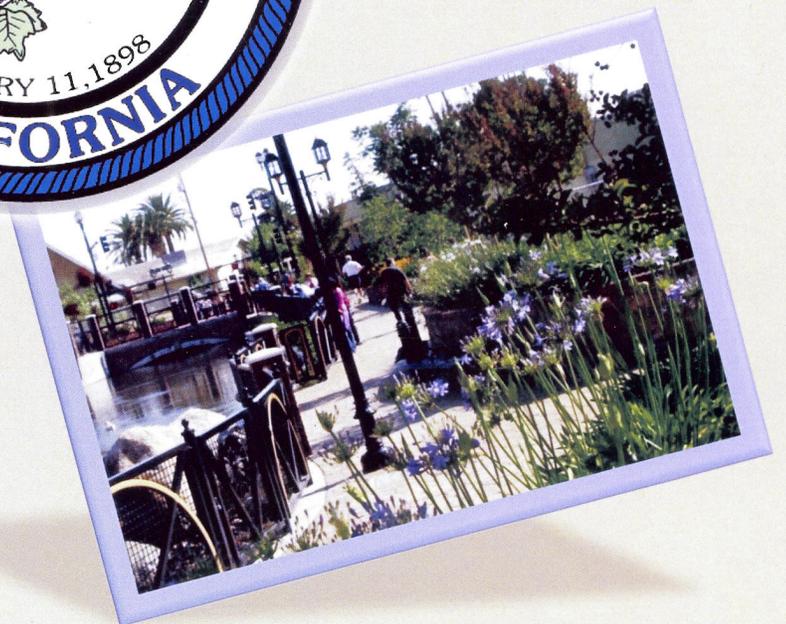
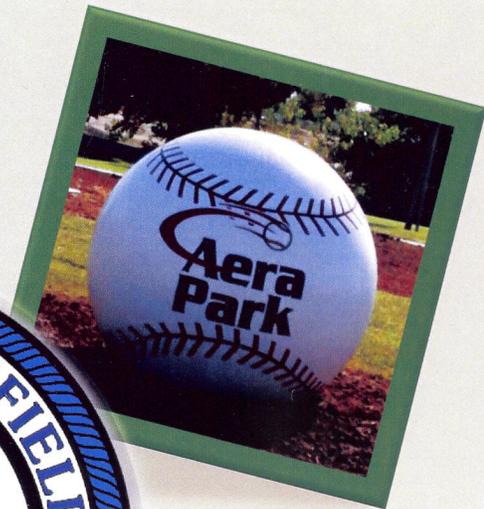
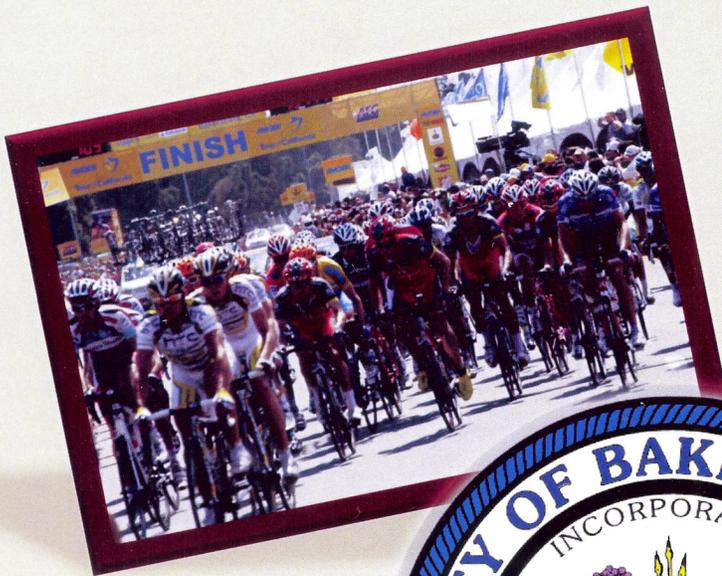


City of Bakersfield, California



**Comprehensive Annual Financial Report
For the fiscal year ending June 30, 2010**

CITY OF BAKERSFIELD, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2010



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

On the Cover:

Top Left Photo – The 2010 Amgen Tour of California Stage 5 finish line. On May 20, 2010, some of the world's most renowned and respected cyclists rolled into Bakersfield, one of 16 California cities selected to host a leg of the tour.

Top Right Photo – On April 18, 2009 the Aera Baseball Park officially opened. The 40-acre facility transformed a water recharge area to eleven ball field dedicated to youth baseball.

Bottom Photos – On May 29, 2010 a ribbon cutting ceremony unveiled the Mill Creek Linear Park presenting the results of a ten year project from concept to construction. The revitalization of a mile and a half section of the canal front property is the largest redevelopment project for downtown that Bakersfield has ever done.

CITY OF BAKERSFIELD

Comprehensive Annual Financial Report
Year Ended June 30, 2010

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December 2, 2010

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, 2010. 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 Principles (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 144.4 square miles and has an estimated population of 338,952 as of January 1, 2010.

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 and the Bakersfield Redevelopment Agency. 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 are moving forward using a combination of local funds, Transportation Impact Fees, State and Federal road funds. The 2009-10 Budget included 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. Both of these projects are well under way with completion expected within the next 12 to 18 months. Additionally, construction on the Fairfax / Hwy 178 interchange project was completed this year and we have several other TRIP projects with contracts in place for environmental study work.

The City was fortunate in obtaining several American Recovery and Reinvestment Act (ARRA) Federal Grant awards during the fiscal year, including funds for several road resurfacing projects, police staffing, homeless prevention and a solar energy project at our recently expanded Wastewater Treatment facility. Total grant funds awarded through the ARRA program were approximately \$19 million, and the City has already expended or encumbered over \$17 million of these stimulus monies during the 2009-10 fiscal year.

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 and south along the eastern edge of the central downtown area. Phase I improvements were completed last fiscal year, which included a large pond within a downtown central park enclosed with decorative fencing and a landscaped walking path along the perimeter of the pond. Phase II of the project, which was completed in 2009-10, extended the walking path to the north and south and included additional enhancements to both the canal and the street crossings; thus expanding on the linear park concept. Funding for the project includes a State Infrastructure Bank Loan for \$10,000,000. Additionally, a California Proposition 1C grant for \$10,847,200 was awarded for additional project phases which will include major streetscape improvements along Q Street as well as Sister City gardens along the Mill Creek. These projects are completely designed and construction bids expect to be awarded in early 2011.

The expansion of the Wastewater Treatment Plant that services the western half of Bakersfield was completed during the 2009-10 fiscal year. The \$211 million construction project was awarded to Kiewit Construction in August 2007. The expansion project doubled the size of the westside plant, taking it from a capacity of 16 million gallons per day (MGD) to 32 MGD. 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.

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 thirteen of the past fifteen quarters and we expect sales to remain depressed for the next twelve months. New home construction and assessed values of existing homes have continued to decline 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 decreased by about 10% in 2009-10 and are projected to decrease by another 2% to 3% in 2010-11. Sales tax revenues declined by about 10.5% in 2009-10 and we do not expect any significant recovery in 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 2010-11. The Council has maintained a \$12,000,000 cash basis reserve fund along with a \$5,000,000 facilities reserve fund to provide a level of protection for the City. During the 2010-11 budget process the City Council reduced operating costs and eliminated 7 positions over and above the 161 positions eliminated during the prior budget cycle. Each department has suffered budget reductions, but 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 escalate for all employee groups over the next three years as a result 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 and continuing through 2013-14. 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 11% over the next three fiscal years. These projected rate increases reflect a significant change in retirement costs for the City that we estimate will increase our costs by 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. The City also passed a recent ballot measure in November 2010 for newly hired public safety employees that will reduce their retirement benefit plan to a lower tier plan (2% @ 50) and it requires new employees to pay the employee portion of the PERS rate for the term of their employment.

State Budgetary Actions - The budget problems at the State level are a 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 absorbed 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 continue the deferral 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 addressed its structural budget problems and may again have a significant budget deficit looming on their horizon for 2010-11 and 2011-12. 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 our long term financial and operating needs. The recent expansion of our Wastewater Treatment Plant on the west side of town will provide capacity for any future growth for many years. 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 2009-10 City of Bakersfield appropriation limit established as required by state statute was \$274,091,361.

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 2009-10 audit year is the fourth 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 auditor's 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, 2009, marking the twenty-ninth 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, 2009

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.



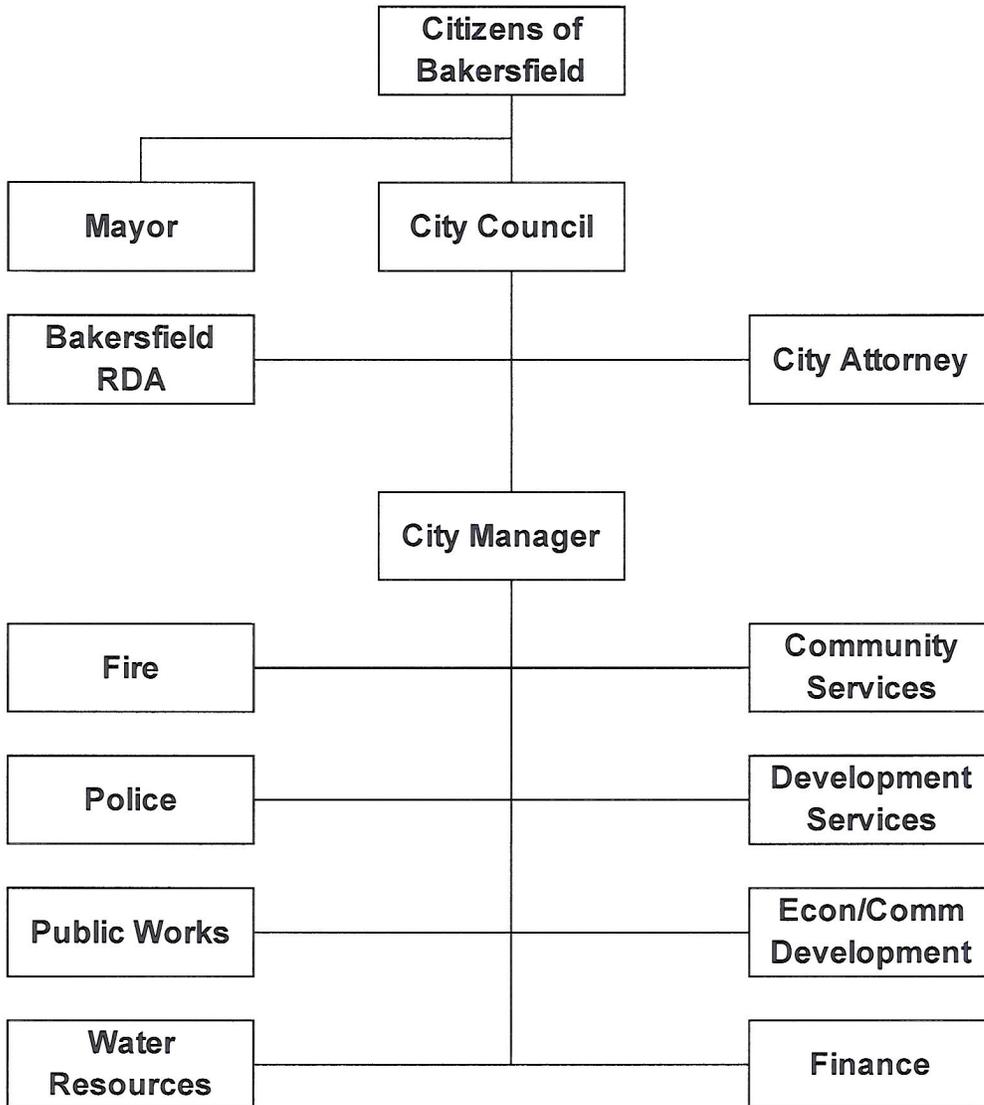
A handwritten signature in black ink, appearing to be "J. H. Emer".

President

A handwritten signature in black ink, appearing to be "Jeffrey R. Emer".

Executive Director

City of
Bakersfield
Organizational Chart



CITY OF BAKERSFIELD

June 30, 2010

City Council

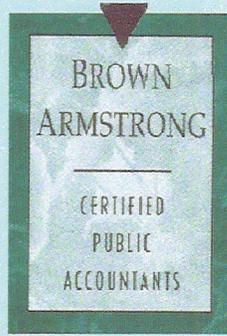
Harvey L. Hall	Mayor
Irma Carson	Member/Ward 1
Sue Benham	Member/Ward 2
Ken Weir	Member/Ward 3
David R. Couch	Member/Ward 4
Harold Hanson	Member/Ward 5
Jacque Sullivan	Member/Ward 6
Zack Scrivner	Vice Mayor/Ward 7

Administrative Personnel

Alan Tandy	City Manager
Virginia Gennaro.....	City Attorney
Donna Kunz	Economic Development Director
Nelson K. Smith	Finance Director
Ron Frazee	Fire Chief
Greg Williamson.....	Police Chief
Raul Rojas	Public Works Director
Dianne Hoover	Director Recreation & Parks
Art Chianello	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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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 the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bakersfield, California, (the City) as of and for the year ended June 30, 2010, 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, 2010, as listed in the supplementary information section of table of contents. These financial statements are the responsibility of the City'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.

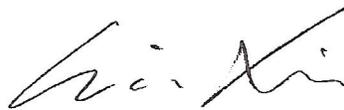
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bakersfield, California, as of June 30, 2010, 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, California, as of June 30, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 17 and 95 through 98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. 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 governmental funds, internal service funds, and fiduciary 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 of the basic financial statements. The combining and individual non-major funds' budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2010, 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 2, 2010

CITY OF BAKERSFIELD

Management's Discussion and Analysis

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, 2010. 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, \$239.7 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$1.3 million over the prior fiscal year. This decrease is attributable to a \$36.8 million increase in capital asset investments, a \$76 million decrease in restricted net assets and a \$37.9 million increase in unrestricted net assets.
- As of the close of the current fiscal year, the City of Bakersfield's Governmental Funds reported combined ending fund balances of \$141.7 million, a decrease of \$25.1 million in comparison with the prior year. The City's unreserved fund balance decreased by \$79.1 million leaving a deficit unreserved fund balance of \$6.6 million. This deficit is directly related to a \$53.7 million increase in encumbrances related to the City's extensive road construction projects and improvements.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$32.9 million (a decrease of \$5.2 million from the prior year). Of this amount, \$6.5 million is designated for compensated absences and the balance of \$26.4 million is unreserved and undesignated (of which, \$15.8 million was re-programmed into the 2010-11 budget).
- The City of Bakersfield's long-term debt showed a net decrease of \$1.4 million during the current fiscal year. The decrease in debt was a result of normal maturity on existing debt of \$3.2 million and new debt of \$1.8 million.

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.

CITY OF BAKERSFIELD

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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 would normally be blended in these financial statements. The Authority did not, however, have any financial activity during this fiscal year.

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. 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.

CITY OF BAKERSFIELD

Management's Discussion and Analysis

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 \$2.4 billion at the close of the most recent fiscal year, which is a \$1.3 million, or .05% decrease in comparison with the prior year. The difference is the offset between an increase in business-type activity net assets of \$22.0 million and a decrease in governmental activity net assets of \$23.3 million.

The largest portion of the City of Bakersfield's net assets (86.7% of the total) reflects its investment in capital assets of \$2,037,891,908 (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 \$73,869,497 (3.1% of the total) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$239,717,915 (10.2% of the total) 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 years.

CITY OF BAKERSFIELD

Management's Discussion and Analysis

The following table presents the government-wide assets, liabilities, and net assets for both 2009 and 2010. The governmental and business-type activities columns reflect amounts that have been restated in this financial report. See Note 19 page 93 for prior period adjustments.

City of Bakersfield – Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Assets						
Current and other assets	\$ 256,033,189	\$ 252,604,882	\$ 194,199,318	\$ 162,978,806	\$ 450,232,507	\$ 415,583,688
Capital assets (net)	1,416,607,899	1,409,023,018	841,783,529	884,742,099	2,258,391,428	2,293,765,117
Total assets	<u>1,672,641,088</u>	<u>1,661,627,900</u>	<u>1,035,982,847</u>	<u>1,047,720,905</u>	<u>2,708,623,935</u>	<u>2,709,348,805</u>
Liabilities						
Long-term liabilities						
outstanding	27,417,787	33,843,631	250,797,488	247,064,438	278,215,275	280,908,069
Other liabilities	43,759,853	49,611,030	33,887,189	27,350,385	77,647,042	76,961,415
Total liabilities	<u>71,177,640</u>	<u>83,454,661</u>	<u>284,684,677</u>	<u>274,414,823</u>	<u>355,862,317</u>	<u>357,869,484</u>
Net Assets						
Invested in capital assets,						
net of related Debt	1,412,593,899	1,403,412,018	588,467,081	634,479,891	2,001,060,980	2,037,891,909
Restricted	61,026,264	39,139,625	88,883,509	34,729,872	149,909,773	73,869,497
Unrestricted	<u>127,843,285</u>	<u>135,621,596</u>	<u>73,947,580</u>	<u>104,096,319</u>	<u>201,790,865</u>	<u>239,717,915</u>
Total Net Assets	<u>\$ 1,601,463,448</u>	<u>\$ 1,578,173,239</u>	<u>\$ 751,298,170</u>	<u>\$ 773,306,082</u>	<u>\$ 2,352,761,618</u>	<u>\$ 2,351,479,321</u>

Governmental Activities – Total assets for governmental activities decreased by \$11.0 million, with current and other assets in governmental activities decreasing by \$3.4 million and capital assets decline of \$7.6 million. Total liabilities increased by \$12.3 million, with other liabilities increasing by \$5.9 million and long-term liabilities increasing by \$6.4 million.

Of the \$23.3 million decrease in governmental activities total net assets, unrestricted net assets increased by \$7.8 million, which was offset by a decline in capital assets, net of related debt by \$9.2 million and a decrease in restricted net assets of \$21.9 million. The decrease in restricted net assets is due primarily to a decline in capital improvements, with the exception of street and road projects.

Business-Type Activities – Total assets for business-type activities increased by \$11.7million with current and other assets decreasing by \$31.3 million offset by (net) capital asset growth of \$43.0 million. Total liabilities decreased by \$10.3 million, with other liabilities decreasing by \$6.6 million and long-term liabilities decreasing by \$3.7 million. Total net assets for business-type activities increased by \$22.0 million. Capital assets, net of related debt, increased by \$46.0 million (Wastewater Treatment Facility construction) offset by a decline in restricted net assets of \$54.2 million. Business-type activities unrestricted net assets increased by \$30.1 million, comprised of increases of \$23.3 in Wastewater Treatment, \$4.5 million in Refuse Collection and \$2.3 million in other Enterprise Funds.

CITY OF BAKERSFIELD

Management's Discussion and Analysis

Change in Net Assets of the City

The following table presents the government-wide changes in net assets for both 2009 and 2010. The City's total program expenses of \$399.9 million exceeded revenues of \$398.6 million for a decrease in net assets of \$1.3 million. The governmental and business-type activities columns reflect amounts that have been restated in this financial report. See Note 19 page 93 for prior period adjustments.

City of Bakersfield – Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009*	2010	2009*	2010	2009*	2010
Revenues:						
Program revenues						
Charges for services	\$ 47,368,228	\$ 40,071,451	\$ 94,751,659	\$ 96,452,600	\$ 142,119,887	\$ 136,524,051
Operating grants and contributions	18,940,149	26,063,320	5,228,837	7,121,598	24,168,986	33,184,918
Capital grants and contributions	75,921,404	76,021,617	12,174,540	10,189,981	88,095,944	86,211,598
Total Program Revenues	142,229,781	142,156,388	112,155,036	113,764,179	254,384,817	255,920,567
General revenues:						
Taxes:						
Property taxes	70,869,285	63,923,865			70,869,285	63,923,865
Sales taxes	56,615,428	50,664,334			56,615,428	50,664,334
Other taxes	3,136,193	1,910,719			3,136,193	1,910,719
Intergovernmental:						
Intergovt., unrestricted	962,870	1,026,116			962,870	1,026,116
Grants and contributions not restricted to specific programs						
	16,767,713	19,229,234			16,767,713	19,229,234
Investment earnings	2,879,700	1,103,532	3,757,651	3,012,666	6,637,351	4,116,198
Miscellaneous	1,408,497	1,776,536			1,408,497	1,776,536
Gain on sale of property	58,726	14,646			58,726	14,646
Total revenues	294,928,193	281,805,370	115,912,687	116,776,845	410,840,880	398,582,215
Expenses:						
General government	15,624,497	13,169,300			15,624,497	13,169,300
Public safety – Police	68,830,802	66,819,611			68,830,802	66,819,611
Public safety – Fire	32,844,159	32,901,818			32,844,159	32,901,818
Public works	98,187,688	138,345,249			98,187,688	138,345,249
Community services	31,186,962	32,640,571			31,186,962	32,640,571
Development services	10,111,034	8,231,893			10,111,034	8,231,893
Economic/Community dev.	6,930,730	12,935,695			6,930,730	12,935,695
Interest on long term debt	252,743	201,442			252,743	201,442
Subtotal - Governmental	263,968,615	305,245,579	-	-	263,968,615	305,245,579

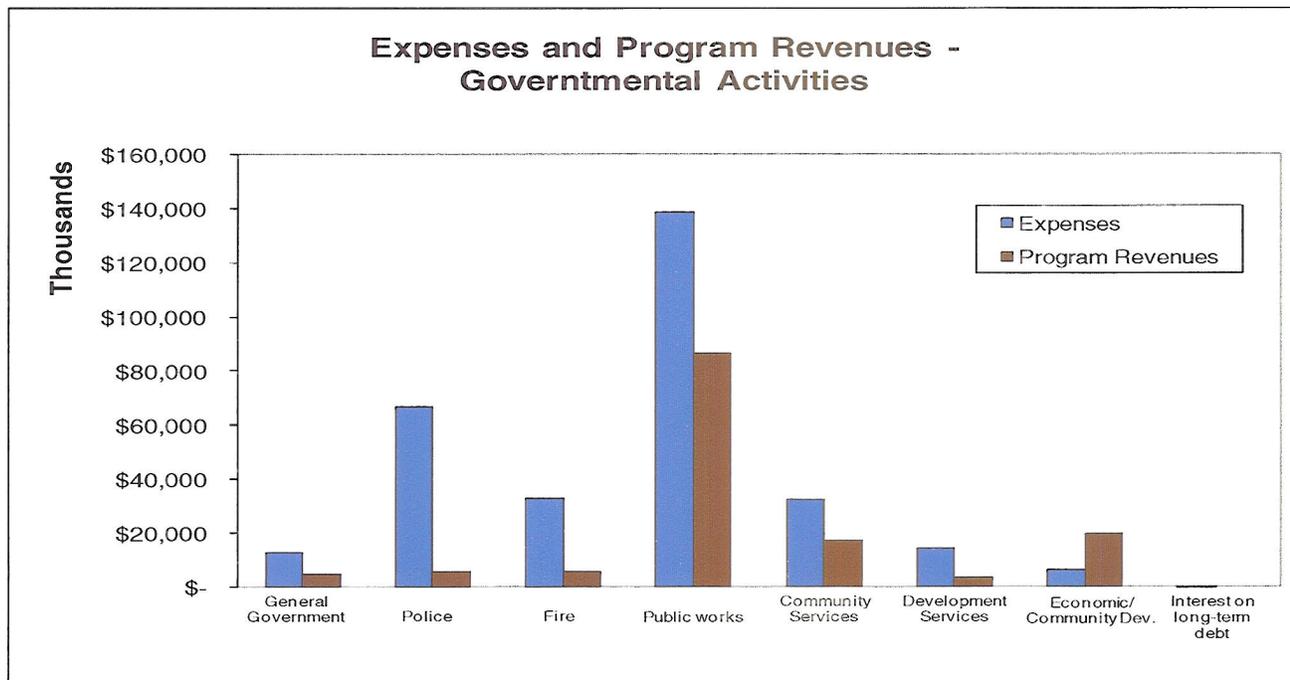
CITY OF BAKERSFIELD

Management’s Discussion and Analysis

	Governmental activities		Business-type activities		Total	
	2009*	2010	2009*	2010	2009*	2010
Business Type:						
Wastewater treatment			32,009,889	31,978,755	32,009,889	31,978,755
Refuse collection			37,590,048	35,237,306	37,590,048	35,237,306
Agricultural water			5,014,733	4,901,463	5,014,733	4,901,463
Domestic water			20,089,704	21,951,835	20,089,704	21,951,835
General aviation			296,653	372,089	296,653	372,089
Off-street parking			192,011	177,485	192,011	177,485
Subtotal - Business Type	-	-	95,193,038	94,618,933	95,193,038	94,618,933
Total expenses	263,968,615	305,245,579	95,193,038	94,618,933	359,161,653	399,864,512
Change in net assets before						
transfers & other items	30,959,578	(23,440,209)	20,719,649	22,157,912	51,679,227	(1,282,297)
Transfers	47,000	150,000	(47,000)	(150,000)	-	-
Change in net assets	31,006,578	(23,290,209)	20,672,649	22,007,912	51,679,227	(1,282,297)
Net Assets - Beginning of						
Year (as restated)	1,570,456,870	1,601,463,448	730,625,521	751,298,170	2,301,082,391	2,352,761,618
Net assets - End of Year	\$ 1,601,463,448	\$ 1,578,173,239	\$ 751,298,170 *	\$ 773,306,082	\$ 2,352,761,618	\$ 2,351,479,321

* as restated

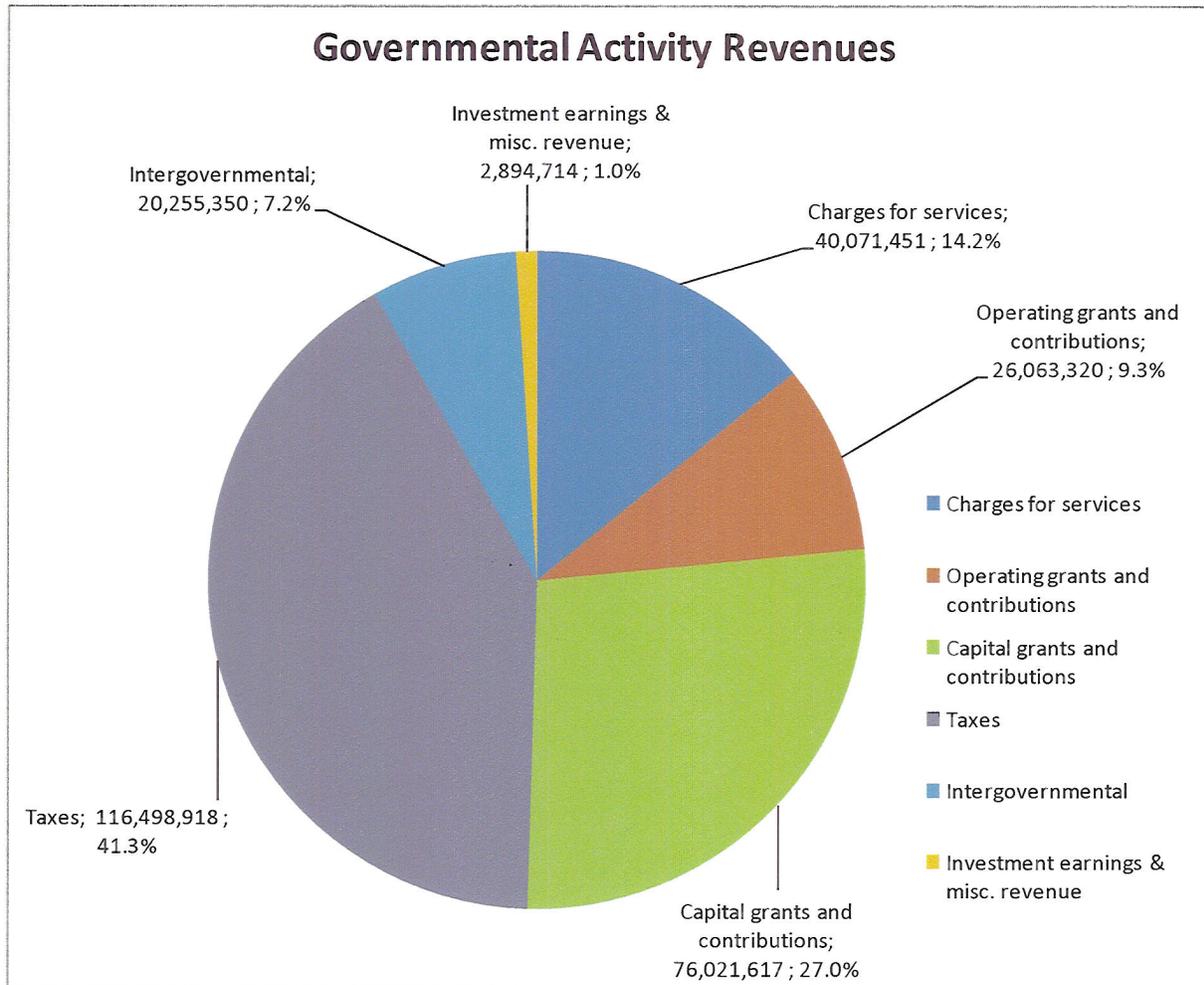
Governmental Activities – Governmental activities decreased the City’s net assets by \$23.3 million during the year. In the table below, the difference between the program revenue and expense bars by activity illustrates the amount each respective activity is supported by program revenues. Public Safety and Public Works service delivery costs exceeded program revenues by \$88.6 million and \$52.1 million, respectively. Public safety programs rely heavily on taxes to support their operations. Public Works programs are primarily reimbursable.



CITY OF BAKERSFIELD

Management's Discussion and Analysis

Revenues and expenses in the governmental activities have grown as the population has grown. The taxes category is the largest revenue source for governmental activities, amounting to \$116.5 million or 41.3% of total revenues. Capital grants and contributions is also a significant revenue source for the City's governmental activities, amounting to \$76.0 million or 27.0% of total revenues.



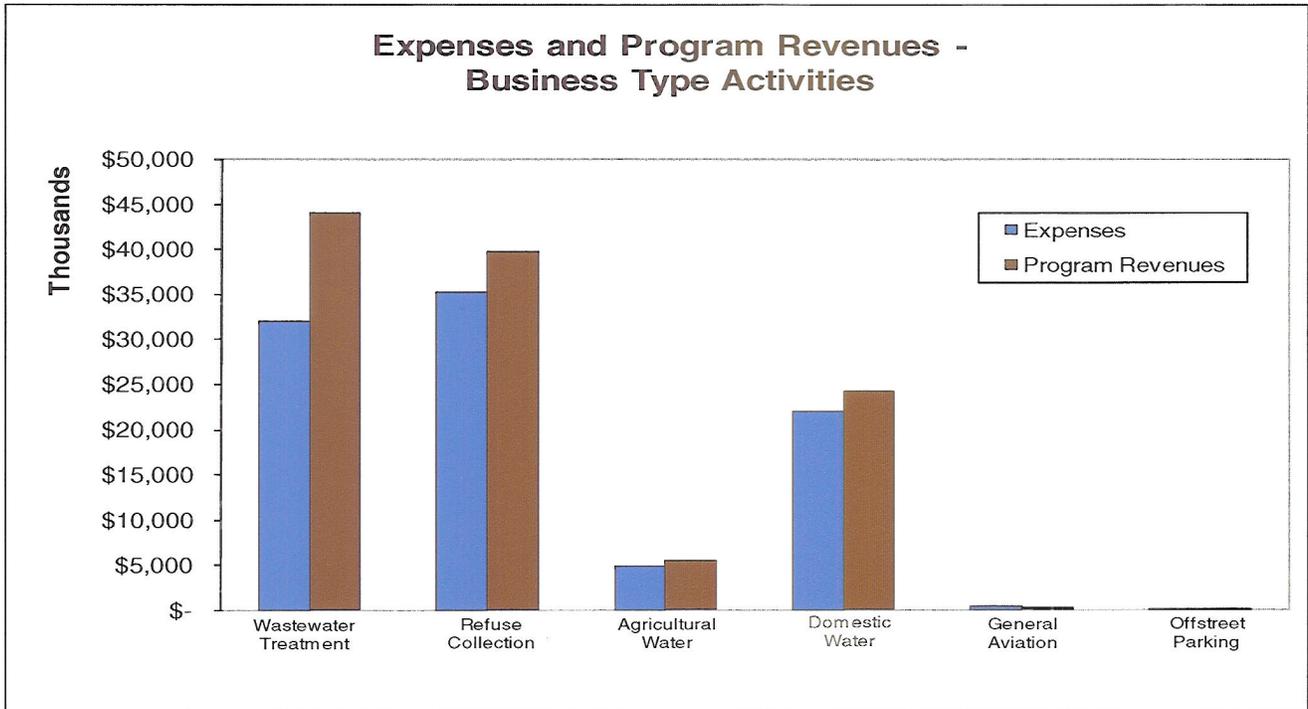
Governmental Activity Revenues decreased \$13.1 million, a 4.5% decrease compared to the previous fiscal year. This decrease is due primarily to a 10.5% (\$6.0 million) decrease in sales tax revenue, a 9.8% (\$6.9 million) decrease in property tax revenue and a 15.4% (\$7.3 million) decrease in charges for services. The decrease in sales tax revenue is due to a continued declining economy and the decrease in property taxes and charges for services is due to the continued slow down in the housing market and building activity.

Total expenses in Governmental activities had a net increase of \$41,276,964 from the previous fiscal year with the largest percentage increase (86.6%) in Economic and Community Development. Economic and Community Development increased by \$6.0 million in large part to construction activity along the Mill Creek Linear Park project. The next largest percentage increase (41.0%) was in Public Works. Public Works increased by \$40.2 million due to major road and bridge construction projects, including the Westside Parkway and Thomas Road Improvement Program projects. General Government, Public Safety – Police, and Development Services decreased by \$2.4 million, \$2.0 million and \$1.9 million, respectively, due primarily to a reduction in staffing, hiring freeze and reduction in overtime. Expenses in Community Services increased by \$1.5 million due to the Mesa Marin and Sports Village complex capital improvements.

CITY OF BAKERSFIELD

Management's Discussion and Analysis

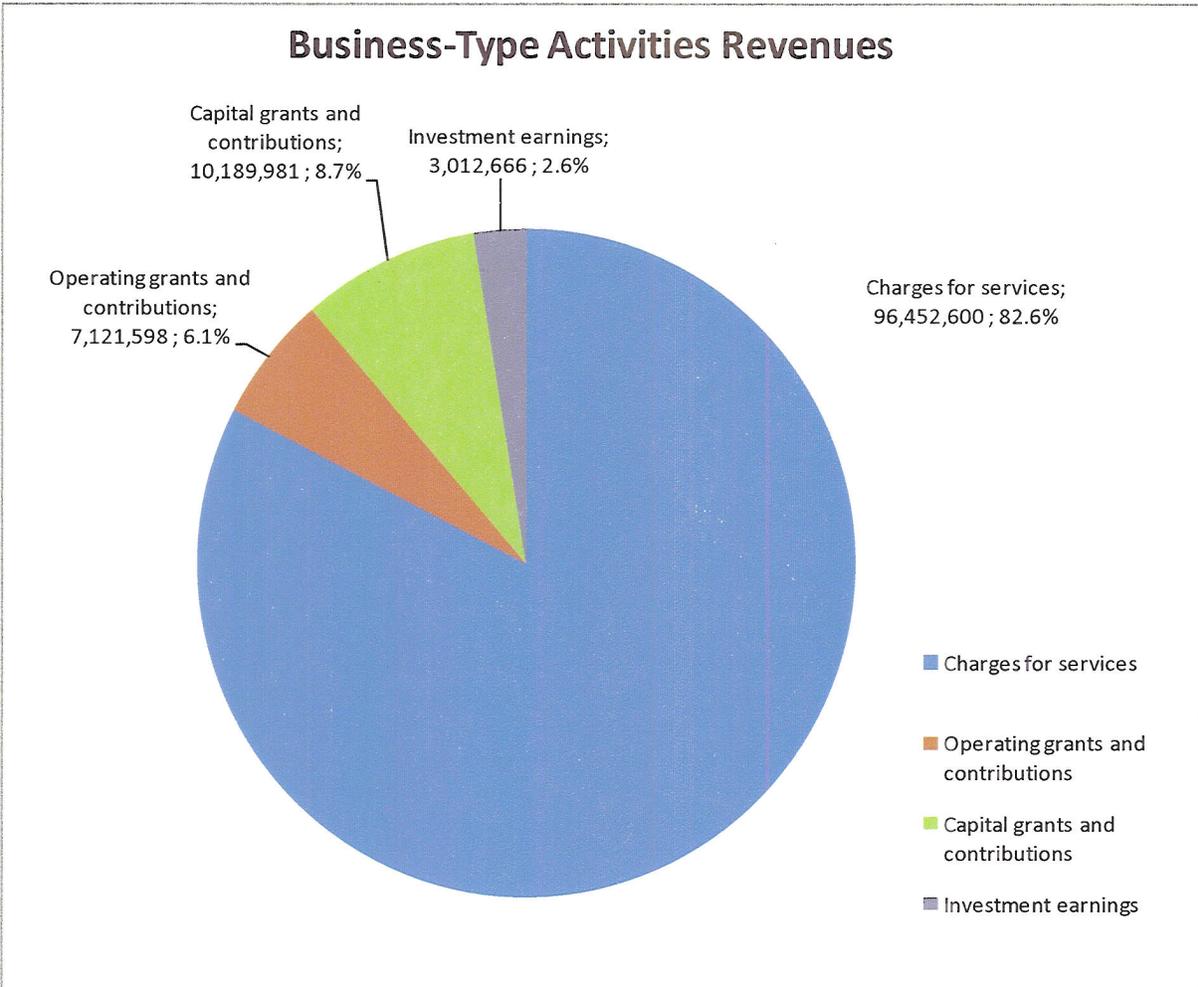
Business-Type Activities – The City operates six Enterprise Funds that offer water, wastewater services, refuse collection, agricultural water, domestic water to City residents, downtown parking and a municipal airport.



Business-type activities increased the City's net assets by \$22.0 million. The bar chart above compares total program revenues and expenses. Program revenues exceeded program expenses in wastewater treatment by \$12.1 million, refuse collection by \$4.5 million and domestic water by \$2.3 million.

The Domestic Water Fund showed the largest increase in expenses over the prior year, with an increase of \$1.9 million. The increase in the Domestic Water Fund is due to new water supply and treatment programs. The Refuse Collection Fund showed a decrease in expenses of \$2.4 million over the prior year due to lower fuel costs and a reduction in commercial refuse collection activity.

The pie chart illustrates the distribution of business-type revenues by category. The City’s business-type activities rely heavily on charges for services to fund their operations, making up 82.6% of total revenues. Capital grants and contributions is the second largest revenue source at 8.7% of total revenues.



The City’s operating grants and contributions in business-type activities increased by \$1.9 million, which, represents a 36.2% increase over the prior fiscal year revenue figures. This revenue source is primarily the fees paid by developments for connection to the City’s Water and Wastewater Sewer systems. Connection fees in the Wastewater activities are scheduled to increase each year in order to help meet the annual debt payments that funded the Wastewater plant expansion.

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.

CITY OF BAKERSFIELD

Management's Discussion and Analysis

As of the end of the current fiscal year, the City of Bakersfield's Governmental Funds reported combined ending fund balances of \$141,729,686, a decrease of \$26,540,581 in comparison with the prior year. The City's unreserved fund balance decreased by \$79.1 million leaving a deficit unreserved fund balance of \$6.6 million. 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 (\$130,983,247); 2) to be set aside as a cash basis reserve (\$12,302,327); 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 \$32,947,354. Of this amount \$6.5 million is designated for compensated absences and \$26.4 million was available for use at the City's discretion as undesignated (of which, \$15.8 million was re-programmed into the 2010-11 budget), while total fund balance declined from \$52,145,389 to \$45,948,161. 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 21.8% of General Fund expenditures. Total fund balance for the General Fund represents approximately 30.4% of General Fund expenditures.

The fund balance of the City of Bakersfield's General Fund is \$6,197,228 lower than the prior fiscal year. The major factors in General Fund activity that resulted in this decrease are as follows:

- Operating revenues decreased in the General Fund by approximately \$19.1 million, a decrease of 11.4% from the prior year. The primary cause of this decrease (\$13.7 million decrease in property taxes and \$6.0 decrease in sales and use tax) is due to the declining economy.
- Operating expenses decreased in the General Fund by approximately \$10.2 million, a decrease of 6.3% 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.

The Transient Occupancy Tax Fund has a total fund balance of \$1,582,980 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 \$10,045. 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, the 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 \$4,177,201 and a deficit of \$3,987,941 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 \$2,441,345. This decrease was a direct result of using several years of Home Fund program income as opposed to using entitlement monies for current year projects. 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 \$107,922,132 and a deficit of \$100,504,882 in unreserved fund balance that reflected an increase in the deficit of \$49,350,140. The 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 slightly 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.

CITY OF BAKERSFIELD

Management's Discussion and Analysis

The Capital Outlay fund has a total Fund balance of \$21,805,909, an increase of \$264,452 from the previous fiscal year. Of this amount, \$6,029,925 is reserved for the payment of encumbrances on existing capital projects and \$5,000,000 is reserved for facility replacement. A total of \$7,339,082 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 \$3,436,902 is unreserved and undesignated.

The Park Development Fund has a total fund balance of \$10,676,809 at the end of the current year. Of this amount \$868,228 is reserved for the payment of encumbrances on existing capital projects. Revenues in this fund decreased by 28% compared to the previous fiscal year due to the continuing decline in the housing industry while expenditures increased by 147% due to the completion of projects that were previously delayed because of possible delays in grant reimbursements from the State. The remaining funds of \$9,808,581 are unreserved and undesignated. Expenditures exceeded revenues resulting in a net decrease in fund balance of \$1,857,626.

The Transportation Development Fund has a total fund balance of \$43,356,845 at the end of the current year. Of this amount, \$3,849,889 is reserved for the payment of encumbrances on existing capital projects and \$22,889,891 is designated for projects. The remaining funds of \$16,617,065 will be programmed in the 2010-11 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 \$508,778,527 at the end of the current year, an increase of \$13,663,822 over the prior year. Total net assets include \$421,285,836 invested in capital assets and \$29,803,093 of restricted assets (of which \$7,764,032 relates to the Sewer Plant 3 expansion project), which are not available to cover current expenses. The remaining net assets of \$57,689,598 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 and connection fees.

The Refuse Collection Fund has total net assets of \$20,570,831 at the end of the current year, an increase of \$4,203,560 from the prior year. A portion of net assets of \$4,926,779 are designated for future landfill closure costs. The remaining net assets within the Refuse fund of \$15,644,052 are unrestricted and available to cover current operating and capital needs of the fund.

The Agricultural Water Fund has total net assets of \$26,894,789 at the end of the current year, an increase of \$550,462 over the prior year. Total net assets include \$21,149,961 invested in capital assets, which are not available to cover current expenses. The remaining net assets of \$5,744,828 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 \$199,899,358 at the end of the current year, an increase of \$2,906,325 over the prior year. Total net assets include \$176,636,658 invested in capital assets, which are not available to cover current expenses. The remaining net assets of \$23,262,700 are unrestricted and available to cover current operating and capital needs of the fund.

The General Aviation Fund has total net assets of \$9,893,299 at the end of the current year, an decrease of \$89,335 compared to the prior year. Total net assets include \$9,375,681 invested in capital assets, which are not available to cover current expenses. The remaining net assets of \$517,618 are unrestricted and available to cover current operating and capital needs of the fund.

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Management's Discussion and Analysis

The Offstreet Parking Fund has total net assets of \$6,073,945 at the end of the current year, a decrease of \$112,924 compared to the prior year. Total net assets include \$6,031,755 invested in capital assets, which are not available to cover current expenses. The remaining net assets of \$42,190 are unrestricted and available to cover current operating and capital needs of the fund.

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 \$2,293,765,117 (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 \$35,373,689.

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 fiscal year 2009-10.

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 is \$116,081,250. This figure includes over \$106 million towards major street construction, traffic signal, and resurfacing projects throughout the City.
- The Wastewater Treatment Funds have over \$250 million in construction in progress in Business-type activities. This includes about \$246 million for the Wastewater Plant #3 expansion project and \$4 million for various sewer line extension projects.
- The City added over \$11 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	
	2009	2010	2009	2010	2009	2010
Land and water storage rights	\$ 404,362,555	\$ 407,951,749	\$ 33,741,805	\$ 33,741,805	\$ 438,104,360	\$ 441,693,554
Depreciable buildings, property, equipment and infrastructure, Net	884,670,434	884,990,019	598,028,835	597,536,932	1,482,699,269	1,482,526,951
Construction in progress	127,574,910	116,081,250	210,012,889	253,463,362	337,587,799	369,544,612
Total Capital Assets	<u>\$ 1,416,607,899</u>	<u>\$ 1,409,023,018</u>	<u>\$ 841,783,529</u>	<u>\$ 884,742,099</u>	<u>\$ 2,258,391,428</u>	<u>\$ 2,293,765,117</u>

CITY OF BAKERSFIELD

Management's Discussion and Analysis

Long-Term Debt - At the end of the current fiscal year, the City of Bakersfield had a total debt outstanding of \$255,873,208. The City of Bakersfield's total debt decreased by a net amount of \$1,457,240 during the current fiscal year. Debt reductions of \$3,257,240 were generally the result of normal debt maturities which is offset by the addition of a \$ 1,800,000 Section 108 HUD loan.

City of Bakersfield – Outstanding Debt

	Balance July 1, 2009	Incurred or Issued	Satisfied or Matured	Balance June 30, 2010
Governmental Activities				
Loans payable	\$ 4,014,000	\$ -		\$ 4,014,000
Other bonds payable	-	1,800,000	203,000	1,597,000
Total governmental activities	\$ 4,014,000	\$ 1,800,000	\$ 203,000	\$ 5,611,000
Business-Type Activities				
Revenue Bonds Payable	\$ 242,701,570	\$ -	\$ 1,431,063	\$ 241,270,507
Loans Payable	10,614,878		1,623,177	8,991,701
Total business-type activities	\$ 253,316,448	\$ -	\$ 3,054,240	\$ 250,262,208
Total Debt	\$ 257,330,448	\$ 1,800,000	\$ 3,257,240	\$ 255,873,208

Certificates of Participation issued by the City and the Bakersfield Redevelopment Agency in 2006 carry a Reserve Fund Surety from Ambac Assurance Company. Ambac filed for a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. 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" 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.

More detailed information regarding capital asset and long-term debt activity can be found in the related notes to the financial statements. See Note 5 page 65 for capital assets and Note 10 page 71 for long-term debt.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget reflect a decrease in resources of \$12,007,151 and a decrease in appropriations of \$991,825. Significant budgetary amendments (changes) are summarized as follows:

- \$15.4 million decrease in resources from Taxes. Property tax resources decreased by \$6.8 million and Sales and use tax resources decreased by \$8.6 million. This significant decrease was due to a continuing declining economy which has been felt at the national, state and local levels.
- \$1.9 million increase in resources from Other Revenue. This increase is due in large part to a \$1.3 million refund of accumulated premium surplus funds from Anthem Blue Cross.
- \$991,825 total decrease in appropriations. This net decrease included a \$2.1 million decrease in non-departmental expenditures offset by a \$1.6 million increase in Police expenditures with the remainder of increases being spread over the other departments.

The final amended revenue estimate budget figures in the General Fund were lower than actual revenue by \$11,508,707 and appropriations were higher than actual expenditures by \$10,990,091. Significant differences between budget and actual amounts are as follows:

- \$10.2 million positive variance in tax revenue is due to a conservative 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 conservative in nature and the actual revenue amounts in these areas did not decline as much as originally anticipated.
- \$1.1 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.
- \$4.8 million variance of appropriations over actual expenditures in the Police Department. The savings are due primarily to benefit savings from unfilled positions and a reduction in overtime, plus some grant funded projects that were budgeted but not started.
- \$2.6 million variance of appropriations over actual expenditures in the Public Works Department is due primarily to salary savings from unfilled vacant positions as well as street materials not being purchased that were budgeted.
- \$1.5 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 temporary help.
- \$1.1 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.

CITY OF BAKERSFIELD

Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The key assumptions in the General Fund revenue forecast for fiscal year 2010-11 were:

1. Because of the general economic slowdown property tax revenues are expected to decline by 2% in the upcoming year. This time last year the expected decline was 11%.
2. Sales tax revenues are expected to decline 3.0% 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 5.3% 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 2010-11 budget include the following:

Public Works – The total operating budget for the department has increased from fiscal year 2009-10 by 2.5%, totaling \$94,091,458. This budget reflects the deferral of some purchases of replacement equipment, as well as extending the life of vehicles and equipment. The increase however, is largely attributable to a recent Environmental Protection Agency regulation which requires the replacement of certain pieces of equipment that cannot be retrofitted to comply with certain air emission regulations.

Development Services – The Development Services Department has experienced a significant slow down in the levels of development activity over the past three fiscal years. The total operating budget for the Department is \$7,137,096, which is a 13.6% decrease as compared to the previous fiscal year. This decrease is due to the deletion of vacant positions and displacements.

Domestic Water – The Domestic Water system's current operating budget has increased by 5.3% from the 2009-10 fiscal year. The 2010-11 budget includes an increase in the quantity rate for City customers to \$0.91 per hundred cubic feet (a \$0.03 increase) which will take effect in October 2010. These increases are due to the cost of new water supply programs, and general cost increases in electricity and the operations and maintenance contract.

Wastewater – The Wastewater Enterprise Fund's budget includes a 2.6% increase in residential sewer rates, increasing from \$195 per single family home to \$200. 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@bakersfieldcity.us. Formal written requests should be addressed to: City of Bakersfield, Attn: Finance Department, 1600 Truxtun Avenue, Bakersfield, CA 93301.



Government-Wide Financial Statements

CITY OF BAKERSFIELD

**Statement of Net Assets
June 30, 2010**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bakersfield Redevelopment Agency
Assets:				
Current assets:				
Cash and investments	\$ 157,652,209	\$ 149,475,748	\$ 307,127,957	\$ 17,912,344
Accounts receivable, net	13,656,144	5,765,203	19,421,347	371,009
Interest receivable	489,868	330,873	820,741	48,988
Loans receivable - current	448,335		448,335	1,845,000
Due from other governmental agencies	75,522,081	1,062,742	76,584,823	374,620
Internal balances	(1,195,333)	1,195,333	-	
Prepayments and inventories	1,284,448	882,247	2,166,695	
Total current assets	247,857,752	158,712,146	406,569,898	20,551,961
Noncurrent assets:				
Capital assets:				
Land	407,951,749	25,709,127	433,660,876	
Land held for resale				9,591,132
Depreciable buildings, property, equipment and infrastructure, net	884,990,019	597,536,932	1,482,526,951	
Construction in progress	116,081,250	253,463,362	369,544,612	19,859,692
Non-amortizable intangible assets		8,032,678	8,032,678	
Amortizable costs		28,996	28,996	
Note/loan receivable	4,747,130	4,237,664	8,984,794	32,940,540
Total noncurrent assets	1,413,770,148	889,008,759	2,302,778,907	62,391,364
Total assets	1,661,627,900	1,047,720,905	2,709,348,805	82,943,325
Liabilities:				
Accounts payable and accrued liabilities	33,226,648	11,407,909	44,634,557	3,078,006
Customers' deposits		6,346,194	6,346,194	
Unearned revenue	639,578	4,229,109	4,868,687	34,785,540
Noncurrent liabilities:				
Due within one year:				
Long-term debt	444,000	3,746,503	4,190,503	4,611,778
Kern River Levee District		145,254	145,254	
Claims and judgments payable	8,050,509		8,050,509	
Compensated absences payable	7,250,295	1,475,416	8,725,711	151,115
Due in more than one year:				
Long-term debt	5,167,000	246,515,705	251,682,705	51,859,323
Claims and judgments payable	16,816,000		16,816,000	
Net Post Employment Benefit Obligation	5,730,393		5,730,393	
Compensated absences payable	6,130,238	548,733	6,678,971	1,724
Total noncurrent liabilities	49,588,435	252,431,611	302,020,046	56,623,940
Total liabilities	83,454,661	274,414,823	357,869,484	94,487,486
Net assets:				
Invested in capital assets, net of related debt	1,403,412,018	634,479,891	2,037,891,909	12,477,020
Restricted:				
Capital improvements	39,139,625	29,803,093	68,942,718	9,457,728
Debt services			-	341,410
Housing			-	1,678,936
Sanitation districts		4,926,779	4,926,779	
Unrestricted	135,621,596	104,096,319	239,717,915	(35,499,255)
Total net assets	\$ 1,578,173,239	\$ 773,306,082	\$ 2,351,479,321	\$ (11,544,161)

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



CITY OF BAKERSFIELD

**Statement of Activities
For the Fiscal Year Ended June 30, 2010**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General Government	\$ 13,169,300	\$ 4,451,944	\$ 470,552	\$ -
Public safety - Police	66,819,611	3,347,806	2,181,526	
Public safety - Fire	32,901,818	4,601,976	681,930	275,680
Public works	138,345,249	10,561,651	3,310,886	72,347,876
Community services	32,640,571	13,530,535	107,120	3,398,061
Development services	8,231,893	3,492,359	49,682	
Economic/Community development	12,935,695	85,180	19,261,624	
Interest on long-term debt	201,442			
Total governmental activities	305,245,579	40,071,451	26,063,320	76,021,617
Business-type activities:				
Wastewater treatment	31,978,755	29,617,486	6,837,321	7,619,650
Refuse collection	35,237,306	39,533,488		185,476
Agricultural water	4,901,463	5,206,010		165,800
Domestic water	21,951,835	21,773,880	284,277	2,208,308
General aviation	372,089	258,353		10,747
Offstreet parking	177,485	63,383		
Total business-type activities	94,618,933	96,452,600	7,121,598	10,189,981
Total primary government	\$ 399,864,512	\$ 136,524,051	\$ 33,184,918	\$ 86,211,598
Component unit-				
Bakersfield Redevelopment Agency	\$ 12,224,399	\$ 1,942,950	\$ 446,340	\$ 186,075

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
\$ 4,922,496	\$ (8,246,804)	\$ -	\$ (8,246,804)	\$ -
5,529,332	(61,290,279)		(61,290,279)	
5,559,586	(27,342,232)		(27,342,232)	
86,220,413	(52,124,836)		(52,124,836)	
17,035,716	(15,604,855)		(15,604,855)	
3,542,041	(4,689,852)		(4,689,852)	
19,346,804	6,411,109		6,411,109	
	(201,442)		(201,442)	
<u>142,156,388</u>	<u>(163,089,191)</u>	<u>-</u>	<u>(163,089,191)</u>	<u>-</u>
44,074,457		12,095,702	12,095,702	
39,718,964		4,481,658	4,481,658	
5,371,810		470,347	470,347	
24,266,465		2,314,630	2,314,630	
269,100		(102,989)	(102,989)	
63,383		(114,102)	(114,102)	
<u>113,764,179</u>	<u>-</u>	<u>19,145,246</u>	<u>19,145,246</u>	<u>-</u>
<u>\$ 255,920,567</u>	<u>(163,089,191)</u>	<u>19,145,246</u>	<u>(143,943,945)</u>	<u>-</u>
<u>\$ 2,575,365</u>				<u>(9,649,034)</u>
	63,923,865		63,923,865	8,088,679
	50,664,334		50,664,334	
	1,910,719		1,910,719	
	1,026,116		1,026,116	
	19,229,234		19,229,234	
	1,103,532	3,012,666	4,116,198	156,386
	1,776,536		1,776,536	21,352
	14,646		14,646	
	150,000	(150,000)	-	
	<u>139,798,982</u>	<u>2,862,666</u>	<u>142,661,648</u>	<u>8,266,417</u>
	(23,290,209)	22,007,912	(1,282,297)	(1,382,617)
	<u>1,601,463,448</u>	<u>751,298,170</u>	<u>2,352,761,618</u>	<u>(10,161,544)</u>
<u>\$ 1,578,173,239</u>	<u>\$ 773,306,082</u>	<u>\$ 2,351,479,321</u>	<u>\$ (11,544,161)</u>	



Governmental Fund Financial Statements

CITY OF BAKERSFIELD**Balance Sheet****Governmental Funds****June 30, 2010**

	General Fund	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road Fund
Assets:				
Cash and investments	\$ 11,401,481	\$ 801,099	\$ 96,135	\$ -
Accounts receivable, net	1,532,274	882,400	6,072,242	421,456
Interest receivable	55,416	7,193	5,550	22,031
Due from other governmental agencies	15,898,256		314,710	52,211,110
Due from other funds	33,909,359			
Loans receivable			1,911,465	
Total assets	<u>\$ 62,796,786</u>	<u>\$ 1,690,692</u>	<u>\$ 8,400,102</u>	<u>\$ 52,654,597</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 6,030,559	\$ 107,712	\$ 232,736	\$ 12,783,561
Due to other governmental agencies	759,742			651,416
Due to other funds				31,548,645
Unearned revenue	552,133			
Deferred revenue	9,506,191		7,978,106	253,725
Total liabilities	<u>16,848,625</u>	<u>107,712</u>	<u>8,210,842</u>	<u>45,237,347</u>
Fund Balances:				
Reserved for:				
Petty cash	22,620	125		
Encumbrances	675,860	77,808	4,177,201	107,922,132
Cash basis	12,302,327			
Facility replacement				
Unreserved:				
Designated for:				
Current projects / contingency				
Capital improvements				
Compensated absences	6,545,233	51,379		
Undesignated, reported in:				
General fund	26,402,121			
Special revenue funds		1,453,668	(3,987,941)	(100,504,882)
Capital projects funds				
Total fund balances	<u>45,948,161</u>	<u>1,582,980</u>	<u>189,260</u>	<u>7,417,250</u>
Total liabilities and fund balances	<u>\$ 62,796,786</u>	<u>\$ 1,690,692</u>	<u>\$ 8,400,102</u>	<u>\$ 52,654,597</u>

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

Capital Outlay	Parks Development	Transportation Development	Other Governmental Funds	Total Governmental Funds
\$ 21,501,720	\$ 16,070,655	\$ 44,938,533	\$ 10,666,960	\$ 105,476,583
42,202	53,211	148,089	4,654,861	13,563,233
1,479,646		161,667	4,849	338,541
			5,390,002	75,455,391
				33,909,359
				1,911,465
<u>\$ 23,023,568</u>	<u>\$ 16,123,866</u>	<u>\$ 45,248,289</u>	<u>\$ 20,716,672</u>	<u>\$ 230,654,572</u>
\$ 1,217,659	\$ 5,447,057	\$ 1,729,778	\$ 2,840,518	\$ 30,389,580
			20,662	1,431,820
			2,360,714	33,909,359
			87,445	639,578
		161,666	4,654,861	22,554,549
<u>1,217,659</u>	<u>5,447,057</u>	<u>1,891,444</u>	<u>9,964,200</u>	<u>88,924,886</u>
6,029,925	868,228	3,849,889	7,382,204	22,745
5,000,000				130,983,247
				12,302,327
				5,000,000
7,339,082		22,889,891	8,910,652	-
				39,139,625
				6,596,612
				26,402,121
3,436,902	9,808,581	16,617,065	(5,540,384)	(108,579,539)
<u>21,805,909</u>	<u>10,676,809</u>	<u>43,356,845</u>	<u>10,752,472</u>	<u>29,862,548</u>
<u>\$ 23,023,568</u>	<u>\$ 16,123,866</u>	<u>\$ 45,248,289</u>	<u>\$ 20,716,672</u>	<u>\$ 230,654,572</u>

CITY OF BAKERSFIELD

**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2010**

Total Fund Balances - Total Governmental Funds			\$ 141,729,686
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	2,062,454,805	
	Ending accumulated depreciation	<u>(653,431,787)</u>	1,409,023,018
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.			
			(82,149)
Deferred revenue and other resources not available to liquidate liabilities of the current period are not recognized in the funds.			
			22,554,549
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.			
			28,981,256
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	(5,611,000)	
	Compensated Absences payable	(12,691,728)	
	Unfunded post-retirement employee benefits	<u>(5,730,393)</u>	<u>(24,033,121)</u>
Net Assets of Governmental Activities			<u><u>\$ 1,578,173,239</u></u>

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



CITY OF BAKERSFIELD**Statement of Revenues, Expenditures and Changes in Fund Balances****Governmental Funds****For the Fiscal Year Ended June 30, 2010**

	General Fund	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road Fund
Revenues:				
Taxes	\$ 122,222,613	\$ 6,493,702	\$ -	\$ -
Licenses and permits	2,192,594			
Intergovernmental	3,210,980		3,362,019	64,954,697
Charges for services	17,078,825	6,161,661	83,880	60,000
Fines, forfeitures and assessments	843,021			2,128
Interest income	373,682	38,493	35,414	144,541
Loan payments			201,819	
Contributions and donations	289,248	1,200,750		
Other	1,989,643	5,931	10,029	74,303
Total revenues	<u>148,200,606</u>	<u>13,900,537</u>	<u>3,693,161</u>	<u>65,235,669</u>
Expenditures:				
Current:				
General government	10,833,945			
Police	62,009,934			
Fire	30,921,380			
Public works	18,476,196			3,668,229
Community services	14,828,568	7,424,132		
Development services	7,811,683			
Economic/Community development	404,228		4,492,441	
Non departmental	6,061,106	3,142,950		
Capital outlay			3,034,392	62,788,835
Debt service:				
Principal retirement				
Interest and fiscal charges				
Total expenditures	<u>151,347,040</u>	<u>10,567,082</u>	<u>7,526,833</u>	<u>66,457,064</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,146,434)</u>	<u>3,333,455</u>	<u>(3,833,672)</u>	<u>(1,221,395)</u>
Other financing sources (uses):				
Notes/certificate proceeds			1,800,000	
Transfers in	900,000			
Transfers out	(3,950,794)	(3,343,500)	(407,673)	(211,798)
Total other financing sources (uses)	<u>(3,050,794)</u>	<u>(3,343,500)</u>	<u>1,392,327</u>	<u>(211,798)</u>
Net change in fund balances	(6,197,228)	(10,045)	(2,441,345)	(1,433,193)
Fund balances - beginning - as restated	<u>52,145,389</u>	<u>1,593,025</u>	<u>2,630,605</u>	<u>8,850,443</u>
Fund balances - ending	<u>\$ 45,948,161</u>	<u>\$ 1,582,980</u>	<u>\$ 189,260</u>	<u>\$ 7,417,250</u>

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

<u>Capital Outlay</u>	<u>Parks Development</u>	<u>Transportation Development</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 128,716,315
1,990,373			17,407,948	2,192,594
254,993		370,379	478,275	90,926,017
49,434	1,943,178	9,339,950	1,423,442	24,488,013
309,238	263,242	995,333	33,326	13,601,153
				2,193,269
				201,819
1,797,239				3,287,237
261,613				2,341,519
<u>4,662,890</u>	<u>2,206,420</u>	<u>10,705,662</u>	<u>19,342,991</u>	<u>267,947,936</u>
		236,360		11,070,305
			1,779,424	63,789,358
				30,921,380
		1,272,628	606,755	24,023,808
			29,210	22,281,910
				7,811,683
			6,425,426	11,322,095
	469,662		7,429,654	17,103,372
11,904,530	3,594,384	13,373,205	12,861,587	107,556,933
			203,000	203,000
			204,673	204,673
<u>11,904,530</u>	<u>4,064,046</u>	<u>14,882,193</u>	<u>29,539,729</u>	<u>296,288,517</u>
<u>(7,241,640)</u>	<u>(1,857,626)</u>	<u>(4,176,531)</u>	<u>(10,196,738)</u>	<u>(28,340,581)</u>
				1,800,000
7,506,092			407,673	8,813,765
			(900,000)	(8,813,765)
<u>7,506,092</u>	<u>-</u>	<u>-</u>	<u>(492,327)</u>	<u>1,800,000</u>
264,452	(1,857,626)	(4,176,531)	(10,689,065)	(26,540,581)
<u>21,541,457</u>	<u>12,534,435</u>	<u>47,533,376</u>	<u>21,441,537</u>	<u>168,270,267</u>
<u>\$ 21,805,909</u>	<u>\$ 10,676,809</u>	<u>\$ 43,356,845</u>	<u>\$ 10,752,472</u>	<u>\$ 141,729,686</u>

CITY OF BAKERSFIELD

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, 2010

Net Change in Fund Balances - Total Governmental Funds \$(26,540,581)

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.	35,223,860	
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.)	(53,405,717)	
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>11,320,167</u>	(6,861,690)

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.

Net change in long-term compensated absences	345,800	
Interest expense on long-term debt	3,231	
Other post-employment benefits	<u>(3,178,581)</u>	(2,829,550)

Bond & loan 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. (1,597,000)

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. 14,982,714

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. (444,102)

Change in Net Assets of Governmental Activities \$(23,290,209)

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

Proprietary Fund Financial Statements

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, 2010**

	Wastewater Treatment	Refuse Collection	Agricultural Water
Assets:			
Current assets:			
Cash and investments	\$ 93,293,147	\$ 23,006,918	\$ 4,720,657
Accounts receivable, net	1,360,071	675,925	1,633,453
Interest receivable	168,410	59,742	13,416
Loans			
Due from other governmental agencies	289,994	770,148	2,600
Prepayments and inventories			
Total current assets	95,111,622	24,512,733	6,370,126
Noncurrent assets:			
Capital assets:			
Land	10,427,782		2,282,728
Depreciable buildings, property, equipment and infrastructure, net	409,982,809		9,741,177
Construction in progress	250,419,139		1,093,378
Non-amortizable intangible assets			8,032,678
Amortizable costs			
Note/loan receivable			
Other long term receivable	3,808,241		52,275
Total noncurrent assets	674,637,971	-	21,202,236
Total assets	769,749,593	24,512,733	27,572,362
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	4,298,319	2,597,677	237,507
Claims payable			
Workers compensation claims			
Compensated absences payable	416,545	711,655	223,042
Long-term debt - due within one year	3,028,189		
Total current liabilities	7,743,053	3,309,332	460,549
Noncurrent liabilities:			
Long-term debt - due in more than one year	246,515,705		
Kern River Levee District/Buena Vista			145,254
Customers' deposits	2,724,861	333,030	
Workers compensation claims			
Compensated absences payable	179,206	255,820	71,770
Unearned revenue	3,808,241	43,720	
Total noncurrent liabilities	253,228,013	632,570	217,024
Total liabilities	260,971,066	3,941,902	677,573
Net assets:			
Invested in capital assets, net of related debt	421,285,836		21,149,961
Restricted for:			
Capital improvements	29,803,093		
Sanitation districts		4,926,779	
Unrestricted	57,689,598	15,644,052	5,744,828
Total net assets	\$ 508,778,527	\$ 20,570,831	\$ 26,894,789

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
\$ 27,859,430	\$ 559,182	\$ 36,414	\$ 149,475,748	\$ 52,175,626
2,082,235	3,432	10,087	5,765,203	92,911
87,462	1,650	193	330,873	151,327
			-	448,335
			1,062,742	66,690
882,247			882,247	1,284,448
<u>30,911,374</u>	<u>564,264</u>	<u>46,694</u>	<u>157,516,813</u>	<u>54,219,337</u>
547,102	7,464,254	4,987,261	25,709,127	
175,099,508	1,668,944	1,044,494	597,536,932	23,740,307
1,708,362	242,483		253,463,362	
			8,032,678	
28,996			28,996	
			-	2,835,665
377,148			4,237,664	
<u>177,761,116</u>	<u>9,375,681</u>	<u>6,031,755</u>	<u>889,008,759</u>	<u>26,575,972</u>
<u>208,672,490</u>	<u>9,939,945</u>	<u>6,078,449</u>	<u>1,046,525,572</u>	<u>80,795,309</u>
4,233,057	36,845	4,504	11,407,909	1,323,099
			-	3,733,509
			-	4,317,000
117,790	6,384		1,475,416	560,081
718,314			3,746,503	
<u>5,069,161</u>	<u>43,229</u>	<u>4,504</u>	<u>16,629,828</u>	<u>9,933,689</u>
			246,515,705	
			145,254	
3,287,903	400		6,346,194	16,816,000
			-	128,724
38,920	3,017		548,733	
377,148			4,229,109	
<u>3,703,971</u>	<u>3,417</u>	<u>-</u>	<u>257,784,995</u>	<u>16,944,724</u>
<u>8,773,132</u>	<u>46,646</u>	<u>4,504</u>	<u>274,414,823</u>	<u>26,878,413</u>
176,636,658	9,375,681	6,031,755	634,479,891	23,740,307
			29,803,093	
			4,926,779	
23,262,700	517,618	42,190	102,900,986	30,176,589
<u>\$ 199,899,358</u>	<u>\$ 9,893,299</u>	<u>\$ 6,073,945</u>	<u>772,110,749</u>	<u>\$ 53,916,896</u>
			1,195,333	
			<u>\$ 773,306,082</u>	

CITY OF BAKERSFIELD**Statement of Revenues, Expenses and Changes in Fund Net Assets****Proprietary Funds****For the Fiscal Year Ended June 30, 2010**

	Wastewater Treatment	Refuse Collection	Agricultural Water
Operating revenues:			
Intergovernmental	\$	\$	\$
Charges for services	27,825,714	37,898,875	3,963,548
Fines, forfeitures and assessments	1,027,639		
Cost recoveries	380,941	1,565,431	483,682
Rental income	375,762		136,212
Other sales or services		61,793	622,568
Miscellaneous	7,430	7,389	
Total operating revenues	<u>29,617,486</u>	<u>39,533,488</u>	<u>5,206,010</u>
Operating expenses:			
General and administrative	11,904,070	35,559,481	4,137,365
Transmission and distribution	24,501	600,321	295,295
Workers' compensation payments			
Claims paid			
Depreciation and amortization	10,178,962		482,480
Compensated absences		4,171	-
Total operating expenses	<u>22,107,533</u>	<u>36,163,973</u>	<u>4,915,140</u>
Operating income (loss)	<u>7,509,953</u>	<u>3,369,515</u>	<u>290,870</u>
Nonoperating revenues (expenses):			
Interest income	1,660,944	648,569	93,792
Interest revenue on debt	2,491,201		
Federal/State grants		133,467	158,300
Revenue bond premium	331,063		
Connection fees	6,837,321		
Interest expense	(9,814,046)		
County/developer project share	92,000		7,500
Gain/loss on sale of real property	-	13,509	
Total nonoperating revenues	<u>1,598,483</u>	<u>795,545</u>	<u>259,592</u>
Income (loss) before transfers and capital contributions	9,108,436	4,165,060	550,462
Capital contributions	4,705,386	38,500	
Transfers in			
Transfers out	(150,000)		
Change in net assets	13,663,822	4,203,560	550,462
Total Net Assets - Beginning of Year - as restated	<u>495,114,705</u>	<u>16,367,271</u>	<u>26,344,327</u>
Total Net Assets - End of Year	<u>\$ 508,778,527</u>	<u>\$ 20,570,831</u>	<u>\$ 26,894,789</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
\$ 19,686,298	\$ 255,881	\$ 63,383	\$ -	\$ 875,224
137,779	2,472		89,693,699	28,140,126
1,928,275			1,027,639	
21,528			2,570,305	835,899
			511,974	
			2,612,636	181,602
			36,347	
<u>21,773,880</u>	<u>258,353</u>	<u>63,383</u>	<u>96,452,600</u>	<u>30,032,851</u>
17,747,203	183,733	101,755	69,633,607	22,081,544
175,295	46,396		1,141,808	
			-	2,534,012
			-	666,131
3,993,022	140,330	75,730	14,870,524	5,990,796
-			4,171	19,147
<u>21,915,520</u>	<u>370,459</u>	<u>177,485</u>	<u>85,650,110</u>	<u>31,291,630</u>
<u>(141,640)</u>	<u>(112,106)</u>	<u>(114,102)</u>	<u>10,802,490</u>	<u>(1,258,779)</u>
596,159	12,024	1,178	3,012,666	1,125,282
			2,491,201	
	10,747		302,514	
284,277			331,063	
(40,779)			7,121,598	
			(9,854,825)	
			99,500	
8,082			21,591	(119,324)
<u>847,739</u>	<u>22,771</u>	<u>1,178</u>	<u>3,525,308</u>	<u>1,005,958</u>
706,099	(89,335)	(112,924)	14,327,798	(252,821)
2,200,226			6,944,112	544,721
			-	150,000
			(150,000)	
<u>2,906,325</u>	<u>(89,335)</u>	<u>(112,924)</u>	<u>21,121,910</u>	<u>441,900</u>
<u>196,993,033</u>	<u>9,982,634</u>	<u>6,186,869</u>		<u>53,474,996</u>
<u>\$ 199,899,358</u>	<u>\$ 9,893,299</u>	<u>\$ 6,073,945</u>		<u>\$ 53,916,896</u>
			<u>886,002</u>	
			<u>\$ 22,007,912</u>	

CITY OF BAKERSFIELD

Statement of Cash Flows**Proprietary Funds****For the Fiscal Year Ended June 30, 2010**

	Wastewater Treatment	Refuse Collection	Agricultural Water
Cash flows from operating activities:			
Cash received from:			
Customers, including cash deposits	\$ 31,620,677	\$ 39,421,190	\$ 5,124,195
Prior year reimbursements and cost recoveries	(145,601)		
Cash paid to:			
Suppliers	(14,369,091)	(26,567,039)	(2,533,643)
Employees	(4,794,023)	(9,481,463)	(1,842,265)
Cash deposits returned to customers			
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by operating activities	12,311,962	3,372,688	748,287
Cash flows from noncapital financing activities:			
Cash received from federal and state grants		133,467	158,300
Cash transferred from other funds			
Cash transferred to other funds	(150,000)		
County/developer project share	92,000		7,500
Connection fees	6,837,321		
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by noncapital financing activities	6,779,321	133,467	165,800
Cash flows from capital and related financing activities:			
Principal payments:			
Notes/Loans/Bonds	(1,852,126)		
Principal repayment on interfund loan			
Interest on construction fund	2,491,201		
Capital contributions		38,500	
Interest paid	(9,814,047)		
Purchase of capital assets			
Proceeds from sale of capital assets		13,509	
Construction	(47,800,592)		(77,440)
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by capital and related financing activities	(56,975,564)	52,009	(77,440)
Cash flows from investing activities:			
Loan to Redevelopment Agency			
Interest received	1,550,219	605,095	83,355
Net increase (decrease) in the fair value of investments	226,948	51,589	10,680
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by investing activities	1,777,167	656,684	94,035
	<hr/>	<hr/>	<hr/>
Net increase (decrease) in cash	(36,107,114)	4,214,848	930,682
Cash and cash equivalents - Beginning of year - as restated	129,400,261	18,792,070	3,789,975
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents - End of year	\$ 93,293,147	\$ 23,006,918	\$ 4,720,657
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
\$ 21,351,019	\$ 249,540 2,472	\$ 54,619	\$ 97,821,240 (143,129)	\$ 28,469,632 11,327
(16,493,970) (683,110) (298,199)	(203,073)	(42,414) (59,790)	(60,209,230) (16,860,651) (298,199)	(18,206,492) (6,831,686)
<u>3,875,740</u>	<u>48,939</u>	<u>(47,585)</u>	<u>20,310,031</u>	<u>3,442,781</u>
	10,747		302,514 - (150,000) 99,500	150,000
<u>284,276</u>			<u>7,121,597</u>	
<u>284,276</u>	<u>10,747</u>	<u>-</u>	<u>7,373,611</u>	<u>150,000</u>
(871,050)			(2,723,176) -	-
(55,717)	(24,184)		2,491,201 38,500 (9,869,764) (24,184) 21,591 (51,039,015)	(4,996,307) 154,099
<u>8,082</u> <u>(3,160,983)</u>				
<u>(4,079,668)</u>	<u>(24,184)</u>	<u>-</u>	<u>(61,104,847)</u>	<u>(4,842,208)</u>
573,381 54,317	11,552 1,165	282 1,451	2,823,884 346,150	259,453 1,107,676 100,289
<u>627,698</u>	<u>12,717</u>	<u>1,733</u>	<u>3,170,034</u>	<u>1,467,418</u>
708,046	48,219	(45,852)	(30,251,171)	217,991
<u>27,151,384</u>	<u>510,963</u>	<u>82,266</u>	<u>179,726,919</u>	<u>51,957,635</u>
<u>\$ 27,859,430</u>	<u>\$ 559,182</u>	<u>\$ 36,414</u>	<u>\$ 149,475,748</u>	<u>\$ 52,175,626</u>

CITY OF BAKERSFIELD

Statement of Cash Flows (concluded)**Proprietary Funds****For the Fiscal Year Ended June 30, 2010**

	<u>Wastewater Treatment</u>	<u>Refuse Collection</u>	<u>Agricultural Water</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 7,509,953	\$ 3,369,515	\$ 290,870
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	10,178,962		482,480
Amortization expense			
(Increase) decrease in accounts receivable	578,905	(112,298)	(120,680)
Decrease in inventories			
(Increase) decrease in prepaid items			
Increase (decrease) in accounts payable	(7,223,614)	176,357	105,641
Increase in workers compensation claims			
Increase (decrease) in deferred revenue		(1,764)	
Increase (decrease) in customers' deposits	1,278,684		38,864
Increase (decrease) in developer advances			
Increase (decrease) in compensated absences	(10,928)	(59,122)	(48,888)
Increase in meter deposits			
Net cash provided (used) by operating activities	<u>\$ 12,311,962</u>	<u>\$ 3,372,688</u>	<u>\$ 748,287</u>

Noncash investing, capital, and financing activities:

Contribution of equipment from other departments	
Contributions of infrastructure and improvements by Developers	4,705,386

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>
\$ (141,640)	\$ (112,106)	\$ (114,102)	\$ 10,802,490	\$ (1,258,779)
3,983,355	140,330	75,730	14,860,857	5,990,796
9,667			9,667	
260,283	1,073	(8,765)	598,518	(1,582,388)
(882,247)			-	(45,327)
774,997	26,770	(448)	(882,247)	75,000
			(6,140,297)	(1,829,662)
			-	2,083,000
			(1,764)	
(93,271)	(7,414)		1,216,863	
			-	
(29,579)	286		(148,231)	10,141
(5,825)			(5,825)	
<u>\$ 3,875,740</u>	<u>\$ 48,939</u>	<u>\$ (47,585)</u>	<u>\$ 20,310,031</u>	<u>\$ 3,442,781</u>

544,721

2,200,226

6,905,612



Fiduciary Fund Financial Statements

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, 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.

CITY OF BAKERSFIELD

Statement of Fiduciary Net Assets**Fiduciary Funds****June 30, 2010**

	Private Purpose Trust Fund	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets:			
Cash and investments	\$ 20,794,558	\$ 16,844,519	\$ 29,289,959
Retirement system investments-			
Federal agency coupons		1,003,440	
Interest receivable	66,676	21,245	42,244
Due from other governmental agencies			103,923
	<hr/>	<hr/>	<hr/>
Total assets	20,861,234	17,869,204	29,436,126
	<hr/>	<hr/>	<hr/>
Liabilities -			
Payables:			
Accounts			7,144
Deposits			23,829,467
Accrued bond interest			1,914,515
Bonds			3,685,000
	<hr/>	<hr/>	<hr/>
Total liabilities	-	-	29,436,126
	<hr/>	<hr/>	<hr/>
Net Assets -			
Held in trust for:			
Individuals, organizations and other governments	20,861,234		
Pension benefits and other purposes		17,869,204	
	<hr/>	<hr/>	<hr/>
	\$ 20,861,234	\$ 17,869,204	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

CITY OF BAKERSFIELD

Statement of Changes in Fiduciary Net Assets**Fiduciary Funds****For the Fiscal Year Ended June 30, 2010**

	<u>Private Purpose Trust Funds</u>	<u>Pension and Other Employee Benefit Trust Funds</u>
Additions -		
Investment income:		
Contributions to pooled investments	\$	\$ 6,283,456
Developers fees	2,197,559	
Interest and investment income, net	<u>413,074</u>	<u>1,288,725</u>
 Total additions	 <u>2,610,633</u>	 <u>7,572,181</u>
 Deductions:		
Benefits		3,345,318
Purchase of uninhabited land	3,030,781	
Administrative expense		<u>96,661</u>
 Total deductions	 <u>3,030,781</u>	 <u>3,441,979</u>
 Change in net assets	 (420,148)	 4,130,202
 Beginning of year	 <u>21,281,382</u>	 <u>13,739,002</u>
 End of year	 <u>\$ 20,861,234</u>	 <u>\$ 17,869,204</u>

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



CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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. For the fiscal year ending June 30, 2010, there was no activity to report as such no financial statements have been prepared.

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

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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. As used in this section, the term depreciation can include amortization of intangible 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.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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.

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.

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.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

Offstreet Parking Fund - The Offstreet Parking Fund is used to account for the operations of the parking garage at 18th 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.

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

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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 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.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible water right 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.

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.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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
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

As of June 30, 2010, 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	\$ 1,403,412,018	\$ 634,479,891	\$ 2,037,891,909	\$ 12,477,020	\$ 2,050,368,929
Restricted	39,139,625	34,729,872	73,869,497	11,478,074	85,347,571
Unrestricted	135,621,596	104,096,319	239,717,915	(35,499,255)	204,218,660
Total net assets	\$ 1,578,173,239	\$ 773,306,082	\$ 2,351,479,321	\$ (11,544,161)	\$ 2,339,935,160

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, 2010 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	675,860	77,808	4,177,201	107,922,132	6,029,925	868,228	3,849,889	7,382,204	130,983,247
Cash basis	12,302,327								12,302,327
Facility replacement					5,000,000				5,000,000
	\$ 13,000,807	\$ 77,933	\$ 4,177,201	\$ 107,922,132	\$ 11,029,925	\$ 868,228	\$ 3,849,889	\$ 7,382,204	\$ 148,308,319

Petty cash reserve

The City maintains a petty cash fund - \$22,745 at June 30, 2010 - 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, 2010 - \$130,983,247 - 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 - \$12,302,327 at June 30, 2010 - 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.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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, 2010 are as follows:

	General Fund	Transient Occupancy Taxes Fund	Capital Outlay Fund	Parks Development Fund	Transportation Development Fund	Non-major Governmental Funds	Total
Current projects/contingency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital improvements			7,339,082	-	22,889,891	8,910,652	39,139,625
Compensated absences	6,545,233	51,379					6,596,612
	<u>\$ 6,545,233</u>	<u>\$ 51,379</u>	<u>\$ 7,339,082</u>	<u>\$ -</u>	<u>\$ 22,889,891</u>	<u>\$ 8,910,652</u>	<u>\$ 45,736,237</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

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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 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, 2010 the City Council approved \$20,625,892 of increases to the originally adopted budget, excluding carryovers of prior year encumbered balances and selected capital appropriations.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

Deficit Fund Equity

The Bakersfield Redevelopment Agency, a discretely presented component unit of the City, reported a deficit in fund equity of \$12,003,682 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.

F. New Accounting Pronouncements

The Governmental Accounting Standard Board (GASB) has issued Statement No. 51, "Accounting and Financial Reporting for Intangible Assets." This statement establishes accounting and financial reporting requirements for intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009. The City has implemented Statement No. 51, beginning with the fiscal year ending June 30, 2010

GASB has issued Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments." This statement establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. The requirements of this new statement are effective for financial statements for periods beginning after June 15, 2009. The City has determined it is not applicable to the City's financial statements.

In March 2009, GASB issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010. The City has elected not to early implement Statement No. 54 and has not determined its effect on the City financial statements.

In December 2009, GASB issued Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans." This statement is related to the frequency and timing of the measurements that are effective for actuarial valuations first funded to report funded status information in Other Postemployment Benefit (OPEB) plan financial statements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2011. The City has determined it is not applicable to the City's financial statements.

In December 2009, GASB issued Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies." This statement establishes retroactive application for all prior periods presented during which a government was in bankruptcy. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009. The City has determined it is not applicable to the City's financial statements.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$325,040,301
Fiduciary funds:	
Cash and investments	66,929,036
Retirement system investments-	<u>1,003,440</u>
Total cash and investments	<u>\$392,972,777</u>

Cash and investments as of June 30, 2010 consist of the following:

Cash on hand	\$ 914,334
Deposits with financial institutions	2,039,293
Investments	388,702,000
GASB 31 Market Value Adjustment	<u>1,317,150</u>
Total cash and investments	<u>\$392,972,777</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.

<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

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

Investment Authorized by Debt Agreements

The City and its Component Units have \$8,142,465 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.

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:

Investment Type	Remaining Maturity (in Months)			
	12 Months Or Less	13 to 24 Months	25-60 Months	More Than 60 Months
U.S. Government Agency Obligations:				
Federal Farm Credit Bank	\$20,999,500	0	10,000,000	10,999,500
Federal Home Loan Bank	38,000,000	1,000,000	10,000,000	27,000,000
Federal Home Loan Mortgage Corp.	57,000,000	0	1,000,000	56,000,000
Federal National Mortgage Assn.	39,000,000	0	6,000,000	33,000,000
Commercial Paper	0	-	-	-
Bankers Acceptances	0	-	-	-
Time Certificates of Deposit	0	-	-	-
U.S. Treasury Bills, Notes, and Bonds	0	-	-	-
Local Agency Investment Fund	131,442,856	131,442,856	-	-
Mutual Funds (1)	94,117,179	94,117,179	-	-
Investment Contracts	8,142,465	-	-	8,142,465
Total	\$388,702,000	226,560,035	27,000,000	126,999,500
				8,142,465

(1) See Note 14 for Other Post Employment Benefits

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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.

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Ratings as of the Year End</u>		
			<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
U.S. Government Agency Obligations:					
Federal Farm Credit Bank	\$20,999,500	N/A	20,999,500	-	-
Federal Home Loan Bank	38,000,000	N/A	38,000,000	-	-
Federal Home Loan Mortgage Corp.	57,000,000	N/A	57,000,000	-	-
Federal National Mortgage Assn.	39,000,000	N/A	39,000,000	-	-
Commercial Paper	0	A-1 P-1	-	-	-
Bankers Acceptances	0	A-1 P-1	-	-	-
Time Certificates of Deposit	0	N/A	-	-	-
U.S. Treasury Bills, Notes, and Bonds	0	N/A	-	-	-
Local Agency Investment Fund	131,442,856	N/A	-	-	131,442,856
Mutual Funds (1)	94,117,179	N/A	94,117,179	-	-
Investment Contracts	<u>8,142,465</u>	N/A	<u>-</u>	<u>-</u>	<u>8,142,465</u>
Total	<u>\$388,702,000</u>		<u>249,116,679</u>	<u>-</u>	<u>139,585,321</u>

(1) See Note 14 for Other Post Employment Benefits

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.

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Percentage</u>
Federal Farm Credit Bank	Federal Agency Securities	\$20,999,500	5%
Federal Home Loan Bank	Federal Agency Securities	38,000,000	10%
Federal Home Loan Mortgage Corp.	Federal Agency Securities	57,000,000	15%
Federal National Mortgage Assn.	Federal Agency Securities	39,000,000	10%

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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.

As of June 30, 2010, 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, 2010, 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.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 3 - COMPOSITION OF ACCOUNTS RECEIVABLE AND PAYABLE BALANCES

Accounts receivable at June 30, 2010 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:

Accounts Receivable - Governmental Funds:	General	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road	Non-major Governmental Funds	Internal Service Funds	Total Governmental Activities
	Fund	Fund	Fund	Fund	Funds	Funds	
Taxes	\$ -	\$ 882,400	\$ -	\$ -	\$ -	\$ -	\$ 882,400
Accounts	1,532,274		6,072,242	421,456	4,654,861	263,458	12,944,291
Gross Receivables	1,532,274	882,400	6,072,242	421,456	4,654,861	263,458	13,826,691
Less: Allowance for Uncollectible	-	-	-	-	-	(170,547)	(170,547)
Total Accounts Receivable - Net	\$1,532,274	\$ 882,400	\$6,072,242	\$ 421,456	\$4,654,861	\$ 92,911	\$ 13,656,144

Accounts Receivable - Proprietary Funds:	Wastewater Treatment Fund	Refuse Collection Fund	Agricultural Water Fund	Domestic Water Fund	General Aviation Fund	Offstreet Parking Fund	Total Business-Type Activities
	Accounts	\$ 1,360,071	\$ 675,925	\$ 1,633,453	\$ 2,082,235	\$ 3,432	\$ 10,087
Gross Receivables	1,360,071	675,925	1,633,453	2,082,235	3,432	10,087	5,765,203
Less: Allowance for Uncollectible	-	-	-	-	-	-	-
Total Accounts Receivable - Net	\$ 1,360,071	\$ 675,925	\$ 1,633,453	\$ 2,082,235	\$ 3,432	\$ 10,087	\$ 5,765,203

**Accounts Receivable -
Component Unit:**

Accounts	\$ 371,009
Gross Receivables	371,009
Less: Allowance for Uncollectible	-
Total Accounts Receivable - Net	\$ 371,009

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

Accounts payable and accrued liabilities at June 30, 2010 are composed of the following:

Accounts Payable and Accrued Liabilities - Governmental Activities:	General Fund	Transient	Community	Gas Tax & Road Fund	Capital Outlay Fund
		Occupancy Taxes Fund	Development Block Grant Fund		
Accounts Payable	\$ 6,030,559	\$ 107,712	\$ 232,736	\$ 12,783,561	\$ 1,217,659
Due to federal government					
Due to other governments	759,742			651,416	
Total Accounts Payable and Accrued Liabilities	\$ 6,790,301	\$ 107,712	\$ 232,736	\$ 13,434,977	\$ 1,217,659

Accounts Payable and Accrued Liabilities - Governmental Activities: -(Continued)	Parks	Transportation	Non-major	Internal	Total
	Development Fund	Development Fund	Governmental Funds	Service Funds	Governmental Activities
Accounts Payable	\$ 5,447,057	\$ 1,729,778	\$ 2,840,518	\$ 1,323,099	\$ 31,712,679
Due to federal government					-
Due to other governments			20,662		1,431,820
Total Accounts Payable and Accrued Liabilities	\$ 5,447,057	\$ 1,729,778	\$ 2,861,180	\$ 1,323,099	\$ 33,144,499

Accounts Payable and Accrued Liabilities - Business Activities:	Wastewater	Refuse	Agricultural	Domestic	General	Off-street	Total
	Treatment Fund	Collection Fund	Water Fund	Water Fund	Aviation Fund	Parking Fund	Business-Type Activities
Accounts Payable	\$ 1,491,960	\$ 2,597,677	\$ 237,507	\$ 4,233,057	\$ 36,845	\$ 4,504	\$ 8,601,550
Accrued interest	2,806,359						2,806,359
Total Accounts Payable and Accrued Liabilities	\$ 4,298,319	\$ 2,597,677	\$ 237,507	\$ 4,233,057	\$ 36,845	\$ 4,504	\$ 11,407,909

Accounts Payable and Accrued Liabilities - Component Unit:	
Accounts Payable	\$ 3,078,006
Total Accounts Payable and Accrued Liabilities	\$ 3,078,006

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 4 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2010 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	\$ -	\$ 2,242,334	\$ -	\$ 2,242,334	\$ -	\$ -	\$ 2,242,334
Proposition 1A		\$ 6,738,432		6,738,432			6,738,432
Sales Tax		6,011,600		6,011,600			6,011,600
Property Tax			818,449	818,449	1,059,252	374,620	2,252,321
Kern County Public Works			1,009	1,009			1,009
Kern County Sheriff			148,314	148,314			148,314
Kern County Fire			45,466	45,466			45,466
Public Safety - Fire	80,000	6,432		86,432			86,432
Economic & Community Development	393,207			393,207			393,207
Department of Transportation	25,509,405	30,741,003		56,250,408			56,250,408
Department of Justice	263,326			263,326			263,326
Department of Energy	7,876			7,876			7,876
National Stabilization Program	780,493			780,493			780,493
East Niles Comm. Serv. Dist.			161,667	161,667			161,667
Kern Council of Governments			26,731	26,731			26,731
Department of Fish and Game		1,479,647		1,479,647			1,479,647
Cycle 9 Used Oil Program					3,490		3,490
Totals	\$27,034,307	\$47,219,448	\$ 1,201,636	\$ 75,455,391	\$1,062,742	\$ 374,620	\$76,892,753

Proposition 1A Borrowing

Under the provision of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip sales tax, and supplemental property tax apportioned to cities counties, and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City of Bakersfield was \$6,738,432.

This borrowing by the State of California was recognized as a receivable in the financial statements. Under modified accrual basis accounting, the borrowed tax revenues are not permitted to be recognized as revenue in the governmental fund financial statements until the tax revenues are received from the State (expected to be fiscal year 2012-13). In the government-wide financial statements, the tax revenues were recognized in the fiscal year for which they were levied (fiscal year 2009-10).

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 5 - CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2010 were as follows:

	Balance June 30, 2009	Adjustments	Addition	Retirement	Balance June 30, 2010
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 404,362,555	\$ -	\$ 3,589,194	\$ -	\$ 407,951,749
Construction in progress	127,574,910		65,792,845	77,286,505	116,081,250
Total capital assets, not being depreciated	531,937,465	-	69,382,039	77,286,505	524,032,999
Capital assets, being depreciated					
Buildings structures and improvements	135,244,343		5,175,783		140,420,126
Infrastructure	1,262,952,544		48,988,824		1,311,941,368
Rolling equipment	56,423,961		5,465,458	3,725,074	58,164,345
Furniture and other equipment	27,635,909		349,720	89,662	27,895,967
Total capital assets, being depreciated	1,482,256,757	-	59,979,785	3,814,736	1,538,421,806
Less accumulated depreciated for					
Buildings structures and improvements	(44,621,937)		(3,942,110)		(48,564,047)
Infrastructure	(500,391,403)		(48,529,892)		(548,921,295)
Rolling equipment	(35,322,038)		(5,739,169)	(3,457,725)	(37,603,482)
Furniture and other equipment	(17,250,945)		(1,185,343)	(93,325)	(18,342,963)
	(597,586,323)	-	(59,396,514)	(3,551,050)	(653,431,787)
Total capital assets, being depreciated, net	884,670,434	-	583,271	263,686	884,990,019
Governmental activities capital assets, net	\$ 1,416,607,899	\$ -	\$ 69,965,310	\$ 77,550,191	\$ 1,409,023,018
Business-type activities					
Capital assets, not being depreciated					
Land	\$ 33,741,805	\$ (8,032,678)			\$ 25,709,127
Water rights	-		\$ 8,032,678		8,032,678
Construction in progress	210,012,889		48,496,796	5,046,323	253,463,362
Total capital assets, not being depreciated	243,754,694	(8,032,678)	56,529,474	5,046,323	287,205,167
Capital assets, being depreciated					
Buildings structures and improvements	110,306,963		666,975		110,973,938
Infrastructure	709,668,888		13,701,979		723,370,867
Equipment	9,787,385				9,787,385
Total capital assets, being depreciated	829,763,236	-	14,368,954	-	844,132,190
Less accumulated depreciation for					
Buildings structures and improvements	(55,410,303)		(3,085,898)		(58,496,201)
Infrastructure	(170,096,509)		(11,268,532)		(181,365,041)
Equipment	(6,227,589)		(506,427)		(6,734,016)
Total accumulated depreciation	(231,734,401)	-	(14,860,857)	-	(246,595,258)
Total capital assets, being depreciated, net	598,028,835	-	(491,903)	-	597,536,932
Business-type activities capital assets, net	\$ 841,783,529	\$ (8,032,678)	\$ 56,037,571	\$ 5,046,323	\$ 884,742,099

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 5 - CAPITAL ASSETS (Continued)

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

Governmental functions:	<u>Amortization</u>	<u>Depreciation</u>	<u>Total</u>
General government	\$ -	\$ 201,489	\$ 201,489
Public safety - Police		460,239	460,239
Public safety - Fire		818,034	818,034
Public works		55,185,740	55,185,740
Community services		2,635,116	2,635,116
Development services		59,540	59,540
Economic and Community Development		36,356	36,356
Total	<u>\$ -</u>	<u>\$ 59,396,514</u>	<u>\$ 59,396,514</u>
Business-type functions:			
Wastewater treatment		\$ 10,178,962	\$ 10,178,962
Agricultural water		482,480	482,480
Domestic water	9,667	3,983,355	3,993,022
General aviation		140,330	140,330
Off-street parking		75,730	75,730
Total	<u>\$ 9,667</u>	<u>\$ 14,860,857</u>	<u>\$ 14,870,524</u>

NOTE 6 - 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	<u>Balance at June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2010</u>
Land held for resale	\$ 8,530,678	\$ 9,591,132	\$ 8,530,678	\$ 9,591,132
Construction in progress	13,775,849	19,859,692	13,775,849	19,859,692
	<u>\$ 22,306,527</u>	<u>\$ 29,450,824</u>	<u>\$ 22,306,527</u>	<u>\$ 29,450,824</u>

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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.

\$ 3,284,000

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).

1,911,465

Face value of loans

5,195,465

Less: current portion

448,335

Long-term portion

\$ 4,747,130

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

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.

1,632,307

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

2,175,934

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.

377,148

Total Business-type noncurrent receivables

\$ 4,237,664

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 7 - OTHER LONG-TERM RECEIVABLE (Continued)Component Unit

Creekview Villas, LLC, upon sale of restricted unit, 1/36 principal forgiven. Repayment to begin after recording of notice of completion.	\$ 2,215,718
Mercy Housing, Madison Place Apartments, 55 year term, with 1/55 will be forgiven each year of compliance to agreement.	316,448
19th Street Senior Plaza, LLC, a 55 year loan term upon recordation of Certificate of Completion.	1,688,374
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 5.85%. 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%.	<u>28,465,000</u>
Face value of loans	34,785,540
Less current portion	<u>1,845,000</u>
Long-term portion	<u>\$ 32,940,540</u>

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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, 2010 were:

Fund	Due from Other Funds	Due to Other Funds
Governmental Funds:		
Major Funds:		
General Fund	\$ 33,909,359	\$ -
Gas Tax and Road Fund		31,548,645
Non-Major Fund -		
American Reinvestment & Recovery Act		2,160,638
National Stabilization		200,076
	\$ 33,909,359	\$ 33,909,359

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

Interfund transfers at June 30, 2010 consisted of the following:

	Transfers In	Transfers Out
<u>Governmental Funds:</u>		
Major Funds:		
General Fund	\$ 900,000	\$ 3,950,794
Gas Tax & Road Fund		211,798
Transient Occupancy Tax Fund		3,343,500
Community Development Block Grant Fund		407,673
Capital Outlay Fund	7,506,092	
Non-Major Funds:		
State Safety Fund		900,000
General Obligation Debt	407,673	
<u>Proprietary Funds:</u>		
Major Funds:		
Wastewater Treatment Fund		150,000
Internal Service Funds:		
Equipment Management Fund	150,000	
	\$ 8,963,765	\$ 8,963,765

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 8 - INTERFUND TRANSACTIONS (Continued)

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

- The \$900,000 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 \$3,343,500 transfer from the Transient Occupancy Tax Fund to the Capital Outlay fund is to fund capital projects.
- The \$3,950,794 transfer from the General fund to the Capital Outlay fund is the utility franchise fee revenue received that is set aside for freeway construction projects within the City. The \$211,798 transfer from the Gas Tax & Road fund is the local revenue fund balance in the fund being relocated for local matching requirements of the Westside Parkway project.
- The \$407,673 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 \$150,000 transfer to the Equipment Management fund is for the purchase of additional equipment for the Wastewater Treatment fund.

NOTE 9 – DEFERRED/UNEARNED REVENUE

The following table summarizes deferred revenue for the Reporting Entity at June 30, 2010:

The Governmental Activities are broken out by unearned revenue and deferred revenue (unavailable).

Governmental activities:	<u>Unearned</u>	<u>Unavailable</u>
General Fund		
Dog License	\$ 95,511	\$ -
California Water Receivable		347,549
Code Enforcement Receivable		27,165
Police Service Receivable		150,711
State Agencies (SB90)		2,242,334
State Agencies (Prop 1A)		6,738,432
Business License	355,536	
Developer's Share (EIRs)	101,087	
General Fund	<u>552,133</u>	<u>9,506,191</u>
Community Development Block Grant Fund - Deferred loans		7,978,106
Gas Tax & Road Fund		253,725
Transportation Development Fund		161,666
Non-major funds: National Stabilization		4,654,861
State Transportation -- Grants advanced	87,445	
Total Governmental Activities	<u>\$ 639,578</u>	<u>\$ 22,554,549</u>

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 9 – DEFERRED/UNEARNED REVENUE (Continued)

Business-type activities:	<u>Unavailable</u>
Wastewater Treatment	\$ 3,808,241
Refuse Collection	43,720
Domestic Water	377,148
Total Business-Type Activities	<u>\$ 4,229,109</u>
Discretely Presented Component Unit:	
Lease Receivable	\$ 28,465,000
Notes Receivable	6,320,540
Total Discretely Presented Component Unit	<u>\$ 34,785,540</u>

NOTE 10 - LONG-TERM DEBT

Long-term debt transactions for the fiscal year ending June 30, 2010 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, 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
Subtotal	<u>43,460,024</u>	<u>12,787,258</u>	<u>242,701,570</u>	<u>255,488,828</u>	<u>298,948,852</u>	<u>49,835,385</u>	<u>348,784,237</u>
New debt incurred:							
Bonds				-	-	3,330,000	3,330,000
Notes	1,800,000			-	1,800,000		1,800,000
Contracts/Loans						6,448,814	6,448,814
Claims and Judgments Payable	1,679,483				1,679,483		1,679,483
Net Post Emp. Benefit Obligation	3,178,581				3,178,581		3,178,581
Compensated Absences	8,260,561	1,150,805		1,150,805	9,411,366	20,460	9,431,826
Subtotal	<u>14,918,625</u>	<u>1,150,805</u>	<u>-</u>	<u>1,150,805</u>	<u>16,069,430</u>	<u>9,799,274</u>	<u>25,868,704</u>

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 10 - LONG-TERM DEBT (Continued)

	Governmental Activities	Business-Type Activities			Total Primary Government	Discretely Presented Component Unit	Total Reporting Entity
		General Obligations	Revenue Obligations	Total			
Principal reductions:							
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	1,623,177		1,623,177	1,826,177		1,826,177
Contracts/Loans				-	-	1,245,719	1,245,719
Compensated Absences	8,587,214	1,299,036		1,299,036	9,886,250		9,886,250
Subtotal	8,790,214	2,922,213		4,353,276	13,143,490	3,010,719	16,154,209
Payable at June 30, 2010:							
Bonds (inc. unamortized premium)	-	-	241,270,507	241,270,507	241,270,507	3,330,000	244,600,507
Certificates of Participation					-	28,465,000	28,465,000
Notes	5,611,000	8,991,701		8,991,701	14,602,701		14,602,701
Contracts/Loans	-		-	-	-	24,676,101	24,676,101
Claims and Judgments Payable	24,866,509				24,866,509		24,866,509
Net Post Emp. Benefit Obligation	5,730,393				5,730,393		5,730,393
Compensated Absences	13,380,533	2,024,149		2,024,149	15,404,682	152,839	15,557,521
Total Payables	\$ 49,588,435	\$ 11,015,850	\$ 241,270,507	\$ 252,286,357	\$ 301,874,792	\$ 56,623,940	\$ 358,498,732
Due Within One Year							
Bonds (inc. unamortized premium)	\$ -	\$ -	\$ 2,276,063	\$ 2,276,063	\$ 2,276,063	\$ 80,000	\$ 2,356,063
Certificates of Participation					-	1,845,000	1,845,000
Notes	444,000	1,470,440		1,470,440	1,914,440		1,914,440
Contracts/Loans				-	-	2,686,778	2,686,778
Claims and Judgments Payable	8,050,509				8,050,509		8,050,509
Compensated Absences	7,250,295	1,475,416		1,475,416	8,725,711	151,115	8,876,826
Total Due Within One Year	\$ 15,744,804	\$ 2,945,856	\$ 2,276,063	\$ 5,221,919	\$ 20,966,723	\$ 4,762,893	\$ 25,729,616
Due in More Than One Year							
Bonds (inc. unamortized premium)	\$ -	\$ -	\$ 238,994,444	\$ 238,994,444	\$ 238,994,444	\$ 3,250,000	\$ 242,244,444
Certificates of Participation					-	26,620,000	26,620,000
Notes	5,167,000	7,521,261		7,521,261	12,688,261		12,688,261
Contracts/Loans				-	-	21,989,323	21,989,323
Claims and Judgments Payable	16,816,000				16,816,000		16,816,000
Net Post Emp. Benefit Obligation	5,730,393				5,730,393		5,730,393
Compensated Absences	6,130,238	548,733		548,733	6,678,971	1,724	6,680,695
Total Due in More Than One Year	\$ 33,843,631	\$ 8,069,994	\$ 238,994,444	\$ 247,064,438	\$ 280,908,069	\$ 51,861,047	\$ 332,769,116

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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, 2010 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 Wastewater Treatment Fund). \$ 189,595,000

\$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 7,945,507

Total Bonds – Primary government \$ 241,270,507

General obligation bonds serviced by Discretely Presented

Component Unit:

\$2,090,000 Tax Allocation Bond to be used for construction of public improvements for new developments on 18th and 19th St, and improvements to the Millcreek Linear Park. The funds were dispersed in July 2009. The interest rate is 7.5%, with payments commencing August 2010 through August 2029. (This issue is serviced by the Bakersfield Redevelopment Agency Debt Service Fund). \$ 2,090,000

\$1,240,000 Tax Allocation Bond to be used for infrastructure improvements for the Millcreek Linear Park Canal at South Millcreek. The funds were dispersed in July 2009. The interest rate is 7.25%, with payments commencing August 2010 through August 2029. (This issue is serviced by the Bakersfield Redevelopment Agency Debt Service Fund.) 1,240,000

Total Bonds -- Discretely Presented Component Unit \$ 3,330,000

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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

\$ 20,720,000

\$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.)

7,745,000

Total Certificates of Participation -- Discretely Presented Component Unit

\$ 28,465,000Notes/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%

\$ 3,176,000

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%

635,000

General obligation note serviced by Community Development Block Grant (via the Municipal Debt Service Fund with Community Development Block Grant Entitlement): \$1,800,000 HUD Section 108 Loan 2009 - due in annual principal installments of \$140,000 to \$230,000 commencing August 2010 through August 2021; interest ranging from 0.56% to 3.73%.

1,800,000

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.

8,273,388

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 10 - LONG-TERM DEBT (Continued)

\$3,045,000 loan made in 1997 from the State of California Department of Water Resources, Due in semi-annual principal and interest payments from April 1, 1998 through October 1, 2010 from the <u>Domestic Water Fund</u> .	718,313
Total general obligation notes/loans payable - Primary government	<u>\$ 14,602,701</u>
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.	\$ 581,978
\$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.	1,875,000
\$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%.	811,000
\$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.	814,746

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 10 - LONG-TERM DEBT (Continued)

\$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%.	1,542,000
\$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.	879,908
\$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.	2,843,728
\$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%.	9,636,172
\$1,500,000 Bakersfield Redevelopment Inter-Agency loan with the City of Bakersfield Self Insurance Fund to provide construction assistance required for the Courtyard Family Apartments located west of S Street, between 13th and 14th at S. Millcreek. Funds were disbursed in September 2009. The loan has a 5% interest rate and a seven year payment period.	<u>1,409,000</u>
Total Contracts Payable -- Discretely Presented Component Unit	<u>\$ 24,676,101</u>

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 10 - LONG-TERM DEBT (Continued)Compensated Absences:

Governmental Activities	13,380,533
Business-type Activities	<u>2,024,149</u>
Total compensated absences - Primary Government/Reporting Entity	<u>\$ 15,404,682</u>
Component Unit	<u>\$ 152,839</u>

A summary of the reporting entity's debt service requirements outstanding at June 30, 2010 is as follows:

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Reporting Entity</u>
Principal:			
Governmental Activities	\$ 49,588,435	\$ 56,623,940	\$ 106,212,375
Business-Type Activities:			
General Obligations	11,015,850		11,015,850
Revenue Obligations	<u>241,270,507</u>		<u>241,270,507</u>
Subtotal - Principal	<u>301,874,792</u>	<u>56,623,940</u>	<u>358,498,732</u>
Less: Claims and Judgments Payable included above that bear no interest and have no schedule repayment terms	24,866,509		24,866,509
Less: Net Post Employment Benefit Obligation	5,730,393		5,730,393
Less: Unamortized premium for Wastewater revenue bond	7,945,507		7,945,507
Less: Compensated Absences included above that bear no interest and have no schedule repayment terms	<u>15,404,682</u>	<u>152,839</u>	<u>15,557,521</u>
Total principal with scheduled repayment terms	247,927,701	56,471,101	304,398,802
Interest on Obligations	<u>180,449,850</u>	<u>21,853,226</u>	<u>202,303,076</u>
Total debt service requirements	<u>\$ 428,377,551</u>	<u>\$ 78,324,327</u>	<u>\$ 506,701,878</u>

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 10 - LONG-TERM DEBT (Continued)

The annual requirement to amortize the principal and interest on long-term debt at June 30, 2010 is as follows:

Year ending	Government-Type Activities			Government-Type Activities		
	Principal			Interest		
	Bonds	Notes/Loans	Total	Bonds	Notes/Loans	Total
2011	\$ -	\$ 444,000	\$ 444,000	\$ -	\$ 212,205	\$ 212,205
2012	-	366,000	366,000	-	219,856	219,856
2013	-	378,000	378,000	-	208,420	208,420
2014	-	389,000	389,000	-	195,433	195,433
2015	-	401,000	401,000	-	180,887	180,887
2016-2020	-	2,208,000	2,208,000	-	632,466	632,466
2021-2025	-	1,425,000	1,425,000	-	115,400	115,400
Totals	\$ -	\$ 5,611,000	\$ 5,611,000	\$ -	\$ 1,764,667	\$ 1,764,667

Year ending	Business-Type Activities			Business-Type Activities		
	Principal			Interest		
	Bonds	Notes	Total	Bonds	Notes	Total
2011	\$ 1,945,000	\$ 1,470,440	\$ 3,415,440	\$ 10,894,899	\$ 172,398	\$ 11,067,297
2012	2,930,000	752,126	3,682,126	10,783,524	150,429	10,933,953
2013	2,845,000	752,126	3,597,126	10,651,618	150,429	10,802,047
2014	3,260,000	752,126	4,012,126	10,512,074	150,429	10,662,503
2015	4,360,000	752,126	5,112,126	10,337,936	150,429	10,488,365
2016-2020	30,010,000	3,760,630	33,770,630	47,668,556	752,144	48,420,700
2021-2025	43,295,000	752,127	44,047,127	38,736,650	150,428	38,887,078
2026-2030	56,150,000		56,150,000	26,389,650		26,389,650
2031-2035	72,160,000		72,160,000	10,738,930		10,738,930
2036-2040	16,370,000		16,370,000	294,660		294,660
Totals	\$ 233,325,000	\$ 8,991,701	\$ 242,316,701	\$ 177,008,497	\$ 1,676,686	\$ 178,685,183

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 10 - LONG-TERM DEBT (Continued)

Year ending	Discretely Presented Component Unit			Discretely Presented Component Unit		
	Principal			Interest		
	Bonds/COP	Notes/Contracts	Total	Bonds/COP	Notes/Contracts	Total
2011	\$ 1,925,000	\$ 2,686,778	\$ 4,611,778	\$ 1,551,038	\$ 1,094,266	\$ 2,645,304
2012	1,990,000	2,634,534	4,624,534	1,471,313	868,023	2,339,336
2013	2,075,000	2,706,930	4,781,930	1,386,044	775,934	2,161,978
2014	2,180,000	1,179,276	3,359,276	1,282,618	676,964	1,959,582
2015	2,285,000	1,231,729	3,516,729	1,182,362	625,554	1,807,916
2016-2020	13,220,000	3,968,297	17,188,297	4,047,194	2,466,705	6,513,899
2021-2025	6,805,000	3,661,995	10,466,995	1,059,975	1,691,745	2,751,720
2026-2030	1,315,000	3,061,069	4,376,069	256,494	887,655	1,144,149
2031-2035		2,200,502	2,200,502		449,781	449,781
2036-2040		1,344,991	1,344,991		79,561	79,561
Totals	\$ 31,795,000	\$ 24,676,101	\$ 56,471,101	\$ 12,237,038	\$ 9,616,188	\$ 21,853,226

Year Ending	Reporting Entity			Reporting Entity		
	Principal			Interest		
	Bonds/COP	Notes/Cont./Loans	Total	Bonds/COP	Notes/Cont/Loan	Total
2011	\$ 3,870,000	\$ 4,601,218	\$ 8,471,218	\$ 12,445,937	\$ 1,478,869	\$ 13,924,806
2012	4,920,000	3,752,660	8,672,660	12,254,837	1,238,308	13,493,145
2013	4,920,000	3,837,056	8,757,056	12,037,662	1,134,783	13,172,445
2014	5,440,000	2,320,402	7,760,402	11,794,692	1,022,826	12,817,518
2015	6,645,000	2,384,855	9,029,855	11,520,298	956,870	12,477,168
2016-2020	43,230,000	9,936,927	53,166,927	51,715,750	3,851,315	55,567,065
2021-2025	50,100,000	5,839,122	55,939,122	39,796,625	1,957,573	41,754,198
2026-2030	57,465,000	3,061,069	60,526,069	26,646,144	887,655	27,533,799
2031-2035	72,160,000	2,200,502	74,360,502	10,738,930	449,781	11,188,711
2036-2040	16,370,000	1,344,991	17,714,991	294,660	79,561	374,221
Totals	\$ 265,120,000	\$ 39,278,802	\$ 304,398,802	\$ 189,245,535	\$ 13,057,541	\$ 202,303,076

NOTE 11 - PLEDGED REVENUES

The City has pledged net revenues generated by the Wastewater Enterprise Fund to repay \$233 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.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 12 - REIMBURSABLE DEVELOPER COSTS

Reimbursable developer costs of \$3,260,316 at June 30, 2010 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.

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 2009/10 was 12.869%. 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

NOTE 13 - EMPLOYEE RETIREMENT BENEFITS (Continued)

C. Annual Pension Cost

For the year ended June 30, 2010, the City's annual pension cost of \$6,541,936 for CalPERS was equal to the City's required and actual contributions. The required contribution for fiscal year 2009/10 was determined as part of the June 30, 2007 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 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-five 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	\$ 6,840,851	100%	\$ -
6/30/2008	\$ 7,086,529	100%	\$ -
6/30/2009	\$ 6,541,936	100%	\$ -

(UNAUDITED) REQUIRED SUPPLEMENTARY INFORMATION
FUNDED STATUS OF MISCELLANEOUS PLAN

(A)	(B)	(C)	(D)	(E)	(F)	
Actuarial Valuation Date	Actuarial Asset Value	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)}
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%
6/30/2008	\$ 268,316,454	\$ 295,149,767	\$ 26,833,313	90.9%	\$ 50,064,207	53.6%

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

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 13 - EMPLOYEE RETIREMENT BENEFITS (Continued)

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 2009/10 was 20.664%. 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, 2010, the City's annual pension cost of \$3,152,213 for CalPERS was equal to the City's required and actual contributions. The required contribution for fiscal year 2009/10 was determined as part of the June 30, 2007 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, 2008, was thirty years.

THREE-YEAR TREND INFORMATION FOR THE SAFETY FIRE PLAN

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2007	\$ 3,285,452	100%	\$ -
6/30/2008	\$ 3,342,692	100%	\$ -
6/30/2009	\$ 3,152,213	100%	\$ -

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 13 - EMPLOYEE RETIREMENT BENEFITS (Continued)

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

	(A)	(B)	(C)	(D)	(E)	(F)
		Entry Age	Unfunded	Funded	Covered	Unfunded
Actuarial	Actuarial	Actuarial	Actuarial	Ratio	Payroll	Actuarial
Valuation	Asset Value	Accrued	Accrued	[(A)/(B)]		Liability as
Date		Liability	Liability			Percentage of
						Covered Payroll
						{[(B)-(A)]/(E)}
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%
6/30/2008	\$ 161,154,797	\$ 179,566,772	\$ 18,411,975	89.7%	\$ 15,278,771	120.5%

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.

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 2009/10 was 29.031%. 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, 2010, the City’s annual pension cost of \$7,983,130 for CalPERS was equal to the City’s required and actual contributions. The required contribution for fiscal year 2009/10 was determined as part of the June 30, 2007 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

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 13 - EMPLOYEE RETIREMENT BENEFITS (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, 2008, 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	\$ 7,874,625	100%	\$ -
6/30/2008	\$ 8,056,681	100%	\$ -
6/30/2009	\$ 7,983,130	100%	\$ -

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

(A)	(B)	(C)	(D)	(E)	(F)	
Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio [(A)/(B)]	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll $\{[(B)-(A)]/(E)\}$
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%
6/30/2008	\$ 207,137,825	\$ 265,125,957	\$ 57,988,132	78.1%	\$ 27,284,866	212.5%

Fireman’s Relief and Pension Fund

A. 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, 2010, the most recent actuarial valuation date, there were 6 participants, retired and 100% vested. 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, 2010 valuation used the unprojected unit credit method to calculate the costs for pension benefits.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 13 - EMPLOYEE RETIREMENT BENEFITS (Continued)

The FRPF carried the following investments at June 30, 2010 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	\$ 442,856
Morgan Federal Farm Credit Bank Coupon	\$ 1,000,000

Schedules of Funding Progress (Fire - FDRF)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of covered Payroll
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
06/30/10	1,447,264	1,146,478	(300,786)	126%	-0-	N/A

C. Actuarial Methods and Assumptions

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

Valuation date	06/30/10
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	4.0% Compounded annually (5.25% as of 06/30/08)
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 BENEFITSA. Plan Description

In addition to the employee retirement benefits described in Note 13, the City provides a single-employer 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.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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 unblended from employee rates.

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 1,428 active employees and 411 retirees as of June 30, 2010. There is not a separate, audited GAAP-basis pension report available for the Post-Employment Retiree Medical Benefit Plan.

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.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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):

<u>Item</u>	<u>FYE 6/30/10</u>	<u>FYE 6/30/09</u>
Annual Required Contributions	\$9,495,763	\$7,997,000
Interest on Net OPEB Obligation/(Asset)	146,729	(9,329)
Adjustment to Annual Required Contributions	<u>(180,455)</u>	<u>5,408</u>
Annual OPEB cost (expense)	\$9,462,037	\$7,993,079
Contributions made	<u>(6,283,456)</u>	<u>(5,279,032)</u>
Increase in Net OPEB Obligation/(Asset)	\$3,178,581	\$2,714,047
Net OPEB Obligation/(Asset)– beginning of year	<u>\$2,551,812</u>	<u>\$ (162,235)</u>
Net OPEB Obligation/(Asset) – end of year	\$5,730,393	\$2,551,812

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 through 2010 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation/(Asset)</u>
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
6/30/10	\$9,462,037	\$6,283,456	66.41%	\$5,730,393

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, the end of the second year of GASB 45 applicability, was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Projected Unit Credit Actuarial Accrued Liability</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
July 1, 2009	\$12,179,117	\$113,609,784	\$101,430,667	10.7%	\$63,685,205	159.3%

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.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (Continued)**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 most recent actuarial valuation was performed as of July 1, 2009. 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 ranging from 17.51 to -0.64 percent, reduced by decrements to an ultimate rate of 5 percent after 10 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, 2010 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.

	Outstanding at 06/30/2010
Assessment District 93-3 (Cal/Oak)	\$ 455,000
Assessment District 94-1 (Renfro-Hughes)	330,000
Assessment District 94-2 (Gosford/White)	345,000
Assessment District 94-3 (Silver Creek-Brimhall, North Seven Oaks, South Laurelglen)	2,700,000
Assessment District 96-1 (Brimhall II/Spring Meadows/Fairways/Campus Park)	490,000
Assessment District 97-1 (Spring Meadows II/Stockdale Highway Commercial)	720,000
Assessment District 98-1 (Brimhall IV/Stockdale Commercial/Gosford Industrial)	2,995,000
Assessment District 99-1 (Polo Greens/Riveroaks)	1,295,000
Assessment District 99-2 (Seven Oaks West)	2,370,000
Assessment District 01-1 (Ming at Allen/Mountain Vista; Hampton Place)	1,550,000
Assessment District 01-2 (Seven Oaks West II/Riverwalk/Southern Oaks)	4,835,000
Assessment District 01-3 (Mountain Vista/San Lauren)	3,485,000
Assessment District 02-1 (Avalon/Belsera/Montara/The Woods)	1,410,000
Assessment District 03-1 (Brighton Place /Silver Creek II)	2,125,000
Assessment District 03-2 (Buena Vista Ranch/Belsera II/ Montera II/ Olive Park II)	2,125,000

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 15 - SPECIAL ASSESSMENT DISTRICTS (Continued)

Assessment District 03-3	(Seven Oaks West III/Brighton Place)	4,645,000
Assessment District 04-1	(Countryside/The Homestead)	3,210,000
Assessment District 04-2	(BP/BV/ST@Allen Com)	4,225,000
Assessment District 04-3	(Solera/Rio Vista)	2,970,000
Assessment District 05-1	(City in the Hills)	13,940,000
Assessment District 05-3	(Liberty II/Village Green/Tesoro/Encanto)	5,965,000
Assessment District 06-1	(Etcheverry/Lin II/University Park)	4,685,000
Assessment District 07-2	(Sydney Harbour)	2,000,000
		<u>\$ 68,870,000</u>

NOTE 16 - RISK MANAGEMENTSelf 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 \$24,866,509 at June 30, 2010 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 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
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
2009-2010	\$ 23,187,026	\$ 10,174,219	\$ 8,494,736	\$ 24,866,509

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.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 16 - RISK MANAGEMENT (Continued)

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, 2010 the City had \$494,649 on deposit with ACCEL out of a total of approximately \$15,131,464.

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, 2010 is as follows:

Total assets	\$ 33,054,445
Total liabilities	<u>17,922,980</u>
Total members' equity	<u>\$ 15,131,465</u>
Total revenues	\$ 12,969,689
Total expenses	<u>4,968,909</u>
Net increase in members' equity	<u>\$ 8,000,780</u>

As of June 30, 2010 ACCEL had no long-term debt.

Included in total liabilities is an estimated retrospectively rated refund of \$6,754,764. Complete financial statements of ACCEL can be obtained at the City's Finance Department at 1600 Truxtun Avenue.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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 were originally 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. In early 2010, the City obtained regulatory approval to reduce the amount of major earthwork if existing soils meet certain criteria. Testing is currently underway and closure costs are anticipated to be reduced from the original \$7 million down to \$5 million. This should decrease the City's share from the original \$4.3 million down to about \$3 million. Construction is planned for mid-2010. The reduction in overall cost and some improvement in the County's financial situation has resulted in the County being able to participate by paying its share this year.

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.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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:

	Authorized and Issued	Current Outstanding at June 30, 2010
City of Bakersfield - Lakeside Apartments Housing Bond, Series 1997F	\$ 3,110,000	\$ 2,400,000
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 - 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	3,692,315
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	10,805,000
City of Bakersfield - Descanso Place Housing Bond, Series TT	13,000,000	1,400,000
City of Bakersfield - Bakersfield Family Apartments Housing Bond, Series R	10,971,000	1,998,480
TOTAL		<u>\$ 607,767,800</u>

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 19 – PRIOR PERIOD ADJUSTMENTS

During the fiscal year 2009-10, the City made the following prior period adjustments to restate the indicated governmental and business-type activity funds' equity to correct year-end balances for the investment market value adjustment, Domestic Water utility expenses, General Fund Utility charges, and General Fund salary costs.

Fund	Fund Balance Accounts		
	July 1, 2009, as previously reported	Adjustment	July 1, 2009, as restated
General Fund	\$ 51,074,468	\$ 274,026	
		\$ 1,015,409	
		\$ (218,514)	\$ 52,145,389
Community Development Block Grant	2,621,337	9,268	2,630,605
State (TDA) Transportation	-	338	338
Gas Tax & Road Fund	8,819,017	31,426	8,850,443
State Safety Fund	1,388,676	5,848	1,394,524
Transient Occupancy Taxes	1,574,925	18,100	1,593,025
Capital Outlay	21,475,359	66,098	21,541,457
Parks Improvement	12,471,733	62,702	12,534,435
Transportation Development	47,360,718	172,658	47,533,376

Activity	Net Asset Accounts		
	July 1, 2009, as previously reported	Adjustment	July 1, 2009, as restated
Wastewater Treatment	\$ 494,924,965	\$ 189,740	\$ 495,114,705
Refuse Collection	16,296,353	70,918	16,367,271
Agriculture Water	26,329,864	14,463	26,344,327
Domestic Water	197,325,742	101,678	
		(434,387)	196,993,033
General Aviation	9,980,734	1,900	9,982,634
Offstreet Parking	6,186,571	298	6,186,869
Equipment Management	45,780,001	78,268	45,858,269
Self-Insurance	7,505,769	110,958	7,616,727
Component Unit - Bakersfield Redevelopment Agency	(10,218,454)	56,910	(10,161,544)



CITY OF BAKERSFIELD

Required Supplementary Information

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 2008-09 to fiscal year 2009-10 totaled \$316,032,149.

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

CITY OF BAKERSFIELD

Required Supplementary Information (continued)

**Budgetary Comparison Schedule, General Fund
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund Balance, July 1 - as restated	\$ 52,145,389	\$ 52,145,389	\$ 52,145,389	\$ -
Revenues:				
Taxes	127,412,815	112,059,783	122,222,613	10,162,830
Licenses and permits	2,427,795	2,307,795	2,192,594	(115,201)
Intergovernmental	1,434,675	3,017,964	3,210,980	193,016
Charges for services	16,104,665	15,966,865	17,078,825	1,111,960
Fines, forfeitures and assessments	895,000	967,435	843,021	(124,414)
Interest income	398,500	398,500	373,682	(24,818)
Contributions and donations	1,000	49,587	289,248	239,661
Other	24,600	1,923,970	1,989,643	65,673
Transfers from other funds	900,000	900,000	900,000	-
Amount available for appropriation	\$ 149,599,050	\$ 137,591,899	\$ 149,100,606	\$ 11,508,707
Expenditures:				
General government	\$ 11,565,103	\$ 11,735,932	\$ 10,833,945	\$ 901,987
Police	65,208,132	66,774,528	62,009,934	4,764,594
Fire	30,876,345	31,425,281	30,921,380	503,901
Public works	21,009,572	21,044,036	18,476,196	2,567,840
Community services	16,231,092	16,290,948	14,828,568	1,462,380
Development services	8,258,135	8,951,479	7,811,683	1,139,796
Economic/Community development	422,696	447,696	404,228	43,468
Non-departmental	8,430,555	6,323,555	6,061,106	262,449
Contingency	50,000	50,000		50,000
Transfers to other funds	3,244,470	3,244,470	3,950,794	(706,324)
Total charges to appropriations	165,296,100	166,287,925	155,297,834	10,990,091
Amount of resources over (under) charges to appropriations	(15,697,050)	(28,696,026)	(6,197,228)	22,498,798
Fund balance, June 30	\$ 36,448,339	\$ 23,449,363	\$ 45,948,161	\$ 22,498,798

CITY OF BAKERSFIELD

Required Supplementary Information (continued)

**Budgetary Comparison Schedule, Transient Occupancy Taxes
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund Balance, July 1 - as restated	\$ 1,593,025	\$ 1,593,025	\$ 1,593,025	\$ -
Revenues:				
Taxes	7,400,000	6,550,000	6,493,702	(56,298)
Charges for services	5,932,630	5,932,630	6,161,661	229,031
Interest income	50,000	50,000	38,493	(11,507)
Contributions and donations	1,200,000	1,200,000	1,200,750	750
Other			5,931	5,931
Amount available for appropriation	\$ 14,582,630	\$ 13,732,630	\$ 13,900,537	\$ 167,907
Expenditures:				
Community services	\$ 7,846,222	\$ 7,818,508	\$ 7,424,132	\$ 394,376
Non-departmental	3,147,950	3,142,950	3,142,950	-
Transfers to other funds	4,100,000	3,343,500	3,343,500	-
Total charges to appropriations	15,094,172	14,304,958	13,910,582	394,376
Amount of resources over (under) charges to appropriations	(511,542)	(572,328)	(10,045)	562,283
Fund balance, June 30	\$ 1,081,483	\$ 1,020,697	\$ 1,582,980	\$ 562,283

**Budgetary Comparison Schedule, Community Development Block Grant
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund Balance, July 1 - as restated	\$ 2,630,605	\$ 2,630,605	\$ 2,630,605	\$ -
Revenues:				
Intergovernmental	5,207,858	16,554,398	3,362,019	(13,192,379)
Charges for services			83,880	83,880
Interest income	-	-	35,414	35,414
Loan payments	166,000	211,000	201,819	(9,181)
Note/certificate proceeds		1,800,000	1,800,000	-
Other	4,000	4,000	10,029	6,029
Amount available for appropriation	\$ 5,377,858	\$ 18,569,398	\$ 5,493,161	\$ (13,076,237)
Expenditures:				
Economic/Community development	\$ 3,407,735	\$ 11,155,036	4,492,441	\$ 6,662,595
Capital outlay	1,613,951	6,948,701	3,034,392	3,914,309
Transfer to other funds	404,034	440,034	407,673	32,361
Total charges to appropriations	5,425,720	18,543,771	7,934,506	10,609,265
Amount of resources over (under) charges to appropriations	(47,862)	25,627	(2,441,345)	(2,466,972)
Fund balance, June 30	\$ 2,582,743	\$ 2,656,232	\$ 189,260	\$ (2,466,972)

CITY OF BAKERSFIELD

Required Supplementary Information (continued)

**Budgetary Comparison Schedule, Gas Tax & Road Funds
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund Balance, July 1 - as restated	<u>\$ 8,850,443</u>	<u>\$ 8,850,443</u>	<u>\$ 8,850,443</u>	<u>\$ -</u>
Revenues:				
Intergovernmental	21,893,800	215,993,877	64,954,697	(151,039,180)
Charges for services	-	-	60,000	60,000
Fines, forfeitures and assessments	25,000	25,000	2,128	(22,872)
Interest income	-	25,000	144,541	119,541
Other	53,500	131,000	74,303	(56,697)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Amount available for appropriation	<u>\$ 21,972,300</u>	<u>\$ 216,174,877</u>	<u>\$ 65,235,669</u>	<u>\$ (150,939,208)</u>
Expenditures:				
Public works	\$ 4,491,754	\$ 4,491,754	\$ 3,668,229	\$ 823,525
Capital outlay	18,605,304	219,057,745	62,788,835	156,268,910
Transfers to other funds		211,798	211,798	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total charges to appropriations	<u>23,097,058</u>	<u>223,761,297</u>	<u>66,668,862</u>	<u>157,092,435</u>
Amount of resources over (under) charges to appropriations	<u>(1,124,758)</u>	<u>(7,586,420)</u>	<u>(1,433,193)</u>	<u>6,153,227</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balance, June 30	<u><u>\$ 7,725,685</u></u>	<u><u>\$ 1,264,023</u></u>	<u><u>\$ 7,417,250</u></u>	<u><u>\$ 6,153,227</u></u>

CITY OF BAKERSFIELD

Required Supplementary Information (continued)

DEFINED PENSION PLAN

A schedule of funding progress for the year ended June 30, 2010 (most recent actuarial dated information) including the past nine actuarial valuations is presented below.

	<u>Actuarial Valuation Date</u>	<u>Actuarial Asset Value</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Underfunded (Overfunded) Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Underfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll</u>
Miscellaneous	06/30/99	166,114,874	113,068,016	(53,046,858)	146.9%	28,421,325	(186.6%)
Employees Group	06/30/00	182,162,991	124,623,988	(57,539,003)	146.2%	29,371,407	(195.9%)
	06/30/01	188,011,327	158,211,413	(29,799,914)	118.8%	32,225,024	(92.5%)
	06/30/02	177,719,369	171,571,099	(6,148,270)	103.6%	35,372,398	(17.4%)
	06/30/03	181,593,404	198,558,161	16,964,757	91.5%	37,993,015	44.7%
	06/30/04	192,771,610	220,986,653	28,215,043	87.2%	38,144,465	74.0%
	06/30/05	208,030,836	237,796,477	29,765,641	87.5%	40,150,566	74.1%
	06/30/06	226,451,746	255,095,541	28,643,795	88.8%	43,527,124	65.8%
	06/30/07	248,242,670	276,470,476	28,227,806	89.8%	48,981,407	57.6%
	06/30/08	268,316,454	295,149,767	26,833,313	90.9%	50,064,207	53.6%
Police Safety	06/30/99	128,320,543	109,829,972	(18,490,571)	116.8%	16,549,536	(111.7%)
Employees Group	06/30/00	140,630,655	124,014,791	(16,615,864)	113.4%	17,951,589	(92.6%)
	06/30/01	144,319,973	133,430,814	(10,889,159)	108.2%	17,856,713	(61.0%)
	06/30/02	135,089,787	160,095,659	25,005,872	84.4%	18,769,801	133.2%
	06/30/03	137,228,572	175,278,288	38,049,716	78.3%	22,142,625	171.8%
	06/30/04	147,387,137	194,008,124	46,620,987	76.0%	21,805,516	213.8%
	06/30/05	160,921,545	208,572,116	47,650,571	77.2%	22,543,104	211.4%
	06/30/06	175,933,055	228,096,765	52,163,710	77.1%	24,796,549	210.4%
	06/30/07	192,579,453	247,804,969	55,225,516	77.7%	26,707,658	206.8%
	06/30/08	207,137,825	265,125,957	57,988,132	78.1%	27,284,866	212.5%
Fire Safety	06/30/99	107,092,520	84,304,944	(22,787,576)	127.0%	9,593,108	(237.5%)
Employees Group	06/30/00	117,917,829	106,291,639	(11,626,190)	110.9%	10,509,276	(110.6%)
	06/30/01	120,528,257	111,492,076	(9,036,181)	108.1%	10,557,179	(85.6%)
	06/30/02	112,020,027	120,900,571	8,880,544	92.7%	11,404,064	77.9%
	06/30/03	112,838,988	125,111,024	12,272,036	90.2%	12,223,855	100.4%
	06/30/04	119,692,263	136,596,056	16,903,793	87.6%	12,719,475	132.9%
	06/30/05	129,535,660	145,627,905	16,092,245	88.9%	13,717,142	117.3%
	06/30/06	139,944,092	156,354,757	16,410,665	89.5%	14,362,096	114.3%
	06/30/07	151,385,127	166,571,394	15,186,267	90.9%	15,134,819	100.3%
	06/30/08	161,154,797	179,566,772	18,411,975	89.7%	15,278,771	120.5%

CITY OF BAKERSFIELD

Required Supplementary Information (continued)

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)
07/1/2009	12,179,117	113,609,784	101,430,667	10.7%	63,685,205	159.3%

II. Schedule of Employer Contributions

Fiscal Year	Actual Annual Contribution	Annual Required Contribution	Percentage Contribution
2008	7,949,235	7,787,000	102.1%
2009	5,279,032	7,993,079	66%
2010	6,283,456	9,462,037	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
06/30/06	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
06/30/10	1,447,478	1,146,478	(300,786)	126%	-0-	N/A

CITY OF BAKERSFIELD

Required Supplementary Information (concluded)

II. Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Percentage of ARC Contributed	Net Pension Obligation (NPO)
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	(58,128)
2010	(33,014)	N/A	(90,478)



Supplementary Information

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General Fund

This fund was established to account for the revenues and expenditures to carry out basic governmental activities of the City such as general government, public safety, public works and community services.

Revenues are recorded by source, i.e., taxes, licenses and permits, etc. Expenditures are made primarily on current day-to-day operations and are recorded by major functional classifications and by operating departments.

This fund accounts for all financial transactions not accounted for in another fund.

CITY OF BAKERSFIELD

**Schedule of Revenue by Function - General Fund
Budgetary Level of Control - Budget and Actual
For the Fiscal Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Taxes:			
Property taxes	\$ 53,918,568	\$ 57,185,433	\$ 3,266,865
Sales and use taxes	45,025,000	50,664,333	5,639,333
Property transfer tax	900,000	790,719	(109,281)
Utility franchise tax	7,992,015	9,288,614	1,296,599
Business license tax	3,104,200	3,173,514	69,314
In lieu and other taxes	1,120,000	1,120,000	-
Total taxes	<u>112,059,783</u>	<u>122,222,613</u>	<u>10,162,830</u>
Licenses and permits:			
Building permits	1,280,000	1,066,806	(213,194)
Planning permits	105,895	75,698	(30,197)
Public works permits	355,000	425,902	70,902
Police permits	143,500	197,259	53,759
Fire permits	222,000	204,509	(17,491)
Other licenses and permits	201,400	222,420	21,020
Total licenses and permits	<u>2,307,795</u>	<u>2,192,594</u>	<u>(115,201)</u>
Intergovernmental:			
Federal grants	1,248,702	1,089,318	(159,384)
State of California	1,584,050	1,959,005	374,955
Other grants	185,212	162,657	(22,555)
Total intergovernmental	<u>3,017,964</u>	<u>3,210,980</u>	<u>193,016</u>
Charges for services:			
Building	1,345,000	1,366,882	21,882
Planning	216,505	134,257	(82,248)
Public works	274,760	237,196	(37,564)
Police	492,000	701,493	209,493
Fire	4,357,600	4,339,640	(17,960)
Recreation and parks	675,500	1,025,997	350,497
Interfund charges	8,480,000	9,110,379	630,379
Other charges	125,500	162,981	37,481
Total charges for services	<u>15,966,865</u>	<u>17,078,825</u>	<u>1,111,960</u>
Fines, forfeitures and assessments	<u>967,435</u>	<u>843,021</u>	<u>(124,414)</u>
Miscellaneous:			
Interest income	398,500	350,425	(48,075)
Net decrease in the fair value of investments		23,257	23,257
Contributions and donations	49,587	289,248	239,661
Other	1,923,970	1,989,643	65,673
Total miscellaneous	<u>2,372,057</u>	<u>2,652,573</u>	<u>280,516</u>
Total revenues	<u><u>136,691,899</u></u>	<u><u>148,200,606</u></u>	<u><u>11,508,707</u></u>

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

CITY OF BAKERSFIELD

**Schedule of Expenditures by Department - General Fund
Budgetary Level of Control-Budget and Actual
For the Fiscal Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
General Government:			
Mayor	\$ 133,835	\$ 118,969	\$ 14,866
Council	307,383	289,222	18,161
City manager	971,693	906,941	64,752
City clerk	826,457	729,377	97,080
Human resources	1,411,150	1,222,647	188,503
Information technology	3,473,853	3,491,663	(17,810)
Financial services	2,645,035	2,439,135	205,900
City attorney	1,966,526	1,635,991	330,535
	<u>11,735,932</u>	<u>10,833,945</u>	<u>901,987</u>
Public Safety:			
Police	66,774,528	62,009,934	4,764,594
Fire	31,425,281	30,921,380	503,901
	<u>98,199,809</u>	<u>92,931,314</u>	<u>5,268,495</u>
Public Works:			
Administration	623,416	598,948	24,468
Engineering	5,274,690	5,079,588	195,102
General services	7,848,762	7,591,304	257,458
Streets and roads	7,297,168	5,206,356	2,090,812
	<u>21,044,036</u>	<u>18,476,196</u>	<u>2,567,840</u>
Community Services:			
Administration	1,158,001	1,050,396	107,605
Recreation	3,049,128	2,433,685	615,443
Parks	12,083,819	11,344,487	739,332
	<u>16,290,948</u>	<u>14,828,568</u>	<u>1,462,380</u>
Development Services:			
Planning	3,094,169	2,550,156	544,013
Building	5,857,310	5,261,527	595,783
	<u>8,951,479</u>	<u>7,811,683</u>	<u>1,139,796</u>
Economic/Community Development	<u>447,696</u>	<u>404,228</u>	<u>43,468</u>
Non departmental	<u>6,323,555</u>	<u>6,061,106</u>	<u>262,449</u>
Contingency	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Total General Fund Expenditures	<u>\$ 163,043,455</u>	<u>\$ 151,347,040</u>	<u>\$ 11,696,415</u>

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

Special Revenue Funds

These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Transient Occupancy Tax Fund is used to account for Transient Occupancy Tax Revenues (Hotel Tax) and expenditures funded by this revenue source. The Centennial Garden and Convention Center operating revenues and expenses are recorded in this fund.

Community Development 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 is used to account for the City's share, based upon population, of state gasoline taxes. State law requires these gasoline taxes be used to maintain streets or for major street construction. This fund also accounts for the resources provided by the Transportation Equity Act for the 21st Century (TEA21). These resources are less restrictive than in past programs but are still limited to transportation projects approved in the Transportation Improvement Program. Congestion Mitigation and Air Quality funds (CMAQ) are used in the metropolitan Bakersfield area to fund transportation projects in the Transportation Improvement Program. Regional Surface Transportation Program (STP) is funded by Federal -aid functionally classified higher than local road or rural minor collector. Transportation Enhancement Activities (TEA) Program projects have a direct relationship to the intermodal transportation system by function, proximity, or impact. Last, the Bridge Replacement and Rehabilitation Program (HBRR) allows each local agency two bridge replacement projects and two miscellaneous projects per year.

American Recovery & Reinvestment Fund is used to account for the City's portion of American Recovery & Reinvestment Act funds received from the Federal government to help improve the local economy. These funds were received for Public Safety, Community Development, and Public Works projects.

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. These resources are used solely for the expenses incurred by the City as owner of the facility. 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.

CITY OF BAKERSFIELD**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - All Special Revenue Funds
Year Ended June 30, 2010**

	Transient Occupancy Taxes		
	Budget	Actual	Variance with Final Budget
Revenues:			
Taxes	\$ 6,550,000	\$ 6,493,702	\$ (56,298)
Intergovernmental			
Charges for services	5,932,630	6,161,661	229,031
Fines, forfeitures and assessments			
Interest income	50,000	38,493	(11,507)
Loan payments			
Contributions and donations	1,200,000	1,200,750	750
Other		5,931	5,931
Total revenues	<u>13,732,630</u>	<u>13,900,537</u>	<u>167,907</u>
Expenditures:			
Current:			
Public safety - Police			
Public works			
Community services	7,818,508	7,424,132	394,376
Economic/Community development			
Non departmental	3,142,950	3,142,950	-
Capital outlay:			
Environmental-			
Sewer and Wastewater			
Transportation:			
Traffic control			
Streets/Freeways			
Bridges			
Curbs, gutters and sidewalks			
Public facilities:			
Buildings			
Land acquisition			
Other improvements			
Equipment:			
Non-automotive			
Total expenditures	<u>10,961,458</u>	<u>10,567,082</u>	<u>394,376</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,771,172</u>	<u>3,333,455</u>	<u>562,283</u>
Other financing sources (uses):			
Note/certificate proceeds			
Transfers out	<u>(3,343,500)</u>	<u>(3,343,500)</u>	<u>-</u>
Total other financing uses	<u>(3,343,500)</u>	<u>(3,343,500)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	<u>(572,328)</u>	<u>(10,045)</u>	<u>562,283</u>
Fund balances - July 1 - as restated	<u>1,593,025</u>	<u>1,593,025</u>	<u>-</u>
Fund balances - June 30	<u>\$ 1,020,697</u>	<u>\$ 1,582,980</u>	<u>\$ 562,283</u>

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

Community Development Block Grant			National Stabilization		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ 16,554,398	\$ 3,362,019 83,880	\$ (13,192,379) 83,880	\$ 8,956,174	\$ 6,425,426	\$ (2,530,748)
211,000	35,414 201,819	35,414 (9,181)			
4,000	10,029	6,029			
<u>16,769,398</u>	<u>3,693,161</u>	<u>(13,076,237)</u>	<u>8,956,174</u>	<u>6,425,426</u>	<u>(2,530,748)</u>
11,155,036	4,492,441	6,662,595	8,956,174	6,425,426	2,530,748
1,300,000	703,833	596,167			
623,369	126,943	496,426			
711,605	241,413	470,192			
3,346,566	1,426,411	1,920,155			
967,161	535,792	431,369			
<u>18,103,737</u>	<u>7,526,833</u>	<u>10,576,904</u>	<u>8,956,174</u>	<u>6,425,426</u>	<u>2,530,748</u>
<u>(1,334,339)</u>	<u>(3,833,672)</u>	<u>(2,499,333)</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,800,000	1,800,000	-			
(440,034)	(407,673)	32,361			
<u>1,359,966</u>	<u>1,392,327</u>	<u>32,361</u>	<u>-</u>	<u>-</u>	<u>-</u>
25,627	(2,441,345)	(2,466,972)	-	-	-
<u>2,630,605</u>	<u>2,630,605</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,656,232</u>	<u>\$ 189,260</u>	<u>\$ (2,466,972)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BAKERSFIELD

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (continued)**Budget and Actual - All Special Revenue Funds****Year Ended June 30, 2010**

	American Recovery & Reinvestment Act		
	Budget	Actual	Variance with Final Budget
Revenues:			
Taxes	\$	\$	\$
Intergovernmental	19,470,995	10,087,972	(9,383,023)
Charges for services			
Fines, forfeitures and assessments			
Interest income			
Loan payments			
Contributions and donations			
Other			
	<hr/>	<hr/>	<hr/>
Total revenues	19,470,995	10,087,972	(9,383,023)
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Public safety	1,996,482	762,049	1,234,433
Public works	1,372,351	361,902	1,010,449
Community services			
Economic/Community development			
Non departmental			
Capital outlay:			
Environmental-			
Sewers and Wastewater	3,040,700	101,214	2,939,486
Transportation:			
Traffic control			
Streets/Freeways			
Bridges			
Curbs, gutters and sidewalks	13,061,462	8,862,807	4,198,655
Public facilities:			
Buildings			
Land acquisition			
Other improvements			
Equipment:			
Non-automotive			
	<hr/>	<hr/>	<hr/>
Total expenditures	19,470,995	10,087,972	9,383,023
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Note/certificate proceeds			
Transfers out			
	<hr/>	<hr/>	<hr/>
Total other financing uses	-	-	-
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures and other uses	-	-	-
	<hr/>	<hr/>	<hr/>
Fund balances - July 1 - as restated	-	-	-
	<hr/>	<hr/>	<hr/>
Fund balances - June 30	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>

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

Gas Tax & Road Fund			State (TDA) Transportation		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ 215,993,877	\$ 64,954,697	\$ (151,039,180)	\$ 605,029	\$ 449,786	\$ (155,243)
	60,000	60,000			
25,000	2,128	(22,872)			
25,000	144,541	119,541	2,000	1,051	(949)
131,000	74,303	(56,697)			
<u>216,174,877</u>	<u>65,235,669</u>	<u>(150,939,208)</u>	<u>607,029</u>	<u>450,837</u>	<u>(156,192)</u>
4,491,754	3,668,229	823,525	334,448	244,853	89,595
			33,800	29,210	4,590
5,014,679	2,248,646	2,766,033			
210,871,919	60,446,231	150,425,688			
1,078,746	54,983	1,023,763			
18,000	17,724	276			
			238,781	177,112	61,669
<u>2,074,401</u>	<u>21,251</u>	<u>2,053,150</u>			
<u>223,549,499</u>	<u>66,457,064</u>	<u>157,092,435</u>	<u>607,029</u>	<u>451,175</u>	<u>155,854</u>
<u>(7,374,622)</u>	<u>(1,221,395)</u>	<u>6,153,227</u>	<u>-</u>	<u>(338)</u>	<u>(338)</u>
<u>(211,798)</u>	<u>(211,798)</u>	<u>-</u>			
<u>(211,798)</u>	<u>(211,798)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(7,586,420)	(1,433,193)	6,153,227	-	(338)	(338)
<u>8,850,443</u>	<u>8,850,443</u>	<u>-</u>	<u>-</u>	<u>338</u>	<u>338</u>
<u>\$ 1,264,023</u>	<u>\$ 7,417,250</u>	<u>\$ 6,153,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BAKERSFIELD

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (concluded)**Budget and Actual - All Special Revenue Funds****Year Ended June 30, 2010**

	State Safety		Variance with
	Budget	Actual	Final Budget
Revenues:			
Taxes	\$	\$	\$
Intergovernmental	701,915	444,764	(257,151)
Charges for services	275,000	478,275	203,275
Fines, forfeitures and assessments	1,116,200	1,409,357	293,157
Interest income		32,275	32,275
Loan payments			
Contributions and donations			
Other			
Total revenues	<u>2,093,115</u>	<u>2,364,671</u>	<u>271,556</u>
Expenditures:			
Current:			
Public safety - Police	1,767,630	1,017,375	750,255
Public works			
Community services			
Economic/Community development			
Non departmental			
Capital outlay:			
Environmental-			
Sewer and Wastewater			
Transportation:			
Traffic control			
Streets/Freeways			
Bridges			
Curbs, gutters and sidewalks			
Public facilities:			
Buildings			
Land acquisition			
Other improvements			
Equipment:			
Non-automotive			
Total expenditures	<u>1,767,630</u>	<u>1,017,375</u>	<u>750,255</u>
Excess (deficiency) of revenues over (under) expenditures	<u>325,485</u>	<u>1,347,296</u>	<u>1,021,811</u>
Other financing sources (uses):			
Note/certificate proceeds			
Transfers out	<u>(900,000)</u>	<u>(900,000)</u>	<u>-</u>
Total other financing uses	<u>(900,000)</u>	<u>(900,000)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	<u>(574,515)</u>	<u>447,296</u>	<u>1,021,811</u>
Fund balances - July 1 - as restated	<u>1,394,524</u>	<u>1,394,524</u>	<u>-</u>
Fund balances - June 30	<u>\$ 820,009</u>	<u>\$ 1,841,820</u>	<u>\$ 1,021,811</u>

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

Totals		
Budget	Actual	Variance with Final Budget
\$ 6,550,000	\$ 6,493,702	\$ (56,298)
262,282,388	85,724,664	(176,557,724)
6,207,630	6,783,816	576,186
1,141,200	1,411,485	270,285
77,000	251,774	174,774
211,000	201,819	(9,181)
1,200,000	1,200,750	750
135,000	90,263	(44,737)
<u>277,804,218</u>	<u>102,158,273</u>	<u>(175,645,945)</u>
3,764,112	1,779,424	1,984,688
6,198,553	4,274,984	1,923,569
7,852,308	7,453,342	398,966
20,111,210	10,917,867	9,193,343
3,142,950	3,142,950	-
3,040,700	101,214	2,939,486
5,014,679	2,248,646	2,766,033
210,871,919	60,446,231	150,425,688
2,378,746	758,816	1,619,930
13,684,831	8,989,750	4,695,081
729,605	259,137	470,468
3,346,566	1,426,411	1,920,155
1,205,942	712,904	493,038
<u>2,074,401</u>	<u>21,251</u>	<u>2,053,150</u>
<u>283,416,522</u>	<u>102,532,927</u>	<u>180,883,595</u>
<u>(5,612,304)</u>	<u>(374,654)</u>	<u>5,237,650</u>
1,800,000	1,800,000	-
<u>(4,895,332)</u>	<u>(4,862,971)</u>	<u>32,361</u>
<u>(3,095,332)</u>	<u>(3,062,971)</u>	<u>32,361</u>
(8,707,636)	(3,437,625)	5,270,011
<u>14,468,597</u>	<u>14,468,935</u>	<u>338</u>
<u>\$ 5,760,961</u>	<u>\$ 11,031,310</u>	<u>\$ 5,270,349</u>

CITY OF BAKERSFIELD

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Debt Service Fund
For the Fiscal Year Ended June 30, 2010**

	General Obligation Debt		
	Budget	Actual	Variance with Final Budget
Revenues-			
Interest income	\$	\$	\$
Total revenues	-	-	-
Expenditures-			
Debt service:			
Principal retirement	203,000	203,000	-
Interest and fiscal charges	237,035	204,673	32,362
Total expenditures	440,035	407,673	32,362
Deficiency of revenues under expenditures	(440,035)	(407,673)	32,362
Other financing sources-			
Operating transfers in	440,035	407,673	32,362
Total other financing sources	440,035	407,673	32,362
Deficiency of revenues and other sources under expenditures	-	-	
Fund balances - July 1			
Fund balances - June 30	\$ -	\$ -	\$ -

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

Capital Projects Funds

These funds account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by Proprietary Funds and Trust Funds.

The Special Assessment Districts Fund is used to account for the construction phase of capital improvements of which the City 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 is used to account for the cost of capital projects financed by general revenues and grant/loan proceeds for recreational facilities.

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 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. With these fees, the City constructs projects that have been identified as necessary to maintain the level of services required by the 2010 General Plan for the regional transportation network. This is a joint City and County program which affects the entire metropolitan area. Fees are collected with the building permit and are based on the relative impact each land use has on the transportation network. 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. Revenue from fees collected may also be used to service bonded debt incurred in Capital Improvement Construction.

CITY OF BAKERSFIELD

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**Budget and Actual - All Capital Projects Funds****For the Fiscal Year Ended June 30, 2010**

	Special Assessment Districts		
	Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$	\$	\$
Charges for services			
Fines, forfeitures and assessments		14,085	14,085
Interest income			
Contributions and donations			
Other			
Total revenues	<u>-</u>	<u>14,085</u>	<u>14,085</u>
Expenditures:			
Current:			
General government			
Public works			
Non departmental	75,000	7,429,654	(7,354,654)
Capital outlay:			
Transportation:			
Traffic control			
Streets	7,531,238	3,720,454	3,810,784
Bridges			
Streets/Freeways			
Public facilities:			
Buildings			
Parks and landscaping			
Land acquisition			
Other improvements			
Equipment:			
Computers			
Non-automotive			
Total expenditures	<u>7,606,238</u>	<u>11,150,108</u>	<u>(3,543,870)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,606,238)</u>	<u>(11,136,023)</u>	<u>(3,529,785)</u>
Other financing sources (uses):			
Transfers in			
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(7,606,238)</u>	<u>(11,136,023)</u>	<u>(3,529,785)</u>
Fund balances - July 1 - as restated	<u>20,046,675</u>	<u>20,046,675</u>	<u>-</u>
Fund balances - June 30	<u>\$ 12,440,437</u>	<u>\$ 8,910,652</u>	<u>\$ (3,529,785)</u>

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

Capital Outlay			Parks Improvement		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ 4,073,931	\$ 1,990,373	\$ (2,083,558)	\$	\$	\$
213,659	254,993	254,993	4,230,673	1,943,178	(2,287,495)
100,000	49,434	(164,225)	100,000	263,242	163,242
1,789,238	309,238	209,238			
	1,797,239	8,001			
	261,613	261,613			
6,176,828	4,662,890	(1,513,938)	4,330,673	2,206,420	(2,124,253)
			3,130,673	469,662	2,661,011
67,591	24,637	42,954			
9,301,547	4,506,632	4,794,915			
2,641,945	3,061	2,638,884			
4,929,531	2,027,499	2,902,032			
4,414,119	1,763,541	2,650,578	1,887,007	270,301	1,616,706
			4,594,986	686,908	3,908,078
6,399,600	3,134,017	3,265,583	4,020,421	2,637,175	1,383,246
181,961	104,799	77,162			
795,337	340,344	454,993			
28,731,631	11,904,530	16,827,101	13,633,087	4,064,046	9,569,041
(22,554,803)	(7,241,640)	15,313,163	(9,302,414)	(1,857,626)	7,444,788
6,799,768	7,506,092	706,324			
6,799,768	7,506,092	706,324	-	-	-
(15,755,035)	264,452	16,019,487	(9,302,414)	(1,857,626)	7,444,788
21,541,457	21,541,457	-	12,534,435	12,534,435	-
\$ 5,786,422	\$ 21,805,909	\$ 16,019,487	\$ 3,232,021	\$ 10,676,809	\$ 7,444,788

CITY OF BAKERSFIELD

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (concluded)**Budget and Actual - All Capital Projects Funds****For the Fiscal Year Ended June 30, 2010**

	Transportation Development		
	Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$	\$	\$
Charges for services	200,000	370,379	170,379
Fines, forfeitures and assessments	6,000,000	9,339,950	3,339,950
Interest income	400,000	995,333	595,333
Contributions and donations			
Other			
Total revenues	6,600,000	10,705,662	4,105,662
Expenditures:			
Current:			
General government	244,045	236,360	7,685
Public works	1,359,825	1,272,628	87,197
Non departmental			
Capital outlay:			
Transportation:			
Traffic control	3,004,720	528,767	2,475,953
Streets	15,027,956	5,421,339	9,606,617
Bridges	544,252	356,417	187,835
Streets/Freeways	23,479,948	7,066,682	16,413,266
Public facilities:			
Buildings			
Parks and landscaping			
Land acquisition			
Other improvements			
Equipment:			
Computers			
Non-automotive			
Total expenditures	43,660,746	14,882,193	28,778,553
Excess (deficiency) of revenues over (under) expenditures	(37,060,746)	(4,176,531)	32,884,215
Other financing sources (uses):			
Transfers in			
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(37,060,746)	(4,176,531)	32,884,215
Fund balances - July 1 - as restated	47,533,376	47,533,376	-
Fund balances - June 30	\$ 10,472,630	\$ 43,356,845	\$ 32,884,215

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

Totals		
Budget	Actual	Variance with Final Budget
\$ 4,073,931	\$ 1,990,373	\$ (2,083,558)
200,000	625,372	425,372
10,444,332	11,346,647	902,315
600,000	1,567,813	967,813
-	1,797,239	1,797,239
-	261,613	261,613
<u>15,318,263</u>	<u>17,589,057</u>	<u>2,270,794</u>
244,045	236,360	7,685
1,359,825	1,272,628	87,197
3,205,673	7,899,316	(4,693,643)
3,072,311	553,404	2,518,907
31,860,741	13,648,425	18,212,316
3,186,197	359,478	2,826,719
23,479,948	7,066,682	16,413,266
4,929,531	2,027,499	2,902,032
6,301,126	2,033,842	4,267,284
4,594,986	686,908	3,908,078
10,420,021	5,771,192	4,648,829
181,961	104,799	77,162
795,337	340,344	454,993
<u>93,631,702</u>	<u>42,000,877</u>	<u>51,630,825</u>
<u>(78,313,439)</u>	<u>(24,411,820)</u>	<u>53,901,619</u>
<u>6,799,768</u>	<u>7,506,092</u>	<u>706,324</u>
<u>6,799,768</u>	<u>7,506,092</u>	<u>706,324</u>
(71,513,671)	(16,905,728)	54,607,943
<u>101,655,943</u>	<u>101,655,943</u>	<u>-</u>
<u>\$ 30,142,272</u>	<u>\$ 84,750,215</u>	<u>\$ 54,607,943</u>

Internal Service Funds

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.

CITY OF BAKERSFIELD

**Combining Statement of Net Assets
All Internal Service Funds
June 30, 2010**

	Self- Insurance	Equipment Management	Totals
Assets:			
Current assets			
Cash and investments	\$ 29,088,847	\$ 23,086,779	\$ 52,175,626
Accounts receivable, net	42,653	50,258	92,911
Interest receivable	88,042	63,285	151,327
Loans	188,882	259,453	448,335
Due from other governmental agencies	22,186	44,504	66,690
Prepayments and inventories		1,284,448	1,284,448
Total current assets	<u>29,430,610</u>	<u>24,788,727</u>	<u>54,219,337</u>
Noncurrent assets			
Capital assets:			
Depreciable buildings, property, equipment and infrastructure, net		23,740,307	23,740,307
Note/loan receivable	1,220,118	1,615,547	2,835,665
Total noncurrent assets	<u>1,220,118</u>	<u>25,355,854</u>	<u>26,575,972</u>
Total assets	<u>30,650,728</u>	<u>50,144,581</u>	<u>80,795,309</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	415,176	907,923	1,323,099
Claims payable	3,733,509		3,733,509
Workers compensation claims	4,317,000		4,317,000
Compensated absences payable	11,778	548,303	560,081
Total current liabilities	<u>8,477,463</u>	<u>1,456,226</u>	<u>9,933,689</u>
Noncurrent liabilities:			
Workers compensation claims	16,816,000		16,816,000
Compensated absences payable	5,872	122,852	128,724
Total noncurrent liabilities	<u>16,821,872</u>	<u>122,852</u>	<u>16,944,724</u>
Total liabilities	<u>25,299,335</u>	<u>1,579,078</u>	<u>26,878,413</u>
Net assets:			
Invested in capital assets, net of related debt		23,740,307	23,740,307
Unrestricted	5,351,393	24,825,196	30,176,589
Total net assets	<u>\$ 5,351,393</u>	<u>\$ 48,565,503</u>	<u>\$ 53,916,896</u>

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

CITY OF BAKERSFIELD

Combining Statement of Activities and Changes in Net Assets**All Internal Service Funds****For the Fiscal Year Ended June 30, 2010**

	Self- Insurance	Equipment Management	Totals
Operating revenues:			
Intergovernmental	\$	\$ 875,224	\$ 875,224
Charges for services	7,943,337	20,196,789	28,140,126
Cost recoveries	824,572	11,327	835,899
Miscellaneous	8,642	172,960	181,602
	<hr/>	<hr/>	<hr/>
Total operating revenues	8,776,551	21,256,300	30,032,851
	<hr/>	<hr/>	<hr/>
Operating expenses:			
General and administrative	8,475,803	13,605,741	22,081,544
Workers' compensation payments	2,534,012		2,534,012
Claims paid	666,131		666,131
Depreciation		5,990,796	5,990,796
Compensated absences	1,612	17,535	19,147
	<hr/>	<hr/>	<hr/>
Total operating expenses	11,677,558	19,614,072	31,291,630
	<hr/>	<hr/>	<hr/>
Operating income (loss)	(2,901,007)	1,642,228	(1,258,779)
	<hr/>	<hr/>	<hr/>
Nonoperating revenues (expenses):			
Interest income	635,673	489,609	1,125,282
Gain/loss on sale of real property		(119,324)	(119,324)
	<hr/>	<hr/>	<hr/>
Income (loss) before transfers and capital contributions	(2,265,334)	2,012,513	(252,821)
	<hr/>	<hr/>	<hr/>
Capital contributions		544,721	544,721
Transfers in		150,000	150,000
	<hr/>	<hr/>	<hr/>
Change in net assets	(2,265,334)	2,707,234	441,900
	<hr/>	<hr/>	<hr/>
Total Net Assets - Beginning of Year - as restated	7,616,727	45,858,269	53,474,996
	<hr/>	<hr/>	<hr/>
Total Net Assets - End of Year	\$ 5,351,393	\$ 48,565,503	\$ 53,916,896
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

CITY OF BAKERSFIELD

Combining Statement of Cash Flows**All Internal Service Funds****For the Fiscal Year Ended June 30, 2010**

	Self- Insurance	Equipment Management	Totals
Cash flows from operating activities:			
Cash received from:			
Customers	\$ 7,435,662	\$ 21,033,970	\$ 28,469,632
Prior year reimbursements and cost recoveries		11,327	11,327
Cash paid to:			
Suppliers	(6,969,675)	(11,236,817)	(18,206,492)
Employees	(2,798,299)	(4,033,387)	(6,831,686)
Net cash provided by operating activities	<u>(2,332,312)</u>	<u>5,775,093</u>	<u>3,442,781</u>
Cash flows from noncapital financing activities:			
Cash transferred from other funds		150,000	150,000
Net cash provided by noncapital financing activities	<u>-</u>	<u>150,000</u>	<u>150,000</u>
Cash flows from capital and related financing activities:			
Principal repayment on interfund loan			-
Purchase of capital assets		(4,996,307)	(4,996,307)
Proceeds from sale of capital assets		154,099	154,099
Net cash used by capital and related financing activities	<u>-</u>	<u>(4,842,208)</u>	<u>(4,842,208)</u>
Cash flows from investing activities:			
Loan to Redevelopment Agency		259,453	259,453
Interest received	631,745	475,931	1,107,676
Net increase in the fair value of investments	52,738	47,551	100,289
Net cash provided by investing activities	<u>684,483</u>	<u>782,935</u>	<u>1,467,418</u>
Net increase (decrease) in cash	(1,647,829)	1,865,820	217,991
Cash and cash equivalents - Beginning of year - as restated	30,736,676	21,220,959	51,957,635
Cash and cash equivalents - End of year	<u>\$ 29,088,847</u>	<u>\$ 23,086,779</u>	<u>\$ 52,175,626</u>

Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:

Operating income (loss)	\$ (2,901,007)	\$ 1,642,228	\$ (1,258,779)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense		5,990,796	5,990,796
(Increase) decrease in accounts/notes receivable	(1,415,889)	(166,499)	(1,582,388)
(Increase) decrease in inventories		(45,327)	(45,327)
Decrease in prepaid items	75,000		75,000
Increase (decrease) in accounts payable	(175,028)	(1,654,634)	(1,829,662)
Increase in workers compensation claims	2,083,000		2,083,000
Increase (decrease) in deferred revenue	-		-
Increase (decrease) in compensated absences	1,612	8,529	10,141
Net cash provided by operating activities	<u>\$ (2,332,312)</u>	<u>\$ 5,775,093</u>	<u>\$ 3,442,781</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, 2010**

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<u>Special Deposits Fund</u>				
Assets				
Cash and investments	\$ 17,720,846	\$ 91,930,655	\$ 92,405,683	\$ 17,245,818
Interest receivable	50,088	31,664	50,088	31,664
Due from other governmental agencies	37,945	49,934	37,944	49,935
Total assets	<u>\$ 17,808,879</u>	<u>\$ 92,012,253</u>	<u>\$ 92,493,715</u>	<u>\$ 17,327,417</u>
Liabilities				
Payables:				
Deposits	\$ 17,808,879	\$ 92,012,253	\$ 92,493,715	\$ 17,327,417
Total liabilities	<u>\$ 17,808,879</u>	<u>\$ 92,012,253</u>	<u>\$ 92,493,715</u>	<u>\$ 17,327,417</u>
<u>Improvement Districts Fund</u>				
Assets				
Cash and investments	\$ 10,531,780	\$ 1,715,257	\$ 202,896	\$ 12,044,141
Interest receivable	16,140	-	5,560	10,580
Due from other governmental agencies	120,135	16,816	82,963	53,988
Total assets	<u>\$ 10,668,055</u>	<u>\$ 1,732,073</u>	<u>\$ 291,419</u>	<u>\$ 12,108,709</u>
Liabilities				
Payables:				
Accounts	\$ 62,324	\$ 7,145	\$ 62,325	\$ 7,144
Deposits	(778,628)	7,427,634	149,956	6,499,050
Accrued bond interest	2,174,359	1,914,515	2,174,359	1,914,515
Bonds	9,210,000	3,685,000	9,210,000	3,685,000
Total liabilities	<u>\$ 10,668,055</u>	<u>\$ 13,034,294</u>	<u>\$ 11,596,640</u>	<u>\$ 12,105,709</u>
<u>Totals - All Agency Funds</u>				
Assets				
Cash and investments	\$ 28,252,626	\$ 93,645,912	\$ 92,608,579	\$ 29,289,959
Interest receivable	66,228	31,664	55,648	42,244
Due from other governmental agencies	158,080	66,750	120,907	103,923
Total assets	<u>\$ 28,476,934</u>	<u>\$ 93,744,326</u>	<u>\$ 92,785,134</u>	<u>\$ 29,436,126</u>
Liabilities				
Payables:				
Accounts	\$ 62,324	\$ 7,145	\$ 62,325	\$ 7,144
Deposits	17,030,251	99,439,887	92,643,671	23,826,467
Accrued bond interest	2,174,359	1,914,515	2,174,359	1,914,515
Bonds	9,210,000	3,685,000	9,210,000	3,685,000
Total liabilities	<u>\$ 28,476,934</u>	<u>\$ 105,046,547</u>	<u>\$ 104,090,355</u>	<u>\$ 29,433,126</u>

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

CITY OF BAKERSFIELD

**Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
June 30, 2010**

	OPEB Irrevocable Trust	Fire Relief and Pension Trust	Total Pension and Other Employee Benefit Trust Funds
Assets:			
Cash and investments	\$ 16,400,695	\$ 443,824	\$ 16,844,519
Retirement system investments-			
Federal agency coupons		1,003,440	1,003,440
Interest receivable		21,245	21,245
Total assets	<u>16,400,695</u>	<u>1,468,509</u>	<u>17,869,204</u>
Net Assets -			
Held in trust for-			
Pension benefits and other purposes	<u>16,400,695</u>	<u>1,468,509</u>	<u>17,869,204</u>
	<u>\$ 16,400,695</u>	<u>\$ 1,468,509</u>	<u>\$ 17,869,204</u>

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

CITY OF BAKERSFIELD

**Combining Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2010**

	OPEB Irrevocable Trust	Fire Relief and Pension Trust	Total Pension and Other Employee Benefit Trust Funds
Additions -			
Investment income:			
Contributions to pooled investments	\$ 6,283,456	\$	\$ 6,283,456
Interest and investment income, net	1,274,939	13,786	1,288,725
Total additions	7,558,395	13,786	7,572,181
Deductions:			
Benefits	3,240,156	105,162	3,345,318
Administrative expense	96,661	-	96,661
Total deductions	3,336,817	105,162	3,441,979
Change in net assets	4,221,578	(91,376)	4,130,202
Beginning of year	12,179,117	1,559,885	13,739,002
End of year	\$ 16,400,695	\$ 1,468,509	\$ 17,869,204

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



CITY OF BAKERSFIELD

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010**

	Special Revenue Funds		
	National Stabilization	American Recovery & Reinvestment Act	State (TDA) Transportation
Assets:			
Cash and investments	\$	\$	\$ 89,407
Accounts receivable, net	4,654,861		
Interest receivable			133
Due from other governmental agencies	780,493	4,388,998	26,731
Total assets	<u>\$ 5,435,354</u>	<u>\$ 4,388,998</u>	<u>\$ 116,271</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 580,417	\$ 2,221,341	\$ 28,684
Due to other governmental agencies		7,019	142
Due to other funds	200,076	2,160,638	
Unearned revenue			87,445
Deferred revenue	4,654,861		
Total liabilities	<u>5,435,354</u>	<u>4,388,998</u>	<u>116,271</u>
Fund Balances:			
Reserved for:			
Encumbrances	2,069,124	5,079,618	
Unreserved:			
Designated for - Capital improvements			
Undesignated	<u>(2,069,124)</u>	<u>(5,079,618)</u>	
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 5,435,354</u>	<u>\$ 4,388,998</u>	<u>\$ 116,271</u>

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

	Debt Service Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
State Safety	General Obligation Debt	Special Assessment Districts	
\$ 1,666,901	\$ -	\$ 8,910,652	\$ 10,666,960
4,716			4,654,861
193,780			4,849
			5,390,002
<u>\$ 1,865,397</u>	<u>\$ -</u>	<u>\$ 8,910,652</u>	<u>\$ 20,716,672</u>
\$ 10,076	\$ -	\$ -	\$ 2,840,518
13,501			20,662
			2,360,714
			87,445
			4,654,861
23,577	-	-	9,964,200
233,462			7,382,204
1,608,358		8,910,652	8,910,652
			(5,540,384)
1,841,820	-	8,910,652	10,752,472
<u>\$ 1,865,397</u>	<u>\$ -</u>	<u>\$ 8,910,652</u>	<u>\$ 20,716,672</u>

CITY OF BAKERSFIELD**Combining Statement of Revenues, Expenditures and Changes in Fund Balances****Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2010**

	Special Revenue Funds		
	National Stabilization	American Recovery & Reinvestment Act	State (TDA) Transportation
Revenues:			
Intergovernmental	\$ 6,425,426	\$ 10,087,972	\$ 449,786
Charges for services			
Fines, forfeitures and assessments			
Interest income			1,051
Total revenues	<u>6,425,426</u>	<u>10,087,972</u>	<u>450,837</u>
Expenditures:			
Current:			
Public safety - Police		762,049	
Public works		361,902	244,853
Community Services			29,210
Economic/Community development	6,425,426		
Non departmental			
Capital outlay		8,964,021	177,112
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>6,425,426</u>	<u>10,087,972</u>	<u>451,175</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(338)
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	(338)
Fund balances - July 1 - as restated	<u>-</u>	<u>-</u>	<u>338</u>
Fund balances - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Debt Service Fund	Capital Projects	Total Nonmajor Governmental Funds
State Safety	General Obligation Debt	Special Assessment Districts	
\$ 444,764	\$ -	\$ -	\$ 17,407,948
478,275			478,275
1,409,357		14,085	1,423,442
32,275			33,326
<u>2,364,671</u>	<u>-</u>	<u>14,085</u>	<u>19,342,991</u>
1,017,375			1,779,424
			606,755
			29,210
			6,425,426
		7,429,654	7,429,654
-		3,720,454	12,861,587
	203,000		203,000
	204,673		204,673
<u>1,017,375</u>	<u>407,673</u>	<u>11,150,108</u>	<u>29,539,729</u>
1,347,296	(407,673)	(11,136,023)	(10,196,738)
	407,673		407,673
(900,000)		-	(900,000)
<u>(900,000)</u>	<u>407,673</u>	<u>-</u>	<u>(492,327)</u>
447,296		(11,136,023)	(10,689,065)
1,394,524		20,046,675	21,441,537
<u>\$ 1,841,820</u>	<u>\$ -</u>	<u>\$ 8,910,652</u>	<u>\$ 10,752,472</u>



Statistical Section

**City of Bakersfield
Statistical Section
For the year ended June 30, 2010**

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.

Contents	Pages
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	134-143
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sale tax revenues.	144-155
Debt Capacity 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.	156-162
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	163-169
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	170-175

CITY OF BAKERSFIELD

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

	Fiscal Year			
	2002	2003	2004	2005
Governmental Activities:				
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	34,667,793	34,054,800	54,802,089	85,904,382
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%
Business-type Activities:				
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	47,565,143	65,092,489	58,087,164	69,661,071
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%
Primary Government:				
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
Sanitation Districts	2,969,532	3,039,678	3,108,624	8,233,452
Unrestricted	82,232,936	99,147,289	112,889,253	155,565,453
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>
Total primary government net assets after restatement				
% 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. Restatement shown in bottom total.
- (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 for fiscal year 2007-2008. Restatement shown in bottom total.
- (5) There was a prior period adjustment in Governmental and Business-type activities for 2008-2009 and the fiscal year numbers have been changed to reflect the restatement.

Source: City Finance Department

Fiscal Year				
2006 (3)	2007	2008 (4)	2009(5)	2010
\$ 939,282,572	\$ 1,322,587,643	\$ 1,369,689,471	\$ 1,412,593,899	\$ 1,403,412,018
620,618	298,110	1,975,111	4,646,968	-
87,336,669	84,146,096	77,319,182	56,379,296	39,139,625
48,209	44,145	45,952	-	-
<u>144,677,514</u>	<u>120,922,654</u>	<u>121,427,154</u>	<u>127,843,285</u>	<u>135,621,596</u>
<u>1,171,965,582</u>	<u>1,527,998,648</u>	<u>1,570,456,870</u>	<u>1,601,463,448</u>	<u>1,578,173,239</u>
213%	30%	3%	2%	-1%
521,824,277	566,728,647	342,111,043	588,467,081	634,479,891
8,318,774	8,357,453	152,968,360	83,715,993	29,803,093
96,501,463	129,325,391	5,113,759	5,167,516	4,926,779
<u>626,644,514</u>	<u>704,411,491</u>	<u>230,264,239</u>	<u>73,947,580</u>	<u>104,096,319</u>
162%	12%	4%	3%	3%
1,461,106,849	1,867,261,783	1,711,800,514	2,001,060,980	2,037,891,909
620,618	298,110	1,975,111	4,646,968	-
87,336,669	84,136,096	230,287,542	140,095,289	68,942,718
48,209	44,145	45,952	-	-
8,318,774	8,357,453	5,113,759	5,167,516	4,926,779
<u>241,178,977</u>	<u>272,302,552</u>	<u>351,691,393</u>	<u>201,790,865</u>	<u>239,717,915</u>
<u>\$ 1,798,610,096</u>	<u>\$ 2,232,400,139</u>	<u>\$ 2,300,914,271</u>	<u>\$ 2,352,761,618</u>	<u>\$ 2,351,479,321</u>
<u>1,700,459,431</u>		<u>2,301,082,391</u>		
193%	24%	3%	2%	-0.1%

CITY OF BAKERSFIELD

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

	Fiscal Year			
	2002	2003	2004	2005
Expenses				
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
Total governmental activities expenses	131,440,726	137,116,853	164,262,187	153,744,920
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
Total business-type activities expenses	48,127,535	51,560,963	54,816,999	58,026,492
Total primary government expenses	179,568,261	188,677,816	219,079,186	211,771,412
Program Revenues				
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
Total governmental activities program revenues	\$ 65,905,654	\$ 73,200,879	\$ 88,877,856	\$ 104,944,923

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	2010
\$ 16,387,448	\$ 22,376,302	\$ 12,738,456	\$ 15,624,497	\$ 13,169,300
59,217,664	62,681,714	71,485,694	68,830,802	66,819,611
29,124,399	27,697,731	32,930,374	32,844,159	32,901,818
53,935,339	66,939,234	93,674,545	98,187,688	138,345,249
14,678,060	23,360,416	34,783,064	31,186,962	32,640,571
9,551,861	10,738,435	10,920,263	10,111,034	8,231,893
2,846,210	3,980,925	3,917,710	6,930,730	12,935,695
678,238	595,412	430,313	252,743	201,442
<u>186,419,219</u>	<u>218,370,169</u>	<u>260,880,419</u>	<u>263,968,615</u>	<u>305,245,579</u>
18,476,617	19,660,934	34,006,998	32,009,889	31,978,755
32,147,482	34,546,899	39,679,394	37,590,048	35,237,306
4,269,889	4,577,030	5,415,452	5,014,733	4,901,463
13,516,193	15,963,620	16,579,051	20,089,704	21,951,835
286,651	268,707	563,304	296,653	372,089
174,258	174,531	168,780	192,011	177,485
<u>68,871,090</u>	<u>75,191,721</u>	<u>96,412,979</u>	<u>95,193,038</u>	<u>94,618,933</u>
<u>255,290,309</u>	<u>293,561,890</u>	<u>357,293,398</u>	<u>359,161,653</u>	<u>399,864,512</u>
3,923,612	4,262,137	4,770,899	4,534,243	4,451,944
1,121,545	1,055,577	1,165,047	4,411,906	3,347,806
3,535,136	4,961,943	5,605,740	3,230,597	4,601,976
61,378,381	32,389,571	22,599,790	16,598,877	10,561,651
10,577,088	11,521,373	11,974,626	13,423,547	13,530,535
8,658,762	6,052,621	5,131,522	5,245,507	3,492,359
	314,609	408	(76,449)	85,180
13,699,627	14,052,014	14,389,999	18,940,149	26,063,320
18,987,290	254,881,641	74,434,259	75,921,404	76,021,617
<u>\$ 121,881,441</u>	<u>\$ 329,491,486</u>	<u>\$ 140,072,290</u>	<u>\$ 142,229,781</u>	<u>\$ 142,156,388</u>

CITY OF BAKERSFIELD

Change in Net Assets (1) continued Last Nine 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	<u>62,824,691</u>	<u>62,977,844</u>	<u>73,528,203</u>	<u>83,324,992</u>
Total primary government	<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	<u>(50,837,916)</u>	<u>(52,499,093)</u>	<u>(56,673,127)</u>	<u>(23,501,497)</u>
General Revenues and Other Changes in Net Assets				
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>
Change in Net Assets				
Governmental activities	41,564,338	53,046,038	48,428,199	80,485,719
Business-type activities	<u>18,135,078</u>	<u>13,610,189</u>	<u>18,871,956</u>	<u>25,627,263</u>
Total primary government	<u>\$ 59,699,416</u>	<u>\$ 66,656,227</u>	<u>\$ 67,300,155</u>	<u>\$ 106,112,982</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	2010			
\$	16,742,598	\$	19,146,468	\$	23,793,814	\$	26,836,539	\$	29,617,486
	33,174,727		36,415,700		39,378,891		39,814,200		39,533,488
	5,426,547		6,523,342		4,972,037		6,619,487		5,206,010
	15,209,139		18,414,655		20,103,488		21,160,388		21,773,880
	135,383		142,520		211,573		243,923		258,353
	104,636		98,640		102,425		77,122		63,383
	17,016,789		15,268,751		8,391,106		5,228,837		7,121,598
	449,969		54,024,256		23,514,481		12,174,540		10,189,981
	<u>88,259,788</u>		<u>150,034,332</u>		<u>120,467,815</u>		<u>112,155,036</u>		<u>113,764,179</u>
	<u>210,141,229</u>		<u>479,525,818</u>		<u>260,540,105</u>		<u>254,384,817</u>		<u>255,920,567</u>
	(64,537,778)		111,121,317		(120,808,129)		(121,738,834)		(163,089,191)
	<u>19,388,698</u>		<u>74,842,611</u>		<u>24,054,836</u>		<u>16,961,998</u>		<u>19,145,246</u>
	<u>(45,149,080)</u>		<u>185,963,928</u>		<u>(96,753,293)</u>		<u>(104,776,836)</u>		<u>(143,943,945)</u>
	49,135,641		62,324,076		71,655,585		70,869,285		63,923,865
	66,495,453		68,367,251		63,415,357		56,615,428		50,664,334
	5,074,460		4,047,002		3,193,162		3,136,193		1,910,719
	2,176,967		1,845,520		910,205		962,870		1,026,116
	15,184,443		16,717,510		16,303,921		16,767,713		19,229,234
	1,332,755		4,470,903		4,019,639		2,879,700		1,103,532
	85,279		13,128		131,121		1,408,497		1,776,536
	673,947		1,140,896		43,215		58,726		14,646
	1,370,202		3,095,700		3,604,146		47,000		150,000
	-		-		-		-		-
	<u>141,529,147</u>		<u>162,021,986</u>		<u>163,276,351</u>		<u>152,745,412</u>		<u>139,798,982</u>
	3,140,800		6,020,066		4,894,373		3,757,651		3,012,666
	(1,370,202)		(3,095,700)		(2,004,146)		(47,000)		(150,000)
	<u>1,770,598</u>		<u>2,924,366</u>		<u>2,890,227</u>		<u>3,710,651</u>		<u>2,862,666</u>
	<u>143,299,745</u>		<u>164,946,352</u>		<u>166,166,578</u>		<u>156,456,063</u>		<u>142,661,648</u>
	76,991,369		273,143,303		42,468,222		31,006,578		(23,290,209)
	<u>19,388,698</u>		<u>77,766,977</u>		<u>26,945,063</u>		<u>20,672,649</u>		<u>22,007,912</u>
\$	<u>96,380,067</u>	\$	<u>350,910,280</u>	\$	<u>69,413,285</u>	\$	<u>51,679,227</u>	\$	<u>(1,282,297)</u>

CITY OF BAKERSFIELD

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

	Fiscal Year			
	2002	2003	2004	2005
General Fund				
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	<u>19,559,668</u>	<u>19,461,582</u>	<u>25,647,738</u>	<u>34,032,677</u>
All other governmental funds				
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 project funds	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	<u>\$ 64,574,280</u>	<u>\$ 67,132,158</u>	<u>\$ 60,905,800</u>	<u>\$ 76,086,647</u>

Notes:

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

Source: City Finance Department

Fiscal Year				
2006	2007	2008	2009	2010
\$ 22,095	\$ 22,545	\$ 22,545	\$ 22,620	\$ 22,620
-	-			
-	-			
1,850,208	2,933,414	1,963,262	923,381	675,860
9,265,797	11,159,944	11,686,035	12,001,989	12,302,327
620,618	298,110	1,628,900	4,646,968	-
5,554,097	5,928,547	6,120,523	6,714,368	6,545,233
32,648,415	29,607,059	24,755,512	26,765,142	26,402,121
<u>49,961,230</u>	<u>49,949,619</u>	<u>46,176,777</u>	<u>51,074,468</u>	<u>45,948,161</u>
32,340,825	41,592,473	82,349,797	81,360,385	135,307,512
(3,729,699)	(10,814,841)	(46,141,619)	(52,326,452)	(108,579,539)
12,481,455	18,602,700	15,921,174	30,294,286	29,862,548
87,503,135	84,314,434	77,778,221	56,430,221	39,191,004
<u>\$ 128,595,716</u>	<u>\$ 133,694,766</u>	<u>\$ 129,907,573</u>	<u>\$ 115,758,440</u>	<u>\$ 95,781,525</u>

CITY OF BAKERSFIELD

Changes in Fund Balances of Governmental Funds Last Nine Fiscal Years

	Fiscal Year			
	2002	2003	2004	2005
Revenues				
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
Interest Income	3,859,242	2,008,420	676,118	2,828,081
Miscellaneous	4,297,864	6,029,978	9,935,221	4,825,205
Total Revenues	162,067,184	174,592,407	192,429,114	219,568,095
Expenditures				
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
Total Expenditures	146,790,471	169,595,834	190,378,504	188,773,700
Excess of revenues over (under) expenditures	15,276,713	4,996,573	2,050,610	30,794,395
Other financing sources (uses)				
Notes/certificate proceeds				
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)
sources (uses)	(1,858,018)	(2,536,781)	(2,090,812)	(11,891,687)
Net changes in fund balances	\$ 13,418,695	\$ 2,459,792	\$ (40,202)	\$ 18,902,708
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	2010
\$ 135,540,591	\$ 151,067,427	\$ 154,249,416	\$ 147,153,335	\$ 128,716,315
4,279,532	3,029,719	2,613,944	2,576,755	2,192,594
24,965,724	36,774,497	55,926,098	82,994,989	90,926,017
30,604,785	28,299,553	27,056,425	26,850,501	24,488,013
60,485,776	30,450,784	25,511,482	18,207,527	13,601,153
3,936,649	9,327,675	6,157,327	3,455,207	2,193,269
5,155,640	4,668,437	5,166,473	4,097,040	5,830,575
<u>264,968,697</u>	<u>263,618,092</u>	<u>276,681,165</u>	<u>285,335,354</u>	<u>267,947,936</u>
10,758,950	10,807,970	10,809,819	11,509,310	11,070,305
59,716,106	64,936,013	68,853,581	65,824,506	63,789,358
28,878,953	30,349,754	31,737,283	31,338,492	30,921,380
21,500,679	25,634,650	27,771,403	27,594,508	24,023,808
19,204,779	22,047,595	23,959,813	23,702,177	22,281,910
9,143,519	10,787,216	10,558,195	9,619,973	7,811,683
3,022,308	3,939,418	3,417,684	5,567,930	11,322,095
5,486,829	11,584,563	13,866,439	11,111,355	17,103,372
35,744,826	75,443,460	89,813,206	104,472,583	107,556,933
1,258,000	1,957,000	1,256,000	3,509,000	203,000
702,386	598,067	491,605	324,862	204,673
<u>195,417,335</u>	<u>258,085,706</u>	<u>282,535,028</u>	<u>294,574,696</u>	<u>296,288,517</u>
<u>69,551,362</u>	<u>5,532,386</u>	<u>(5,853,863)</u>	<u>(9,239,342)</u>	<u>(28,340,581)</u>
21,908,333	1,600,000	26,562,537	12,740,413	1,800,000
<u>(23,022,073)</u>	<u>(2,044,947)</u>	<u>(28,268,709)</u>	<u>(12,752,513)</u>	<u>8,813,765</u>
<u>(1,113,740)</u>	<u>(444,947)</u>	<u>(1,706,172)</u>	<u>(12,100)</u>	<u>1,800,000</u>
<u>\$ 68,437,622</u>	<u>\$ 5,087,439</u>	<u>\$ (7,560,035)</u>	<u>\$ (9,251,442)</u>	<u>\$ (26,540,581)</u>
1.2%	1.4%	0.9%	2.0%	0.2%

CITY OF BAKERSFIELD

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

<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
2010	57,185,433 (2)	50,664,333	6,493,702	3,173,514	9,288,614 (3)	1,910,719	128,716,315

Notes:

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

(2) Includes VLF Triple Flip tax revenue.

(3) Includes PG & E Utility Surcharge revenues.

Source: City Finance Department

CITY OF BAKERSFIELD

Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer	2001			2010		
	Taxable	Rank	Percentage of	Taxable	Rank	Percentage of
	Assessed Value		Total Taxable	Assessed Value		Total Taxable
Nestle Holdings Inc	68,292,723	3	0.65%	\$ 199,822,301	1	0.89%
Bakersfield Mall LLC	123,562,068	1	1.19%	148,547,602	3	0.66%
Chevron USA Inc.				156,149,426	2	0.70%
California Water Service Company				88,885,268	4	0.40%
Donahue Schriber Realty Group LLP				83,272,732	5	0.37%
BLC Glenwood Gardens LLP				80,925,397	6	0.36%
Castle & Cook Comm. Inc.	93,372,162	2	0.90%			
Bright House Networks, LLC				63,859,637	7	0.28%
State Farm Insurance Company	56,153,702	4	0.54%	58,489,580	9	0.26%
Kaiser Foundation Health Plan Inc.				61,664,084	8	0.28%
Meany Partners				55,008,772	10	0.25%
Bear Mountain Limited	54,791,127	5	0.53%			
Texaco Exploration & Prod, Inc.	24,908,398	7	0.24%			
Albertsons Inc.	18,849,799	9	0.18%			
Sun Easton Corporation	27,605,960	6	0.26%			
TGM Cambridge Village, Inc.	18,651,298	10	0.18%			
Wal Mart Stores, Inc.	23,661,441	8	0.23%			
Total taxable assessed value of						
ten (10) Largest taxpayers	\$ 509,848,678		4.90%	\$ 996,624,799		4.45%
Total taxable assessed value of other taxpayers	9,885,257,385		95.10%	21,423,961,928		95.55%
Total taxable assessed value of all taxpayers	\$ 10,395,106,063		100.00%	\$ 22,420,586,727		100.00%

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 2009-10 Combined Tax Rolls

CITY OF BAKERSFIELD

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

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
2010	15,577,372	4,030,198	3,311,171	878,216	1,080,957

(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 2009-10 Combined Tax Rolls.

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
22,716,000	0.20%	Unavailable

CITY OF BAKERSFIELD

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Basic County Wide Levy	1.0000	1.0000	1.0000	1.0000
Overlapping Rates:				
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

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
1.0000	1.0000	1.0000	1.0000	1.0000
0.0321	0.0405	0.0382	0.0358	0.0431
0.0096	0.0053	0.0092	0.0091	0.0094
<u>0.0476</u>	<u>0.0382</u>	<u>0.0534</u>	<u>0.0495</u>	<u>0.0601</u>
<u>1.0893</u>	<u>1.0840</u>	<u>1.1008</u>	<u>1.0944</u>	<u>1.1126</u>

CITY OF BAKERSFIELD

**Property Tax Levies and Collections
Last Nine Fiscal Years (1) (2)**

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 (3)
2002	\$ 20,456,527	\$ 19,994,799	97.7%	\$ 384,444	\$ 20,379,243	99.6%
2003	21,923,330	21,508,264	98.1%	370,646	21,878,910	99.8%
2004	23,538,692	23,132,897	98.3%	461,432	23,594,329	100.2%
2005	27,352,808	26,799,037	98.0%	462,268	27,261,305	99.7%
2006	32,367,859	31,572,839	97.5%	534,541	32,107,380	99.2%
2007	42,437,947	38,167,345	89.9%	579,684	38,747,028	91.3%
2008	44,435,132	42,501,455	95.6%	1,375,328	43,876,783	98.7%
2009	42,390,737	41,627,252	98.2%	1,626,519	43,253,771	102.0%
2010	37,878,353	36,683,727	96.8%	2,308,846	38,992,573	102.9%

Notes:

- (1) Excludes Redevelopment property tax increment.
- (2) This schedule was revised to better reflect percentage of levy collected for all years reported.
- (3) Total collections to date may exceed 100% of annual levy due to the combination of declining value of tax levied and unusually high delinquencies collected in later years.

Source: City Finance Department

CITY OF BAKERSFIELD

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

<u>Year</u>	<u>State of California</u>	<u>Total Rate</u>
2001	7.25%	7.25%
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%
2010	8.25%	8.25%

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

Source: California State Board of Equalization

CITY OF BAKERSFIELD

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

	Year				
	2000	2001	2002	2003	2004
Retail Trade Groups	27,779,494	29,318,014	31,523,004	33,993,987	38,114,349
Non-Store Retailers	803,759	835,692	933,959	1,058,215	1,206,858
Service Groups	2,572,878	2,462,820	2,386,102	2,645,201	2,527,542
Construction Contractor Groups	825,919	1,120,570	823,322	1,009,244	1,318,508
Producers, Manufacturers and Wholesalers Group	3,218,577	3,504,737	2,893,009	3,426,901	3,590,789
Total	<u>35,200,627</u>	<u>37,241,833</u>	<u>38,559,396</u>	<u>42,133,548</u>	<u>46,758,046</u>

Source: California State Board of Equalization

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
43,933,276	44,882,615	43,965,080	40,428,261	34,939,802
1,379,182	1,505,922	1,312,047	991,106	728,190
2,939,384	3,071,729	2,979,402	3,149,366	2,809,311
1,800,092	2,364,714	1,839,151	1,615,488	628,808
<u>5,109,920</u>	<u>5,744,221</u>	<u>5,715,484</u>	<u>7,711,908</u>	<u>5,682,497</u>
<u><u>55,161,854</u></u>	<u><u>57,569,201</u></u>	<u><u>55,811,164</u></u>	<u><u>53,896,129</u></u>	<u><u>44,788,608</u></u>

CITY OF BAKERSFIELD

**Sales Tax Revenue Payers By Industry
2009 and Nine Years Ago**

	2000			
	Number of Filers	Percent of Total	Tax Liability Paid	Percent of Total \$
Department Stores	*	0.00%	\$ 2,978,497	8.46%
New Car Dealers	*	0.00%	6,198,356	17.61%
Service Stations	*	0.00%	2,032,383	5.77%
Eating/Drinking Places with out Alcohol	*	0.00%	1,492,074	4.24%
Eating/Drinking Place w/General on-sale Lic	*	0.00%	773,702	2.20%
Building Materials	*	0.00%	1,628,544	4.63%
Heavy Industrial Equipment & Misc Machinery	*	0.00%	549,750	1.56%
Grocery Stores w/General Liquor Lic 21	*	0.00%	1,073,590	3.05%
Petroleum, Petroleum Products, Oil Well, Refining and Service Station Equipment	*	0.00%	1,181,258	3.36%
Full Time Specialty Stores	*	0.00%	1,020,880	2.90%
All Other	*	0.00%	16,271,593	46.23%
Total	*	0.00%	\$ 35,200,627	100.00%

*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 2000 and 2009 are the most current years for which a nine year history can be shown.

Source: California State Board of Equalization

2009			
<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Tax Liability Paid</u>	<u>Percent of Total \$</u>
27	0.37%	\$ 7,489,728	16.72%
45	0.62%	4,738,847	10.58%
123	1.69%	4,102,019	9.16%
463	6.35%	2,586,286	5.77%
302	4.14%	2,234,268	4.99%
30	0.41%	2,231,128	4.98%
157	2.15%	1,980,440	4.42%
115	1.58%	1,766,608	3.94%
39	0.53%	1,529,155	3.41%
47	0.64%	1,399,391	3.12%
5944	81.50%	14,730,739	32.89%
<u>7292</u>	<u>100.00%</u>	<u>\$ 44,788,609</u>	<u>100.00%</u>

CITY OF BAKERSFIELD

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

<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)	-	-	-	-	323,213	0.00
2008	-	-	-	-	328,692	0.00
2009	-	-	-	-	333,719	0.00
2010	-	-	-	-	338,952	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



CITY OF BAKERSFIELD

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

Fiscal Year	Governmental Activities			
	Revenue Bonds	Notes	Claims and Judgments Payable	Total Governmental Activities (3)
2002	\$ 16,295,000	\$ 600,000	\$ -	\$ 16,895,000
2003	13,705,000	-	14,679,078	28,384,078
2004	9,120,000	5,732,640	16,244,903	31,097,543
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
2009	-	4,014,000	23,187,026	27,201,026
2010	-	5,611,000	24,866,509	30,477,509

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

Revenue Bonds	Business-Type Activities		Total Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (2)
	General Obligation					
	Bonds	Notes				
\$ 21,895,000	\$ 4,930,000	\$ 16,700,491	\$ 43,525,491	\$ 60,420,491	0.39%	\$ 234
19,235,000	4,000,000	15,778,619	39,013,619	67,397,697	0.41%	253
5,110,000	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
243,032,633	-	11,804,769	254,837,402	283,345,372	1.28%	862
242,701,570	-	10,614,878	253,316,448	280,517,474	1.16%	841
241,270,507	-	8,991,701	250,262,208	280,739,717	0.00%	828

CITY OF BAKERSFIELD**Direct and Overlapping Debt (1)****As of June 30, 2010**

	Debt Outstanding (2)	Estimated Percentage Applicable (3)	Estimated Share of Overlapping Debt
2009-10 Assessed Valuation	\$ 22,420,586,727		
Redevelopment Incremental Valuation	816,061,551		
Adjusted Assessed Valuation	<u>\$ 21,604,525,176</u>		
Overlapping Tax and Assessment Debt			
Kern Community College District Safety School Facilities Improvement District	\$ 111,721,213	31.795%	\$ 35,521,760
Kern High School District	223,045,000	48.892	109,051,161
Bakersfield City School District	44,615,027	70.310	31,368,825
Beardsley School District	15,904,898	21.731	3,456,293
Fairfax School District	3,434,857	23.442	805,199
Fruitvale School District	25,021,159	76.581	19,161,454
Greenfield Union School District	17,928,406	84.375	15,127,093
Lakeside Union School District	11,124,608	38.127	4,241,479
Lamont School District	3,644,775	0.019	693
Norris School District	2,378,351	59.223	1,408,531
Panama-Buena Vista Union School District	2,345,000	96.435	2,261,401
Rio Bravo Greeley Union School District	10,924,762	0.006	655
Rosedale Union School District	965,000	56.884	548,931
Olcese Water District	395,000	100	395,000
Standard School District	10,860,000	1.450	157,470
Vineland School District	3,999,982	0.004	160
Kern Delta Water District	1,660,000	75.003	1,245,050
Kern Community College District Assessment District	4,465,000	34.482	1,539,621
RNR School Financing Authority	6,850,000	70.840	48,525,400
Total Overlapping Tax and Assessment Debt	<u>\$ 501,283,038</u>		<u>\$ 274,816,176</u>
Overlapping General Fund Debt			
Kern County Certificates of Participation	\$ 136,830,000	29.294%	\$ 40,082,980
Kern County Pension Obligations	474,206,067	29.294	138,913,925
Rio Bravo-Greeley Union School District General Fund Obligation	1,280,000	0.006	77
Certificates of Participation:			
Kern County Board of Education	53,470,000	29.294	15,663,502
Kern County Community College District	87,205,000	27.862	24,297,057
Kern County Community College District Benefi	84,970,000	27.862	23,674,341
Kern High School District	118,850,000	48.892	58,108,142
Fairfax School District	4,500,000	23.442	1,054,890
Panama-Buena Vista Inified School District	32,675,000	96.884	31,656,847
Standard School District	1,945,000	1.450	28,203
Total Overlapping General Fund Debt	<u>\$ 995,931,067</u>		<u>\$ 333,479,964</u>
Direct Debt			
City of Bakersfield Public Financing Authority Revenue Bonds			-
Total Direct and Overlapping Debt			<u>\$ 608,296,140</u>

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

CITY OF BAKERSFIELD

**Computation of Legal Debt Margin
June 30, 2010**

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

CITY OF BAKERSFIELD

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

Fiscal Year	Wastewater Revenue Bonds						Coverage (5)
	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	
2009-10	33,115,751	11,928,571	21,187,180	1,100,000	9,597,489	1.98	

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.

(5) Minimum coverage requirement on the Wastewater Revenue bonds is 1.25.

Source: City Finance Department

CITY OF BAKERSFIELD

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

<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	24,174	29,940	30.3	71.5%	27,263	14.7%
2009-10	338,952	-	-	-	-	-	15.8%

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. Effective 2008-2009 information now includes Delano 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).

CITY OF BAKERSFIELD

**Principal Employers (1)
Current Year and Nine Years Ago**

Employer	2001			2010		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
County of Kern (1)	N/A		N/A	8375	1	6.84%
Bakersfield City School Dist.				2085	2	1.70%
Mercy Hospital				1500	3	1.23%
City of Bakersfield				1446	4	1.18%
Kern Union High District				1371	5	1.12%
State Farm Operation Center				1300	6	1.06%
Nabors Well Services				1200	7	0.98%
Kern Schools Federal Credit Union				1178	8	0.96%
Wall Mart				1050	9	0.86%
Chevron				1030	10	0.84%
Others				101,868		83.22%
Total	<u>N/A</u>		<u>N/A</u>	<u>122,403</u>		<u>100.00%</u>

(1) Not all employees are employed within the Bakersfield City Limits.

Source: Top 10 employers provided by Hdl Coren & Cone.

Note: Only current data is available



CITY OF BAKERSFIELD

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

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	<u>1,294</u>	<u>1,315</u>	<u>1,272</u>	<u>1,363</u>	<u>1,507</u>	<u>1,613</u>

Source: City Finance Department

2008	2009	2010
241	201	187
373	344	358
145	127	127
183	181	179
29	19	19
68	55	54
213	193	190
174	155	147
53	49	55
110	102	102
25	26	28
<u>1,614</u>	<u>1,452</u>	<u>1,446</u>

CITY OF BAKERSFIELD

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

Fiscal Year	Commercial Construction		Residential Construction		Other Construction
	No. of Units	Value	No. of Units	Value	Value
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
2009-10	77	10,162	418	88,651	44,196

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

Total Construction		
No. of Units	Value	Bank Deposits (2)
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
495	143,009	4,728,745

CITY OF BAKERSFIELD

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

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

CITY OF BAKERSFIELD

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

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

Fiscal Year				
2006	2007	2008	2009	2010
120.85	135.48	139.91	143.46	144.40
4	4	4	4	4
13	13	13	13	14
44	55	56	57	57
1,069	1,178	1,236	1,242	1,379
14,101	14,965	15,474	15,809	15,923
302	314	326	343	359
432	447	454	484	494
46	48	49	55	55
6	6	6	6	4
11	11	11	11	11
3	3	3	3	3
589	710	842	926	940
9,040	9,600	9,765	10,041	10,220
962	1028	1,055	1,059	1,059
204	244	259	261	262
41 MGD	41 MGD	41 MGD	41 MGD	57 MGD

CITY OF BAKERSFIELD

**Schedule of Insurance in Force
June 30, 2010**

Type of Coverage

Liability:	Limits
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.
Physical Loss:	
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.
Life and Medical:	
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 (no lifetime maximum) extended benefits of 90% after \$350 deductible for medical (Anthem Blue Cross) or Group dental (\$50 deductible for Met Life).

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.

Insurance Company	Policy Number	Expiration Date	Annual Premium
CSAC- EIA		07/10/11	\$ 338,875
ACCEL		06/30/11	772,526
CSAC	00FA02380530	07/01/11	13,442
Chartis	AP3791956-01	07/01/11	3,081
W Brown & Assoc	NAC4001392	07/01/11	13,000
CSAC		03/31/11	248,291
Fort Dearborn Life	F001334	01/01/11	\$3.00 per thousand dollar of salary, Management & Supervisory annual plus \$2,000.
Fort Dearborn Life	F001334	01/01/11	\$27.30 each permanent employee for \$12,000 coverage
Fort Dearborn Life	F001334	01/01/11	\$68.38 each permanent employee for \$30,000 coverage
Met Life Anthem Blue Cross Athem Blue Cross HMO Pacific Union Dental,Inc. Kaiser Permante	Dental 142451-1 Health 97039M Health 59E69A Dental 711874-1 132733-1003	01/01/11	Bi-weekly rate range from \$171.00 to \$586.75 per employee for medical based upon Individual's Plan coverage and Plan combination and \$9.61 to \$54.84 for Dental.

