116,955,116
Bakersfield City School District	48,500,027	68.312	33,131,338
Beardsley School District	16,229,898	21.222	3,444,309
Fairfax School District	3,599,857	28.031	1,009,076
Fruitvale School District	25,776,159	79.139	20,398,994
Greenfield Union School District	18,688,406	84.566	15,804,037
Lakeside Union School District	11,124,608	43.396	4,827,635
Lamont School District	3,759,775	0.017	639
Norris School District	2,588,884	61.345	1,588,151
Panama-Buena Vista Union School District	3,040,000	96.678	2,939,011
Rio Bravo Greeley Union School District	11,187,657	0.010	1,119
Rosedale Union School District	1,275,000	58.196	741,999
Olcese Water District	475,000	100	475,000
Standard School District	11,290,000	1.196	135,028
Vine School District	3,999,982	0.004	160
Kern Delta Water District	1,790,000	77.750	1,391,725
Kern Community College District Assessment District	5,020,000	36.242	1,819,348
RNR School Financing Authority	58,915,000	56.917	33,532,651
Total Overlapping Tax and Assessment Debt	<u>\$ 574,976,466</u>		<u>\$ 276,911,502</u>

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**CITY OF BAKERSFIELD**

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**Direct and Overlapping Debt (continued)****As of June 30, 2009**

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Overlapping General Fund Debt

Kern County Certificates of Participation	\$ 142,330,000	30.359%	\$ 43,209,965
Kern County Pension Obligations	477,656,067	30.359	145,011,605
Rio Bravo-Greeley Union School District			
General Fund Obligation	1,360,000	0.010	136
Certificates of Participation:			
Kern County Board of Education	54,740,000	30.359	16,618,517
Kern County Community College District	85,105,000	29.476	25,085,550
Kern County Community College District Benefi	85,880,000	29.476	25,313,989
Kern High School District	119,570,000	50.339	60,190,342
Bakersfield City School District	1,030,000	68.312	703,614
Fairfax School District	4,500,000	28.031	1,261,395
Lakeside Union School District	10,000,000	43.396	4,339,600
Panama-Buena Vista Inified School District	33,290,000	96.980	32,284,642
Standard School District	2,705,000	1.196	32,352
Total Overlapping General Fund Debt	<u>\$ 1,018,166,067</u>		<u>\$ 354,051,707</u>

Direct Debt

City of Bakersfield

Public Financing Authority Revenue Bonds

Total Direct and Overlapping Debt

\$ 630,963,209

Notes:

- (1) Excluded from this schedule are: (a) all bonds which are not general obligation bonds of the City and (b) general obligation bonds issued for water utility purposes which are payable from Water Fund revenues.
- (2) Direct debt is reported net of debt service monies available. Overlapping debt is reported at gross values.
- (3) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

Source: California Municipal Statistics, Inc. and City Finance Department

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***CITY OF BAKERSFIELD***

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**Computation of Legal Debt Margin  
June 30, 2009**

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Legislation does not mandate a debt limit for the City of Bakersfield.

**CITY OF BAKERSFIELD**

**Pledged - Revenue Coverage  
Last Eight Fiscal Years**

Fiscal Year	Wastewater Revenue Bonds						Coverage
	Sewer Charges and Other Revenue (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service (3)(4)			
				Principal	Interest		
2001-02	\$ 25,407,201	\$ 7,821,312	\$ 17,585,889	\$ 2,535,000	\$ 1,346,123	4.53	
2002-03	23,088,901	7,494,423	15,594,478	2,660,000	1,213,556	4.03	
2003-04	28,832,948	8,703,477	20,129,471	14,125,000	426,663	1.38	
2004-05	30,227,439	8,931,127	21,296,312	5,110,000	79,838	4.10	
2005-06	34,088,363	9,836,368	24,251,995	-	-	N/A	
2006-07	33,382,155	10,743,656	22,638,499	-	-	N/A	
2007-08	34,245,054	12,622,868	21,622,186	-	3,872,689	5.58	
2008-09	33,776,649	11,447,963	22,328,686	-	10,361,705	2.15	

Notes:

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) Includes amounts for connection fees, interest funded in bond issue and principal portion of lease revenues.

(2) Does not include the General Obligation Bonds reported in Enterprise Funds. Operating expenses exclude depreciation expense.

(3) Sewer Revenue Refunding Bonds, 1994 paid in full at June 30, 2004.

(4) Issued Sewer Revenue Bonds, Series 2007A and 2007B in August of 2007

Source: City Finance Department

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**CITY OF BAKERSFIELD**

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**Demographic and Economic Statistics  
Last Eight Fiscal Years**

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<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (2) (millions)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (3)</u>	<u>Education Level in Years of Formal Schooling (3) (4)</u>	<u>Elementary School Enrollment (5)</u>	<u>Estimated Unemployment Rate (%) (6)</u>
2001-02	257,914	\$ 15,635	\$ 22,565	30.5	70.6%	28,267	11.2%
2002-03	266,784	16,558	23,215	30.5	72.1%	28,179	12.0%
2003-04	279,672	17,660	24,067	30.1	72.8%	28,315	12.6%
2004-05	295,893	18,804	25,050	29.8	72.2%	28,234	8.3%
2005-06	311,824	20,042	25,938	30.0	71.9%	27,890	7.3%
2006-07	323,213	21,409	27,076	29.8	70.1%	27,403	8.0%
2007-08	328,692	22,183	27,713	30.0	70.2%	27,085	9.5%
2008-09	333,719	-	-	-	-	27,263	14.7%

**Notes:**

- (1) State Department of Finance. Estimates are revised periodically to include data that may not have been available at the time.
- (2) US Dept of Commerce Bureau of Economic Analysis. As available, figures and estimates should be used for general purposes only. Estimates are revised periodically to include data that may not have been available at the time. Information is for Bakersfield Metropolitan area.
- (3) U.S. Census Bureau estimates as available for Bakersfield Metropolitan area.
- (4) This column shows the percent of the City population 25 years and older who are high school graduates or higher.
- (5) Ed-Data Education Data Partnership
- (6) State of California Employment Development Department (Data shown is for Kern County.)

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**CITY OF BAKERSFIELD**

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**Principal Employers  
Current Year and Eight Years Ago**

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Employer	2002			2009		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
County of Kern (1)	N/A		N/A	10185	1	7.16%
Grimmway Enterprises				4400	2	3.09%
Giumarra Vineyards				4000	3	2.81%
Catholic Healthcare West				3000	4	2.11%
Bolthouse Farms				2350	5	1.65%
Sun World				1600	6	1.12%
City of Bakersfield				1474	7	1.04%
Chevron				1440	8	1.01%
San Joaquin Community Hospital				1304	9	0.92%
California State University, Bakersfield				1100	10	0.77%
Others				111,422		78.31%
Total	<u>N/A</u>		<u>N/A</u>	<u>142,275</u>		<u>100.00%</u>

(1) Not all employees are employed within the Bakersfield City Limits.  
Source: Top 10 employers provided by Kern Economic Development Corp  
Total number employed persons in Bakersfield provided by U.S. Dept of Labor  
Note: Only current data is available

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**CITY OF BAKERSFIELD**

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**Full-time Equivalent City Government Employees by Function  
Last Eight Fiscal Years**

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Function	Full-time Equivalent Employees as of June 30					
	2002	2003	2004	2005	2006	2007
General Government	178	181	169	180	237	238
Public Safety						
Police						
Officers	330	319	321	345	346	373
Civilians	115	116	115	120	132	144
Fire						
Firefighters and officers	170	176	175	180	180	183
Civilians	24	22	22	21	27	29
Public Works						
Highways and streets						
Engineering	57	59	57	64	65	70
Maintenance	177	180	169	191	206	211
Community services	117	119	108	119	129	175
Wastewater Treatment	29	29	29	29	29	55
Refuse Collection	75	91	84	91	133	110
Domestic/agricultural water	22	23	23	23	23	25
Total	1,294	1,315	1,272	1,363	1,507	1,613

Source: City Finance Department

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<u>2008</u>	<u>2009</u>
241	201
373	344
145	127
183	181
29	19
68	55
213	193
174	155
53	49
110	102
25	26
<u>1,614</u>	<u>1,452</u>

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**CITY OF BAKERSFIELD**

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**Property Value, Construction and Bank Deposits (1)  
Last Ten Fiscal Years**

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Fiscal Year	Commercial Construction		Residential Construction		Other Construction
	No. of Units	Value	No. of Units	Value	Value
1999-00	140	51,251	1,890	218,656	34,438
2000-01	123	38,113	2,012	261,522	48,067
2001-02	143	70,874	2,445	311,639	57,983
2002-03	141	56,694	2,981	428,534	62,112
2003-04	130	82,003	3,677	568,413	65,878
2004-05	103	62,202	4,291	675,804	115,348
2005-06(3)	76	36,008	5,314	870,190	94,661
2006-07	151	69,002	3,532	564,588	101,835
2007-08	153	78,506	1,922	296,788	104,710
2008-09	95	60,840	1,090	237,091	93,314

## Notes:

(1) Property value and bank deposits reported in thousands.

(2) Federal Deposit Insurance Corporation

(3) Previous report stated 6 months of data. Numbers have been corrected to represent a full year.

Source: City Finance Department

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Total Construction		
No. of Units	Value	Bank Deposits (2)
2,030	304,345	2,454,280
2,135	347,702	2,730,107
2,588	440,496	2,865,985
3,122	547,340	3,179,623
3,807	716,294	3,357,220
4,394	853,354	4,027,043
5,390	1,000,859	4,376,691
3,683	735,425	4,432,920
2,075	480,004	4,315,921
1,185	391,245	4,485,261

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**CITY OF BAKERSFIELD**

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**Operating Indicators by Function  
Last Eight Fiscal Years**

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Function	Fiscal Year			
	2002	2003	2004	2005
Public safety - Police				
Physical arrests			14,380	14,567
Parking violations	10,772	10,407	10,139	9,992
Traffic violations	27,688	35,813	32,475	22,833
Public safety - Fire				
Number of calls answered	16,695	21,727	23,101	24,348
Inspections		3,496	2,555	3,610
Public Works				
Street resurfacing (lane miles)	61	55	18	22
Refuse collection				
Refuse collected (tons/day)	71,649	74,400	80,246	85,332
Recyclables collected (tons/day)	22,358	24,808	28,032	31,155
Community services				
Athletic field permits issued	2,880	2,940	3,036	3,396
Community center admissions	44,637	74,060	61,216	59,962
Domestic/agricultural water				
New connections	1,523	1,739	1,518	2,056
Water main breaks	38	47	15	42
Average daily consumption (thousands of gallons)	27,763	29,011	31,691	31,790
Wastewater treatment				
Average daily sewage treatment (millions of gallons)	28.18 MGD	28.72 MGD	30.05 MGD	29.95 MGD

Source: City Finance Department

Fiscal Year			
2006	2007	2008	2009
16,677	18,210	17,272	18,531
10,572	9,146	11,094	7,985
	17,950	10,681	11,365
25,735	22,505	27,390	28,605
3,906	5,996	3,616	2,444
73	55	76	84
91,110	101,800	94,750	100,750
34,588	33,100	35,300	39,200
3,528	2,463	6,902	6,849
89,478	124,465	301,198	323,661
2,109	1,862	2,542	1,293
43	87	35	14
32,139	31,894	38,028	41,542
30.54 MGD	31.12 MGD	31.18 MGD	31.49 MGD

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**CITY OF BAKERSFIELD**


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**Capital Asset Statistics by Function  
Last Eight Fiscal Years**


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Function	Fiscal Year			
	2002	2003	2004	2005
Land (1)				
Area (2)	115.14	116.44	117.42	118.51
Public Safety				
Police Stations/Substations	3	3	4	4
Fire Stations	12	12	13	13
Refuse collection				
Collection trucks	34	35	38	42
Public works				
Streets (miles)	909	942	983	1,028
Streetlights	11,747	12,056	12,756	13,316
Traffic signals	264	268	280	293
Community services				
Parks acreage	399	399	398	432
Parks	45	46	45	46
Swimming pools	9	9	7	6
Tennis courts	11	11	11	11
Community centers	3	3	3	3
Domestic/agricultural water				
Water mains (miles)				409
Fire hydrants	7,578	7,933	8,365	8,518
Wastewater treatment				
Sanitary sewers (miles)	825	857	889	921
Storm sewers (miles)	150	159	173	189
Maximum daily treatment capacity (millions of gallons)	35 MGD	35 MGD	35 MGD	41 MGD

1) Reported in square miles

2) Corrected number for 2008 more accurate information provided

Source: City Finance Department

Fiscal Year			
2006	2007	2008	2009
120.85	135.48	139.91	143.46
4	4	4	4
13	13	13	13
44	55	56	57
1,069	1,178	1,236	1,242
14,101	14,965	15,474	15,809
302	314	326	343
432	447	454	484
46	48	49	55
6	6	6	6
11	11	11	11
3	3	3	3
589	710	842	926
9,040	9,600	9,765	10,041
962	1028	1,055	1,059
204	244	259	261
41 MGD	41 MGD	41 MGD	41 MGD

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**CITY OF BAKERSFIELD**

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**Schedule of Insurance in Force  
June 30, 2009**

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## Type of Coverage

<b>Liability:</b>	<b>Limits</b>
Excess Workers' Compensation	Statutory Limit with a \$500,000 self-insured retention.
Excess Liability	50,000,000 Limit with a \$1,000,000 self-insured retention.
Combination Crime	2,000,000 Coverage limit, \$25,000 deductible.
Airport Operations	10,000,000 Coverage limit.
Aircraft	10,000,000 Coverage limit.
<b>Physical Loss:</b>	
All Risk Property and Boiler Machinery	600,000,000 Coverage on buildings and contents subject to \$5,000 deductible with various sublimits.
Auto-Physical Damage	Coverage for high value vehicles over \$100,000, subject to a \$10,000 deductible.
<b>Life and Medical:</b>	
Life and Accident	2,000 Supervisory & Management employees. Each employee (basic coverage) and additional insurance equal to annual salary to nearest \$1,000. 12,000 Safety employees, each employee (basic coverage). 30,000 Miscellaneous employees, each employee (basic coverage).
Medical and Dental	Basic coverage plus \$5,000,000 extended benefits of 90% after \$350 deductible for medical or Group dental (Anthem Blue Cross) (\$50 deductible for Anthem Blue Cross).

Source: Liability and Physical Loss coverage is provided by the City's Risk Management Department. Life and Medical coverage is provided by the City's Human Resource Department.

<b>Insurance Company</b>	<b>Policy Number</b>	<b>Expiration Date</b>	<b>Annual Premium</b>
CSAC- EIA		07/10/10	\$ 298,004
ACCEL		06/30/10	735,382
CSAC		07/01/10	13,442
Chartis	AP3791956-01	07/01/10	3,081
W Brown & Assoc	NAC4001392	07/01/10	13,000
CSAC		03/31/10	208,250
Fort Dearborn Life	F001334	01/01/11	\$3.96 per thousand dollar of salary, Management & Supervisory annual plus \$2,000.
Fort Dearborn Life	F001334	01/01/11	\$47.58 each permanent employee for \$12,000 coverage
Fort Dearborn Life	F001334	01/01/10	\$118.82 each permanent employee for \$30,000 coverage
Anthem Blue Cross Anthem Blue Cross Athem Blue Cross HMO Dedicated Dental System Pacific Union Dental, Inc. Kaiser Permante	Dental 97039S Health 97039M Health 59E69A Dental 05658 Dental 95054 132733-1003	01/01/10	Bi-weekly rate range from \$159.91 to \$591.69 per employee for medical based upon Individual's Plan coverage and Plan combination and \$9.70 to 65.33 for Dental.

