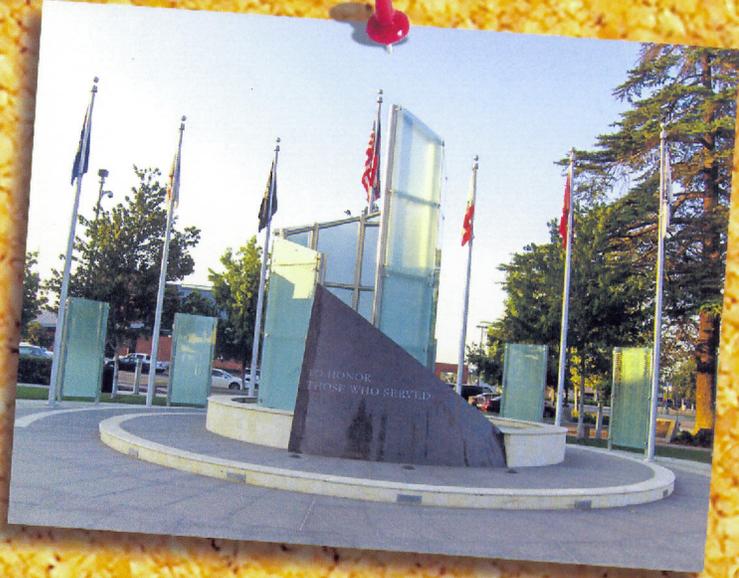
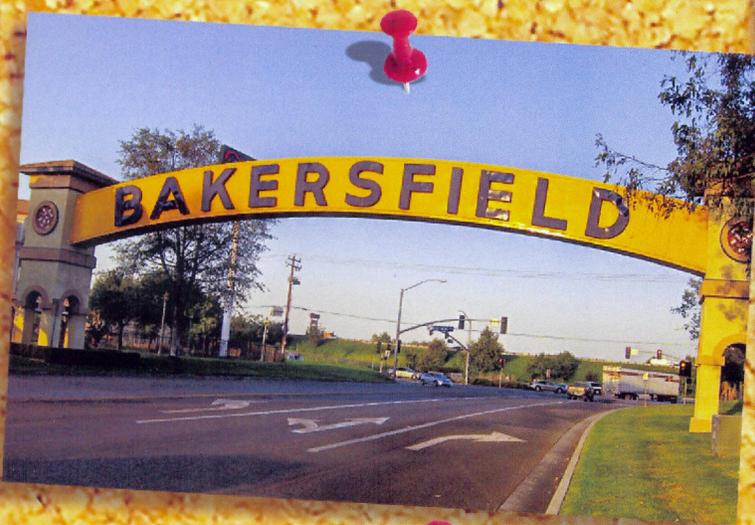
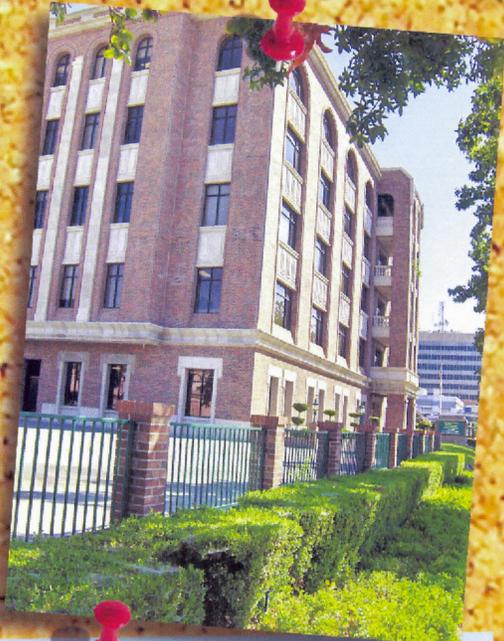


# The City of Bakersfield California



Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30 2011

# CITY OF BAKERSFIELD, CALIFORNIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011



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

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**CITY OF BAKERSFIELD**

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Comprehensive Annual Financial Report  
Year Ended June 30, 2011

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**CITY OF BAKERSFIELD**

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December 19, 2011

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, 2011. 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 149.75 square miles and has an estimated population of 351,443 as of January 1, 2011.

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, and State and Federal road funds. The 2010-11 Budget included funding for the construction of Morning Drive / State Route 178 Interchange - \$9,000,000 and additional construction funds for the Westside Parkway from Truxtun Avenue to Allen Road - \$40,000,000. Many of the Westside Parkway bridges are substantially complete and we expect project completion within the next 12 to 18 months. Construction of the Morning Drive Interchange is expected to be awarded in 2012. Additionally, the Mohawk extension project was completed this year and we have several other TRIP projects with contracts in place for environmental study and design work.

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 & II improvements were completed in 2009-10, 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 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. The Q Street project is near completion and construction of Phase I of the Sister City Gardens is expected to begin in early 2012.

Five new parks were opened in 2011. Phase I of the Sports Village soccer park added 16 youth soccer fields to the southwest part of town while the Mesa Marin softball park complex added four full size diamonds to the northeast part of town.

## FACTORS AFFECTING FINANCIAL CONDITION

**Local Economy and Local Budget Issues** - The City of Bakersfield has been impacted by the statewide economic slump. 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 2% in 2010-11 and are projected to decrease by about 1% in 2011-12. Sales tax revenues have shown some positive improvement in 2010-11 compared to the prior two years, but are still subject to future uncertainty.

The City Council continues to take a conservative approach in adopting our budget for 2011-12. 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 2011-12 budget process, the City Council began a very conservative move toward recovery of prior year budget reductions. The Council set aside General Funds for the 17 police officers that are currently funded with an American Recovery and Reinvestment Act (ARRA) Federal grant. This action is to ensure that General Funds will be available to retain the 17 police positions as the grant funding expires over the next 12 to 24 months. Additionally, the Council reinstated 5 police positions and 4 parks positions that were previously eliminated a couple of years ago.

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.

The City Council set aside \$4.5 million in the 2011-12 budget to help address the future year increases in CalPERS costs. The Council budgeted both the full Annual Required Contribution (ARC) for our retiree medical subsidy program, which is considered an "Other Post Employment Benefit" (aka: OPEB) plus an additional \$3.0 million to help further reduce the City's OPEB unfunded liability.

**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 2009-10 capture of over \$6.7 million of property tax revenues by the State in its Proposition 1A forced borrowing from local tax dollars. Additionally, the State decision to shut down redevelopment activities is especially discouraging for Bakersfield given our many success stories within our community. Nevertheless, the Council has taken actions to provide for local redevelopment to continue pending a decision by the California Supreme Court on the State actions taken.

The City is aware that the State has not addressed its structural budget problems and may again have a significant budget deficit looming on its horizon for 2011-12 and 2012-13. 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 2010-11 City of Bakersfield appropriation limit established as required by state statute was \$273,178,512.

**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 encourages competitive bidding on a five year cycle. 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 2010-11 audit year is the fifth 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 covers 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, 2010, marking the thirtieth 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,

A handwritten signature in cursive script, appearing to read "Nelson K. Smith". The signature is written in dark ink and is positioned above the printed name.

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, 2010

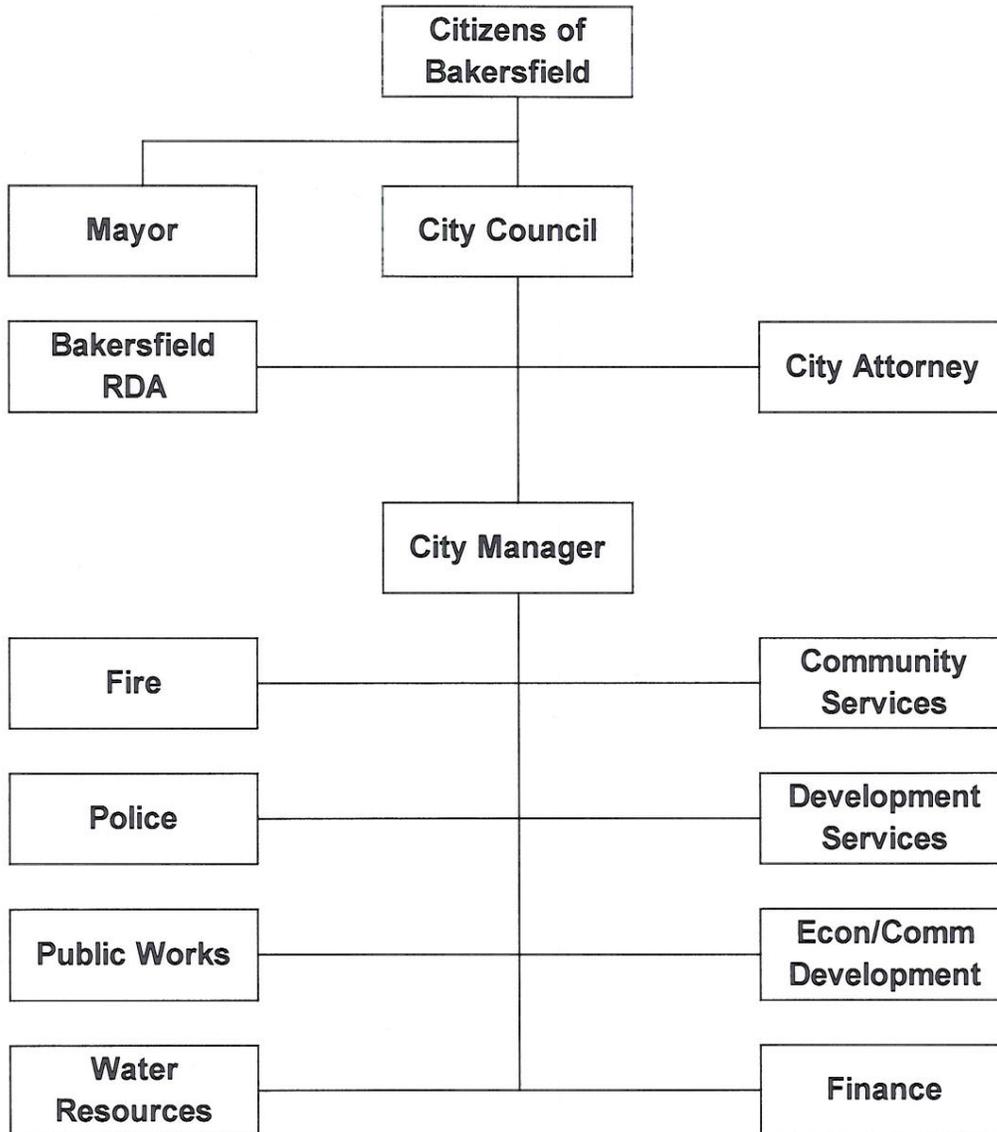
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

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



# CITY OF BAKERSFIELD

June 30, 2011

## City Council

Harvey L. Hall .....	Mayor
Rudy Salas .....	Member/Ward 1
Sue Benham .....	Member/Ward 2
Ken Weir .....	Member/Ward 3
David R. Couch .....	Vice Mayor/Ward 4
Harold Hanson .....	Member/Ward 5
Jacquie Sullivan .....	Member/Ward 6
Russell Johnson. ....	Member/Ward 7

## Administrative Personnel

Alan Tandy .....	City Manager
Virginia Gennaro.....	City Attorney
Donna Kunz .....	Economic Development Director
Nelson K. Smith .....	Finance Director
Douglas Greener .....	Fire Chief
Greg Williamson.....	Police Chief
Raul Rojas .....	Public Works Director
Dianne Hoover .....	Director Recreation & Parks
Art Chianello .....	Water Resources Manager



**BROWN  
ARMSTRONG**

CERTIFIED  
PUBLIC  
ACCOUNTANTS

# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

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

### MAIN OFFICE

#### 4200 TRUXTUN AVENUE

SUITE 300  
BAKERSFIELD, CA 93309  
TEL 661.324.4971  
FAX 661.324.4997  
EMAIL info@bacpas.com

#### 560 CENTRAL AVENUE

SHAFTER, CALIFORNIA 93263  
TEL 661.746.2145  
FAX 661.746.1218

#### 8050 N. PALM AVENUE

SUITE 300  
FRESNO, CALIFORNIA 93711  
TEL 559.476.3592  
FAX 559.476.3593

#### 790 E. COLORADO BLVD.

SUITE 908B  
PASADENA, CALIFORNIA 91101  
TEL 626.240.0920  
FAX 626.240.0922

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, 2011, 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, 2011, 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2011, 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, 2011, 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.



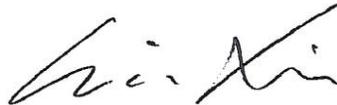
REGISTERED with the Public Company  
Accounting Oversight Board and  
MEMBER of the American Institute of  
Certified Public Accountants

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 as well as schedules of funding progress on pages 99 and 100 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 management's discussion and analysis and schedules of funding progress 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 19, 2011, 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 19, 2011

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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This discussion and analysis of the City of Bakersfield's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2011. 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 \$2.3 billion (net assets). Of this amount, \$266.1 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 \$17.1 million over the prior fiscal year. This decrease is attributable to a \$12.1 million decrease in capital asset investments, a \$40.2 million decrease in restricted net assets and a \$35.2 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 \$139.7 million, a decrease of \$2.1 million in comparison with the prior year. Amounts available for spending include restricted, committed, assigned and unassigned fund balances. Of this amount \$19.8 million is restricted bylaw or externally imposed requirements and \$85.2 million is committed for specific purposes. Available fund balance for the General Fund increased \$6.7 million to \$52.6 million, which equates to 35% of total General Fund expenditures for the year.
- The City of Bakersfield's long-term debt showed a decrease of \$4.2 million during the current fiscal year which was a result of normal maturity on existing debt.

**OVERVIEW OF 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.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The 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 Governmental Accounting Standards Board (GASB) statements in regards to interfund activity, payables and receivables.

The Statement of Net Assets and the Statement of Activities 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.

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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In the Statement of Net Assets and the Statement of Activities 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 (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.

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 proprietary 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.

**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.

**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

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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 \$2.3 billion at the close of the most recent fiscal year, which is a \$17.2 million, or .08% decrease in comparison with the prior year.

The largest portion of the City of Bakersfield's net assets (86.3% of the total) reflects its investment in capital assets of \$1.94 billion (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 \$43.3 million (1.9% 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 \$266.1 million (11.8% 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.

The following table presents the government-wide assets, liabilities, and net assets for both 2010 and 2011. The governmental and business-type activities columns reflect amounts that have been restated in this financial report. See Note 21 page 92 for prior period adjustments.

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**City of Bakersfield – Net Assets**  
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2010*	2011*	2010*	2011*	2010*	2011*
<b>Assets</b>						
Current and other assets	\$ 252,605	\$ 244,459	\$ 162,979	\$ 161,082	\$ 415,584	\$ 405,540
Capital assets (net)	1,323,735	1,312,921	884,742	901,373	2,208,477	2,214,294
Total assets	<u>1,576,340</u>	<u>1,557,380</u>	<u>1,047,721</u>	<u>1,062,455</u>	<u>2,624,061</u>	<u>2,619,835</u>
<b>Liabilities</b>						
Long-term liabilities						
outstanding	49,589	55,202	251,578	270,854	301,167	326,056
Other liabilities	33,866	23,903	21,983	19,981	55,849	43,884
Total liabilities	<u>83,455</u>	<u>79,105</u>	<u>273,561</u>	<u>290,835</u>	<u>357,016</u>	<u>369,940</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	1,318,124	1,307,754	634,480	632,719	1,952,604	1,940,473
Restricted	39,140	19,778	34,730	23,579	73,870	43,357
Unrestricted	<u>135,621</u>	<u>150,743</u>	<u>104,950</u>	<u>115,322</u>	<u>240,571</u>	<u>266,065</u>
<b>Total Net Assets</b>	<u>\$ 1,492,885</u>	<u>\$ 1,478,275</u>	<u>\$ 774,160</u>	<u>\$ 771,620</u>	<u>\$ 2,267,045</u>	<u>\$ 2,249,895</u>

\* as restated

**Governmental Activities** – Total assets for governmental activities decreased by \$18.9 million, with current and other assets in governmental activities decreasing by \$8.1 million and capital assets decline of \$10.8 million. Total liabilities decreased by \$4.4 million, with other liabilities decreasing by \$9.1 million and long-term liabilities increasing by \$4.7 million.

Of the \$14.6 million decrease in governmental activities total net assets, unrestricted net assets increased by \$15.1 million, which was offset by a decline in capital assets, net of related debt by \$10.4 million and a decrease in restricted net assets of \$19.4 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 \$14.7 million with current and other assets decreasing by \$1.9 million offset by (net) capital asset growth of \$16.6 million. Total liabilities increased by \$17.3 million, with other liabilities decreasing by \$1.2 million and long-term liabilities increasing by \$18.5 million. Total net assets for business-type activities decreased by \$2.5 million. Capital assets, net of related debt and restricted net assets, decreased by \$1.8 million and \$11.1 million, respectively. Business-type activities unrestricted net assets increased by \$10.4 million, comprised of increases of \$5.8 million in Wastewater Treatment, \$1.7 million in Refuse Collection, \$2.3 million in Domestic Water with remainder in other Enterprise Funds.

**Change in Net Assets of the City**

The following table presents the government-wide changes in net assets for both 2010 and 2011. The City's total program expenses of \$410.3 million exceeded revenues of \$393.1 million for a decrease in net assets of \$17.2 million. The governmental and business-type activities columns reflect amounts that have been restated in this financial report. See Note 21 page 92 for prior period adjustments.

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

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 40,071	\$ 37,451	\$ 96,453	\$ 99,753	\$ 136,524	\$ 137,204
Operating grants and contributions	26,063	22,994	7,121	4,019	33,184	27,013
Capital grants and contributions	76,022	82,831	10,190	1,599	86,212	84,430
Total Program Revenues	142,156	143,276	113,764	105,371	255,920	248,647
<b>General revenues:</b>						
Taxes:						
Property taxes	63,924	62,889			63,924	62,889
Sales taxes	50,664	55,282			50,664	55,282
Other taxes	1,911	729			1,911	729
Intergovernmental:						
Intergovt., unrestricted	1,026	1,145			1,026	1,145
Grants and contributions not restricted to specific programs	19,229	20,702			19,229	20,702
Investment earnings	1,103	74	3,013	2,136	4,116	2,210
Miscellaneous	1,777	1,569			1,777	1,569
Gain on sale of property	15	17			15	17
Total revenues	281,805	285,683	116,777	107,507	398,582	393,190
<b>Expenses:</b>						
General government	13,169	12,110			13,169	12,110
Public safety -- Police	66,820	70,382			66,820	70,382
Public safety -- Fire	32,902	31,658			32,902	31,658
Public works	138,345	137,057			138,345	137,057
Community services	32,640	34,683			32,640	34,683
Development services	8,232	6,862			8,232	6,862
Economic/Community dev.	12,936	9,304			12,936	9,304
Interest on long-term debt	201	234			201	234
Subtotal - Governmental	305,245	302,290	-	-	305,245	302,290

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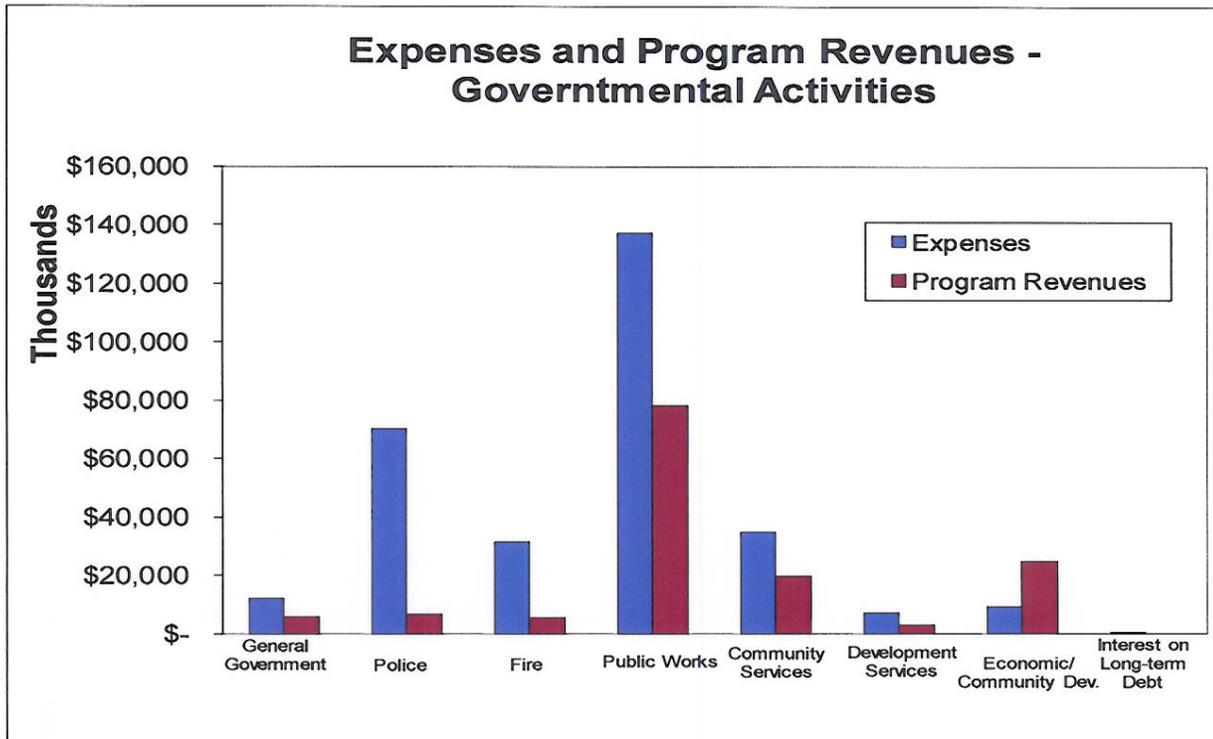
**City of Bakersfield – Changes in Net Assets (continued)**

(in thousands)

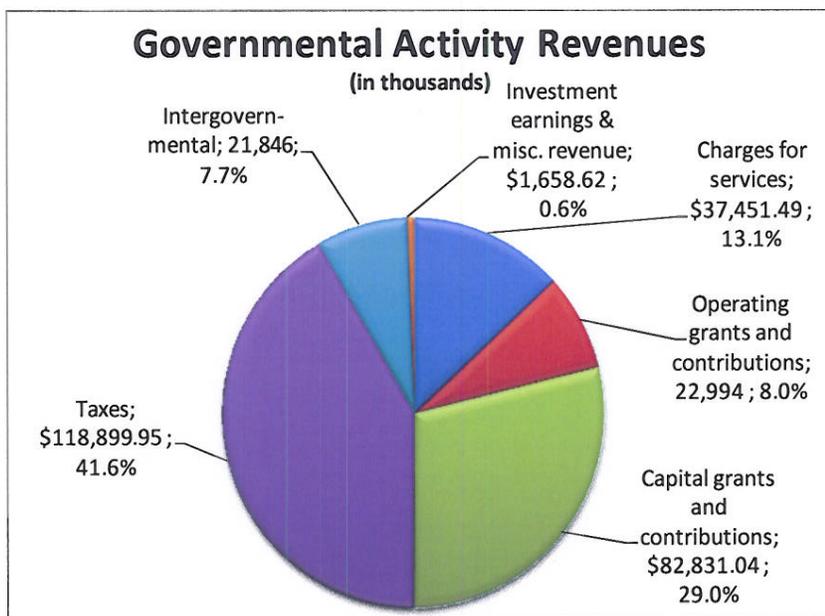
	Governmental activities		Business-type activities		Total	
	2010	2011	2010	2011	2010	2011
Business-Type:						
Wastewater treatment			31,979	42,334	31,979	42,334
Refuse collection			35,237	38,469	35,237	38,469
Agricultural water			4,901	4,603	4,901	4,603
Domestic water			21,098	22,069	21,098	22,069
General aviation			372	408	372	408
Offstreet parking			178	166	178	166
Subtotal - Business-Type	-	-	93,765	108,049	93,765	108,049
Total expenses	305,245	302,290	93,765	108,049	399,010	410,339
Change in net assets before transfers & other items	(23,440)	(16,607)	23,012	(542)	(428)	(17,148)
Transfers	150	1,998	(150)	(1,998)	-	-
Change in net assets	(23,290)	(14,610)	22,862	(2,540)	(428)	(17,150)
Net Assets - Beginning of Year (as restated)	1,516,175	1,492,885	751,298	774,160	2,267,473	2,267,045
Net assets - End of Year	<u>\$ 1,492,885</u>	<u>\$ 1,478,275</u>	<u>\$ 774,160 *</u>	<u>\$ 771,620</u>	<u>\$ 2,267,045</u>	<u>\$ 2,249,895</u>

\* as restated

**Governmental Activities** – Governmental activities decreased the City's net assets by \$14.6 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 \$90.0 million and \$58.7 million, respectively. Public safety programs rely heavily on taxes to support their operations. Public Works programs are primarily reimbursable.



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 \$118.9 million or 41.6% of total revenues. Capital grants and contributions is also a significant revenue source for the City's governmental activities, amounting to \$82.8 million or 29.0% of total revenues.



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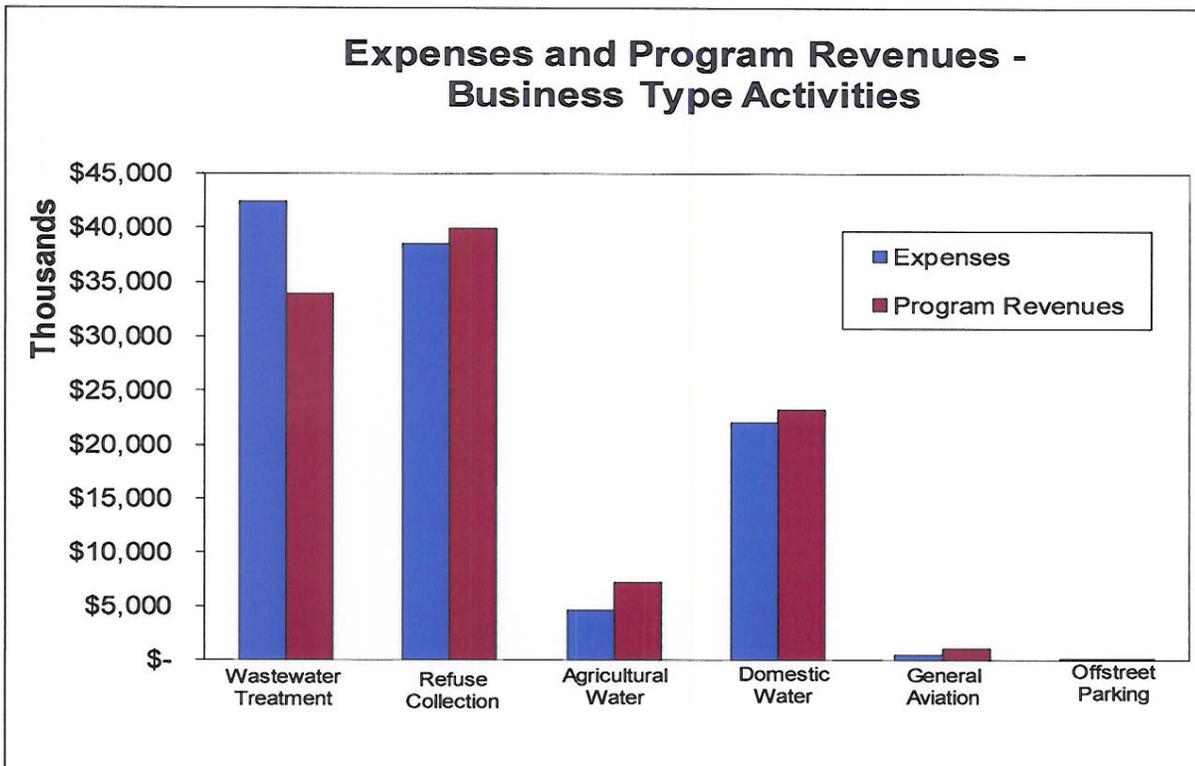
**Management's Discussion and Analysis**

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Governmental Activity Revenues increased \$3.9 million, a 1.4% increase compared to the previous fiscal year. This slight increase is due primarily to a 9.0% (\$8.9 million) increase in capital grants and contributions offset by a decrease of \$5.7 million in charges for services and operating grants and contributions. The City is happy to report that tax revenues increased by 2.1%, or \$2.4 million. This increase is due to \$4.6 million in sales tax revenue offset by a decrease of \$1.2 million in other taxes.

Total expenses in governmental activities had a net decrease of \$3.0 million from the previous fiscal year for an overall 1% decrease. The largest percentage decrease, 28.1%, was in Economic and Community Development. Economic and Community Development decreased by \$3.6 million in large part due to construction activity along the Mill Creek Linear Park project. The next largest percentage decrease, 16.7%, was in Development Services. Development Services decreased by \$1.4 million due to vacant positions, due in large part to the continuing sluggish housing. General Government, Public Safety – Fire, Public Works and Development Services decreased by \$1.1 million, \$1.2 million, \$1.3 million and \$1.4 million, respectively, due primarily to lower salary costs due to vacant positions. Expenses in Community Services increased by \$2.0 million due to the completion of Mesa Marin and Sports Village complex capital improvements, which increased maintenance of said facilities. Public Safety – Police expenses increased by \$3.6 million due to more grant programs made available allowing for increases in staffing.

**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 decreased the City's net assets by \$2.5 million. The bar chart above compares total program revenues and expenses. Program revenues exceeded program expenses in agricultural water by \$2.6 million, refuse collection by \$1.4 million and domestic water by \$1.1 million. These increases were offset by program expenses exceeding program revenues in wastewater treatment by \$8.4 million.

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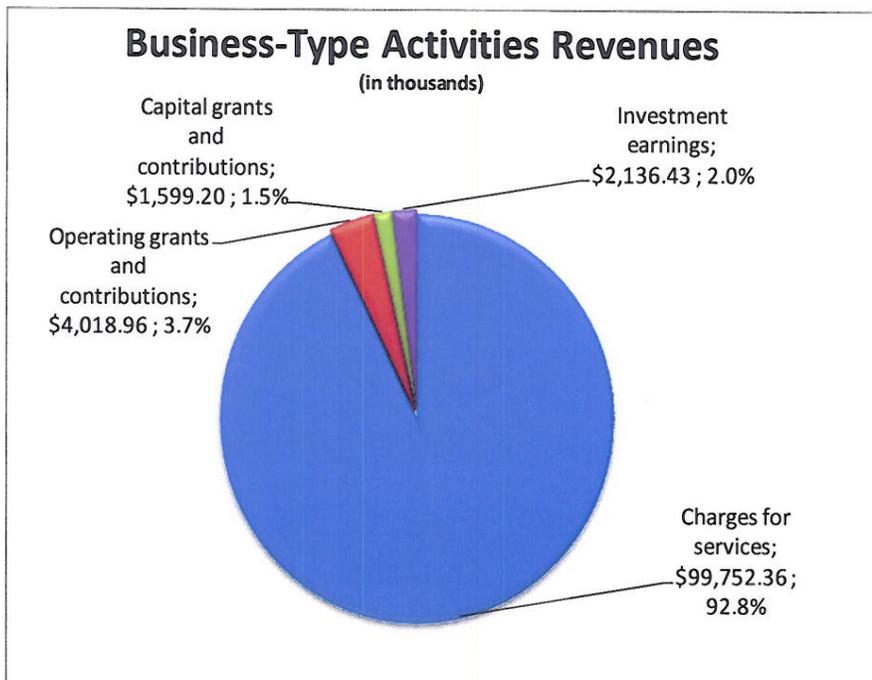
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The Wastewater Treatment Fund showed the largest increase in expenses over the prior year, with an increase of \$10.4 million. The increase is due to new water supply and treatment programs. The Refuse Collection Fund showed an increase in expenses of \$3.2 million over the prior year. Included in that amount is the cost of closing the Bakersfield Landfill, increase in residential and recycling carts and construction of a Liquid Natural Gas fueling station.

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 92.8% of total revenues. Capital grants and contributions is the second largest revenue source at 3.7% of total revenues.



The City's operating grants and contributions in business-type activities decreased by \$8.6 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 spendable resources. Such information is useful in assessing the City of Bakersfield's financing requirements. In particular, total fund balance less the nonspendable portion is a useful measure of a government's resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Bakersfield's Governmental Funds reported combined ending fund balances of \$139,654,635, a decrease of \$2,075,051 in comparison with the prior year. The components of total fund balance are as follows (for more information see Note 13 – Fund Balances):

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- **Nonspendable fund balance**, \$13,000, are amounts that are not spendable in form, or are legally or contractually required to be maintained intact, and are made up of prepaid expenses and deposits of \$13,000.
- **Restricted fund balance**, \$19,778,178, consists of amounts with constraints put on their use by externally imposed creditors, grantors, contributions, laws, regulations or enabling legislation. Examples of restrictions on funds are those for (1) \$9.7 million for the purpose of the fund (i.e. Gas Tax and Road projects), (2) \$7.9 million for proceeds from Special Assessments bonds for capital improvements and (3) \$1.8 million for traffic safety projects.
- **Committed fund balance**, \$85,191,022, are amounts for specific purposes determined by the Bakersfield City Council, such as funds collected from fees paid to mitigate the traffic impacts to the regional circulation system of \$37.7 million and \$23.9 million for appropriations for next year's budget.
- **Assigned fund balance**, \$25,541,160 for funds set aside by management for specific purposes. Amounts include \$12.7 million set aside in for capital projects and \$5.9 million for the fund purposes related to transient occupancy fees and parks development.
- **Unassigned fund balance**, \$9,131,375, represents the residual classification for the City's General Fund.

**General Fund:** The General Fund is the chief operating fund of the City of Bakersfield. At the end of the current fiscal year, the General Fund's total fund balance increased by 15%, or \$6,701,268, to \$52,649,429. Of this increase, \$8.2 million relates to the Committed amounts of fund balance which was due almost entirely to portion set aside for the subsequent year's budget. This increase was offset somewhat by a \$1.5 million decrease in Unassigned fund balance. Major factors for this overall increase:

- Total operating revenues increased by \$8.7 million (a 5.5% increase), the majority of which was from more tax revenue collected than in the prior year. Property tax revenue increased by \$5 million and sales tax collections were up by \$4 million. The increase in property taxes is due to the State taking portions of that revenue last year to balance its budget but no such activity occurred in 2010/11. Increases in sales taxes were due to improvement in the local economy with more purchases activity than last year.
- Total operating expenditures decreased by \$4.1 million (a 2.8% decrease) due primarily to a number of positions that were left unfilled in the current year. The City has been operating with less staff as a continuation of management decisions to reduce costs.

**Other governmental funds:** As compared with the prior year, the total fund balances of the remaining governmental funds decreased by 9.1%, or \$8.8 million, to \$87.0 million with the following significant changes:

- The Transient Occupancy Tax Fund increased by \$1.7 million from \$1.5 million to \$3.3 million. The majority of the fund balance is assigned for spending at the government's discretion. 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 Gas Tax and Road Fund increased by \$2.3 million from \$7.4 million to \$9.8 million. The increase is due primarily to a decrease in Public Works costs in the Gas Tax Fund. In the previous year, one time monies were available for various projects that were not available this fiscal year. Thomas Road Improvement Program (TRIP) projects account for 89.6% of expenditures. 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.

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- The Capital Outlay Fund decreased by \$2.4 million from \$21.8 million to \$19.4 million. Of this amount, \$1.7 million is committed for contractual obligations and \$5.0 million is committed for facility replacement. The remaining amount of \$12.7 million is assigned and available for use at management's discretion.
- The Park Development Fund decreased by \$3.8 million from \$10.7 million to \$6.8 million. Of this amount, \$4.0 million is committed for contractual obligations and \$2.8 million is assigned for use at management's discretion. Revenues and expenditures in this fund increased by more than double compared to the previous fiscal year due to North of the River (NOR) requesting drawdowns to fund its Polo Community Park and Riverlakes Phase I projects. Expenditures exceeded revenues resulting in a net decrease in fund balance of \$3.8 million.
- The Transportation Development Fund decreased by \$5.6 million from \$43.4 million to \$37.7 million. Of this amount, \$29.1 million is committed for contractual obligation and/or current projects. The remaining amount of \$8.6 million is committed for future projects and will be programmed in the 2011-12 budget for projects that have been identified as necessary to maintain the level of services required for the regional transportation network.
- The fund balance for non-major governmental funds as a whole decreased by \$1.0 million from \$10.8 million to \$9.7 million. The significant changes occurred in the following funds:
  - Special Assessments Districts Fund decreased \$1.0 million. This is generally due to decreased development activity. There is a small amount of assessment district capital improvement funds remaining.

**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 \$501.9 million at the end of the current year, a decrease of \$6.8 million over the prior year. Total net assets include \$418.9 million invested in capital assets and \$19.6 million of restricted assets which are not available to cover current expenses. The remaining net assets of \$63.5 million are unrestricted and available to cover current operating and capital needs (including plant and equipment replacement) of the fund. This decrease is due primarily to an increase in operational costs with the completion of the sewer expansion project.

The Refuse Collection Fund has total net assets of \$21.4 million at the end of the current year, an increase of \$0.8 million from the prior year. A portion of net assets of \$4.0 million are designated for future landfill closure costs. The remaining net assets within the fund of \$17.4 million are unrestricted and available to cover current operating and capital needs of the fund.

The Agricultural Water Fund has total net assets of \$29.6 million at the end of the current year, an increase of \$2.7 million over the prior year. Total net assets include \$21.1 million invested in capital assets, which are not available to cover current expenses. The remaining net assets of \$8.5 million 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 \$202.2 million at the end of the current year, an increase of \$1.4 million over the prior year. Total net assets include \$176.6 million invested in capital assets, which are not available to cover current expenses. The remaining net assets of \$25.6 million are unrestricted and available to cover current operating and capital needs of the fund.

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The General Aviation Fund has total net assets of \$10.6 million at the end of the current year, an increase compared to the prior year. Total net assets include \$10.1 million invested in capital assets, which are not available to cover current expenses. The remaining net assets are unrestricted and available to cover current operating and capital needs of the fund.

The Offstreet Parking Fund has total net assets of \$6.0 million at the end of the current year, a decrease compared to the prior year. Total net assets include \$6.0 million in capital assets, which are not available to cover current expenses.

**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 \$2.2 billion (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 \$53.7 million, with the majority of \$37.1 million relating to governmental activities.

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 2010-11.

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 \$47.7 million. This figure includes over \$28.8 million towards major street construction, traffic signal, and resurfacing projects throughout the City.
- The Domestic Water Fund entered into a water rights lease with the Kern County Water Agency in the amount of \$23.4 million to receive an annual allotment of 6,500 acre-feet of water.
- The City added over \$7 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**

(in thousands)

	Governmental activities		Business-type activities		Total	
	2010*	2011	2010*	2011	2010*	2011
Land and water storage rights	\$ 407,952	\$ 418,489	\$ 25,709	\$ 25,238	\$ 433,661	\$ 443,727
Depreciable buildings, property, equipment and infrastructure, net	884,990	846,738	597,537	827,054	1,482,527	1,673,792
Construction in progress	30,793	47,695	253,463	17,604	284,256	65,299
Non-amortizable intangible assets			8,033	31,477	8,033	31,477
Total Capital Assets	<u>\$ 1,323,735</u>	<u>\$ 1,312,922</u>	<u>\$ 884,742</u>	<u>\$ 901,373</u>	<u>\$ 2,208,477</u>	<u>\$ 2,214,295</u>

\* as restated

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**Long-Term Debt** - At the end of the current fiscal year, the City of Bakersfield had a total debt outstanding of \$251,682,706. The City of Bakersfield's total debt decreased by a net amount of \$4,190,502 during the current fiscal year which is the result of normal debt maturities. The City did not incur any new debt this fiscal year.

**City of Bakersfield – Outstanding Debt**

	Balance	Incurred	Satisfied	Balance
	July 1, 2010	or Issued	or Matured	June 30, 2011
<b>Governmental Activities</b>				
Loans payable	\$ 3,811,000	\$ -	\$ 214,000	\$ 3,597,000
Other bonds payable	1,800,000		230,000	1,570,000
Total governmental activities	<u>\$ 5,611,000</u>	<u>\$ -</u>	<u>\$ 444,000</u>	<u>\$ 5,167,000</u>
<b>Business-Type Activities</b>				
Revenue Bonds Payable	\$ 241,270,507	\$ -	\$ 2,276,063	\$ 238,994,444
Loans Payable	8,991,701		1,470,439	7,521,262
Total business-type activities	<u>\$ 250,262,208</u>	<u>\$ -</u>	<u>\$ 3,746,502</u>	<u>\$ 246,515,706</u>
Total Debt	<u>\$ 255,873,208</u>	<u>\$ -</u>	<u>\$ 4,190,502</u>	<u>\$ 251,682,706</u>

Certificates of Participation issued by the City and the Bakersfield Redevelopment Agency in 2006 carry a Reserve Fund Surety from Ambac Assurance Company (Ambac). Ambac filed for a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. Moody's Investor's Service (Moody's) 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 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 63 for capital assets, Note 11 page 70 for long-term debt, and Note 22 page 93 for subsequent events.

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget reflect an increase in resources of \$3.8 million and an increase in appropriations of \$3.8 million. Significant budgetary amendments (changes) are summarized as follows:

- \$544,096 increase in various resources and appropriations due to revenues associated with open purchase orders at the end of the previous fiscal year. Also, \$381,282 increases in various resources due to revenues associated with prior year appropriations not spent and carried forward to this fiscal year.
- \$1.5 million increase in resources and appropriations for grant related projects in the Police Department. This amount includes \$834,937 of Federal Grant monies to fund overtime for the traffic enforcement strategies, temporary clerical help and to purchase equipment, checkpoint supplies and services for the Police Department Traffic Division. Also included is a State Grant in the amount of \$711,963 for implementation of a Safe Community Partnership strategy to reduce gang violence.

The final amended revenue estimate budget figures in the General Fund were lower than actual revenue by \$14.2 million and appropriations were higher than actual expenditures by \$7.9 million. Significant differences between budget and actual amounts are as follows:

- \$13.5 million positive variance in tax revenue is primarily from property tax and sales and use tax. The City was unsure of 2010-11 revenues because of so much uncertainty with the economy. The estimates used were conservative in nature and the actual revenue amounts in these areas were significantly better than expected.
- \$1.4 million positive variance in charges for services is due to an increased demand for recreation and facilities usage, an increase in monies received from the County for the Fire Fund and a larger amount collected for direct costs incurred for maintenance districts and allocated costs due to more activity in those areas than anticipated. Positive variances in other departments' charges for services are due to conservative budgeting.
- \$1.6 million negative variance in Intergovernmental revenues is due to a delay in awarding of Federal Grants programs for the Police Department. This revenue is added to the budget when awarded but the project is not started until the next fiscal year which will not be received until expended and billed.
- \$3.6 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.
- \$4.3 million variance of appropriations over actual expenditures in Departments other than Police are also due primarily to salary and benefit savings.

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

The key assumptions in the General Fund revenue forecast for fiscal year 2011-12 were:

1. Property tax revenue is projected to remain flat at 0% growth compared to last year's estimate of negative 2% as projected by Kern County.
2. Sales and use tax revenue estimates are projected at an additional 3% growth as compared to last year's revised revenue estimates.
3. One time monies of \$4,500,000 are set aside to provide a buffer against the estimated PERS increases over the next few years and \$3,000,000 are set aside to reduce the City's Net Pension Obligation for Other Post-Employment Benefits (retiree medical).

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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New items specifically addressed in the 2011-12 budget include the following:

**Police Department** – The Police Department's operating budget has increased from fiscal year 2010-11 by 5.7%, totaling \$69,450,242. This budget reflects the addition of five sworn positions and General Funds were reserved to fund the seventeen American Recovery and Reinvestment Act grant funded officers when the grant funding ceases sometime in fiscal year 2012-13.

**Public Works** – The Public Works Department's operating budget has increased from fiscal year 2010-11 by 4.5%, totaling \$98,412,729. This budget reflects the return to stabilizing the equipment replacement schedule, while still extending the life of vehicles and equipment, where possible. Salary budget line item increases are related to the cost of living increases, increased CalPERS cost, retiree medical costs and workers' compensation accounts. In addition, new state training requirements for water pollution prevention have increased various division training budgets by a total of \$15,225.

**Development Services** – The Development Services Department has experienced a significant slowdown in the levels of development activity over several fiscal years. The total operating budget for the Department is \$6,929,229, which is a 2.9% decrease as compared to the previous fiscal year. This decrease is due to the deletion of vacant positions.

**Wastewater** – The Wastewater Enterprise Fund's budget includes a 2.5% increase in residential sewer rates, increasing from \$200 per single family home to \$205. 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](mailto:finance@bakersfieldcity.us). Formal written requests should be addressed to: City of Bakersfield, Attn: Finance Department, 1600 Truxtun Avenue, Bakersfield, CA 93301.



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***Government-Wide Financial Statements***

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**CITY OF BAKERSFIELD**

**Statement of Net Assets  
June 30, 2011**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bakersfield Redevelopment Agency
<b>Assets:</b>				
Current assets:				
Cash and investments	\$ 159,272,834	\$ 149,846,213	\$ 309,119,047	\$ 9,657,213
Accounts receivable, net	17,465,894	6,791,450	24,257,344	
Interest receivable	390,143	399,836	789,979	32,804
Loans receivable - current	661,032		661,032	1,910,000
Due from other governmental agencies	60,251,971	1,170,968	61,422,939	1,760,654
Internal balances	14,559	(14,559)	-	
Prepayments and inventories	1,408,698	-	1,408,698	
<b>Total current assets</b>	<b>239,465,131</b>	<b>158,193,908</b>	<b>397,659,039</b>	<b>13,360,671</b>
Noncurrent assets:				
Capital assets:				
Land	418,488,573	25,237,947	443,726,520	
Land held for resale				1,087,524
Depreciable buildings, property, equipment and infrastructure, net	846,737,606	827,054,000	1,673,791,606	
Construction in progress	47,694,425	17,604,133	65,298,558	
Non-amortizable intangible assets		31,476,906	31,476,906	
Note/loan receivable	4,994,210	2,888,348	7,882,558	33,172,162
<b>Total noncurrent assets</b>	<b>1,317,914,814</b>	<b>904,261,334</b>	<b>2,222,176,148</b>	<b>34,259,686</b>
<b>Total assets</b>	<b>1,557,379,945</b>	<b>1,062,455,242</b>	<b>2,619,835,187</b>	<b>47,620,357</b>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	22,383,486	10,739,139	33,122,625	1,456,461
Customers' deposits		6,364,088	6,364,088	
Unearned revenue	1,519,324	2,878,029	4,397,353	35,082,162
<b>Total current liabilities</b>	<b>23,902,810</b>	<b>19,981,256</b>	<b>43,884,066</b>	<b>36,538,623</b>
Noncurrent liabilities:				
Due within one year:				
Long-term debt	366,000	4,013,189	4,379,189	4,815,851
Capital leases		473,112	473,112	
Kern River Levee District		92,588	92,588	
Claims and judgments payable	9,164,281		9,164,281	
Compensated absences payable	7,122,445	1,549,102	8,671,547	138,774
Due in more than one year:				
Long-term debt	4,801,000	242,502,517	247,303,517	48,156,202
Capital leases		21,664,942	21,664,942	
Claims and judgments payable	18,158,000		18,158,000	
Net post employment benefit obligation	9,683,090		9,683,090	
Compensated absences payable	5,907,569	558,817	6,466,386	
<b>Total noncurrent liabilities</b>	<b>55,202,385</b>	<b>270,854,267</b>	<b>326,056,652</b>	<b>53,110,827</b>
<b>Total liabilities</b>	<b>79,105,195</b>	<b>290,835,523</b>	<b>369,940,718</b>	<b>89,649,450</b>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	1,307,753,604	632,719,226	1,940,472,830	
Restricted:				
Capital improvements	19,778,178	19,570,180	39,348,358	8,345,791
Debt services			-	333,000
Housing			-	1,967,603
Sanitation districts		4,008,890	4,008,890	
Unrestricted	150,742,968	115,321,423	266,064,391	(52,675,487)
<b>Total net assets</b>	<b>\$ 1,478,274,750</b>	<b>\$ 771,619,719</b>	<b>\$ 2,249,894,469</b>	<b>\$ (42,029,093)</b>

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



**CITY OF BAKERSFIELD**

**Statement of Activities  
For the Fiscal Year Ended June 30, 2011**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental activities:</b>				
General government	\$ 12,110,455	\$ 5,406,095	\$ 485,046	\$ -
Public safety - Police	70,381,783	3,210,604	3,413,543	
Public safety - Fire	31,657,823	4,577,004	818,096	
Public works	137,057,195	8,462,168	3,341,274	66,508,501
Community services	34,682,672	13,172,982	42,571	6,335,920
Development services	6,862,213	2,621,537	26,388	
Economic/Community development	9,303,951	1,101	14,866,825	9,986,622
Interest on long-term debt	233,606			
<b>Total governmental activities</b>	<b>302,289,698</b>	<b>37,451,491</b>	<b>22,993,743</b>	<b>82,831,043</b>
<b>Business-type activities:</b>				
Wastewater treatment	42,333,794	30,752,515	3,992,663	(842,421)
Refuse collection	38,469,544	39,568,011		367,243
Agricultural water	4,603,236	6,891,203		281,880
Domestic water	22,068,640	22,223,640	6,300	972,538
General aviation	407,687	253,868	20,000	819,962
Offstreet parking	165,935	63,120		
<b>Total business-type activities</b>	<b>108,048,836</b>	<b>99,752,357</b>	<b>4,018,963</b>	<b>1,599,202</b>
<b>Total primary government</b>	<b>\$ 410,338,534</b>	<b>\$ 137,203,848</b>	<b>\$ 27,012,706</b>	<b>\$ 84,430,245</b>
<b>Component unit-</b>				
Bakersfield Redevelopment Agency	\$ 12,708,698	\$ 1,952,350	\$ 1,761,763	\$ 74,970

**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
- Capital contribution to developer
- Capital contribution to primary government

**Transfers**

**Total general revenues and transfers**

**Change in net assets**

Net assets - Beginning of year, as restated

Net assets - End of year

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

Net (Expense) Revenue and Changes in Net Assets				
Total	Governmental Activities	Business-Type Activities	Total	Bakersfield Redevelopment Agency
\$ 5,891,141	\$ (6,219,314)	\$ -	\$ (6,219,314)	\$ -
6,624,147	(63,757,636)		(63,757,636)	
5,395,100	(26,262,723)		(26,262,723)	
78,311,943	(58,745,252)		(58,745,252)	
19,551,473	(15,131,199)		(15,131,199)	
2,647,925	(4,214,288)		(4,214,288)	
24,854,548	15,550,597		15,550,597	
	(233,606)		(233,606)	
<u>143,276,277</u>	<u>(159,013,421)</u>	<u>-</u>	<u>(159,013,421)</u>	<u>-</u>
33,902,757		(8,431,037)	(8,431,037)	
39,935,254		1,465,710	1,465,710	
7,173,083		2,569,847	2,569,847	
23,202,478		1,133,838	1,133,838	
1,093,830		686,143	686,143	
63,120		(102,815)	(102,815)	
<u>105,370,522</u>	<u>-</u>	<u>(2,678,314)</u>	<u>(2,678,314)</u>	<u>-</u>
<u>\$ 248,646,799</u>	<u>(159,013,421)</u>	<u>(2,678,314)</u>	<u>(161,691,735)</u>	<u>-</u>
<u>\$ 3,789,083</u>				<u>(8,919,615)</u>
	62,889,341		62,889,341	7,714,218
	55,281,897		55,281,897	
	728,715		728,715	
	1,144,659		1,144,659	
	20,701,642		20,701,642	
	73,834	2,136,427	2,210,261	39,184
	1,567,489		1,567,489	44,582
	17,300		17,300	
				(19,859,692)
				(9,503,609)
	<u>1,998,260</u>	<u>(1,998,260)</u>	<u>-</u>	
	<u>144,403,137</u>	<u>138,167</u>	<u>144,541,304</u>	<u>(21,565,317)</u>
	<u>(14,610,284)</u>	<u>(2,540,147)</u>	<u>(17,150,431)</u>	<u>(30,484,932)</u>
	<u>1,492,885,034</u>	<u>774,159,866</u>	<u>2,267,044,900</u>	<u>(11,544,161)</u>
<u>\$ 1,478,274,750</u>	<u>\$ 771,619,719</u>	<u>\$ 2,249,894,469</u>	<u>\$ 2,249,894,469</u>	<u>\$ (42,029,093)</u>



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*Governmental Fund Financial Statements*

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**CITY OF BAKERSFIELD**

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**Balance Sheet****Governmental Funds****June 30, 2011**

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	General Fund	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road Fund
<b>Assets:</b>				
Cash and investments	\$ 27,745,645	\$ 2,560,946	\$ 542,511	\$ -
Accounts receivable, net	1,577,750	1,012,766	8,047,477	22,031
Interest receivable	99,187	6,511		21,417
Due from other governmental agencies	16,764,581		326,971	40,999,196
Due from other funds	24,281,854			
Loans receivable			1,869,577	
Prepaid items	12,000			
Total assets	<u>\$ 70,481,017</u>	<u>\$ 3,580,223</u>	<u>\$ 10,786,536</u>	<u>\$ 41,042,644</u>
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Accounts payable	\$ 5,921,832	\$ 330,296	\$ 595,838	\$ 7,530,752
Due to other governmental agencies	377,312			59,193
Due to other funds				23,670,977
Unearned revenue	1,434,786			
Deferred revenue	10,097,658		9,899,206	22,031
Total liabilities	<u>17,831,588</u>	<u>330,296</u>	<u>10,495,044</u>	<u>31,282,953</u>
Fund Balances:				
Nonspendable	13,000			
Restricted			291,492	9,759,691
Committed	36,613,273	94,562		
Assigned	6,891,881	3,155,365		
Unassigned	9,131,275			
Total fund balances	<u>52,649,429</u>	<u>3,249,927</u>	<u>291,492</u>	<u>9,759,691</u>
Total liabilities and fund balances	<u>\$ 70,481,017</u>	<u>\$ 3,580,223</u>	<u>\$ 10,786,536</u>	<u>\$ 41,042,644</u>

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

Capital Outlay	Park Improvement	Transportation Development	Other Governmental Funds	Total Governmental Funds
\$ 18,806,047	\$ 8,347,785	\$ 39,658,862	\$ 9,707,567	\$ 107,369,363
35,331	34,064	42,959	6,688,728	17,348,752
891,731			6,351	245,820
			1,037,465	60,019,944
				24,281,854
				1,869,577
				12,000
<u>\$ 19,733,109</u>	<u>\$ 8,381,849</u>	<u>\$ 39,701,821</u>	<u>\$ 17,440,111</u>	<u>\$ 211,147,310</u>
\$ 298,841	\$ 1,553,236	\$ 1,987,601	\$ 426,102	\$ 18,644,498
			5,506	442,011
			610,877	24,281,854
			84,538	1,519,324
			6,586,093	26,604,988
<u>298,841</u>	<u>1,553,236</u>	<u>1,987,601</u>	<u>7,713,116</u>	<u>71,492,675</u>
				13,000
			9,726,995	19,778,178
6,730,640	4,038,327	37,714,220		85,191,022
12,703,628	2,790,286			25,541,160
				9,131,275
<u>19,434,268</u>	<u>6,828,613</u>	<u>37,714,220</u>	<u>9,726,995</u>	<u>139,654,635</u>
<u>\$ 19,733,109</u>	<u>\$ 8,381,849</u>	<u>\$ 39,701,821</u>	<u>\$ 17,440,111</u>	<u>\$ 211,147,310</u>

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**CITY OF BAKERSFIELD**

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**Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Statement of Net Assets  
June 30, 2011**

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**Total Fund Balances - Total Governmental Funds** \$ 139,654,635

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 Funds adjustment below.

Capital assets	2,024,220,763	
Ending accumulated depreciation	<u>(711,300,159)</u>	1,312,920,604

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet. (93,835)

Deferred revenue and other resources not available to liquidate liabilities of the current period are not recognized in the funds. 26,604,988

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. 26,363,485

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 Funds adjustment above.

Notes/Contracts/Loans payable	(5,167,000)	
Compensated Absences payable	(12,325,037)	
Unfunded post-retirement employee benefits	<u>(9,683,090)</u>	<u>(27,175,127)</u>

**Net Assets of Governmental Activities** \$ 1,478,274,750

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, 2011**

	General Fund	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road Fund
<b>Revenues:</b>				
Taxes	\$ 132,399,009	\$ 6,851,869	\$ -	\$ -
Licenses and permits	1,757,045			
Intergovernmental	3,635,080		7,425,720	63,757,982
Charges for services	16,720,349	5,873,222	726	
Fines, forfeitures and assessments	1,122,085			11,183
Interest income	444,527	30,334	4,924	82,308
Loan payments			247,580	
Contributions and donations	412,691	1,200,000		
Other	453,709	1,560	9,973	166,691
Total revenues	<u>156,944,495</u>	<u>13,956,985</u>	<u>7,688,923</u>	<u>64,018,164</u>
<b>Expenditures:</b>				
Current:				
General government	9,700,300			
Police	62,548,847			
Fire	29,450,014			
Public works	18,181,603			2,406,646
Community services	15,459,672	7,137,688		
Development services	6,486,573			
Economic/Community development			4,944,068	
Non departmental	5,345,194	3,152,350		
Capital outlay			1,976,703	59,269,077
Debt service:				
Principal retirement				
Interest and fiscal charges				
Total expenditures	<u>147,172,203</u>	<u>10,290,038</u>	<u>6,920,771</u>	<u>61,675,723</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,772,292</u>	<u>3,666,947</u>	<u>768,152</u>	<u>2,342,441</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,422,000			
Transfers out	(4,493,024)	(2,000,000)	(665,920)	
Reserve transfer to agency funds				
Total other financing sources (uses)	<u>(3,071,024)</u>	<u>(2,000,000)</u>	<u>(665,920)</u>	<u>-</u>
Net change in fund balances	6,701,268	1,666,947	102,232	2,342,441
Fund balances - beginning	<u>45,948,161</u>	<u>1,582,980</u>	<u>189,260</u>	<u>7,417,250</u>
Fund balances - ending	<u>\$ 52,649,429</u>	<u>\$ 3,249,927</u>	<u>\$ 291,492</u>	<u>\$ 9,759,691</u>

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

Capital Outlay	Park Improvement	Transportation Development	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 139,250,878
1,508,200			11,250,138	1,757,045
138,004		261,144	988,905	87,577,120
93,624	4,775,503	6,897,146	1,553,233	23,982,350
	77,749	46,388	25,056	14,359,150
12,000				804,910
23,275	63,673	2,067,350	4,019	247,580
<u>1,775,103</u>	<u>4,916,925</u>	<u>9,272,028</u>	<u>13,821,351</u>	<u>272,393,974</u>
		243,917		9,944,217
			3,436,917	65,985,764
		1,154,308	225,274	29,450,014
			23,276	21,967,831
				22,620,636
				6,486,573
			3,203,615	8,147,683
11,639,768	4,020,272	13,516,428	6,768,402	12,517,816
	4,744,849			97,915,227
			444,000	444,000
			221,920	221,920
<u>11,639,768</u>	<u>8,765,121</u>	<u>14,914,653</u>	<u>14,323,404</u>	<u>275,701,681</u>
<u>(9,864,665)</u>	<u>(3,848,196)</u>	<u>(5,642,625)</u>	<u>(502,053)</u>	<u>(3,307,707)</u>
7,493,024			665,920	9,580,944
			(1,200,000)	(8,358,944)
			10,656	10,656
<u>7,493,024</u>	<u>-</u>	<u>-</u>	<u>(523,424)</u>	<u>1,232,656</u>
(2,371,641)	(3,848,196)	(5,642,625)	(1,025,477)	(2,075,051)
<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>
<u>\$ 19,434,268</u>	<u>\$ 6,828,613</u>	<u>\$ 37,714,220</u>	<u>\$ 9,726,995</u>	<u>\$ 139,654,635</u>

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**CITY OF BAKERSFIELD**

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**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets For the Fiscal Year Ended June 30, 2011**

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**Net Change in Fund Balances - Total Governmental Funds** \$ (2,075,051)

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.	37,687,572	
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.)	(55,242,786)	
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>7,136,897</u>	(10,418,317)

Certain expenses are reported in the Government-Wide Statement of Activities, 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	366,691	
Interest expense on long-term debt	(11,686)	
Other post-employment benefits	<u>(3,952,697)</u>	(3,597,692)

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.

444,000

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.

4,050,439

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.

(3,013,663)

**Change in Net Assets of Governmental Activities**

\$ (14,610,284)

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

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## ***Proprietary Fund Financial Statements***

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

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

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

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

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

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

**Offstreet Parking Fund** is used to account for the operations of the parking garage at 18th and Eye Streets and various offstreet surface parking lots within the City. The 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, 2011**

	Wastewater Treatment	Refuse Collection	Agricultural Water
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 91,148,238	\$ 23,568,781	\$ 6,225,563
Accounts receivable, net	1,378,636	801,705	2,818,201
Interest receivable	242,933	61,139	15,098
Loans			
Due from other governmental agencies	427,498	733,284	10,186
Prepayments and inventories			
<b>Total current assets</b>	<b>93,197,305</b>	<b>25,164,909</b>	<b>9,069,048</b>
Noncurrent assets:			
Capital assets:			
Land	9,772,314		2,467,016
Depreciable buildings, property, equipment and infrastructure, net	641,489,260		9,509,302
Construction in progress	14,157,552		1,093,378
Non-amortizable intangible assets			8,032,678
Note/loan receivable			
Other long-term receivable	2,611,598		52,275
<b>Total noncurrent assets</b>	<b>668,030,724</b>	<b>-</b>	<b>21,154,649</b>
<b>Total assets</b>	<b>761,228,029</b>	<b>25,164,909</b>	<b>30,223,697</b>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	4,075,623	2,414,013	215,888
Due to other governmental agencies	2,284,232		
Claims payable			
Workers' compensation claims			
Compensated absences payable	398,685	736,445	281,280
Long-term debt - due within one year	4,013,189		
Capital leases payable - due within one year			
<b>Total current liabilities</b>	<b>10,771,729</b>	<b>3,150,458</b>	<b>497,168</b>
Noncurrent liabilities:			
Long-term debt - due in more than one year	242,502,517		
Capital leases payable - due in more than one year			
Kern River Levee District/Buena Vista			92,588
Customers' deposits	3,217,100	333,043	
Workers' compensation claims			
Compensated absences payable	190,621	270,642	51,810
Unearned revenue	2,611,598	41,956	
<b>Total noncurrent liabilities</b>	<b>248,521,836</b>	<b>645,641</b>	<b>144,398</b>
<b>Total liabilities</b>	<b>259,293,565</b>	<b>3,796,099</b>	<b>641,566</b>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	418,903,420		21,102,374
Restricted for:			
Capital improvements	19,570,180		
Sanitation districts		4,008,890	
Unrestricted	63,460,864	17,359,920	8,479,757
<b>Total net assets</b>	<b>\$ 501,934,464</b>	<b>\$ 21,368,810</b>	<b>\$ 29,582,131</b>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.  
Net assets of business-type activities

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

Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
\$ 28,421,415	\$ 478,675	\$ 3,541	\$ 149,846,213	\$ 51,903,471
1,777,922	417	14,569	6,791,450	117,142
79,560	1,057	49	399,836	144,323
			-	661,032
			1,170,968	232,027
			-	1,396,698
<u>30,278,897</u>	<u>480,149</u>	<u>18,159</u>	<u>158,208,467</u>	<u>54,454,693</u>
547,102	7,464,254	4,987,261	25,237,947	
172,490,853	2,595,821	968,764	827,054,000	23,344,415
2,275,502	77,701		17,604,133	
23,444,228			31,476,906	
			-	3,124,633
<u>224,475</u>			<u>2,888,348</u>	
<u>198,982,160</u>	<u>10,137,776</u>	<u>5,956,025</u>	<u>904,261,334</u>	<u>26,469,048</u>
<u>229,261,057</u>	<u>10,617,925</u>	<u>5,974,184</u>	<u>1,062,469,801</u>	<u>80,923,741</u>
1,730,205	16,218	2,960	8,454,907	3,203,142
			2,284,232	
			-	4,613,281
116,499	16,193		-	4,551,000
			1,549,102	562,483
			4,013,189	
<u>473,112</u>			<u>473,112</u>	
<u>2,319,816</u>	<u>32,411</u>	<u>2,960</u>	<u>16,774,542</u>	<u>12,929,906</u>
			242,502,517	
21,664,942			21,664,942	
			92,588	
2,813,545	400		6,364,088	
			-	18,158,000
45,667	77		558,817	142,494
<u>224,475</u>			<u>2,878,029</u>	
<u>24,748,629</u>	<u>477</u>	<u>-</u>	<u>274,060,981</u>	<u>18,300,494</u>
<u>27,068,445</u>	<u>32,888</u>	<u>2,960</u>	<u>290,835,523</u>	<u>31,230,400</u>
176,619,631	10,137,776	5,956,025	632,719,226	23,344,415
			19,570,180	
			4,008,890	
<u>25,572,981</u>	<u>447,261</u>	<u>15,199</u>	<u>115,335,982</u>	<u>26,348,926</u>
<u>\$ 202,192,612</u>	<u>\$ 10,585,037</u>	<u>\$ 5,971,224</u>	<u>771,634,278</u>	<u>\$ 49,693,341</u>
			(14,559)	
			<u>\$ 771,619,719</u>	

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**CITY OF BAKERSFIELD**

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**Statement of Revenues, Expenses and Changes in Fund Net Assets****Proprietary Funds****For the Fiscal Year Ended June 30, 2011**

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	Wastewater Treatment	Refuse Collection	Agricultural Water
<b>Operating revenues:</b>			
Intergovernmental	\$ 345,813	\$ 37,878,108	\$
Charges for services	28,972,884		5,999,870
Cost recoveries	1,040,457	1,617,675	369,651
Rental income	376,167		40,431
Other sales or services		59,971	480,245
Miscellaneous	17,194	12,257	1,006
	<hr/>	<hr/>	<hr/>
Total operating revenues	30,752,515	39,568,011	6,891,203
<b>Operating expenses:</b>			
General and administrative	14,111,733	35,873,483	3,837,428
Transmission and distribution	32,318	1,758,063	177,713
Workers' compensation payments			
Claims paid			
Depreciation and amortization	18,166,201		487,417
Compensated absences		52,251	42,999
	<hr/>	<hr/>	<hr/>
Total operating expenses	32,310,252	37,683,797	4,545,557
Operating income (loss)	<hr/> (1,557,737)	<hr/> 1,884,214	<hr/> 2,345,646
<b>Nonoperating revenues (expenses):</b>			
Interest income	1,328,641	447,282	59,816
Interest revenue on debt	77,996		
Federal/State grants		318,581	188,123
Revenue bond premium	331,063		
Connection fees	3,992,663		
Interest expense	(9,667,709)		
County/developer project share	(2,284,232)		93,757
Gain/loss on sale of real property		23,311	
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues	(6,221,578)	789,174	341,696
Income (loss) before transfers and capital contributions	(7,779,315)	2,673,388	2,687,342
Capital contributions	1,032,752	25,351	
Transfers in			
Transfers out	(97,500)	(1,900,760)	
	<hr/>	<hr/>	<hr/>
Change in net assets	(6,844,063)	797,979	2,687,342
<b>Total Net Assets - Beginning of Year - as restated</b>	<hr/> 508,778,527	<hr/> 20,570,831	<hr/> 26,894,789
<b>Total Net Assets - End of Year</b>	<hr/> \$ 501,934,464	<hr/> \$ 21,368,810	<hr/> \$ 29,582,131

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

Change in net assets of business-type activities

Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
\$	\$	\$	\$	\$
19,783,477	20,000		38,243,921	201,809
100,217	249,188	63,120	55,068,539	28,430,307
	4,680		3,132,680	774,295
			416,598	
2,119,208			2,659,424	
220,738			251,195	194,941
<u>22,223,640</u>	<u>273,868</u>	<u>63,120</u>	<u>99,772,357</u>	<u>29,601,352</u>
15,220,980	179,043	90,205	69,312,872	26,185,257
1,709,209	68,139		3,745,442	
			-	1,897,857
			-	1,662,184
4,084,457	158,420	75,730	22,972,225	5,780,496
5,456			100,706	30,122
<u>21,020,102</u>	<u>405,602</u>	<u>165,935</u>	<u>96,131,245</u>	<u>35,555,916</u>
<u>1,203,538</u>	<u>(131,734)</u>	<u>(102,815)</u>	<u>3,641,112</u>	<u>(5,954,564)</u>
297,084	3,510	94	2,136,427	693,316
	819,962		77,996	
			1,326,666	
			331,063	
6,300			3,998,963	
(1,039,990)			(10,707,699)	
			(2,190,475)	
<u>17,887</u>			<u>41,198</u>	<u>67,222</u>
<u>(718,719)</u>	<u>823,472</u>	<u>94</u>	<u>(4,985,861)</u>	<u>760,538</u>
484,819	691,738	(102,721)	(1,344,749)	(5,194,026)
954,651			2,012,754	194,211
			-	1,998,260
			(1,998,260)	(1,222,000)
<u>1,439,470</u>	<u>691,738</u>	<u>(102,721)</u>	<u>(1,330,255)</u>	<u>(4,223,555)</u>
<u>200,753,142</u>	<u>9,893,299</u>	<u>6,073,945</u>		<u>53,916,896</u>
<u>\$ 202,192,612</u>	<u>\$ 10,585,037</u>	<u>\$ 5,971,224</u>		<u>\$ 49,693,341</u>
			(1,209,892)	
			<u>\$ (2,540,147)</u>	

**CITY OF BAKERSFIELD****Statement of Cash Flows****Proprietary Funds****For the Fiscal Year Ended June 30, 2011**

	Wastewater Treatment	Refuse Collection	Agricultural Water
<b>Cash flows from operating activities:</b>			
Cash received from:			
Customers, including cash deposits	\$ 30,032,480	\$ 39,479,095	\$ 5,646,204
Prior year reimbursements and cost recoveries	1,044,204		
Cash paid to:			
Suppliers	(7,007,384)	(28,526,235)	(2,249,563)
Employees	(5,069,576)	(9,303,366)	(1,791,920)
Cash deposits returned to customers			
Net cash provided (used) by operating activities	<u>18,999,724</u>	<u>1,649,494</u>	<u>1,604,721</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash received from federal and state grants		318,581	188,123
Cash transferred from other funds			
Cash transferred to other funds	(97,500)	(1,900,760)	
County/developer project share			93,757
Connection fees	3,992,663		
Net cash provided (used) by noncapital financing activities	<u>3,895,163</u>	<u>(1,582,179)</u>	<u>281,880</u>
<b>Cash flows from capital and related financing activities:</b>			
Principal payments:			
Notes/Loans/Bonds	(2,697,126)		
Capital lease payments			
Interest on construction fund	77,996		
Capital contributions		25,351	
Arbitrage	(2,284,232)		
Interest paid	(9,667,709)		
Purchase of capital assets			(184,288)
Proceeds from sale of capital assets		23,311	
Construction	(11,722,845)		(255,542)
Net cash provided (used) by capital and related financing activities	<u>(26,293,916)</u>	<u>48,662</u>	<u>(439,830)</u>
<b>Cash flows from investing activities:</b>			
Loan to Redevelopment Agency			
Interest received	1,422,840	493,457	65,602
Net increase (decrease) in the fair value of investments	(168,719)	(47,571)	(7,467)
Net cash provided (used) by investing activities	<u>1,254,121</u>	<u>445,886</u>	<u>58,135</u>
Net increase (decrease) in cash	(2,144,908)	561,863	1,504,906
Cash and cash equivalents - Beginning of year	93,293,146	23,006,918	4,720,657
Cash and cash equivalents - End of year	<u>\$ 91,148,238</u>	<u>\$ 23,568,781</u>	<u>\$ 6,225,563</u>

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

Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
\$ 23,320,178	\$ 272,203 4,680	\$ 58,639	\$ 98,808,799 1,048,884	\$ 29,370,828 23,622
(18,837,808) (675,495) (154,688)	(260,940)	(32,085) (59,664)	(56,914,015) (16,900,021) (154,688)	(19,376,743) (6,155,858)
<u>3,652,187</u>	<u>15,943</u>	<u>(33,110)</u>	<u>25,888,959</u>	<u>3,861,849</u>
	819,962		1,326,666 -	1,998,260 (1,222,000)
6,300			(1,998,260) 93,757 3,998,963	
<u>6,300</u>	<u>819,962</u>	<u>-</u>	<u>3,421,126</u>	<u>776,260</u>
(718,314) (452,391)			(3,415,440) (452,391) 77,996 25,351 (2,284,232)	
(1,039,990)	(920,515)		(10,707,699) (1,104,803) 41,198 (13,187,067)	(5,263,865) 140,694
17,887 (1,208,680)				
<u>(3,401,488)</u>	<u>(920,515)</u>	<u>-</u>	<u>(31,007,087)</u>	<u>(5,123,171)</u>
362,462 (57,476)	5,415 (1,312)	364 (127)	2,350,140 (282,672)	(487,412) 808,846 (108,527)
<u>304,986</u>	<u>4,103</u>	<u>237</u>	<u>2,067,468</u>	<u>212,907</u>
561,985	(80,507)	(32,873)	370,466	(272,155)
<u>27,859,430</u>	<u>559,182</u>	<u>36,414</u>	<u>149,475,747</u>	<u>52,175,626</u>
<u>\$ 28,421,415</u>	<u>\$ 478,675</u>	<u>\$ 3,541</u>	<u>\$ 149,846,213</u>	<u>\$ 51,903,471</u>

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**CITY OF BAKERSFIELD**

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**Statement of Cash Flows (concluded)****Proprietary Funds****For the Fiscal Year Ended June 30, 2011**

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	<u>Wastewater Treatment</u>	<u>Refuse Collection</u>	<u>Agricultural Water</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (1,557,737)	\$ 1,884,214	\$ 2,345,646
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	18,166,201		487,417
Amortization expense			
Arbitrage	2,284,232		
Write-off of long-term debt			
(Increase) decrease in accounts receivable	(156,070)	(88,917)	(1,192,334)
Decrease in inventories			
(Increase) decrease in prepaid items			
Increase (decrease) in accounts payable	(210,696)	(183,651)	(21,620)
Increase in workers' compensation claims			
Increase (decrease) in deferred revenue		(1,764)	
Increase (decrease) in customers' deposits	480,239		(52,666)
Increase (decrease) in developer advances			
Increase (decrease) in compensated absences	(6,445)	39,612	38,278
Increase in meter deposits			
Net cash provided (used) by operating activities	<u>\$ 18,999,724</u>	<u>\$ 1,649,494</u>	<u>\$ 1,604,721</u>

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

Contribution of equipment from other departments	
Contributions of infrastructure and improvements by Developers	1,032,752

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

<u>Domestic Water</u>	<u>General Aviation</u>	<u>Offstreet Parking</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 1,203,538	\$ (131,734)	\$ (102,815)	\$ 3,641,112	\$ (5,954,564)
4,055,461	158,420	75,730	22,943,229	5,780,496
28,996			28,996	
(160,376)			2,284,232	
304,314	3,015	(4,481)	(160,376)	(46,515)
			(1,134,473)	(109,169)
882,247			-	(3,081)
(2,583,115)	(20,627)	(1,544)	882,247	1,736,919
			(3,021,253)	2,455,771
			-	
(84,334)	6,869		(1,764)	
			350,108	
5,456			-	
			76,901	1,992
			-	
<u>\$ 3,652,187</u>	<u>\$ 15,943</u>	<u>\$ (33,110)</u>	<u>\$ 25,888,959</u>	<u>\$ 3,861,849</u>

194,211

954,651

1,987,403



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

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

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

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

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

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

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

### **Agency Funds**

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

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

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**CITY OF BAKERSFIELD**

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**Statement of Fiduciary Net Assets****Fiduciary Funds****June 30, 2011**

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	Private Purpose Trust Fund	Pension and Other Employee Benefit Trust Funds	Agency Funds
<b>Assets:</b>			
Cash and investments	\$ 19,624,280	\$ 20,493,552	\$ 25,721,660
Retirement system investments-			
Federal agency coupons		1,061,650	
Interest receivable	57,607	13,039	42,682
Due from other governmental agencies			24,882
	<hr/>	<hr/>	<hr/>
Total assets	19,681,887	21,568,241	25,789,224
	<hr/>	<hr/>	<hr/>
<b>Liabilities:</b>			
Payables:			
Accounts			58,168
Deposits			18,125,871
Accrued bond interest			1,820,185
Bonds			5,785,000
	<hr/>	<hr/>	<hr/>
Total liabilities	-	-	25,789,224
	<hr/>	<hr/>	<hr/>
<b>Net Assets:</b>			
Held in trust for:			
Individuals, organizations and other governments	19,681,887		
Pension benefits and other purposes		21,568,241	
	<hr/>	<hr/>	<hr/>
	\$ 19,681,887	\$ 21,568,241	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

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**CITY OF BAKERSFIELD**

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**Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2011**

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	<u>Private Purpose Trust Funds</u>	<u>Pension and Other Employee Benefit Trust Funds</u>
<b>Additions:</b>		
Investment income:		
Contributions to pooled investments	\$	\$ 5,509,340
Developers fees	671,119	
Interest and investment income, net	<u>256,725</u>	<u>2,260,240</u>
Total additions	<u>927,844</u>	<u>7,769,580</u>
<b>Deductions:</b>		
Benefits		3,987,272
Purchase of uninhabited land	2,107,191	
Administrative expense		<u>83,271</u>
Total deductions	<u>2,107,191</u>	<u>4,070,543</u>
Change in net assets	(1,179,347)	3,699,037
Beginning of year	<u>20,861,234</u>	<u>17,869,204</u>
End of year	<u>\$ 19,681,887</u>	<u>\$ 21,568,241</u>

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



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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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

The accompanying financial statements of the City of Bakersfield (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America 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 "County"). 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 (GAAP), 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.

**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 that is not eliminated 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

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 non-major 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.

Transient Occupancy Taxes Fund - The Transient Occupancy Taxes 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 - The 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 - 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.

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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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.

Park Improvement Fund – The Park Improvement 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.

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

The City reports the following additional fund types:

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

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

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Pension and Other Employee Benefit Trust Funds - The Fire Relief and Pension Trust 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 retirees' insurance premium.

Agency Funds - The Agency Funds account for assets held by the City as an agent for various local governments or other entities. The 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. The 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 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.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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

**Interfund Transactions**

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

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 thresholds are met.

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible water rights 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 estimated useful life in excess of one year and an initial individual cost of more than \$50,000 for infrastructure and \$5,000 for all other capital assets. 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.

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

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements

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 governmental 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 in 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.

As of June 30, 2011, net assets are as follows:

	<u>Primary Government</u>			<u>Discretely Presented Component Unit</u>	<u>Total Reporting Entity</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>		
Invested in capital assets, net of related debt	\$ 1,307,753,604	\$ 632,719,226	\$ 1,940,472,830	\$ -	\$ 1,940,472,830
Restricted	19,778,178	23,579,070	43,357,248	10,646,394	54,003,642
Unrestricted	150,742,968	115,321,423	266,064,391	(52,675,487)	213,388,904
Total net assets	<u>\$ 1,478,274,750</u>	<u>\$ 771,619,719</u>	<u>\$ 2,249,894,469</u>	<u>\$ (42,029,093)</u>	<u>\$ 2,207,865,376</u>

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In March 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement established new 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 City has implemented Statement No. 54 beginning with fiscal year ending June 30, 2011. Fund balances for governmental funds are segregated as follows:

- *Nonspendable Fund Balance* – includes net resources that cannot be spent because of their form or because of legal or contractual limitations, must remain intact.
- *Restricted Fund Balance* – includes net resources that have externally enforceable limitations on their use. These limitations can be established by creditors, grantors, or by laws and regulations.
- *Committed Fund Balance* – includes amounts with self-imposed limitations and are set in place prior to the end of the fiscal year. Commitments are set forth by the formal action of the City’s highest level of decision-making authority, the City Council, and the limitations require that same level of authority to be removed.
- *Assigned Fund Balance* – includes amounts for with the intended use results in limitations but do not meet the requirements for either the “Restricted” or “Committed” classifications. Intended use can be established by the City Council, a governing committee or board, or by a City official designated as having that authority.
- *Unassigned Fund Balance* – is the residual balance of the General Fund not included in the other classifications.

Property Taxes

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

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

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

Cash Flow Statements

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

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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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, 2011 the City Council approved \$39,833,723 of increases to the originally adopted budget, excluding carryovers of prior year encumbered balances and selected capital appropriations.

Deficit Fund Equity

The Bakersfield Redevelopment Agency, a discretely presented component unit of the City, reported a deficit in fund equity of \$42,029,093 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.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****F. New Accounting Pronouncements**

In December 2010, Governmental Accounting Standards Board (GASB) issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The City has elected not to early implement Statement No. 60 and has not determined its effects on the City's financial statements.

In December 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. The statement is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, to better meet user needs and address reporting entity issues that have come to light since those statements were issued in 1991 and 1999, respectively. The City has elected not to early implement Statement No. 61 and has not determined its effects on the City's financial statements.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The statement is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. The City has elected not to early implement Statement No. 62 and has not determined its effects on the City's financial statements.

**NOTE 2 - CASH AND INVESTMENTS**

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of net assets:		
Cash and investments	\$	318,776,260
Fiduciary funds:		
Cash and investments		65,839,492
Retirement system investments		<u>1,061,650</u>
	\$	<u>385,677,402</u>

Cash and investments as of June 30, 2011 consist of the following:

Cash on hand	\$	1,770,939
Deposits with financial institutions		880,617
Investments		382,379,276
GASB 31 market value adjustment		<u>646,570</u>
	\$	<u>385,677,402</u>

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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**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

**Investment Authorized by Debt Agreements**

The City and its Component Units have \$464,327 in investments held by bond trustees-pledged to the payment or security of certain debt issues. These investments are held in direct obligations of, or obligations that are fully guaranteed as to principal and interest by, the United States Government or an agency thereof. The California Government Code provides that monies held by a bond trustee pledged to the payment or security of debt issues, in absent specific statutory provisions governing the issuance of the debt, may be invested in accordance with the ordinances, resolutions, or indentures specifying the types of investments the respective bond issue's trustee may make. The obligations described above are authorized per the investment agreements with the bond trustees and include, but are not limited to, Federal Land Bank Bonds, Federal Home Loan Bank notes and bonds, Export-Import Bank notes and guaranteed participation certificates, obligations of or fully guaranteed by the Government National Mortgage Association, Federal National Mortgage Association notes, debentures and guaranteed certificates of participation, obligations of the International Bank of Reconstruction and Development and Federal Home Loan Mortgage Corporation notes, debentures and guaranteed certificates of participation.

**Interest Rate Risk**

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As part of the City's investment policy, one of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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**NOTE 2 - CASH AND INVESTMENTS (Continued)**

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 To 60 Months	More Than 60 Months	
U. S. Government Agency Obligations:					
Federal Farm Credit Bank	\$ 65,000,000	\$ -	\$ 13,000,000	\$ 52,000,000	\$ -
Federal Home Loan Bank	48,495,000	-	-	48,495,000	-
Federal Home Loan Mortgage Corp.	60,000,000	-	5,000,000	55,000,000	-
Federal National Mortgage Assn.	50,995,000	-	16,000,000	34,995,000	-
Commercial Paper	-	-	-	-	-
Bankers Acceptances	-	-	-	-	-
Time Certificates of Deposit	13,746,990	13,746,990	-	-	-
U. S. Treasury Bills, Notes, and Bonds	-	-	-	-	-
Local Agency Investment Fund	92,392,080	92,392,080	-	-	-
Mutual Funds (1)	51,285,880	51,285,880	-	-	-
Investment Contracts	464,327	-	-	-	464,327
Total	<u>\$ 382,379,277</u>	<u>\$ 157,424,950</u>	<u>\$ 34,000,000</u>	<u>\$ 190,490,000</u>	<u>\$ 464,327</u>

(1) See Note 16 for Other Post-Employment Benefits

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

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

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, or the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type. On August 5, 2011, the rating agency of Standard & Poors (S&P) assigned a negative outlook to the credit rating of the United States government. On August 8, 2011, S&P then downgraded that credit rating to AA+ from AAA.

## CITY OF BAKERSFIELD

### Notes to the Basic Financial Statements

Investment Type		Minimum Legal Rating	Ratings as of the Year-End		
			AAA	Aa	Not Rated
U. S. Government Agency Obligations:					
Federal Farm Credit Bank	\$ 65,000,000	N/A	\$ 65,000,000	-	-
Federal Home Loan Bank	48,495,000	N/A	48,495,000	-	-
Federal Home Loan Mortgage Corp.	60,000,000	N/A	60,000,000	-	-
Federal National Mortgage Assn.	50,995,000	N/A	50,995,000	-	-
Commercial Paper	-	A-1 P-1	-	-	-
Bankers Acceptances	-	A-1 P-1	-	-	-
Time Certificates of Deposit	13,746,990	N/A	-	-	13,746,990
U. S. Treasury Bill, Notes, and Bonds	-	N/A	-	-	-
Local Agency Investment Fund	92,392,080	N/A	-	-	92,392,080
Mutual Funds (1)	51,285,880	N/A	51,285,880	-	-
Investment Contracts	464,327	N/A	-	-	464,327
<b>Total</b>	<b>\$ 382,379,277</b>		<b>\$ 275,775,880</b>	<b>\$ -</b>	<b>\$ 106,603,397</b>

(1) See Note 16 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.

Issuer	Investment Type	Reported Amount	Percentage
Federal Farm Credit Bank	Federal Agency Securities	\$65,000,000	17%
Federal Home Loan Bank	Federal Agency Securities	48,495,000	13%
Federal Home Loan Mortgage Corp.	Federal Agency Securities	60,000,000	16%
Federal National Mortgage Assn.	Federal Agency Securities	50,995,000	13%

### 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

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

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, 2011, 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, 2011, all of the City's investments were held by the City itself or by a broker-dealer (counterparty) other than the broker-dealer used by the City to purchase the securities in the City's name.

**Investment in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investments in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawals is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

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

Accounts receivable at June 30, 2011 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 Fund	Transient	Community	Gas Tax & Road Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities
		Occupancy Taxes Fund	Development Block Grant Fund				
Taxes	\$ -	\$ 1,012,766	\$ -	\$ -	\$ -	\$ -	\$ 1,012,766
Accounts	1,577,750		8,047,477	22,031	6,688,728	287,689	16,623,675
Gross Receivables	1,577,750	1,012,766	8,047,477	22,031	6,688,728	287,689	17,636,441
Less: Allowance for Uncollectible	-	-	-	-	-	(170,547)	(170,547)
Total Accounts Receivable - Net	\$ 1,577,750	\$ 1,012,766	\$ 8,047,477	\$ 22,031	\$ 6,688,728	\$ 117,142	\$ 17,465,894

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
Gross Receivables	1,378,636	801,705	2,818,201	1,777,922	417	14,569	6,791,450
Less: Allowance for Uncollectible	-	-	-	-	-	-	-
Total Accounts Receivable - Net	\$ 1,378,636	\$ 801,705	\$ 2,818,201	\$ 1,777,922	\$ 417	\$ 14,569	\$ 6,791,450

# CITY OF BAKERSFIELD

## Notes to the Basic Financial Statements

Accounts payable and accrued liabilities at June 30, 2011 are composed of the following:

<b>Accounts Payable and Accrued Liabilities - Governmental Activities:</b>	General Fund	Transient Occupancy Taxes Fund	Community Development Block Grant Fund	Gas Tax & Road Fund	Capital Outlay Fund
Accounts payable	\$ 5,921,832	\$ 330,296	\$ 595,838	\$ 7,530,752	\$ 298,841
Due to federal government					
Due to other governments	377,312			59,193	
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>\$ 6,299,144</b>	<b>\$ 330,296</b>	<b>\$ 595,838</b>	<b>\$ 7,589,945</b>	<b>\$ 298,841</b>

<b>Accounts Payable and Accrued Liabilities - Governmental Activities: -(Continued)</b>	Park Improvement Fund	Transportation Development Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities
Accounts payable	\$ 1,553,236	\$ 1,987,601	\$ 426,102	\$ 3,203,142	\$ 21,847,640
Due to federal government					-
Due to other governments			5,506		442,011
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>\$ 1,553,236</b>	<b>\$ 1,987,601</b>	<b>\$ 431,608</b>	<b>\$ 3,203,142</b>	<b>\$ 22,289,651</b>

<b>Accounts Payable and Accrued Liabilities - Business-Type Activities:</b>	Wastewater Treatment Fund	Refuse Collection Fund	Agricultural Water Fund	Domestic Water Fund	General Aviation Fund	Offstreet Parking Fund	Total Business-Type Activities
Accounts payable	\$ 1,318,546	\$ 2,414,013	\$ 215,888	\$ 1,730,205	\$ 16,218	\$ 2,960	\$ 5,697,830
Due to other governments	2,284,232						2,284,232
Accrued interest	2,757,077						2,757,077
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>\$ 6,359,855</b>	<b>\$ 2,414,013</b>	<b>\$ 215,888</b>	<b>\$ 1,730,205</b>	<b>\$ 16,218</b>	<b>\$ 2,960</b>	<b>\$ 10,739,139</b>

<b>Accounts Payable and Accrued Liabilities - Component Unit:</b>	
Accounts payable	\$ 1,456,461
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>\$ 1,456,461</b>

# CITY OF BAKERSFIELD

## Notes to the Basic Financial Statements

### NOTE 4 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2011 are comprised of the following:

	Federal Government	State of California	County Agencies	Total Governmental Activities	Business-Type Activities	Discretely Presented Component Unit	Total Reporting Entity
SB90 Claims	\$ -	\$ 2,857,454	\$ -	\$ 2,857,454	\$ -	\$ -	\$ 2,857,454
Proposition 1A		\$ 6,738,432		6,738,432			6,738,432
Sales Tax		6,565,000		6,565,000			6,565,000
Property Tax			349,546	349,546	750,013	72,512	1,172,071
Public Employee Retirement System		30,218		30,218			30,218
Department of Fish and Game		891,731		891,731			891,731
Department of Homeland Security	435,351			435,351	326,040		761,391
Department of Housing & Community Development				-		1,688,142	1,688,142
Department of Justice	491,530			491,530			491,530
Department of Transportation Economic & Community Development	12,265,655	28,745,150		41,010,805	12,985		41,023,790
	494,092			494,092			494,092
Kern Council of Governments			11	11			11
Kern County Animal Control			19,150	19,150			19,150
Kern County Fire			106,052	106,052			106,052
Kern County Sheriff			152,731	152,731			152,731
OES Disaster Relief		109,868		109,868	81,930		191,798
Totals	\$ 13,686,628	\$ 45,937,853	\$ 627,490	\$ 60,251,971	\$ 1,170,968	\$ 1,760,654	\$ 63,183,593

### 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, 2011 were as follows:

	Balance June 30, 2010	Adjustments	Addition	Retirement	Balance June 30, 2011
<b>Governmental Activities</b>					
Capital assets, not being depreciated					
Land	\$ 407,951,749	\$ -	\$ 10,536,824	\$ -	\$ 418,488,573
Construction in progress	30,793,045		22,685,617	5,784,237	47,694,425
Total capital assets, not being depreciated	438,744,794	-	33,222,441	5,784,237	466,182,998
Capital assets, being depreciated					
Buildings, structures and improvements	140,420,126		398,564		140,818,690
Infrastructure	1,311,941,368		16,348,990		1,328,290,358
Rolling equipment	58,164,345		5,203,979	3,199,256	60,169,068
Furniture and other equipment	27,895,967		889,201	25,518	28,759,650
Total capital assets, being depreciated	1,538,421,806	-	22,840,734	3,224,774	1,558,037,766
Less accumulated depreciated for					
Buildings, structures and improvements	(48,564,047)		(3,979,578)		(52,543,625)
Infrastructure	(548,921,295)		(50,346,626)		(599,267,921)
Rolling equipment	(37,603,482)		(5,617,996)	(3,137,455)	(40,084,023)
Furniture and other equipment	(18,342,963)		(1,079,083)	(17,455)	(19,404,591)
	(653,431,787)	-	(61,023,283)	(3,154,910)	(711,300,160)
Total capital assets, being depreciated, net	884,990,019	-	(38,182,549)	69,864	846,737,606
Governmental activities capital assets, net	\$ 1,323,734,813	\$ -	\$ (4,960,108)	\$ 5,854,101	\$ 1,312,920,604
<b>Business-Type activities</b>					
Capital assets, not being depreciated					
Land	\$ 25,709,127	\$ -	\$ 373,576	\$ 844,756	\$ 25,237,947
Water rights	8,032,678		23,444,228		31,476,906
Construction in progress	253,463,362		12,177,841	248,037,070	17,604,133
Total capital assets, not being depreciated	287,205,167	-	35,995,645	248,881,826	74,318,986
Capital assets, being depreciated					
Buildings, structures and improvements	110,973,938		195,756,137	8,773,496	297,956,579
Infrastructure	723,370,867		3,874,022		727,244,889
Equipment	9,787,385		60,835,986	2,280,888	68,342,483
Total capital assets, being depreciated	844,132,190	-	260,466,145	11,054,384	1,093,543,951
Less accumulated depreciation for					
Buildings, structures and improvements	(58,496,201)		(7,760,262)	(1,561,840)	(64,694,623)
Infrastructure	(181,365,041)		(11,376,907)		(192,741,948)
Equipment	(6,734,016)		(3,806,060)	(1,486,696)	(9,053,380)
Total accumulated depreciation	(246,595,258)	-	(22,943,229)	(3,048,536)	(266,489,951)
Total capital assets, being depreciated, net	597,536,932	-	237,522,916	8,005,848	827,054,000
Business-type activities capital assets, net	\$ 884,742,099	\$ -	\$ 273,518,561	\$ 256,887,674	\$ 901,372,986

**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:

<b>Governmental functions:</b>	<u>Amortization</u>	<u>Depreciation</u>	<u>Total</u>
General government	\$ -	\$ 142,207	\$ 142,207
Public safety - Police		499,047	499,047
Public safety - Fire		853,956	853,956
Public works		56,762,590	56,762,590
Community services		2,657,481	2,657,481
Development services		55,545	55,545
Economic and Community Development		52,457	52,457
<b>Total</b>	<b>\$ -</b>	<b>\$61,023,283</b>	<b>\$ 61,023,283</b>
<b>Business-type functions:</b>			
Wastewater treatment		\$18,166,201	\$ 18,166,201
Agricultural water		487,417	487,417
Domestic water	28,996	4,055,461	4,084,457
General aviation		158,420	158,420
Offstreet parking		75,730	75,730
<b>Total</b>	<b>\$ 28,996</b>	<b>\$22,943,229</b>	<b>\$ 22,972,225</b>

**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:

<b>Component unit</b>	<b>Balance at</b>			<b>Balance at</b>
	<b>June 30, 2010</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2011</b>
Land held for resale	\$ 9,591,132	\$ 1,000,001	\$ 9,503,609	\$ 1,087,524
Construction in progress	19,859,692	4,734,571	24,594,263	-
	<b>\$ 29,450,824</b>	<b>\$ 5,734,572</b>	<b>\$ 34,097,872</b>	<b>\$ 1,087,524</b>

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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**NOTE 7 - OTHER LONG-TERM RECEIVABLES**

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.

\$ 3,785,665

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).

1,869,577

Face value of loans

5,655,242

Less: current portion

661,032

Long-term portion

\$ 4,994,210Business-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 Wastewater Treatment Plant #2.

1,114,826

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 Wastewater Treatment Plant #3.

1,496,772

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.

224,475

Total business-type noncurrent receivables

\$ 2,888,348

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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**NOTE 7 - OTHER LONG-TERM RECEIVABLES (Continued)**Component Unit

Creekview Villas, LLC, upon sale of restricted unit, 1/36 principal forgiven. Repayment to begin after recording of notice of completion.	\$ 4,222,648
Mercy Housing, Madison Place Apartments, 55 year term, with 1/55 will be forgiven each year of compliance to agreement.	316,448
Amcal Santa Fe Apartments, 55 year term, repayment begins from residual receipts following the date that the housing project is put in service.	134,691
19th Street Senior Plaza, LLC, a 55 year loan term upon recordation of Certificate of Completion.	1,688,375
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>26,620,000</u>
Face value of loans	35,082,162
Less current portion	<u>1,910,000</u>
Long-term portion	<u>\$ 33,172,162</u>

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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**NOTE 8 - INTERFUND TRANSACTIONS**

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

Interfund receivable and payable balances at June 30, 2011 were:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds:		
Major Funds:		
General Fund	\$ 24,281,854	\$ -
Gas Tax & Road Fund		23,670,977
Non-Major Fund:		
American Reinvestment & Recovery Act Fund		610,877
	<u>\$ 24,281,854</u>	<u>\$ 24,281,854</u>

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

Interfund transfers at June 30, 2011 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
Major Funds:		
General Fund	\$ 1,422,000	\$ 4,493,024
Gas Tax & Road Fund		
Transient Occupancy Tax Fund		2,000,000
Community Development Block Grant Fund		665,920
Capital Outlay Fund	7,493,024	
Non-Major Funds:		
State Safety Fund		
Traffic Safety Fund		1,200,000
General Obligation Debt	665,920	
Proprietary Funds:		
Major Funds:		
Wastewater Treatment Fund		97,500
Refuse Collection Fund		1,900,760
Internal Service Funds:		
Self-Insurance Fund		1,222,000
Equipment Management Fund	1,998,260	
	<u>\$ 11,579,204</u>	<u>\$ 11,579,204</u>

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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**NOTE 8 - INTERFUND TRANSACTIONS (Continued)**

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

- The \$1,422,000 transfer in to the General Fund is a transfer from the State Safety Fund of \$1,200,000 to subsidize cost of the traffic division of the police department for parking fine violations and a transfer from the Self-Insurance Fund of \$222,000 to cover costs associated with the Fire Department.
- The \$4,493,024 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 \$2,000,000 transfer from the Transient Occupancy Tax Fund and the \$1,000,000 transfer from the Self-Insurance Fund to the Capital Outlay Fund are to fund capital projects.
- The \$665,920 transfer in to the General Obligation Debt Fund is a transfer from the Community Development Block Grant (CDBG) Fund for repayment of a Section 108 loan.
- The \$1,998,260 transfer to the Equipment Management Fund is for the purchase of additional equipment for the Wastewater Treatment Fund (\$97,500) and the Refuse Collection Fund (\$1,900,760).

**NOTE 9 – DEFERRED/UNEARNED REVENUE**

The following table summarizes deferred revenue for the City at June 30, 2011:

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

<b>Governmental activities:</b>	<u>Unearned</u>	<u>Unavailable</u>
General Fund		
Dog License	\$ 107,696	\$ -
California Water Receivable		328,869
Code Enforcement Receivable		24,480
Police Service Receivable		148,423
State Agencies (SB90)		2,857,454
State Agencies (Prop 1A)		6,738,432
Business License	1,304,085	
Developer's Share (EIRs)	23,005	
General Fund Total	<u>1,434,786</u>	<u>10,097,658</u>
Community Development Block Grant Fund - Deferred loans		9,899,206
Gas Tax & Road Fund		22,031
Non-Major Funds: National Stabilization		6,586,093
State Transportation -- Grants advanced	84,538	
Total Governmental Activities	<u>\$ 1,519,324</u>	<u>\$ 26,604,988</u>

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements

<b>Business-type activities:</b>	<u>Unavailable</u>
Wastewater Treatment	\$ 2,611,598
Refuse Collection	41,956
Domestic Water	<u>224,475</u>
Total Business-Type Activities	<u>\$ 2,878,029</u>

<b>Discretely Presented Component Unit:</b>	
Lease Receivable	\$ 26,620,000
Notes Receivable	8,462,162
Total Discretely Presented Component Unit	<u>\$ 35,082,162</u>

**NOTE 10 – CAPITAL LEASE**

The City entered into a long-term lease agreement in September 2005 for the acquisition of water rights with the Kern County Water Agency (KCWA). The agreement entitles the City to receive 6,500 acre feet of water per year in exchange for annual payments tied to KCWA’s Water Revenue Certificates of Participation from 2006 and 2008 which were used for the expansion of its water treatment facility. The City’s lease payments coincide with the amortization schedule for the related KCWA debt with the value of the related water rights at \$24,075,079. The total lease obligation for the term of this agreement is as follows:

<u>Business-Type Activities</u>			
Year ending	Lease	Interest	Total
2012	473,112	1,000,914	\$ 1,474,026
2013	490,747	982,448	1,473,195
2014	509,258	961,060	1,470,318
2015	529,179	940,831	1,470,010
2016	556,211	915,710	1,471,921
2017-2021	3,132,975	4,224,070	7,357,045
2022-2026	3,659,081	3,697,824	7,356,905
2027-2031	4,651,116	2,716,559	7,367,675
2032-2036	5,901,338	1,457,371	7,358,709
2037-2041	2,235,036	168,965	2,404,001
Totals	<u>\$ 22,138,054</u>	<u>\$ 17,065,752</u>	<u>\$ 39,203,806</u>

# CITY OF BAKERSFIELD

## Notes to the Basic Financial Statements

### NOTE 11 - LONG-TERM DEBT

Long-term debt transactions for the fiscal year ending June 30, 2011 are summarized below:

	Governmental Activities	Business-Type Activities			Total Primary Government	Discretely	Total Reporting Entity
		General Obligations	Revenue Obligations	Total		Presented Component Unit	
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		145,254		145,254	145,254	24,676,101	24,821,355
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
Subtotal	49,588,435	11,161,104	241,270,507	252,431,611	302,020,046	56,623,940	358,643,986
New debt incurred:							
Bonds				-	-		-
Notes				-	-		-
Contracts/Loans				-	-	1,096,445	1,096,445
Claims and Judgments Payable	2,455,772			-	2,455,772		2,455,772
Net Post-Emp. Benefit Obligation	3,952,697			-	3,952,697		3,952,697
Compensated Absences	7,651,147	1,378,232		1,378,232	9,029,379		9,029,379
Subtotal	14,059,616	1,378,232	-	1,378,232	15,437,848	1,096,445	16,534,293
Principal reductions:							
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	1,470,439		1,470,439	1,914,439		1,914,439
Contracts/Loans		52,666		52,666	52,666	2,670,493	2,723,159
Compensated Absences	8,001,666	1,294,462		1,294,462	9,296,128	14,065	9,310,193
Subtotal	8,445,666	2,817,567	2,276,063	5,093,630	13,539,296	4,609,558	18,148,854
Payable at June 30, 2011:							
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	7,521,262		7,521,262	12,688,262		12,688,262
Contracts/Loans		92,588		92,588	92,588	23,102,053	23,194,641
Claims and Judgments Payable	27,322,281			-	27,322,281		27,322,281
Net Post-Emp. Benefit Obligation	9,683,090			-	9,683,090		9,683,090
Compensated Absences	13,030,014	2,107,919		2,107,919	15,137,933	138,774	15,276,707
Total Payables	\$ 55,202,385	\$ 9,721,769	\$ 238,994,444	\$ 248,716,213	\$ 303,918,598	\$ 53,110,827	\$ 357,029,425

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements

	Business-Type Activities				Total Primary Government	Discretely Presented	Total Reporting Entity
	Governmental Activities	General Obligations	Revenue Obligations	Total		Component Unit	
<b>Due Within One Year</b>							
Bonds (inc. unamortized premium) \$	-	\$ -	\$ 3,261,063	\$ 3,261,063	\$ 3,261,063	\$ 80,000	\$ 3,341,063
Certificates of Participation				-	-	1,910,000	1,910,000
Notes	366,000	752,126		752,126	1,118,126		1,118,126
Contracts/Loans		92,588		92,588	92,588	2,592,110	2,684,698
Claims and Judgments Payable	9,164,281			-	9,164,281		9,164,281
Compensated Absences	7,122,445	1,549,102		1,549,102	8,671,547	138,774	8,810,321
<b>Total Due Within One Year</b>	<b>\$ 16,652,726</b>	<b>\$ 2,393,816</b>	<b>\$ 3,261,063</b>	<b>\$ 5,654,879</b>	<b>\$ 22,307,605</b>	<b>\$ 4,720,884</b>	<b>\$ 27,028,489</b>
<b>Due in More Than One Year</b>							
Bonds (inc. unamortized premium) \$	-	\$ -	\$ 235,733,381	\$ 235,733,381	\$ 235,733,381	\$ 3,170,000	\$ 238,903,381
Certificates of Participation				-	-	24,710,000	24,710,000
Notes	4,801,000	6,769,136		6,769,136	11,570,136		11,570,136
Contracts/Loans				-	-	20,509,943	20,509,943
Claims and Judgments Payable	18,158,000			-	18,158,000		18,158,000
Net Post Emp. Benefit Obligation	9,683,090			-	9,683,090		9,683,090
Compensated Absences	5,907,569	558,817		558,817	6,466,386		6,466,386
<b>Total Due in More Than One Year</b>	<b>\$ 38,549,659</b>	<b>\$ 7,327,953</b>	<b>\$ 235,733,381</b>	<b>\$ 243,061,334</b>	<b>\$ 281,610,993</b>	<b>\$ 48,389,943</b>	<b>\$ 330,000,936</b>

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

Long-term debt payable at June 30, 2011 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.) \$ 187,650,000

\$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 7,614,444

Total Bonds – Primary Government \$ 238,994,444

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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**NOTE 11 - LONG-TERM DEBT (Continued)**

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 18<sup>th</sup> and 19<sup>th</sup> 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.)

\$ 2,040,000

\$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.)

1,210,000

Total Bonds -- Discretely Presented Component Unit

\$ 3,250,000Certificates 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.)

\$ 19,375,000

\$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.)

7,245,000

Total Certificates of Participation -- Discretely Presented Component Unit

\$ 26,620,000Notes/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%.

\$ 2,995,000

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%.

602,000

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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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%. 1,570,000

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. 7,521,262

Total general obligation notes/loans payable - Primary government \$ 12,688,262

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. \$ 393,923

\$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. 1,615,547

\$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%. 773,000

\$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. 549,947

\$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%. 1,482,000

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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**NOTE 11 - LONG-TERM DEBT (Continued)**

\$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.	748,807
\$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%.	3,614,000
\$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	2,163,669
\$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 principal installments of \$217,383 to \$512,446 will commence on August 1, 2009 through August 2037; interest rate at 3.11%.	9,558,473
\$950,000 Bakersfield Redevelopment Inter-Agency loan with the City of Bakersfield Equipment Fund to prepurchase an easement to facilitate the development of the Chelsea Housing project and the Southeast Millcreek commercial area. The loan has a 3% interest rate and a five year payment period.	950,000
\$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>1,220,118</u>
Total Contracts Payable -- Discretely Presented Component Unit	<u>\$ 23,102,053</u>
<u>Compensated Absences:</u>	
Governmental Activities	\$ 13,030,014
Business-type Activities	<u>2,107,919</u>
Total compensated absences - Primary Government/Reporting Entity	<u>\$ 15,137,933</u>
Component Unit	<u>\$ 138,774</u>

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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A summary of the City's debt service requirements outstanding at June 30, 2011 is as follows:

	Primary Government	Component Unit	Reporting Entity
Principal:			
Governmental Activities	\$ 55,202,385	\$ 53,110,827	\$ 108,313,212
Business-Type Activities:			
General Obligations	9,721,769		9,721,769
Revenue Obligations	238,994,444		238,994,444
Subtotal - Principal	<u>303,918,598</u>	<u>53,110,827</u>	<u>357,029,425</u>
Less: Claims and Judgments Payable included above that bear no interest and have no schedule of repayment terms	27,322,281		27,322,281
Less: Net Post-Employment Benefit Obligation	9,683,090		9,683,090
Less: Kern River Levee District Payable included above that bear no interest and have no schedule of repayment terms	92,588		92,588
Less: Unamortized premium for Wastewater revenue bond	7,614,444		7,614,444
Less: Compensated Absences included above that bear no interest and have no schedule of repayment terms	<u>15,137,933</u>	<u>138,774</u>	<u>15,276,707</u>
Total principal with scheduled repayment terms	244,068,262	52,972,053	297,040,315
Interest on Obligations	<u>169,170,349</u>	<u>19,293,422</u>	<u>188,463,771</u>
Total debt service requirements	<u>\$ 413,238,611</u>	<u>\$ 72,265,475</u>	<u>\$ 485,504,086</u>

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements

**NOTE 11 - LONG-TERM DEBT (Continued)**

The annual requirement to amortize the principal and interest on long-term debt at June 30, 2011 is as follows:

Year ending	Government-Type Activities			Government-Type Activities		
	Principal			Interest		
	Bonds	Notes/Loans	Total	Bonds	Notes/Loans	Total
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	-	413,000	413,000	-	164,823	164,823
2017-2021	-	2,281,000	2,281,000	-	529,715	529,715
2022-2026	-	939,000	939,000	-	53,328	53,328
Totals	\$ -	\$ 5,167,000	\$ 5,167,000	\$ -	\$ 1,552,462	\$ 1,552,462

Year ending	Business-Type Activities			Business-Type Activities		
	Principal			Interest		
	Bonds	Notes	Total	Bonds	Notes	Total
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	5,475,000	752,126	6,227,126	10,108,686	150,429	10,259,115
2017-2021	32,330,000	3,760,632	36,090,632	46,146,401	752,143	46,898,544
2022-2026	45,565,000		45,565,000	36,520,275		36,520,275
2027-2031	59,175,000		59,175,000	23,506,525		23,506,525
2032-2036	75,440,000		75,440,000	7,546,560		7,546,560
2037-2041						-
Totals	\$ 231,380,000	\$ 7,521,262	\$ 238,901,262	\$ 166,113,599	\$ 1,504,288	\$ 167,617,887

# CITY OF BAKERSFIELD

## Notes to the Basic Financial Statements

Year ending	Discretely Presented Component Unit			Discretely Presented Component Unit		
	Principal			Interest		
	Bonds/COP	Notes/Contracts	Total	Bonds/COP	Notes/Contracts	Total
2012	\$ 1,990,000	\$ 2,825,851	\$ 4,815,851	\$ 1,471,313	\$ 896,523	\$ 2,367,836
2013	2,075,000	2,911,898	4,986,898	1,386,044	798,734	2,184,778
2014	2,180,000	1,369,276	3,549,276	1,282,618	694,064	1,976,682
2015	2,285,000	1,421,729	3,706,729	1,182,362	636,954	1,819,316
2016	2,395,000	1,474,885	3,869,885	1,065,400	577,163	1,642,563
2017-2021	13,860,000	3,365,875	17,225,875	3,398,782	2,298,742	5,697,524
2022-2026	4,000,000	3,747,377	7,747,377	731,881	1,525,535	2,257,416
2027-2031	1,085,000	2,706,788	3,791,788	167,600	769,830	937,430
2032-2036		2,268,938	2,268,938		373,679	373,679
2037-2041		1,009,436	1,009,436		36,198	36,198
Totals	\$ 29,870,000	\$ 23,102,053	\$ 52,972,053	\$ 10,686,000	\$ 8,607,422	\$ 19,293,422

Year Ending	Reporting Entity			Reporting Entity		
	Principal			Interest		
	Bonds/COP	Notes/Cont./Loans	Total	Bonds/COP	Notes/Cont/Loan	Total
2012	\$ 4,920,000	\$ 3,943,977	\$ 8,863,977	\$ 12,254,837	\$ 1,266,808	\$ 13,521,645
2013	4,920,000	4,042,024	8,962,024	12,037,662	1,157,583	13,195,245
2014	5,440,000	2,510,402	7,950,402	11,794,692	1,039,926	12,834,618
2015	6,645,000	2,574,855	9,219,855	11,520,298	968,270	12,488,568
2016	7,870,000	2,640,011	10,510,011	11,174,086	892,415	12,066,501
2017-2021	46,190,000	9,407,507	55,597,507	49,545,183	3,580,600	53,125,783
2022-2026	49,565,000	4,686,377	54,251,377	37,252,156	1,578,863	38,831,019
2027-2031	60,260,000	2,706,788	62,966,788	23,674,125	769,830	24,443,955
2032-2036	75,440,000	2,268,938	77,708,938	7,546,560	373,679	7,920,239
2037-2041	-	1,009,436	1,009,436	-	36,198	36,198
Totals	\$ 261,250,000	\$ 35,790,315	\$ 297,040,315	\$ 176,799,599	\$ 11,664,172	\$ 188,463,771

### NOTE 12 – PLEDGED REVENUES

The City 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 13 – FUND BALANCES

Fund balances for all major and non-major governmental funds as of June 30, 2011 are as follows (see Note 1 for description of the categories used):

	General Fund	Community		Gas Tax & Road Fund	Capital Outlay Fund	Park Improvement Fund	Transportation Development Fund	Non-Major Governmental Funds	Total
		Transient Occupancy Taxes Fund	Development Block Grant Fund						
<b>Nonspendable</b>									
Prepays/Deposits	\$ 13,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,000
Subtotal	13,000	-	-	-	-	-	-	-	13,000
<b>Restricted</b>									
Development services			291,492						291,492
Public safety - Police								1,790,980	1,790,980
Public safety - Fire								34,306	34,306
Public works				9,759,691				7,901,709	17,661,400
Subtotal	-	-	291,492	9,759,691	-	-	-	9,726,995	19,778,178
<b>Committed</b>									
General government	104,309								104,309
Public safety - Police	80,665								80,665
Public safety - Fire					154,803				154,803
Public works	41,450				1,276,632		37,714,220		39,032,302
Community services	54,839	94,562			58,398	4,038,327			4,246,126
Development services	23,005				240,807				263,812
Cash basis reserve	12,434,005								12,434,005
Facility replacement reserve					5,000,000				5,000,000
Appropriation for next year's budget	23,875,000								23,875,000
Subtotal	36,613,273	94,562	-	-	6,730,640	4,038,327	37,714,220	-	85,191,022
<b>Assigned</b>									
General government	1,098,560				1,503,764				2,602,324
Public safety - Police	1,675,779								1,675,779
Public safety - Fire	1,478,870								1,478,870
Public works	1,170,639				10,506,232				11,676,871
Community services	747,401	3,155,365			73,982	2,790,286			6,767,034
Development services	658,503				613,650				1,272,153
EDCD	62,129				6,000				68,129
Subtotal	6,891,881	3,155,365	-	-	12,703,628	2,790,286	-	-	25,541,160
<b>Unassigned</b>									
	9,131,275	-							9,131,275
	\$ 52,649,429	\$ 3,249,927	\$ 291,492	\$ 9,759,691	\$ 19,434,268	\$ 6,828,613	\$ 37,714,220	\$ 9,726,995	\$ 139,654,635

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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**NOTE 14 - REIMBURSABLE DEVELOPER COSTS**

Reimbursable developer costs of \$2,779,695 at June 30, 2011 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 15 - 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 Employees' 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 2010/11 was 12.711%. 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 15 - EMPLOYEE RETIREMENT BENEFITS (Continued)**

**C. Annual Pension Cost**

For the year ended June 30, 2011, the City's annual pension cost of \$6,280,709 for CalPERS was equal to the City's required and actual contributions. The required contribution for fiscal year 2010/11 was determined as part of the June 30, 2008 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, 2010 was thirty years.

THREE-YEAR TREND INFORMATION FOR THE MISCELLANEOUS PLAN

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	\$ 7,086,529	100%	\$ -
6/30/2010	\$ 6,541,936	100%	\$ -
6/30/2011	\$ 6,280,709	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 $\frac{\{(B)-(A)\}}{(E)}$
6/30/2008	\$ 268,316,454	\$ 295,149,767	\$ 26,833,313	90.9%	\$ 50,064,207	53.6%
6/30/2009	\$ 283,394,099	\$ 336,972,452	\$ 53,578,353	84.1%	\$ 52,095,507	102.8%
6/30/2010	\$ 298,395,830	\$ 353,164,518	\$ 54,768,688	84.5%	\$ 50,693,472	108.0%

**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 Employees' Retirement Law. The City of

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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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 2010/11 was 22.419%. 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, 2011, the City's annual pension cost of \$3,339,747 for CalPERS was equal to the City's required and actual contributions. The required contribution for fiscal year 2010/11 was determined as part of the June 30, 2008 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, 2010, 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>
6/30/2009	\$ 3,342,692	100%	\$ -
6/30/2010	\$ 3,152,213	100%	\$ -
6/30/2011	\$ 3,339,747	100%	\$ -

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements

**NOTE 15 - 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)}
6/30/2008	\$ 161,154,797	\$ 179,566,772	\$ 18,411,975	89.7%	\$ 15,278,771	120.5%
6/30/2009	\$ 167,477,452	\$ 190,116,653	\$ 22,639,201	88.1%	\$ 15,524,645	145.8%
6/30/2010	\$ 173,944,069	\$ 196,834,345	\$ 22,890,276	88.4%	\$ 15,009,038	152.5%

**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 Employees’ 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 2010/11 was 29.371%. 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, 2011, the City’s annual pension cost of \$8,292,457 for CalPERS was equal to the City’s required and actual contributions. The required contribution for fiscal year 2010/11 was determined as part of the June 30, 2008 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

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, 2010, 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
6/30/2009	\$ 8,056,681	100%	\$ -
6/30/2010	\$ 7,983,130	100%	\$ -
6/30/2011	\$ 6,280,709	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 $\{[(B)-(A)]/(E)\}$
6/30/2008	\$ 207,137,825	\$ 265,125,957	\$ 57,988,132	78.1%	\$ 27,284,866	212.5%
6/30/2009	\$ 217,486,909	\$ 286,500,738	\$ 69,013,829	75.9%	\$ 27,322,237	252.6%
6/30/2010	\$ 228,195,091	\$ 299,121,868	\$ 70,926,777	76.3%	\$ 28,008,505	253.2%

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 cost of living adjustment 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, 2011, 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 Fireman'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.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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**NOTE 15 - EMPLOYEE RETIREMENT BENEFITS (Continued)**

The FRPF carried the following investments at June 30, 2011 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	\$ 392,080
Morgan Federal Farm Credit Bank Coupon	\$ 1,000,000

## Schedules of Funding Progress (Fire - FDRF)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of covered Payroll
06/30/07	\$ 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
06/30/08	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
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 16 - OTHER POST-EMPLOYMENT BENEFITS**A. Plan Description

In addition to the employee retirement benefits described in Note 15, 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.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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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 Optum Behavioral Health and Medical Eye Services, 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, 2011. 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. The net other postemployment benefit obligation stems from the General Fund not meeting its portion of the ARC, as such, the liability is due and will be paid from the General Fund. 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 16 - 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 6/30/11</u>	<u>FYE 6/30/10</u>
Annual Required Contributions	\$9,495,763	\$9,495,763
Interest on Net OPEB Obligation/(Asset)	146,729	146,729
Adjustment to Annual Required Contributions	<u>(180,455)</u>	<u>(180,455)</u>
Annual OPEB cost (expense)	\$9,462,037	\$9,462,037
Contributions made	<u>(5,509,340)</u>	<u>(6,283,456)</u>
Increase in Net OPEB Obligation/(Asset)	\$3,952,697	\$3,178,581
Net OPEB Obligation/(Asset)– beginning of year	<u>\$5,730,393</u>	<u>\$2,551,812</u>
Net OPEB Obligation/(Asset) – end of year	\$9,683,090	\$5,730,393

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, 2009 through 2011 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>
6/30/09	\$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
6/30/11	\$9,462,037	\$5,509,340	58.23%	\$9,683,090

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, 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.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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**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 a closed basis over 30 years. The remaining amortization period as of June 30, 2011 was 28 years.

**NOTE 17 - SPECIAL ASSESSMENT DISTRICTS**

In addition to the Long-Term Obligations discussed in Note 11, 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.

	<u>Outstanding at</u> <u>06/30/2011</u>
Assessment District 93-3 (Cal/Oak)	\$ 390,000
Assessment District 94-1 (Renfro-Hughes)	280,000
Assessment District 94-2 (Gosford/White)	295,000
Assessment District 94-3 (Silver Creek-Brimhall, North Seven Oaks, South Laurelglen)	2,320,000
Assessment District 96-1 (Brimhall II/Spring Meadows/Fairways/Campus Park)	440,000
Assessment District 97-1 (Spring Meadows II/Stockdale Highway Commerical)	660,000
Assessment District 98-1 (Brimhall IV/Stockdale Commercial/Gosford Industrial)	2,765,000
Assessment District 99-1 (Polo Greens/Riveroaks)	1,210,000
Assessment District 99-2 (Seven Oaks West)	2,215,000
Assessment District 01-1 (Ming at Allen/Mountain Vista; Hampton Place)	1,460,000
Assessment District 01-2 (Seven Oaks West II/Riverwalk/Southern Oaks)	4,575,000
Assessment District 01-3 (Mountain Vista/San Lauren)	3,290,000
Assessment District 02-1 (Avalon/Belsera/Montara/The Woods)	1,335,000
Assessment District 03-1 (Brighton Place /Silver Creek II)	2,030,000
Assessment District 03-2 (Buena Vista Ranch/Belsera II/ Montera II/ Olive Park II)	2,015,000

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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**NOTE 17 - SPECIAL ASSESSMENT DISTRICTS (Continued)**

Assessment District 03-3	(Seven Oaks West III/Brighton Place)	4,430,000
Assessment District 04-1	(Countryside/The Homestead)	3,050,000
Assessment District 04-2	(BP/BV/ST@Allen Com)	4,040,000
Assessment District 04-3	(Solera/Rio Vista)	2,855,000
Assessment District 05-1	(City in the Hills)	13,345,000
Assessment District 05-3	(Liberty II/Village Green/Tesoro/Encanto)	5,730,000
Assessment District 06-1	(Etcheverry/Lin II/University Park)	4,510,000
Assessment District 07-2	(Sydney Harbour)	1,945,000
		<u>\$ 65,185,000</u>

**NOTE 18 - RISK MANAGEMENT**Self Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Self-Insurance Fund provides coverage for up to \$500,000 for each workers' compensation claim and \$1,000,000 for each liability claim. The City participates in a joint powers authority for workers' 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 \$27,322,281 at June 30, 2011 is based on the requirements of Governmental Accounting Standards Board Statement 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
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
2010-2011	\$ 24,866,509	\$ 10,750,600	\$ 8,294,828	\$ 27,322,281

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.

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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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 ACCEL's investments. Based on information received from ACCEL as of June 30, 2011, the City had \$2,734,730 on deposit with ACCEL out of a total of approximately \$36,306,607.

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 ACCEL 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, 2011 is as follows:

Total assets	\$ 38,595,160
Total liabilities	<u>19,158,693</u>
Total members' equity	<u>\$ 19,436,467</u>
Total revenues	\$ 13,156,937
Total expenses	<u>8,851,935</u>
Net increase in members' equity	<u>\$ 4,305,002</u>

As of June 30, 2011 ACCEL had no long-term debt.

Included in total liabilities is an estimated retrospectively rated refund of \$6,706,858. Complete financial statements of ACCEL can be obtained at the City's Finance Department at 1600 Truxtun Avenue, Bakersfield, CA 93301.

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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**NOTE 19 - 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. As a result, closure costs have been significantly reduced, and construction has begun. The closure project will be completed by December 2012 at an estimated cost of \$4.3 million. The City's share of this will be approximately \$3 million.

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.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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**NOTE 20 – 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 as of June 30, 2011 consisted of the following:

**Governmental Funds:**

## Major Funds:

General Fund	\$	756,393
Transient Occupancy Taxes Fund		94,562
Community Development Block Grant Fund		3,453,532
Gas Tax & Road Fund		84,959,378
Capital Outlay Fund		1,728,037
Park Improvement Fund		697,178
Transportation Development Fund		11,596,421

## Non-Major Funds:

National Stabilization Fund		36,203
American Recovery & Reinvestment Act Fund		202,330
State Transportation Fund		39,500
State Safety Fund		120,492
Special Assessment District Funds		32,646

**Proprietary Funds:**

## Major Funds:

Wastewater Treatment Fund		7,096,399
Refuse Collection Fund		681,552
Agriculture Water Fund		709,494
Domestic Water Fund		688,010
General Aviation Fund		25,086

## Internal Service Funds:

Self-Insurance Fund		106,999
Equipment Management Fund		432,708

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\$ 113,456,920

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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**NOTE 21 - 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, 2011
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	6,830,500
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 - St. John Manor Housing Bond, Series 2006	3,867,794	3,559,859
City of Bakersfield - Coventry Apartments Housing Bond, Series 2007M	5,300,000	2,434,504
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	10,390,000
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	<u>1,971,507</u>
TOTAL		<u>\$ 601,136,370</u>

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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**NOTE 22 – PRIOR PERIOD ADJUSTMENTS**

During the fiscal year 2010-11, the City made the following prior period adjustments to restate the net asset balance for business-type activity in the Domestic Water Fund related to capital lease activity (see Statement on p. 36). In addition, an adjustment was required to Net Assets for governmental activity to correct the investment in capital assets for construction in progress that should not have been capitalized (see Statement on p. 22).

Activity	Net Asset Accounts		
	July 1, 2010, as previously reported	Adjustment	July 1, 2010, as restated
Domestic Water	\$199,899,358	\$ 853,784	\$ 200,753,142
Net Assets - Governmental Activity	1,578,173,239	(85,288,205)	1,492,885,034

**NOTE 23 – SUBSEQUENT EVENTS****Wastewater Revenue Bond**

The Series B revenue bond for the Plant #3 expansion has seen a continued escalation of variable rate interest costs in recent months due the debt's market coverage being guaranteed by a French/Belgian bank called Dexia Credit Local. To improve the financial position of the City, the Council approved a partial bond call of \$18.7 million at its October 19, 2011 Council meeting to reduce the balance of the variable rate debt from \$43.7 million to \$25 million. The Council also authorized staff to begin the process to select a bank to replace Dexia Credit Local, which should allow the City to have the remaining variable rate debt adjust downward to standard variable interest market rates.

**Discretely Presented Component Unit - Redevelopment Agency**

On June 28, 2011, the California Legislature adopted Assembly Bill X1 26 (the "Dissolution Act") and Assembly Bill X1 27 (the "Voluntary Program Act") which taken together are known as the Redevelopment Restructuring Acts. The express purpose of the Dissolution Act is to provide for the elimination of California redevelopment agencies, and to direct the orderly distribution of each former redevelopment agency's assets and liabilities. The purpose of the Voluntary Program Act is to provide a voluntary alternative for local governments to continue redevelopment activities. The Redevelopment Restructuring Acts require the Agency and its sponsoring government (the City) to take several legislative actions to implement the various provisions of each bill.

On July 13, 2011, the City Council of the City of Bakersfield (the "City Council") approved a resolution electing to make the remittance required by the Voluntary Program Act in order to avoid dissolution of the Bakersfield Redevelopment Agency. The City's payment for fiscal year 2011-12 will be in the amount of \$3,777,822.

On September 14, 2011, the City Council approved an ordinance determining to comply with the voluntary alternative redevelopment program pursuant to part 1.9 of division 24 of the California Health and Safety Code in order to permit the continued existence and operation of the Bakersfield Redevelopment Agency, but only if the Restructuring Acts withstand the legal challenge of the California Redevelopment Association's Supreme Court Case #S194861, which is currently being heard by the California Supreme Court.



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**CITY OF BAKERSFIELD**

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Required Supplementary Information

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**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 accounting principles generally accepted in the United States of America.

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 Manager's Office approves all carryovers that are not encumbered as of June 30 of each year.

The amounts carried forward from fiscal year 2009-10 to fiscal year 2010-11 totaled \$316,032,162.

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

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**CITY OF BAKERSFIELD**

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Required Supplementary Information (continued)

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**Budgetary Comparison Schedule, General Fund  
For the Fiscal Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1</b>	\$ 45,948,161	\$ 45,948,161	\$ 45,948,161	\$ -
<b>Revenues:</b>				
Taxes	118,862,000	118,862,000	132,399,009	13,537,009
Licenses and permits	2,016,945	2,016,945	1,757,045	(259,900)
Intergovernmental	2,224,600	5,219,193	3,635,080	(1,584,113)
Charges for services	15,295,935	15,304,755	16,720,349	1,415,594
Fines, forfeitures and assessments	700,800	726,724	1,122,085	395,361
Interest income	301,000	301,000	444,527	143,527
Contributions and donations	1,000	228,946	412,691	183,745
Other	24,984	126,071	453,709	327,638
Transfers from other funds	1,422,000	1,422,000	1,422,000	-
Amount available for appropriation	\$ 140,849,264	\$ 144,207,634	\$ 158,366,495	\$ 14,158,861
<b>Expenditures:</b>				
General government	\$ 10,814,810	\$ 11,028,831	\$ 9,700,300	\$ 1,328,531
Police	63,613,676	66,161,322	62,548,847	3,612,475
Fire	29,636,132	30,160,467	29,450,014	710,453
Public works	18,414,538	18,552,617	18,181,603	371,014
Community services	15,672,953	15,859,722	15,459,672	400,050
Development services	7,137,096	7,346,270	6,486,573	859,697
Non-departmental	5,965,059	5,965,059	5,345,194	619,865
Contingency	10,000	10,000		10,000
Transfers to other funds	5,350,000	5,350,000	4,493,024	856,976
Total charges to appropriations	156,614,264	160,434,288	151,665,227	8,769,061
Amount of resources over (under) charges to appropriations	(15,765,000)	(16,226,654)	6,701,268	22,927,922
<b>Fund balance, June 30</b>	\$ 30,183,161	\$ 29,721,507	\$ 52,649,429	\$ 22,927,922

**CITY OF BAKERSFIELD**

Required Supplementary Information (continued)

**Budgetary Comparison Schedule, Transient Occupancy Taxes Fund  
For the Fiscal Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1 - as restated</b>	\$ 1,582,980	\$ 1,582,980	\$ 1,582,980	\$ -
<b>Revenues:</b>				
Taxes	7,400,000	5,963,000	6,851,869	888,869
Charges for services	5,932,630	5,642,759	5,873,222	230,463
Interest income	50,000	40,000	30,334	(9,666)
Contributions and donations	1,200,000	1,200,000	1,200,000	-
Other			1,560	1,560
Amount available for appropriation	\$ 14,582,630	\$ 12,845,759	\$ 13,956,985	\$ 1,111,226
<b>Expenditures:</b>				
Community services	\$ 7,846,222	\$ 7,473,466	\$ 7,137,688	\$ 335,778
Non-departmental	3,147,950	3,152,350	3,152,350	-
Transfers to other funds	4,100,000	2,000,000	2,000,000	-
Total charges to appropriations	15,094,172	12,625,816	12,290,038	335,778
Amount of resources over (under) charges to appropriations	(511,542)	219,943	1,666,947	1,447,004
<b>Fund balance, June 30</b>	\$ 1,071,438	\$ 1,802,923	\$ 3,249,927	\$ 1,447,004

**Budgetary Comparison Schedule, Community Development Block Grant Fund  
For the Fiscal Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1 - as restated</b>	\$ 189,260	\$ 189,260	\$ 189,260	\$ -
<b>Revenues:</b>				
Intergovernmental	5,477,998	16,087,261	7,425,720	(8,661,541)
Charges for services			726	726
Interest income	-	-	4,924	4,924
Loan payments	433,500	269,800	247,580	(22,220)
Other			9,973	9,973
Amount available for appropriation	\$ 5,911,498	\$ 16,357,061	\$ 7,688,923	\$ (8,668,138)
<b>Expenditures:</b>				
Economic/Community development	\$ 3,391,796	\$ 9,926,137	4,944,068	\$ 4,982,069
Capital outlay	1,794,485	5,632,735	1,976,703	3,656,032
Transfer to other funds	708,717	708,717	665,920	42,797
Total charges to appropriations	5,894,998	16,267,589	7,586,691	8,680,898
Amount of resources over (under) charges to appropriations	16,500	89,472	102,232	12,760
<b>Fund balance, June 30</b>	\$ 205,760	\$ 278,732	\$ 291,492	\$ 12,760

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**CITY OF BAKERSFIELD**

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Required Supplementary Information (continued)

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**Budgetary Comparison Schedule, Gas Tax & Road Fund  
For the Fiscal Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1 - as restated</b>	\$ 7,417,250	\$ 7,417,250	\$ 7,417,250	\$ -
<b>Revenues:</b>				
Intergovernmental	44,227,701	201,985,986	63,757,982	(138,228,004)
Fines, forfeitures and assessments		-	11,183	-11,183
Interest income	50,000	50,000	82,308	32,308
Other		27,614	166,691	139,077
Amount available for appropriation	\$ 44,277,701	\$ 202,063,600	\$ 64,018,164	\$ (138,045,436)
<b>Expenditures:</b>				
Public works	\$ 4,457,162	\$ 3,980,378	\$ 2,406,646	\$ 1,573,732
Capital outlay	40,170,969	203,626,274	59,269,077	144,357,197
Total charges to appropriations	44,628,131	207,606,652	61,675,723	145,930,929
Amount of resources over (under) charges to appropriations	(350,430)	(5,543,052)	2,342,441	7,885,493
<b>Fund balance, June 30</b>	\$ 7,066,820	\$ 1,874,198	\$ 9,759,691	\$ 7,885,493

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**CITY OF BAKERSFIELD**

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Required Supplementary Information (continued)

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**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.

	Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Underfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Underfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll
Miscellaneous	06/30/01	\$ 188,011,327	\$ 158,211,413	\$ (29,799,914)	118.8%	\$ 32,225,024	(92.5%)
Employees Group	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%
	06/30/09	283,394,099	336,972,452	53,578,353	84.1%	52,095,507	102.8%
	06/30/10	298,395,830	353,164,518	54,768,688	84.5%	50,693,452	108.0%
Police Safety	06/30/01	144,319,973	133,430,814	(10,889,159)	108.2%	17,856,713	(61.0%)
Employees Group	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%
	06/30/09	217,486,909	286,500,738	69,013,829	75.9%	27,322,237	252.6%
	06/30/10	228,195,091	299,121,868	70,926,777	76.3%	28,008,505	253.2%
Fire Safety	06/30/01	120,528,257	111,492,076	(9,036,181)	108.1%	10,557,179	(85.6%)
Employees Group	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%
	06/30/09	167,477,452	190,116,653	22,639,201	88.1%	15,524,645	145.8%
	06/30/10	173,944,069	196,834,345	22,890,276	88.4%	15,009,038	152.5%

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**CITY OF BAKERSFIELD**

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Required Supplementary Information (continued)

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

## I. Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/1/2009	\$ 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
2009	\$ 5,279,032	\$ 7,993,079	66%
2010	6,283,456	9,462,037	66%
2011	5,509,340	9,462,037	58%

**DEFINED BENEFIT PENSION TRUST**

## I. Schedule 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
06/30/07	\$ 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
06/30/11	1,447,478	1,146,478	(300,786)	126%	-0-	N/A

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**CITY OF BAKERSFIELD**

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Required Supplementary Information (concluded)

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## II. Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation (NPO)
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)
2011	(33,014)	N/A	(90,478)



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## ***Supplementary Information***

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## ***General Fund***

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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.

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**CITY OF BAKERSFIELD**

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**Balance Sheet  
General Fund  
June 30, 2011**

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	General Fund
<b>Assets:</b>	
Cash and investments	\$ 27,745,645
Accounts receivable, net	1,577,750
Interest receivable	99,187
Due from other governmental agencies	16,764,581
Due from other funds	24,281,854
Prepaid items	12,000
	<hr/>
Total assets	\$ 70,481,017
	<hr/>
<b>Liabilities and Fund Balance:</b>	
Liabilities:	
Accounts payable	\$ 5,921,832
Due to other governmental agencies	377,312
Unearned revenue	1,434,786
Deferred revenue	10,097,658
	<hr/>
Total liabilities	17,831,588
	<hr/>
Fund Balance:	
Nonspendable	13,000
Committed	
Cash basis reserve	12,434,005
Contractual obligations	304,268
Appropriations for new year budget	16,375,000
Appropriations for PERS increases	4,500,000
Appropriations for retiree medical costs	3,000,000
Assigned	
Petty cash	22,720
Non-contractual encumbrances	452,125
Compensated absences	6,417,036
Unassigned	9,131,275
	<hr/>
Total fund balance	52,649,429
	<hr/>
Total liabilities and fund balance	\$ 70,481,017
	<hr/>

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

**CITY OF BAKERSFIELD****Schedule of Revenue by Function - General Fund  
Budgetary Level of Control - Budget and Actual  
For the Fiscal Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>			
Taxes:			
Property taxes	\$ 59,507,000	\$ 62,889,341	\$ 3,382,341
Sales and use taxes	45,030,000	55,281,897	10,251,897
Property transfer tax	900,000	728,715	(171,285)
Utility franchise tax	10,445,000	10,083,705	(361,295)
Business license tax	2,980,000	3,415,351	435,351
Total taxes	<u>118,862,000</u>	<u>132,399,009</u>	<u>13,537,009</u>
Licenses and permits:			
Building permits	1,215,000	827,577	(387,423)
Planning permits	75,045	58,830	(16,215)
Public works permits	382,000	343,895	(38,105)
Police permits	143,500	209,663	66,163
Other licenses and permits	201,400	317,080	115,680
Total licenses and permits	<u>2,016,945</u>	<u>1,757,045</u>	<u>(259,900)</u>
Intergovernmental:			
Federal grants	2,363,664	1,265,594	(1,098,070)
State of California	2,541,525	2,168,927	(372,598)
Other grants	314,004	200,559	(113,445)
Total intergovernmental	<u>5,219,193</u>	<u>3,635,080</u>	<u>(1,584,113)</u>
Charges for services:			
Building	1,300,000	1,264,315	(35,685)
Planning	138,185	107,837	(30,348)
Public works	165,800	172,025	6,225
Police	557,000	496,745	(60,255)
Fire	3,536,500	3,816,378	279,878
Recreation and parks	717,370	1,044,015	326,645
Interfund charges	8,769,400	9,736,409	967,009
Other charges	120,500	82,625	(37,875)
Total charges for services	<u>15,304,755</u>	<u>16,720,349</u>	<u>1,415,594</u>
Fines, forfeitures and assessments	<u>726,724</u>	<u>1,122,085</u>	<u>395,361</u>
Miscellaneous:			
Interest income	301,000	455,737	154,737
Net decrease in the fair value of investments		(11,210)	(11,210)
Contributions and donations	228,946	412,691	183,745
Other	126,071	453,709	327,638
Total miscellaneous	<u>656,017</u>	<u>1,310,927</u>	<u>654,910</u>
Total revenues	<u>142,785,634</u>	<u>156,944,495</u>	<u>14,158,861</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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>General Government:</b>			
Mayor	\$ 129,327	\$ 116,829	\$ 12,498
Council	299,102	279,617	19,485
City manager	899,012	791,067	107,945
City clerk	729,310	679,696	49,614
Human resources	1,105,887	1,004,272	101,615
Information technology	3,420,930	3,113,453	307,477
Financial services	2,533,666	2,468,626	65,040
City attorney	1,911,597	1,246,740	664,857
Total general government	<u>11,028,831</u>	<u>9,700,300</u>	<u>1,328,531</u>
<b>Public Safety:</b>			
Police	66,161,322	62,548,847	3,612,475
Fire	30,160,467	29,450,014	710,453
Total public safety	<u>96,321,789</u>	<u>91,998,861</u>	<u>4,322,928</u>
<b>Public Works:</b>			
Administration	549,180	551,342	(2,162)
Engineering	4,920,051	4,918,675	1,376
General services	8,155,303	7,846,301	309,002
Streets and roads	4,928,083	4,865,285	62,798
Total public works	<u>18,552,617</u>	<u>18,181,603</u>	<u>371,014</u>
<b>Community Services:</b>			
Administration	1,108,549	1,077,383	31,166
Recreation	2,775,037	2,479,429	295,608
Parks	11,976,136	11,902,860	73,276
Total community services	<u>15,859,722</u>	<u>15,459,672</u>	<u>400,050</u>
<b>Development Services:</b>			
Planning	2,147,946	1,800,515	347,431
Building	5,198,324	4,686,058	512,266
Total development services	<u>7,346,270</u>	<u>6,486,573</u>	<u>859,697</u>
<b>Non departmental</b>	<u>5,965,059</u>	<u>5,345,194</u>	<u>619,865</u>
<b>Contingency</b>	<u>10,000</u>		<u>10,000</u>
<b>Total General Fund Expenditures</b>	<u>\$ 155,084,288</u>	<u>\$ 147,172,203</u>	<u>\$ 7,912,085</u>

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



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## *Special Revenue Funds*

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

**Transient Occupancy Taxes 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.

**National Stabilization Fund** is used to account for resources provided by the Federal Housing and Economic Recovery Act of 2008 to address congressionally identified needs of abandoned and foreclosed homes in the City. These funds are used for down payment assistance, acquisition of Real Estate Owned (REO) lender assets properties that have been foreclosed upon for redevelopment, rehabilitation of acquired residential structures, and demolition of blighted structures.

**American Recovery & Reinvestment Act 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.

**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 21<sup>st</sup> 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.

**State (TDA) Transportation Fund** is used to account for three Transportation Development Act (TDA) 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 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.

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**CITY OF BAKERSFIELD**

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**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - All Special Revenue Funds  
Year Ended June 30, 2011**

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	Transient Occupancy Taxes		
	Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Taxes	\$ 5,963,000	\$ 6,851,869	\$ 888,869
Intergovernmental			
Charges for services	5,642,759	5,873,222	230,463
Fines, forfeitures and assessments			
Interest income	40,000	30,334	(9,666)
Loan payments			
Contributions and donations	1,200,000	1,200,000	-
Other		1,560	1,560
Total revenues	<u>12,845,759</u>	<u>13,956,985</u>	<u>1,111,226</u>
<b>Expenditures:</b>			
Current:			
Public safety - Police			
Public works			
Community services	7,473,466	7,137,688	335,778
Economic/Community development			
Non departmental	3,152,350	3,152,350	-
Capital outlay:			
Environmental-			
Sewer and Wastewater			
Transportation:			
Traffic control			
Streets/Freeways			
Bridges			
Curbs, gutters and sidewalks			
Public facilities:			
Buildings			
Parks and landscaping			
Land acquisition			
Other improvements			
Equipment:			
Non-automotive			
Total expenditures	<u>10,625,816</u>	<u>10,290,038</u>	<u>335,778</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,219,943</u>	<u>3,666,947</u>	<u>1,447,004</u>
<b>Other financing sources (uses):</b>			
Transfers out	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>-</u>
Total other financing uses	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	219,943	1,666,947	1,447,004
Fund balances - July 1	<u>1,582,980</u>	<u>1,582,980</u>	<u>-</u>
Fund balances - June 30	<u>\$ 1,802,923</u>	<u>\$ 3,249,927</u>	<u>\$ 1,447,004</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16,087,261	7,425,720 726	(8,661,541) 726	5,851,673	2,395,496	(3,456,177)
	4,924	4,924			
269,800	247,580	(22,220)			
	9,973	9,973			
<u>16,357,061</u>	<u>7,688,923</u>	<u>(8,668,138)</u>	<u>5,851,673</u>	<u>2,395,496</u>	<u>(3,456,177)</u>
9,926,137	4,944,068	4,982,069	5,851,673	2,395,496	3,456,177
254,812	236,681	18,131			
2,027,567	933,451	1,094,116			
349,499	288,720	60,779			
463,104	4,332	458,772			
1,873,589	502,261	1,371,328			
664,164	11,258	652,906			
<u>15,558,872</u>	<u>6,920,771</u>	<u>8,638,101</u>	<u>5,851,673</u>	<u>2,395,496</u>	<u>3,456,177</u>
<u>798,189</u>	<u>768,152</u>	<u>(30,037)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(708,717)</u>	<u>(665,920)</u>	<u>42,797</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(708,717)</u>	<u>(665,920)</u>	<u>42,797</u>	<u>-</u>	<u>-</u>	<u>-</u>
89,472	102,232	12,760	-	-	-
<u>189,260</u>	<u>189,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 278,732</u>	<u>\$ 291,492</u>	<u>\$ 12,760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**CITY OF BAKERSFIELD**

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**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (continued)**  
**Budget and Actual - All Special Revenue Funds**  
**Year Ended June 30, 2011**

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	American Recovery & Reinvestment Act		
	Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Taxes	\$	\$	\$
Intergovernmental	9,793,539	8,063,636	(1,729,903)
Charges for services			
Fines, forfeitures and assessments			
Interest income			
Loan payments			
Contributions and donations			
Other			
<b>Total revenues</b>	<u>9,793,539</u>	<u>8,063,636</u>	<u>(1,729,903)</u>
<b>Expenditures:</b>			
Current:			
Public safety - Police	1,729,290	1,567,729	161,561
Public works			
Community services			
Economic/Community development	1,010,449	808,119	202,330
Non departmental			
Capital outlay:			
Environmental-			
Sewers and Wastewater	2,939,485	2,939,485	-
Transportation:			
Traffic control			
Streets/Freeways	4,114,315	2,748,303	1,366,012
Bridges			
Curbs, gutters and sidewalks			
Public facilities:			
Buildings			
Parks and landscaping			
Land acquisition			
Other improvements			
Equipment:			
Non-automotive			
<b>Total expenditures</b>	<u>9,793,539</u>	<u>8,063,636</u>	<u>1,729,903</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Note/certificate proceeds			
Transfers out			
<b>Total other financing uses</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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
\$ 201,985,986	\$ 63,757,982	\$ (138,228,004)	\$ 389,916	\$ 303,980	\$ (85,936)
	11,183	11,183			
50,000	82,308	32,308	500	1,566	1,066
27,614	166,691	139,077			
202,063,600	64,018,164	(138,045,436)	390,416	305,546	(84,870)
3,980,378	2,406,646	1,573,732	298,448	225,274	73,174
			30,300	23,276	7,024
2,992,567	1,096,478	1,896,089			
197,563,995	55,780,720	141,783,275			
1,016,563	427,787	588,776			
		-			
			61,668	56,996	4,672
2,053,149	1,964,092	89,057			
207,606,652	61,675,723	145,930,929	390,416	305,546	84,870
(5,543,052)	2,342,441	7,885,493	-	-	-
		-			
		-			
		-			
(5,543,052)	2,342,441	7,885,493	-	-	-
7,417,250	7,417,250	-	-	-	-
\$ 1,874,198	\$ 9,759,691	\$ 7,885,493	\$ -	\$ -	\$ -

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**CITY OF BAKERSFIELD**

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**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (concluded)****Budget and Actual - All Special Revenue Funds****Year Ended June 30, 2011**

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	State Safety		
	Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Taxes	\$	\$	\$
Intergovernmental	1,014,466	487,026	(527,440)
Charges for services	1,001,000	988,905	(12,095)
Fines, forfeitures and assessments	1,331,000	1,553,233	222,233
Interest income		23,490	23,490
Loan payments			
Contributions and donations			
Other			
Total revenues	<u>3,346,466</u>	<u>3,052,654</u>	<u>(293,812)</u>
<b>Expenditures:</b>			
Current:			
Public safety - Police	2,258,307	1,869,188	389,119
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			
Parks and landscaping			
Land acquisition			
Other improvements			
Equipment:			
Non-automotive			
Total expenditures	<u>2,258,307</u>	<u>1,869,188</u>	<u>389,119</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,088,159</u>	<u>1,183,466</u>	<u>95,307</u>
<b>Other financing sources (uses):</b>			
Note/certificate proceeds			
Transfers out	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>-</u>
Total other financing uses	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	<u>(111,841)</u>	<u>(16,534)</u>	<u>95,307</u>
Fund balances - July 1	<u>1,841,820</u>	<u>1,841,820</u>	<u>-</u>
Fund balances - June 30	<u>\$ 1,729,979</u>	<u>\$ 1,825,286</u>	<u>\$ 95,307</u>

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

Totals		
Budget	Actual	Variance with Final Budget
\$ 5,963,000	\$ 6,851,869	\$ 888,869
235,122,841	82,433,840	(152,689,001)
6,643,759	6,862,853	219,094
1,331,000	1,564,416	233,416
90,500	142,622	52,122
269,800	247,580	(22,220)
1,200,000	1,200,000	-
27,614	178,224	150,610
<u>250,648,514</u>	<u>99,481,404</u>	<u>(151,167,110)</u>
3,987,597	3,436,917	550,680
4,278,826	2,631,920	1,646,906
7,503,766	7,160,964	342,802
16,788,259	8,147,683	8,640,576
3,152,350	3,152,350	-
2,939,485	2,939,485	-
2,992,567	1,096,478	1,896,089
201,933,122	58,765,704	143,167,418
1,016,563	427,787	588,776
2,027,567	933,451	1,094,116
349,499	288,720	60,779
463,104	4,332	458,772
1,873,589	502,261	1,371,328
725,832	68,254	657,578
<u>2,053,149</u>	<u>1,964,092</u>	<u>89,057</u>
<u>252,085,275</u>	<u>91,520,398</u>	<u>160,564,877</u>
<u>(1,436,761)</u>	<u>7,961,006</u>	<u>9,397,767</u>
-	-	-
<u>(3,908,717)</u>	<u>(3,865,920)</u>	<u>42,797</u>
<u>(3,908,717)</u>	<u>(3,865,920)</u>	<u>42,797</u>
(5,345,478)	4,095,086	9,440,564
<u>11,031,310</u>	<u>11,031,310</u>	<u>-</u>
<u>\$ 5,685,832</u>	<u>\$ 15,126,396</u>	<u>\$ 9,440,564</u>

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**CITY OF BAKERSFIELD**

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**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - Debt Service Fund  
For the Fiscal Year Ended June 30, 2011**

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	General Obligation Debt		
	Budget	Actual	Variance with Final Budget
<b>Revenues-</b>			
Interest income	\$ -	\$ -	\$ -
Total revenues	-	-	-
<b>Expenditures-</b>			
Debt service:			
Principal retirement	444,000	444,000	-
Interest and fiscal charges	264,717	221,920	42,797
Total expenditures	708,717	665,920	42,797
Deficiency of revenues under expenditures	(708,717)	(665,920)	42,797
<b>Other financing sources-</b>			
Operating transfers in	708,717	665,920	42,797
Total other financing sources	708,717	665,920	42,797
Deficiency of revenues and other sources under expenditures	-	-	-
Fund balance - July 1			
Fund balance - June 30	\$ -	\$ -	\$ -

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

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## *Capital Projects Funds*

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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.

**Park Improvement 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, 2011**

	Special Assessment Districts		
	Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services			
Fines, forfeitures and assessments			
Interest income			
Contributions and donations			
Other		4,019	4,019
Total revenues	-	4,019	4,019
<b>Expenditures:</b>			
Current:			
General government			
Public works			
Non departmental			
Capital outlay:			
Transportation:			
Traffic control			
Streets	3,819,006	1,023,618	2,795,388
Bridges			
Streets/Freeways			
Public facilities:			
Buildings			
Parks and landscaping			
Land acquisition			
Other improvements			
Equipment:			
Computers			
Non-automotive			
Total expenditures	3,819,006	1,023,618	2,795,388
Excess (deficiency) of revenues over (under) expenditures	(3,819,006)	(1,019,599)	2,799,407
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
Reserve transfer to agency funds	10,656	10,656	-
Total other financing sources (uses)	10,656	10,656	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(3,808,350)	(1,008,943)	2,799,407
Fund balances - July 1 - as restated	8,910,652	8,910,652	-
Fund balances - June 30	\$ 5,102,302	\$ 7,901,709	\$ 2,799,407

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

Capital Outlay			Park Improvement		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ 1,882,275	\$ 1,508,200	\$ (374,075)	\$ -	\$ -	\$ -
112,155	138,004	138,004	6,101,536	4,775,503	(1,326,033)
200,000	93,624	(106,376)	100,000	77,749	(22,251)
8,145	12,000	3,855			
	23,275	23,275		63,673	
<u>2,202,575</u>	<u>1,775,103</u>	<u>(427,472)</u>	<u>6,201,536</u>	<u>4,916,925</u>	<u>(1,348,284)</u>
			4,474,336	4,020,272	454,064
13,558,160	4,895,073	8,663,087			
2,638,884	399,327	2,239,557			
1,319,908	522,762	797,146			
2,625,983	2,578,191	47,792	3,254,227	3,130,798	123,429
			2,457,925	6,692	2,451,233
3,349,236	2,690,339	658,897	2,440,099	1,607,359	832,740
72,000	24,000	48,000			
800,182	530,076	270,106			
<u>24,364,353</u>	<u>11,639,768</u>	<u>12,724,585</u>	<u>12,626,587</u>	<u>8,765,121</u>	<u>3,861,466</u>
<u>(22,161,778)</u>	<u>(9,864,665)</u>	<u>12,297,113</u>	<u>(6,425,051)</u>	<u>(3,848,196)</u>	<u>2,576,855</u>
8,350,000	7,493,024	(856,976)			
<u>8,350,000</u>	<u>7,493,024</u>	<u>(856,976)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(13,811,778)	(2,371,641)	11,440,137	(6,425,051)	(3,848,196)	2,576,855
21,805,909	21,805,909	-	10,676,809	10,676,809	-
<u>\$ 7,994,131</u>	<u>\$ 19,434,268</u>	<u>\$ 11,440,137</u>	<u>\$ 4,251,758</u>	<u>\$ 6,828,613</u>	<u>\$ 2,576,855</u>

**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, 2011**

	Transportation Development		
	Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Intergovernmental	\$ 5,625	\$ -	\$ (5,625)
Charges for services	200,000	261,144	61,144
Fines, forfeitures and assessments	6,000,000	6,897,146	897,146
Interest income	550,000	46,388	(503,612)
Contributions and donations			-
Other	950,000	2,067,350	1,117,350
Total revenues	<u>7,705,625</u>	<u>9,272,028</u>	<u>1,566,403</u>
<b>Expenditures:</b>			
Current:			
General government	244,535	243,917	618
Public works	1,385,078	1,154,308	230,770
Non departmental			
Capital outlay:			
Transportation:			
Traffic control	2,525,333	373,812	2,151,521
Streets	13,721,502	3,027,260	10,694,242
Bridges	1,475,557	1,330,341	145,216
Streets/Freeways	25,425,712	8,785,015	16,640,697
Public facilities:			
Buildings			
Parks and landscaping			
Land acquisition			
Other improvements			
Equipment:			
Computers			
Non-automotive			
Total expenditures	<u>44,777,717</u>	<u>14,914,653</u>	<u>29,863,064</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(37,072,092)</u>	<u>(5,642,625)</u>	<u>31,429,467</u>
<b>Other financing sources (uses):</b>			
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>(37,072,092)</u>	<u>(5,642,625)</u>	<u>31,429,467</u>
Fund balances - July 1 - as restated	<u>43,356,845</u>	<u>43,356,845</u>	<u>-</u>
Fund balances - June 30	<u>\$ 6,284,753</u>	<u>\$ 37,714,220</u>	<u>\$ 31,429,467</u>

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

Totals		
Budget	Actual	Variance with Final Budget
\$ 1,887,900	\$ 1,508,200	\$ (379,700)
200,000	399,148	199,148
12,213,691	11,672,649	(541,042)
850,000	217,761	(632,239)
	12,000	12,000
950,000	2,158,317	1,208,317
<u>16,101,591</u>	<u>15,968,075</u>	<u>(133,516)</u>
244,535	243,917	618
1,385,078	1,154,308	230,770
4,474,336	4,020,272	454,064
2,525,333	373,812	2,151,521
31,098,668	8,945,951	22,152,717
4,114,441	1,729,668	2,384,773
25,425,712	8,785,015	16,640,697
1,319,908	522,762	797,146
5,880,210	5,708,989	171,221
2,457,925	6,692	2,451,233
5,789,335	4,297,698	1,491,637
72,000	24,000	48,000
800,182	530,076	270,106
<u>85,587,663</u>	<u>36,343,160</u>	<u>49,244,503</u>
<u>(69,486,072)</u>	<u>(20,375,085)</u>	<u>49,110,987</u>
<u>8,350,000</u>	<u>7,493,024</u>	<u>(856,976)</u>
<u>8,350,000</u>	<u>7,503,680</u>	<u>(846,320)</u>
(61,136,072)	(12,871,405)	48,264,667
<u>84,750,215</u>	<u>84,750,215</u>	<u>-</u>
<u>\$ 23,614,143</u>	<u>\$ 71,878,810</u>	<u>\$ 48,264,667</u>

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## *Internal Service Funds*

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

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

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

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

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

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**CITY OF BAKERSFIELD**

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**Combining Statement of Net Assets****All Internal Service Funds****June 30, 2011**

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	Self- Insurance	Equipment Management	Totals
<b>Assets:</b>			
Current assets			
Cash and investments	\$ 27,983,156	\$ 23,920,315	\$ 51,903,471
Accounts receivable, net	99,910	17,232	117,142
Interest receivable	78,501	65,822	144,323
Loans	198,444	462,588	661,032
Due from other governmental agencies	30,218	201,809	232,027
Prepayments and inventories	3,081	1,393,617	1,396,698
Total current assets	<u>28,393,310</u>	<u>26,061,383</u>	<u>54,454,693</u>
Noncurrent assets			
Capital assets:			
Depreciable buildings, property, equipment and infrastructure, net		23,344,415	23,344,415
Note/loan receivable	1,021,674	2,102,959	3,124,633
Total noncurrent assets	<u>1,021,674</u>	<u>25,447,374</u>	<u>26,469,048</u>
Total assets	<u>29,414,984</u>	<u>51,508,757</u>	<u>80,923,741</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	402,836	2,800,306	3,203,142
Claims payable	4,613,281		4,613,281
Workers compensation claims	4,551,000		4,551,000
Compensated absences payable		562,483	562,483
Total current liabilities	<u>9,567,117</u>	<u>3,362,789</u>	<u>12,929,906</u>
Noncurrent liabilities:			
Workers compensation claims	18,158,000		18,158,000
Compensated absences payable	3,700	138,794	142,494
Total noncurrent liabilities	<u>18,161,700</u>	<u>138,794</u>	<u>18,300,494</u>
Total liabilities	<u>27,728,817</u>	<u>3,501,583</u>	<u>31,230,400</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt		23,344,415	23,344,415
Unrestricted	1,686,167	24,662,759	26,348,926
Total net assets	<u>\$ 1,686,167</u>	<u>\$ 48,007,174</u>	<u>\$ 49,693,341</u>

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

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**CITY OF BAKERSFIELD**

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**Combining Statement of Activities and Changes in Net Assets****All Internal Service Funds****For the Fiscal Year Ended June 30, 2011**

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	Self- Insurance	Equipment Management	Totals
<b>Operating revenues:</b>			
Intergovernmental	\$ -	\$ 201,809	\$ 201,809
Charges for services	8,013,295	20,417,012	28,430,307
Cost recoveries	764,204	10,091	774,295
Miscellaneous	13,532	181,409	194,941
<b>Total operating revenues</b>	<b>8,791,031</b>	<b>20,810,321</b>	<b>29,601,352</b>
<b>Operating expenses:</b>			
General and administrative	8,032,386	18,152,871	26,185,257
Workers' compensation payments	1,897,857		1,897,857
Claims paid	1,662,184		1,662,184
Depreciation		5,780,496	5,780,496
Compensated absences	-	30,122	30,122
<b>Total operating expenses</b>	<b>11,592,427</b>	<b>23,963,489</b>	<b>35,555,916</b>
<b>Operating income (loss)</b>	<b>(2,801,396)</b>	<b>(3,153,168)</b>	<b>(5,954,564)</b>
<b>Nonoperating revenues (expenses):</b>			
Interest income	356,170	337,146	693,316
Gain/loss on sale of real property	2,000	65,222	67,222
<b>Income (loss) before transfers and capital contributions</b>	<b>(2,443,226)</b>	<b>(2,750,800)</b>	<b>(5,194,026)</b>
Capital contributions		194,211	194,211
Transfers in		1,998,260	1,998,260
Transfers out	(1,222,000)		(1,222,000)
<b>Change in net assets</b>	<b>(3,665,226)</b>	<b>(558,329)</b>	<b>(4,223,555)</b>
<b>Total Net Assets - Beginning of Year - as restated</b>	<b>5,351,393</b>	<b>48,565,503</b>	<b>53,916,896</b>
<b>Total Net Assets - End of Year</b>	<b>\$ 1,686,167</b>	<b>\$ 48,007,174</b>	<b>\$ 49,693,341</b>

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**CITY OF BAKERSFIELD**

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**Combining Statement of Cash Flows****All Internal Service Funds****For the Fiscal Year Ended June 30, 2011**

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	Self- Insurance	Equipment Management	Totals
<b>Cash flows from operating activities:</b>			
Cash received from:			
Customers	\$ 8,898,011	\$ 20,472,817	\$ 29,370,828
Prior year reimbursements and cost recoveries	13,531	10,091	23,622
Cash paid to:			
Suppliers	(7,011,177)	(12,365,566)	(19,376,743)
Employees	(2,151,767)	(4,004,091)	(6,155,858)
Net cash provided (used) by operating activities	<u>(251,402)</u>	<u>4,113,251</u>	<u>3,861,849</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash transferred from other funds		1,998,260	1,998,260
Cash transferred to other funds	(1,222,000)		(1,222,000)
Net cash provided (used) by noncapital financing activities	<u>(1,222,000)</u>	<u>1,998,260</u>	<u>776,260</u>
<b>Cash flows from capital and related financing activities:</b>			
Principal repayment on interfund loan			-
Purchase of capital assets		(5,263,865)	(5,263,865)
Proceeds from sale of capital assets	2,000	138,694	140,694
Net cash provided (used) by capital and related financing activities	<u>2,000</u>	<u>(5,125,171)</u>	<u>(5,123,171)</u>
<b>Cash flows from investing activities:</b>			
Loan to Redevelopment Agency		(487,412)	(487,412)
Interest received	427,498	381,348	808,846
Net increase (decrease) in the fair value of investments	(61,787)	(46,740)	(108,527)
Net cash provided (used) by investing activities	<u>365,711</u>	<u>(152,804)</u>	<u>212,907</u>
Net increase (decrease) in cash	(1,105,691)	833,536	(272,155)
Cash and cash equivalents - Beginning of year - as restated	<u>29,088,847</u>	<u>23,086,779</u>	<u>52,175,626</u>
Cash and cash equivalents - End of year	<u>\$ 27,983,156</u>	<u>\$ 23,920,315</u>	<u>\$ 51,903,471</u>

**Reconciliation of Operating Income (Loss) to Net Cash Provided (used) for Operating Activities:**

Operating income (loss)	\$ (2,801,396)	\$ (3,153,168)	\$ (5,954,564)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense		5,780,496	5,780,496
(Increase) decrease in accounts/notes receivable	123,593	(170,108)	(46,515)
(Increase) decrease in inventories		(109,169)	(109,169)
Decrease in prepaid items	(3,081)		(3,081)
Increase (decrease) in accounts payable	(12,339)	1,749,258	1,736,919
Increase in workers' compensation claims	2,455,771		2,455,771
Increase (decrease) in deferred revenue			-
Increase (decrease) in compensated absences	(13,950)	15,942	1,992
Net cash provided (used) by operating activities	<u>\$ (251,402)</u>	<u>\$ 4,113,251</u>	<u>\$ 3,861,849</u>

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

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**CITY OF BAKERSFIELD**

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**Statement of Changes in Assets and Liabilities  
Fiduciary Funds (Agency)  
For the Fiscal Year Ended June 30, 2011**

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	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>Special Deposits Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 17,245,818	\$ 85,116,550	\$ 88,740,193	\$ 13,622,175
Interest receivable	31,664	30,298	31,664	30,298
Due from other governmental agencies	49,935	9,977	49,934	9,978
Total assets	<u>\$ 17,327,417</u>	<u>\$ 85,156,825</u>	<u>\$ 88,821,791</u>	<u>\$ 13,662,451</u>
<b>Liabilities</b>				
Payables:				
Deposits	\$ 17,327,417	\$ 85,156,825	\$ 88,821,791	\$ 13,662,451
Total liabilities	<u>\$ 17,327,417</u>	<u>\$ 85,156,825</u>	<u>\$ 88,821,791</u>	<u>\$ 13,662,451</u>
<b>Improvement Districts Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 12,044,141	\$ 348,263	\$ 292,919	\$ 12,099,485
Interest receivable	10,580	1,874	70	12,384
Due from other governmental agencies	53,988	2,969	42,053	14,904
Total assets	<u>\$ 12,108,709</u>	<u>\$ 353,106</u>	<u>\$ 335,042</u>	<u>\$ 12,126,773</u>
<b>Liabilities</b>				
Payables:				
Accounts	\$ 7,144	\$ 58,168	\$ 7,144	\$ 58,168
Deposits	6,502,050	45,740	2,084,370	4,463,420
Accrued bond interest	1,914,515	1,820,186	1,914,516	1,820,185
Bonds	3,685,000	5,785,000	3,685,000	5,785,000
Total liabilities	<u>\$ 12,108,709</u>	<u>\$ 7,709,094</u>	<u>\$ 7,691,030</u>	<u>\$ 12,126,773</u>
<b>Totals - All Agency Funds</b>				
<b>Assets</b>				
Cash and investments	\$ 29,289,959	\$ 85,464,813	\$ 89,033,112	\$ 25,721,660
Interest receivable	42,244	32,172	31,734	42,682
Due from other governmental agencies	103,923	12,946	91,987	24,882
Total assets	<u>\$ 29,436,126</u>	<u>\$ 85,509,931</u>	<u>\$ 89,156,833</u>	<u>\$ 25,789,224</u>
<b>Liabilities</b>				
Payables:				
Accounts	\$ 7,144	\$ 58,168	\$ 7,144	\$ 58,168
Deposits	23,829,467	85,202,565	90,906,161	18,125,871
Accrued bond interest	1,914,515	1,820,186	1,914,516	1,820,185
Bonds	3,685,000	5,785,000	3,685,000	5,785,000
Total liabilities	<u>\$ 29,436,126</u>	<u>\$ 92,865,919</u>	<u>\$ 96,512,821</u>	<u>\$ 25,789,224</u>

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

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**CITY OF BAKERSFIELD**

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**Combining Statement of Fiduciary Net Assets  
Pension and Other Employee Benefit Trust Funds  
June 30, 2011**

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	OPEB Irrevocable Trust	Fire Relief and Pension Trust	Total Pension and Other Employee Benefit Trust Funds
<b>Assets:</b>			
Cash and investments	\$ 20,101,236	\$ 392,316	\$ 20,493,552
Retirement system investments-			
Federal agency coupons		1,061,650	1,061,650
Interest receivable		13,039	13,039
Total assets	<u>20,101,236</u>	<u>1,467,005</u>	<u>21,568,241</u>
<b>Net Assets:</b>			
Held in trust for-			
Pension benefits and other purposes	<u>20,101,236</u>	<u>1,467,005</u>	<u>21,568,241</u>
	<u>\$ 20,101,236</u>	<u>\$ 1,467,005</u>	<u>\$ 21,568,241</u>

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

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**CITY OF BAKERSFIELD**

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**Combining Statement of Changes in Fiduciary Net Assets  
Pension and Other Employee Benefit Trust Funds  
For the Fiscal Year Ended June 30, 2011**

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	OPEB Irrevocable Trust	Fire Relief and Pension Trust	Total Pension and Other Employee Benefit Trust Funds
<b>Additions:</b>			
Investment income:			
Contributions to pooled investments	\$ 5,509,340	\$ -	\$ 5,509,340
Interest and investment income, net	2,142,512	117,728	2,260,240
Total additions	<u>7,651,852</u>	<u>117,728</u>	<u>7,769,580</u>
<b>Deductions:</b>			
Benefits	3,868,040	119,232	3,987,272
Administrative expense	83,271		83,271
Total deductions	<u>3,951,311</u>	<u>119,232</u>	<u>4,070,543</u>
Change in net assets	3,700,541	(1,504)	3,699,037
Beginning of year	<u>16,400,695</u>	<u>1,468,509</u>	<u>17,869,204</u>
End of year	<u>\$ 20,101,236</u>	<u>\$ 1,467,005</u>	<u>\$ 21,568,241</u>

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



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**CITY OF BAKERSFIELD**

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**Combining Balance Sheet****Non-Major Governmental Funds****June 30, 2011**

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	Special Revenue Funds		
	National Stabilization	American Recovery & Reinvestment Act	State (TDA) Transportation
<b>Assets:</b>			
Cash and investments	\$ -	\$ -	\$ 108,712
Accounts receivable, net	6,586,093		
Interest receivable			399
Due from other governmental agencies		858,671	11
Total assets	<u>\$ 6,586,093</u>	<u>\$ 858,671</u>	<u>\$ 109,122</u>
<b>Liabilities and Fund Balances:</b>			
Liabilities:			
Accounts payable	\$ -	\$ 246,392	\$ 24,584
Due to other governmental agencies		1,402	
Due to other funds		610,877	
Unearned revenue			84,538
Deferred revenue	6,586,093		
Total liabilities	<u>6,586,093</u>	<u>858,671</u>	<u>109,122</u>
Fund Balances:			
Nonspendable			
Restricted			
Unassigned			
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 6,586,093</u>	<u>\$ 858,671</u>	<u>\$ 109,122</u>

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

State Safety	Debt Service Fund	Capital Projects Fund	Total Non-Major Governmental Funds
	General Obligation Debt	Special Assessment Districts	
\$ 1,678,911	\$ -	\$ 7,919,944	\$ 9,707,567
102,635			6,688,728
5,952			6,351
178,783			1,037,465
<u>\$ 1,966,281</u>	<u>\$ -</u>	<u>\$ 7,919,944</u>	<u>\$ 17,440,111</u>
\$ 136,891	\$ -	\$ 18,235	\$ 426,102
4,104			5,506
			610,877
			84,538
			6,586,093
<u>140,995</u>	<u>-</u>	<u>18,235</u>	<u>7,713,116</u>
1,825,286		7,901,709	9,726,995
			-
<u>1,825,286</u>	<u>-</u>	<u>7,901,709</u>	<u>9,726,995</u>
<u>\$ 1,966,281</u>	<u>\$ -</u>	<u>\$ 7,919,944</u>	<u>\$ 17,440,111</u>

**CITY OF BAKERSFIELD****Combining Statement of Revenues, Expenditures and Changes in Fund Balances****Non-Major Governmental Funds****For the Fiscal Year Ended June 30, 2011**

	Special Revenue Funds		
	National Stabilization	American Recovery & Reinvestment Act	State (TDA) Transportation
<b>Revenues:</b>			
Intergovernmental	\$ 2,395,496	\$ 8,063,636	\$ 303,980
Charges for services			
Fines, forfeitures and assessments			
Interest income			1,566
Other			
Total revenues	<u>2,395,496</u>	<u>8,063,636</u>	<u>305,546</u>
<b>Expenditures:</b>			
Current:			
Public safety - Police		1,567,729	
Public works			225,274
Community Services			23,276
Economic/Community development	2,395,496	808,119	
Capital outlay		5,687,788	56,996
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>2,395,496</u>	<u>8,063,636</u>	<u>305,546</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
Reserve transfer to agency funds			
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	-
Fund balances - July 1 - as restated	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

State Safety	Debt	Capital	Total Non-Major Governmental Funds
	Service Fund	Projects Fund	
	General Obligation Debt	Special Assessment Districts	
\$ 487,026	\$ -	\$ -	\$ 11,250,138
988,905			988,905
1,553,233			1,553,233
23,490			25,056
-		4,019	4,019
<u>3,052,654</u>	<u>-</u>	<u>4,019</u>	<u>13,821,351</u>
1,869,188			3,436,917
			225,274
			23,276
			3,203,615
		1,023,618	6,768,402
	444,000		444,000
	221,920		221,920
<u>1,869,188</u>	<u>665,920</u>	<u>1,023,618</u>	<u>14,323,404</u>
1,183,466	(665,920)	(1,019,599)	(502,053)
	665,920		665,920
(1,200,000)			(1,200,000)
		10,656	10,656
<u>(1,200,000)</u>	<u>665,920</u>	<u>10,656</u>	<u>(523,424)</u>
(16,534)		(1,008,943)	(1,025,477)
<u>1,841,820</u>		<u>8,910,652</u>	<u>10,752,472</u>
<u>\$ 1,825,286</u>	<u>\$ -</u>	<u>\$ 7,901,709</u>	<u>\$ 9,726,995</u>



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## ***Statistical Section***

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**City of Bakersfield  
Statistical Section  
For the year ended June 30, 2011**

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

<b>Contents</b>	<b>Pages</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	136-145
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sale tax revenues.	146-157
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	158-164
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	165-171
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	172-177

**CITY OF BAKERSFIELD**

**Net Assets by Component (1)  
Last Ten Fiscal Years**

	Fiscal Year			
	2002	2003	2004	2005
<b>Governmental Activities:</b>				
Invested in Capital Assets				
Net of Related Debt	\$ 123,977,879	\$ 170,569,678	\$ 204,064,183	\$ 240,757,766
Restricted for:				
Current projects	1,833,647	112,430	615,400	247,828
Capital improvements	37,308,606	41,128,820	34,881,765	47,942,901
Debt services	124,293	121,746	52,236	48,515
Unrestricted	<u>34,667,793</u>	<u>34,054,800</u>	<u>54,802,089</u>	<u>85,904,382</u>
Total governmental activities net assets:	<u>197,912,218</u>	<u>245,987,474</u>	<u>294,415,673</u>	<u>374,901,392</u>
% change from prior year	N/A	24%	20%	27%
<b>Business-type Activities:</b>				
Invested in Capital Assets				
Net of Related Debt	129,638,637	126,242,501	152,050,836	160,979,364
Restricted for:				
Capital improvements				
Sanitation Districts	2,969,532	3,039,678	3,108,624	8,233,452
Unrestricted	<u>47,565,143</u>	<u>65,092,489</u>	<u>58,087,164</u>	<u>69,661,071</u>
Total business-type activities net assets:	<u>180,173,312</u>	<u>194,374,668</u>	<u>213,246,624</u>	<u>238,873,887</u>
% change from prior year	N/A	8%	10%	12%
<b>Primary Government:</b>				
Invested in Capital Assets				
Net of Related Debt	253,616,516	296,812,179	356,115,019	401,737,130
Restricted for:				
Current projects	1,833,647	112,430	615,400	247,828
Capital improvements	37,308,606	41,128,820	34,881,765	47,942,901
Debt services	124,293	121,746	52,236	48,515
Sanitation Districts	2,969,532	3,039,678	3,108,624	8,233,452
Unrestricted	<u>82,232,936</u>	<u>99,147,289</u>	<u>112,889,253</u>	<u>155,565,453</u>
Total primary government net assets	<u>\$ 378,085,530</u>	<u>\$ 440,362,142</u>	<u>\$ 507,662,297</u>	<u>\$ 613,775,279</u>
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) 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.
- (3) 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.
- (4) 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 (2)	2007	2008 (3)	2009(4)	2010	2011
\$ 939,282,572	\$ 1,322,587,643	\$ 1,369,689,471	\$ 1,412,593,899	\$ 1,403,412,018	\$ 1,307,753,604
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	19,778,178
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>150,742,968</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>	<u>1,478,274,750</u>
213%	30%	3%	2%	-1%	-6%
521,824,277	566,728,647	342,111,043	588,467,081	634,479,891	632,719,226
8,318,774	8,357,453	152,968,360	83,715,993	29,803,093	19,570,180
96,501,463	129,325,391	5,113,759	5,167,516	4,926,779	4,008,890
<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>	<u>115,321,423</u>
<u>626,644,514</u>	<u>704,411,491</u>	<u>730,457,401</u>	<u>751,298,170</u>	<u>773,306,082</u>	<u>771,619,719</u>
162%	12%	4%	3%	3%	-0.2%
1,461,106,849	1,867,261,783	1,711,800,514	2,001,060,980	2,037,891,909	1,940,472,830
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	39,348,358
48,209	44,145	45,952	-	-	-
8,318,774	8,357,453	5,113,759	5,167,516	4,926,779	4,008,890
<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>266,064,391</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>\$ 2,249,894,469</u>
<u>1,700,459,431</u>		<u>2,301,082,391</u>			
193%	24%	3%	2%	-0.1%	-4%

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**CITY OF BAKERSFIELD**

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**Change in Net Assets (1)  
Last Ten Fiscal Years**

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

## Notes:

(1) This schedule reports using the accrual basis of accounting.

(2) In fiscal year 2005-2006, the City made a prior period adjustment to capitalize infrastructure in accordance with GASB 34.

Fiscal Year					
2006 (2)	2007	2008	2009	2010	2011
\$ 16,387,448	\$ 22,376,302	\$ 12,738,456	\$ 15,624,497	\$ 13,169,300	\$ 12,110,455
59,217,664	62,681,714	71,485,694	68,830,802	66,819,611	70,381,783
29,124,399	27,697,731	32,930,374	32,844,159	32,901,818	31,657,823
53,935,339	66,939,234	93,674,545	98,187,688	138,345,249	137,057,195
14,678,060	23,360,416	34,783,064	31,186,962	32,640,571	34,682,672
9,551,861	10,738,435	10,920,263	10,111,034	8,231,893	6,862,213
2,846,210	3,980,925	3,917,710	6,930,730	12,935,695	9,303,951
678,238	595,412	430,313	252,743	201,442	233,606
<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>	<u>302,289,698</u>
18,476,617	19,660,934	34,006,998	32,009,889	31,978,755	42,333,794
32,147,482	34,546,899	39,679,394	37,590,048	35,237,306	38,469,544
4,269,889	4,577,030	5,415,452	5,014,733	4,901,463	4,603,236
13,516,193	15,963,620	16,579,051	20,089,704	21,951,835	22,068,640
286,651	268,707	563,304	296,653	372,089	407,687
174,258	174,531	168,780	192,011	177,485	165,935
<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>108,048,836</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>	<u>410,338,534</u>
3,923,612	4,262,137	4,770,899	4,534,243	4,451,944	5,406,095
1,121,545	1,055,577	1,165,047	4,411,906	3,347,806	3,210,604
3,535,136	4,961,943	5,605,740	3,230,597	4,601,976	4,577,004
61,378,381	32,389,571	22,599,790	16,598,877	10,561,651	8,462,168
10,577,088	11,521,373	11,974,626	13,423,547	13,530,535	13,172,982
8,658,762	6,052,621	5,131,522	5,245,507	3,492,359	2,621,537
	314,609	408	(76,449)	85,180	1,101
13,699,627	14,052,014	14,389,999	18,940,149	26,063,320	22,993,743
18,987,290	254,881,641	74,434,259	75,921,404	76,021,617	82,831,043
<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>	<u>\$ 143,276,277</u>

**CITY OF BAKERSFIELD**

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

	Fiscal Year			
	2002	2003	2004	2005
Business-type activities:				
Charges for services				
Wastewater treatment	\$ 17,924,450	\$ 13,977,132	\$ 18,534,135	\$ 17,154,209
Refuse collection	24,280,782	25,642,724	27,249,735	30,291,605
Agricultural water	3,403,931	3,479,324	3,343,104	6,717,939
Domestic water	10,087,632	10,975,653	12,268,089	13,188,040
General aviation	397,792	122,692	122,132	125,747
Off-street parking	84,876	85,727	88,665	93,713
Operating grants and contributions	6,628,775	8,433,833	10,713,532	14,343,274
Capital grants and contributions	16,453	260,759	1,208,811	1,410,465
Total business-type activities				
program revenues	<u>62,824,691</u>	<u>62,977,844</u>	<u>73,528,203</u>	<u>83,324,992</u>
Total primary government				
program revenues	<u>128,730,345</u>	<u>136,178,723</u>	<u>162,406,059</u>	<u>188,269,915</u>
Net (Expenses) Revenues				
Governmental activities	(65,535,072)	(63,915,974)	(75,384,331)	(48,799,997)
Business-type activities	<u>14,697,156</u>	<u>11,416,881</u>	<u>18,711,204</u>	<u>25,298,500</u>
Total primary government				
Net (Expenses)	<u>(50,837,916)</u>	<u>(52,499,093)</u>	<u>(56,673,127)</u>	<u>(23,501,497)</u>

**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 (4)	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) (3)	(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>

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

(4) 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	2011				
\$	16,742,598	\$	19,146,468	\$	23,793,814	\$	26,836,539	\$	29,617,486	\$	30,752,515
	33,174,727		36,415,700		39,378,891		39,814,200		39,533,488		39,568,011
	5,426,547		6,523,342		4,972,037		6,619,487		5,206,010		6,891,203
	15,209,139		18,414,655		20,103,488		21,160,388		21,773,880		22,223,640
	135,383		142,520		211,573		243,923		258,353		253,868
	104,636		98,640		102,425		77,122		63,383		63,120
	17,016,789		15,268,751		8,391,106		5,228,837		7,121,598		4,018,963
	449,969		54,024,256		23,514,481		12,174,540		10,189,981		1,599,202
	<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>105,370,522</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>		<u>248,646,799</u>
	(64,537,778)		111,121,317		(120,808,129)		(121,738,834)		(163,089,191)		(159,013,421)
	<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>(2,678,314)</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>		<u>(161,691,735)</u>
	49,135,641		62,324,076		71,655,585		70,869,285		63,923,865		62,889,341
	66,495,453		68,367,251		63,415,357		56,615,428		50,664,334		55,281,897
	5,074,460		4,047,002		3,193,162		3,136,193		1,910,719		728,715
	2,176,967		1,845,520		910,205		962,870		1,026,116		1,144,659
	15,184,443		16,717,510		16,303,921		16,767,713		19,229,234		20,701,642
	1,332,755		4,470,903		4,019,639		2,879,700		1,103,532		73,834
	85,279		13,128		131,121		1,408,497		1,776,536		1,567,489
	673,947		1,140,896		43,215		58,726		14,646		17,300
	1,370,202		3,095,700		3,604,146		47,000		150,000		1,998,260
	<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>		<u>144,403,137</u>
	3,140,800		6,020,066		4,894,373		3,757,651		3,012,666		2,136,427
	<u>(1,370,202)</u>		<u>(3,095,700)</u>		<u>(2,004,146)</u>		<u>(47,000)</u>		<u>(150,000)</u>		<u>(1,998,260)</u>
	<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>138,167</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>		<u>144,541,304</u>
	76,991,369		273,143,303		42,468,222		31,006,578		(23,290,209)		(14,610,284)
	<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>(2,540,147)</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>	\$	<u>(17,150,431)</u>

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**CITY OF BAKERSFIELD**

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

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	Fiscal Year			
	2002	2003	2004	2005
<b>General Fund</b>				
Reserved				
Petty cash	\$ 18,675	\$ 19,375	\$ 19,625	\$ 21,825
Inventory	3,025	-	-	-
Prepaid items	436,776	445,248	472,566	537,812
Encumbrances	1,390,812	2,900,665	1,860,674	1,665,099
Cash basis	6,851,956	7,010,963	7,067,661	7,673,578
Unreserved				
Designated for current projects / contingency	1,722,647	112,430	615,400	247,828
Designated for compensated absences	-	-	-	4,854,216
Undesignated	9,135,777	8,972,901	15,611,812	19,032,319
Total general fund	<u>19,559,668</u>	<u>19,461,582</u>	<u>25,647,738</u>	<u>34,032,677</u>
<b>All other governmental funds</b>				
Reserved	18,808,728	19,360,697	43,805,667	16,918,396
Unreserved, reported in:				
Special revenue funds	124,293	(1,978,226)	6,695,504	3,418,829
Capital 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.
- (2) In FY 2010-11, the City implemented GASB 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned. FY 2009-10 fund balances have been recharacterized to comply with GASB 54 in order to facilitate year-to-year comparisons.

Source: City Finance Department

Fiscal Year			
2006	2007	2008	2009
\$ 22,095	\$ 22,545	\$ 22,545	\$ 22,620
-	-		
-	-		
1,850,208	2,933,414	1,963,262	923,381
9,265,797	11,159,944	11,686,035	12,001,989
620,618	298,110	1,628,900	4,646,968
5,554,097	5,928,547	6,120,523	6,714,368
<u>32,648,415</u>	<u>29,607,059</u>	<u>24,755,512</u>	<u>26,765,142</u>
<u>49,961,230</u>	<u>49,949,619</u>	<u>46,176,777</u>	<u>51,074,468</u>
32,340,825	41,592,473	82,349,797	81,360,385
(3,729,699)	(10,814,841)	(46,141,619)	(52,326,452)
12,481,455	18,602,700	15,921,174	30,294,286
<u>87,503,135</u>	<u>84,314,434</u>	<u>77,778,221</u>	<u>56,430,221</u>
<u>\$ 128,595,716</u>	<u>\$ 133,694,766</u>	<u>\$ 129,907,573</u>	<u>\$ 115,758,440</u>
		2010	2011
<b>General Fund (2)</b>			
Nonspendable		-	13,000
Restricted		-	-
Committed		28,408,926	36,613,273
Assigned		6,902,114	6,891,881
Unassigned		<u>10,637,121</u>	<u>9,131,275</u>
Subtotal general fund		<u>45,948,161</u>	<u>52,649,429</u>
<b>All Other Governmental Funds</b>			
Nonspendable		-	-
Restricted		8,253,366	10,051,183
Committed		61,058,527	58,304,744
Assigned		26,469,632	18,649,279
Unassigned		<u>-</u>	<u>-</u>
Subtotal all other governmental funds		<u>95,781,525</u>	<u>87,005,206</u>
Total governmental fund balance		<u>141,729,686</u>	<u>139,654,635</u>

**CITY OF BAKERSFIELD**

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

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

Source: City Finance Department

Fiscal Year						
2006	2007	2008	2009	2010	2011	
\$ 135,540,591	\$ 151,067,427	\$ 154,249,416	\$ 147,153,335	\$ 128,716,315	\$ 139,250,878	
4,279,532	3,029,719	2,613,944	2,576,755	2,192,594	1,757,045	
24,965,724	36,774,497	55,926,098	82,994,989	90,926,017	87,577,120	
30,604,785	28,299,553	27,056,425	26,850,501	24,488,013	23,982,350	
60,485,776	30,450,784	25,511,482	18,207,527	13,601,153	14,359,150	
3,936,649	9,327,675	6,157,327	3,455,207	2,193,269	804,910	
5,155,640	4,668,437	5,166,473	4,097,040	5,830,575	4,662,521	
<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>	<u>272,393,974</u>	
10,758,950	10,807,970	10,809,819	11,509,310	11,070,305	9,944,217	
59,716,106	64,936,013	68,853,581	65,824,506	63,789,358	65,985,764	
28,878,953	30,349,754	31,737,283	31,338,492	30,921,380	29,450,014	
21,500,679	25,634,650	27,771,403	27,594,508	24,023,808	21,967,831	
19,204,779	22,047,595	23,959,813	23,702,177	22,281,910	22,620,636	
9,143,519	10,787,216	10,558,195	9,619,973	7,811,683	6,486,573	
3,022,308	3,939,418	3,417,684	5,567,930	11,322,095	8,147,683	
5,486,829	11,584,563	13,866,439	11,111,355	17,103,372	12,517,816	
35,744,826	75,443,460	89,813,206	104,472,583	107,556,933	97,915,227	
1,258,000	1,957,000	1,256,000	3,509,000	203,000	444,000	
702,386	598,067	491,605	324,862	204,673	221,920	
<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>275,701,681</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>	<u>(3,307,707)</u>	
21,908,333	1,600,000	26,562,537	12,740,413	1,800,000	-	
(23,022,073)	(2,044,947)	(28,268,709)	(12,752,513)	8,813,765	9,580,944	
-	-	-	-	(8,813,765)	(8,358,944)	
<u>(1,113,740)</u>	<u>(444,947)</u>	<u>(1,706,172)</u>	<u>(12,100)</u>	<u>1,800,000</u>	<u>10,656</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>	<u>\$ (2,075,051)</u>	
1.2%	1.4%	0.9%	2.0%	0.2%	0.4%	

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**CITY OF BAKERSFIELD**

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

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<u>Fiscal Year</u>	<u>General Property Taxes</u>	<u>Sales and Use Taxes</u>	<u>Transient Occupancy Taxes</u>	<u>Business License Taxes</u>	<u>Utility Franchise Taxes</u>	<u>In-Lieu and Other Taxes</u>	<u>Total Taxes</u>
2002	\$ 20,675,415	\$ 44,033,531	\$ 5,493,486	\$ 2,123,484	\$ 3,754,985	\$ 2,826,230	\$ 78,907,131
2003	23,523,106	46,283,126	5,747,849	2,244,126	3,680,638	3,035,464	84,514,309
2004	23,926,768	49,237,400	6,069,043	2,459,889	3,974,642	3,696,091	89,363,833
2005	39,464,262 (2)	58,465,636	6,594,845	2,646,990	4,191,066	4,268,501	115,631,300
2006	49,135,641 (2)	66,495,453	7,456,838	2,995,555	4,382,644	5,074,460	135,540,591
2007	62,324,076 (2)	68,367,251	7,954,228	3,404,712	4,970,158	4,047,002	151,067,427
2008	71,655,585 (2)	63,415,357	7,749,531	3,331,064	4,904,717	3,193,162	154,249,416
2009	70,869,285 (2)	56,615,428	7,144,718	3,899,841	5,487,871	3,136,192	147,153,335
2010	57,185,433 (2)	50,664,333	6,493,702	3,173,514	9,288,614 (3)	1,910,719	128,716,315
2011	62,889,341 (2)	55,281,897	6,851,869	3,415,351	10,083,705 (3)	728,715	139,250,878

## Notes:

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

(2) Includes VLF Triple Flip tax revenue.

(3) Includes PG &amp; E Utility Surcharge revenues.

**CITY OF BAKERSFIELD**

**Principal Property Taxpayers  
Current Year and Nine Years Ago**

Taxpayer	2002			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Nestle Holdings Inc				\$ 216,731,466	1	0.99%
Bakersfield Mall LLC	\$ 113,649,671	2	1.05%	145,229,294	3	0.66%
Chevron USA Inc.				160,677,470	2	0.73%
California Water Service Company	40,810,373	5		93,738,674	4	0.43%
Donahue Schriber Realty Group LLP				76,401,790	5	0.35%
WalMart Real Estate BSNS Trust				74,623,111	6	0.34%
Castle & Cook Comm. Inc.	115,296,220	1	1.07%	56,971,981	10	0.26%
Bright House Networks, LLC				63,818,566	7	0.29%
State Farm Insurance Company	59,984,395	4	0.56%	58,440,720	8	0.27%
Kaiser Foundation Health Plan Inc.				57,394,613	9	0.26%
Ice Cream Partners USA	64,621,776	3	0.60%			
Bear Mountain Limited	37,312,000	6	0.35%			
Heart Hospital of Bakersfield	36,377,998	7	0.34%			
Aew Careage LLC	31,129,322	8	0.29%			
Texaco Exploration & Prod, Inc.	31,022,301	9	0.24%			
Sun Easton Corporation	28,158,077	10	0.26%			
Total taxable assessed value of ten (10) largest taxpayers	\$ 558,362,133		5.18%	\$ 1,004,027,685		4.58%
Total taxable assessed value of other taxpayers	10,223,404,256		94.82%	20,907,111,056		95.42%
Total taxable assessed value of all taxpayers	\$ 10,781,766,389		100.00%	\$ 21,911,138,741		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.

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**CITY OF BAKERSFIELD**

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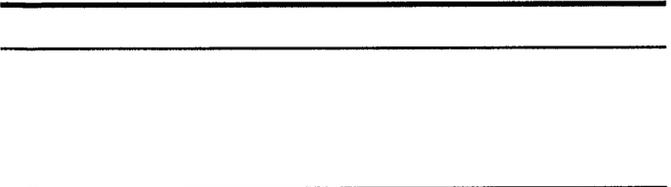
**Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
Amounts expressed in thousands**

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Fiscal Year Ended June 30	Secured			Unsecured	Less: Tax Exempt Real Property
	Residential Property	Commercial Property	Other		
2002	\$ 7,148,500	\$ 1,981,027	\$ 1,736,960	\$ 513,535	\$ 601,905
2003	7,713,303	2,117,283	1,809,671	532,842	645,761
2004	8,760,686	2,341,932	1,879,013	546,353	694,115
2005	9,966,804	2,463,503	1,943,657	565,311	680,115
2006	12,110,090	2,727,174	2,200,212	582,995	731,597
2007	15,371,291	3,104,110	2,655,402	631,452	816,684
2008	18,353,070	3,401,625	3,122,004	659,048	881,683
2009	17,705,933	3,785,022	3,495,239	751,790	957,674
2010	15,577,372	4,030,198	3,311,171	878,216	1,080,957
2011	14,950,744	4,053,184	3,134,829	834,158	1,063,302

(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.



<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value (1)</u>
\$ 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
21,909,613	0.20%	Unavailable

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**CITY OF BAKERSFIELD**

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

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

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.0321	0.0405	0.0382	0.0358	0.0431	0.0447
0.0096	0.0053	0.0092	0.0091	0.0094	0.0101
<u>0.0476</u>	<u>0.0382</u>	<u>0.0534</u>	<u>0.0495</u>	<u>0.0601</u>	<u>0.0553</u>
<u><u>1.0893</u></u>	<u><u>1.0840</u></u>	<u><u>1.1008</u></u>	<u><u>1.0944</u></u>	<u><u>1.1126</u></u>	<u><u>1.1101</u></u>

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**CITY OF BAKERSFIELD**

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

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Fiscal Year Ended June 30	Tax Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy (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%
2011	38,752,737	38,136,143	98.4%	437,340	38,573,483	99.5%

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

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**CITY OF BAKERSFIELD**

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

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Year	State of California	Total Rate
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%
2011	8.25%	8.25%

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

Source: California State Board of Equalization

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**CITY OF BAKERSFIELD**

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

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

Source: California State Board of Equalization

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<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
44,882,615	43,965,080	40,428,261	34,939,802	36,129,898
1,505,922	1,312,047	991,106	728,190	714,709
3,071,729	2,979,402	3,149,366	2,809,311	3,279,903
2,364,714	1,839,151	1,615,488	628,808	612,563
<u>5,744,221</u>	<u>5,715,484</u>	<u>7,711,908</u>	<u>5,682,497</u>	<u>6,119,199</u>
<u>57,569,201</u>	<u>55,811,164</u>	<u>53,896,129</u>	<u>44,788,608</u>	<u>46,856,272</u>

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**CITY OF BAKERSFIELD**

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**Sales Tax Revenue Payers By Industry  
2010 and Nine Years Ago**

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	2001			
	Number of Filers	Percent of Total	Tax Liability Paid	Percent of Total \$
Department Stores	*	0.00%	\$ 3,002,875	8.06%
New Car Dealers	*	0.00%	7,278,102	19.54%
Service Stations	*	0.00%	1,972,693	5.30%
Eating/Drinking Places without Alcohol	*	0.00%	1,601,334	4.30%
Eating/Drinking Place w/General on-sale Lic	*	0.00%	846,978	2.27%
Building Materials	*	0.00%	1,710,530	4.59%
Heavy Industrial Equipment & Misc Machinery	*	0.00%	614,750	1.65%
Grocery Stores w/General Liquor Lic 21	*	0.00%	1,045,573	2.81%
Petroleum, Petroleum Products, Oil Well, Refining, and Service Station Equipment	*	0.00%	1,532,662	4.12%
Full Time Specialty Stores	*	0.00%	943,033	2.53%
All Other	*	0.00%	16,693,303	44.82%
<b>Total</b>	<b>*</b>	<b>0.00%</b>	<b>\$ 37,241,833</b>	<b>100.00%</b>

\*Data Not Available

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue. The amounts shown are gross collections prior to refunds and collections of amounts due from prior year. Fiscal years 2001 and 2010 are the most current years for which a nine year history can be shown.

Source: California State Board of Equalization

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2010			
<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Tax Liability Paid</u>	<u>Percent of Total \$</u>
21	0.31%	\$ 8,000,484	17.07%
26	0.39%	5,419,411	11.57%
94	1.41%	4,591,133	9.80%
384	5.75%	2,542,374	5.43%
332	4.97%	2,275,176	4.86%
24	0.36%	2,031,020	4.33%
165	2.47%	2,202,223	4.70%
113	1.69%	1,682,850	3.59%
31	0.46%	1,787,307	3.81%
817	12.23%	1,345,488	2.87%
<u>4675</u>	<u>69.96%</u>	<u>14,978,806</u>	<u>31.97%</u>
<u>6682</u>	<u>100.00%</u>	<u>\$ 46,856,272</u>	<u>100.00%</u>

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**CITY OF BAKERSFIELD**

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

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<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Net Bonded Debt</u>	<u>Total</u>	<u>Ratio 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
2011	-	-	-	-	351,443	0.00

## Notes:

Includes all long-term general obligation bonded debt.

(1) State Department of Finance

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

Source: City Finance Department



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**CITY OF BAKERSFIELD**

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

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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
2011	-	5,167,000	27,322,281	32,489,281

## 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
238,994,444	-	7,521,262	246,515,706	279,004,987	0.00%	794

**CITY OF BAKERSFIELD****Direct and Overlapping Debt (1)****As of June 30, 2011**

2010-11 Assessed Valuation	\$ 21,911,138,741		
Redevelopment Incremental Valuation	(772,513,390)		
Adjusted Assessed Valuation	<u>\$ 21,138,625,351</u>		
	<b>Debt Outstanding (2)</b>	<b>Estimated Percentage Applicable (3)</b>	<b>Estimated Share of Overlapping Debt</b>
<b>Overlapping Tax and Assessment Debt</b>			
Kern Community College District Safety School Facilities Improvement District	\$ 107,851,213	30.583%	\$ 32,984,136
Kern High School District	211,365,000	47.395	100,176,442
Bakersfield City School District	40,450,027	67.755	27,406,916
Beardsley School District	15,539,898	21.722	3,375,577
Edison School District	5,629,942	0.028	1,576
Fairfax School District	8,060,032	22.530	1,815,925
Fruitvale School District	24,216,159	79.329	19,210,437
Greenfield Union School District	16,993,406	84.809	14,411,938
Lakeside Union School District	10,939,127	36.786	4,024,067
Lamont School District	3,464,775	0.025	866
Norris School District	2,171,937	58.888	1,279,010
Panama-Buena Vista Union School District	1,615,000	96.455	1,557,748
Rio Bravo-Greeley Union School District	11,934,870	0.015	1,790
Rosedale Union School District	640,000	56.985	364,704
Olcese Water District	310,000	100.000	310,000
Standard School District	10,380,000	1.373	142,517
Vineland School District	3,999,982	0.004	160
Kern Delta Water District	1,525,000	74.311	1,133,243
Kern Community College District Assessment District	3,985,000	33.154	1,291,348
Greenfield Union School District CFD No. 1 & 3	3,995,000	100.000	3,995,000
RNR School Financing Authority	68,030,000	70.840	48,192,452
Total Overlapping Tax and Assessment Debt	<u>\$ 553,096,368</u>		<u>\$ 261,675,852</u>
<b>Overlapping General Fund Debt</b>			
Kern County Certificates of Participation	\$ 132,290,000	27.240%	\$ 36,035,796
Kern County Pension Obligations	424,380,506	27.240	115,601,250
Rio Bravo-Greeley Union School District General Fund Obligation	1,195,000	0.015	179
<b>Certificates of Participation:</b>			
Kern County Board of Education	52,375,000	27.240	14,266,950
Kern County Community College District	93,750,000	27.042	25,351,875
Kern County Community College District Benefit	84,345,000	27.042	22,808,575
Kern High School District	118,850,000	47.395	56,328,958
Fairfax School District	4,500,000	22.530	1,013,850
Panama-Buena Vista Unified School District	32,035,000	96.880	31,035,508
Standard School District	1,140,000	1.373	15,652
Total Overlapping General Fund Debt	<u>\$ 944,860,506</u>		<u>\$ 302,458,593</u>
<b>Direct Debt</b>			
City of Bakersfield Public Financing Authority Revenue Bonds			-
Total Direct and Overlapping Debt			<u>\$ 564,134,445</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

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***CITY OF BAKERSFIELD***

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**Computation of Legal Debt Margin**  
**June 30, 2011**

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

**CITY OF BAKERSFIELD**

**Pledged - Revenue Coverage  
Last Ten 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	38,115,751	11,928,571	26,187,180	1,100,000	9,597,489	2.45	
2010-11	33,789,587	14,144,051	19,645,536	1,945,000	9,451,151	1.72	

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

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**CITY OF BAKERSFIELD**

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

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<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (2) (millions)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (3)</u>	<u>Education Level in Years of Formal Schooling (3) (4)</u>	<u>Elementary School Enrollment (5)</u>	<u>Estimated Unemployment Rate (%) (6)</u>
2001-02	257,914	\$ 15,635	\$ 22,565	30.5	70.6%	28,267	11.2%
2002-03	266,784	16,558	23,215	30.5	72.1%	28,179	12.0%
2003-04	279,672	17,660	24,067	30.1	72.8%	28,315	12.6%
2004-05	295,893	18,804	25,050	29.8	72.2%	28,234	8.3%
2005-06	311,824	20,042	25,938	30.0	71.9%	27,890	7.3%
2006-07	323,213	21,409	27,076	29.8	70.1%	27,403	8.0%
2007-08	328,692	22,183	27,713	30.0	70.2%	27,085	9.5%
2008-09	333,719	24,174	29,940	30.3	71.5%	27,263	14.7%
2009-10	338,952	-	-	30.9	71.3%	27,267	15.8%
2010-11	351,443	-	-	-	-	-	15.3%

## 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).

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**CITY OF BAKERSFIELD**

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

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Employer	2002			2011		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
County of Kern (1)	N/A		N/A	8375	1	6.06%
Grimmway Enterprises				4600	2	3.33%
Giumarra Vineyards				3500	3	2.53%
Wm. Bolthouse Farms				2350	4	1.70%
San Joaquin Community Hospital				1600	5	1.16%
Sun World				1600	6	1.16%
Mercy & Memorial Hospitals				1474	7	1.07%
City of Bakersfield				1452	8	1.05%
Chevron				1440	9	1.04%
CSU, Bakersfield				1100	10	0.80%
Others				<u>110,804</u>		<u>80.10%</u>
Total	<u>N/A</u>		<u>N/A</u>	<u>138,295</u>		<u>100.00%</u>

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



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**CITY OF BAKERSFIELD**

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

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Function	Full-time Equivalent Employees as of June 30					
	2002	2003	2004	2005	2006	2007
<u>Governmental activities:</u>						
General government	99	98	82	96	139	123
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	234	239	226	255	271	281
Community services	117	119	108	119	129	175
Development services	61	64	69	67	81	98
Economic/Community devel.	18	19	18	17	17	17
 <u>Business-type activities:</u>						
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
General aviation	-	-	-	-	-	-
Off-street parking	-	-	-	-	-	-
 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

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
125	88	98	106
373	344	358	380
145	127	127	123
183	181	179	176
29	19	19	19
281	248	244	244
174	155	147	151
94	91	69	57
22	22	20	12
53	49	55	54
110	102	102	102
25	26	28	28
-	-	-	-
-	-	-	-
<u>1,614</u>	<u>1,452</u>	<u>1,446</u>	<u>1,452</u>

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**CITY OF BAKERSFIELD**

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

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Fiscal Year (4)	Commercial Construction		Residential Construction		Other Construction
	No. of Units	Value	No. of Units	Value	Value
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(3)	83	62,088	1,097	232,275	86,668
2010-11(3)	40	13,425	848	197,380	98,057

## 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.
- (4) Construction units and values are based on a 12 month calendar year. 2010-11 data reflect the 2010 calendar year.

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Total Construction		
No. of Units	Value	Bank Deposits (2)
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
1,180	381,031	4,728,745
888	308,862	5,172,880

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**CITY OF BAKERSFIELD**


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


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Function	Fiscal Year			
	2002	2003	2004	2005
Public safety - Police				
Physical arrests			14,380	14,567
Parking violations	10,772	10,407	10,139	9,992
Traffic violations	27,688	35,813	32,475	22,833
Public safety - Fire				
Number of calls answered	16,695	21,727	23,101	24,348
Inspections		3,496	2,555	3,610
Public works				
Street resurfacing (lane miles)	61	55	18	22
Refuse collection				
Refuse collected (tons/day)	71,649	74,400	80,246	85,332
Recyclables collected (tons/day)	22,358	24,808	28,032	31,155
Community services				
Athletic field permits issued	2,880	2,940	3,036	3,396
Community center, aquatics/sports 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	2010	2011
16,677	18,210	17,272	18,531	17,023	22,028
10,572	9,146	11,094	7,985	5,522	5,433
	17,950	10,681	11,365	12,018	10,043
25,735	22,505	27,390	28,605	26,885	27,392
3,906	5,996	3,616	2,444	2,896	3,355
73	55	76	84	49	83
91,110	101,800	94,750	100,750	112,000	111,500
34,588	33,100	35,300	39,200	42,000	47,000
3,528	2,463	6,902	6,849	6,219	5,685
89,478	124,465	301,198	323,661	379,286	440,101
2,109	1,862	2,542	1,293	954	493
43	87	35	14	5	7
32,139	31,894	38,028	41,542	36,370	27,008
30.54 MGD	31.12 MGD	31.18 MGD	31.49 MGD	31.49 MGD	32.3 MGD

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**CITY OF BAKERSFIELD**

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

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

1) Reported in square miles

2) Corrected number for 2008 more accurate information provided

Fiscal Year					
2006	2007	2008	2009	2010	2011
120.85	135.48	139.91	143.46	144.40	149.75
4	4	4	4	4	4
13	13	13	13	14	14
44	55	56	57	57	57
1,069	1,178	1,236	1,242	1,379	1,465
14,101	14,965	15,474	15,809	15,923	16,092
302	314	326	343	359	366
432	447	454	484	494	558
46	48	49	55	55	59
6	6	6	6	4	4
11	11	11	11	11	11
3	3	3	3	3	3
589	710	842	926	940	553
9,040	9,600	9,765	10,041	10,220	10,301
962	1028	1,055	1,059	1,059	1,061
204	244	259	261	262	263
41 MGD	41 MGD	41 MGD	41 MGD	57 MGD	57 MGD

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**CITY OF BAKERSFIELD**

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**Schedule of Insurance in Force  
June 30, 2011**

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## Type of Coverage

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

<b>Insurance Company</b>	<b>Policy Number</b>	<b>Expiration Date</b>	<b>Annual Premium</b>
CSAC- EIA		07/10/12	\$ 370,067
ACCEL		06/30/12	749,974
CSAC	00FA02380531	07/01/12	13,950
Pik West	AP3791956-03	07/01/12	3,081
XL Specialty	NAC4013091	07/01/12	12,000
CSAC		03/31/12	277,984
Fort Dearborn Life	F001334	01/01/12	\$3.00 per thousand dollar of salary, Management & Supervisory annual plus \$2,000.
Fort Dearborn Life	F001334	01/01/12	\$27.30 each permanent employee for \$12,000 coverage
Fort Dearborn Life	F001334	01/01/12	\$68.38 each permanent employee for \$30,000 coverage
Met Life Anthem Blue Cross Anthem Blue Cross HMO Pacific Union Dental, Inc. Kaiser Permanente Medical Eye Service	Dental 142451-1 Health 97039M Health 59E69A Dental 711874-1 132733-1003 Vision 16270	01/01/12	Bi-weekly rate range from \$146.52 to \$580.11 per employee for medical based upon Individual's Plan coverage and Plan combination and \$9.61 to \$58.68 for Dental. \$1.73 to \$6.35 per employee for vision coverage.

