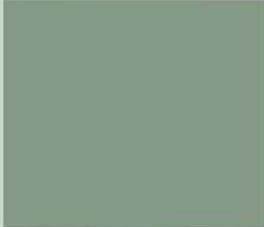


# City of Bakersfield, California

Comprehensive Annual Financial Report  
For the Fiscal Year ended June 30, 2014



# CITY OF BAKERSFIELD CALIFORNIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2014



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

*Cover designed by Kim Berrigan  
City of Bakersfield Finance Department*

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**CITY OF BAKERSFIELD**

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Comprehensive Annual Financial Report  
Year Ended June 30, 2014

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December 15, 2014

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

In accordance with the requirements of our Municipal Code (Section 2.08.020F), I am pleased to submit the City of Bakersfield's (the "City") Comprehensive Annual Financial Report for the year ended June 30, 2014. 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 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).

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'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 is located approximately one hundred miles north of Los Angeles in the southern San Joaquin Valley. The City maintains an incorporated area of 150 square miles and has an estimated population of 367,315 as of January 1, 2014.

The City 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
- Wastewater Treatment

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

## MAJOR INITIATIVES

Major transportation projects associated with the Thomas Roads Improvement Program (TRIP) continue to progress through the various phases of environmental, design, land acquisition and construction. The TRIP program uses a combination of local funds, Transportation Impact Fees, and State and Federal road funds, including approximately \$570 million of Federal earmark funds approved by Congress in 2005.

The 2013-14 capital budget included over \$260 million of funding for the TRIP projects as outlined below:



The Centennial Corridor project received approval to spend \$165 million of the federal earmark for early acquisition of right of way needed for the project. As of November 2014 the City has successfully negotiated the voluntary acquisition of 70 residential properties. The Morning Drive / SR 178 Interchange and the SR 58 Gap Closure projects are under construction with expected completion in the next year. The Rosedale Widening project and the SR 178 widening project are expected to be under construction by the spring/summer of 2015.

## FACTORS AFFECTING FINANCIAL CONDITION

**Local Economy and Local Budget Issues** - The City continues to show signs of economic recovery after being impacted in past years by the statewide recession. Secured property tax revenues grew by 3.5% in fiscal year 2013-14 and are estimated to increase by an additional 5% in fiscal year 2014-15. Sales tax revenues grew by 2.8% in fiscal year 2013-14 and are estimated to increase by an additional 3% in fiscal year 2014-15. The local economic environment continues to improve slowly; driven predominantly by agricultural and oil production industries in the area.

The City Council (the Council) continues to take a conservative approach in adopting our budget for 2014-15. The Council has maintained a \$12,500,000 cash basis reserve fund along with a \$5,000,000 facilities reserve fund to provide a level of protection for the City. The Council also continued to fully fund the Annual Required Contribution toward the City's Other Post-Employment Benefits (OPEB) costs for retiree medical benefits, maintaining the City's position as one of the few entities in California that are making serious progress toward fully funding this long-term obligation.

Retirement costs are projected to escalate for all employee groups over the next several years as a result of California Public Employees' Retirement System's (CalPERS) recent changes to its actuarial methodology. CalPERS approved a multi-year smoothing method to spread the rate increases associated with moving from a rolling 30 year amortization period to a fixed 30 year amortization period. Rates are expected to rise steadily for the next 5 years as this change is fully implemented. Preliminary estimates provided by CalPERS project employer rates to increase by 10% to 16% over the next five years. The methodology change and resulting rate increases will have a significant impact on retirement costs for the City. We estimate these changes will increase our retirement benefit costs by approximately \$11.0 million per year once the rate increases have been fully implemented by CalPERS.

The City Council has been setting aside funds in the budget since 2011-12 in anticipation of future year rate increases to try and stay ahead of these annual increases. The Council budgeted \$2.25 million in the 2014-15 budget as a reserve to help address the anticipated rate increases for the 2015-16 budget year.

**Long-Term Financial Planning** - The City continues to look forward in meeting our long-term financial and operating needs. The increasing costs of retirement and medical benefits are of particular concern and are being monitored closely by the City. 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 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 of accounting, 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 service funds are recorded on an accrual basis of accounting, 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 2013-14 City appropriation limit established as required by state statute was \$322,310,373.

**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 bankers' 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 in 2012 to perform the annual audit for the 2011-12 fiscal year. This audit year (2013-14) is the third year of a contemplated five year agreement with this firm. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1984 and related U.S. Office of Management and Budget (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 for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013, marking the thirty-third 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 GAAP 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 black ink, appearing to read 'Nelson K. Smith', with a stylized flourish at the end.

Nelson K. Smith  
Finance Director



Government Finance Officers Association

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

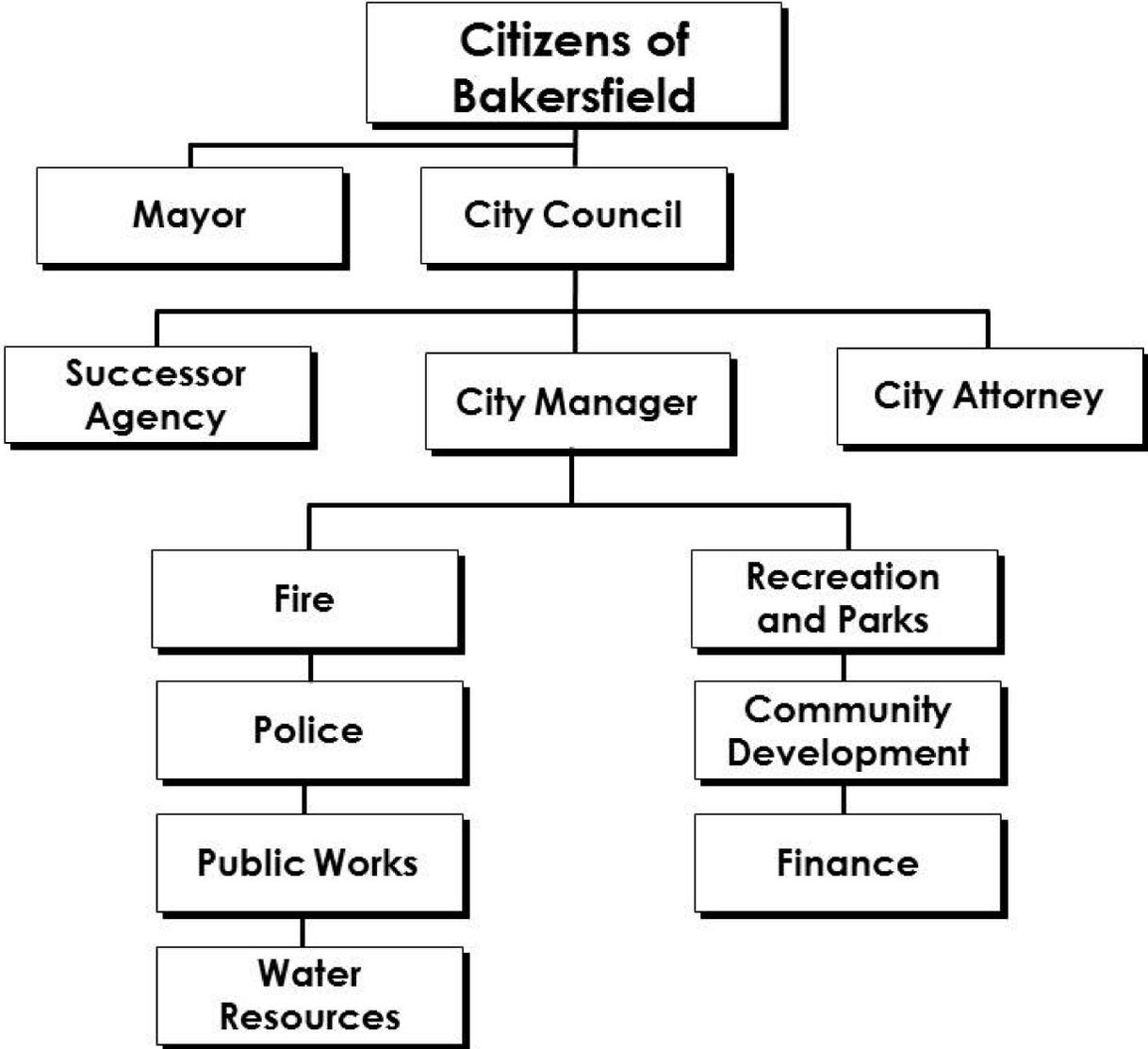
**June 30, 2013**

Executive Director/CEO

# CITY OF BAKERSFIELD

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## Organizational Chart



# CITY OF BAKERSFIELD

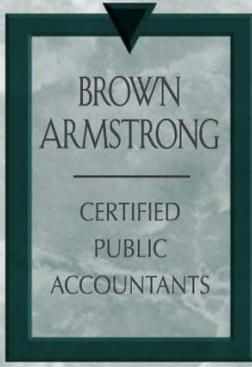
June 30, 2014

## City Council

Harvey L. Hall .....	Mayor
Willie Rivera .....	Member/Ward 1
Terry Maxwell .....	Member/Ward 2
Ken Weir .....	Vice Mayor/Ward 3
Bob Smith .....	Member/Ward 4
Harold Hanson .....	Member/Ward 5
Jacque Sullivan .....	Member/Ward 6
Russell Johnson .....	Member/Ward 7

## Administrative Personnel

Alan Tandy .....	City Manager
Virginia Gennaro .....	City Attorney
Doug McIsaac .....	Community Development Director
Nelson K. Smith .....	Finance Director
Douglas Greener .....	Fire Chief
Greg Williamson .....	Police Chief
Nick Fidler .....	Public Works Director
Dianne Hoover .....	Director Recreation & Parks
Art Chianello .....	Water Resources Manager



# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bakersfield, California, (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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FAX 626.204.6547

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STOCKTON, CA 95207  
TEL 209.451.4833

## Emphasis of Matter

As disclosed in the Note 1 to the financial statements, the City of Bakersfield implemented GASB Statement No. 66, *Technical Corrections - 2012 – an amendment of GASB Statements No. 10 and No 62*, GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, and No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, during the fiscal year 2014. There was no significant impact over the City of Bakersfield's financial statements.

## Other Matters

### *Required Supplementary Information*

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 96 through 97 as well as schedules of funding progress on pages 98 through 99 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual major and nonmajor fund financial statements and schedules as well as schedules of long-term debt recorded in private purpose trust fund on pages 104 through 135, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual major and nonmajor fund financial statements and schedules as well as schedules of long-term debt recorded in private purpose trust fund on pages 104 through 135 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual major and nonmajor fund financial statements and schedules as well as schedules of long-term debt recorded in private purpose trust fund on pages 104 through 135 are fairly stated in all material respects in relation to the basic 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 or provide any assurance on them.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Bakersfield, California  
December 15, 2014

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

Handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation".

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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 (City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2014. 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 exceeded its liabilities at the close of the most recent fiscal year by \$2.3 billion (net position). Of this amount, \$323.0 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$69.6 million over the prior fiscal year. This increase is attributable to a \$22.1 million increase in capital asset investments, a \$4.8 million increase in restricted net position and a \$42.7 million increase in unrestricted net position.
- As of the close of the current fiscal year, the City's Governmental Funds reported combined ending fund balances of \$196.9 million, an increase of \$45.8 million in comparison with the prior year. Amounts available for spending include restricted, committed, assigned and unassigned fund balances. Of this amount \$21.0 million is restricted by law or externally imposed requirements and \$75.8 million is committed for specific purposes, \$93.5 million is assigned and \$6.5 million is unassigned and available.
- Available fund balance for the General Fund decreased \$7.3 million to \$54.6 million, which equates to 30.6% of total General Fund expenditures for the year.
- The City's long-term debt showed a decrease of \$12.0 million during the current fiscal year.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The City's 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 Position and the Statement of Activities provides 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 position and changes in them. Net position is 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 position 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 Position 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.

**Redevelopment activities** - State of California action dissolved the City's Redevelopment Agency as of February 1, 2012. Activities of the former Agency are incorporated into the City's financial statements in its role as Successor Agency.

### **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 Position and the Statement of Revenues, Expenses and Changes in Fund Net Position. In fact, the City's Enterprise Funds are the same as the Business-Type activities reported in the Government-Wide statements, but provide more detail and additional information, such as cash flows, for Proprietary Funds. The City uses Internal Service Funds (the other component of Proprietary Funds) to report activities that provide supplies and services for the City's other programs and activities--such as the City's Self-Insurance and Equipment Management Funds. The Internal Service Funds are reported with governmental activities in the Government-Wide financial statements.

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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**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 Position. 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 position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$2.3 billion at the close of the most recent fiscal year, which is a \$69.6 million increase, or 3.1% increase in comparison with the prior year.

The largest portion of the City's net position (84.1% of the total) reflects its net investment in capital assets of \$1.9 billion (e.g., land, buildings, machinery, infrastructure and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net 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's net position of \$41.2 million (1.8% of the total) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$323.0 million (14.1% of the total) may be used to meet the City's ongoing obligations to citizens and creditors.

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

## CITY OF BAKERSFIELD

### Management's Discussion and Analysis

The following table presents the government-wide assets, liabilities, and net position for both 2013 and 2014. The governmental and business-type activities columns reflect amounts that have been restated in this financial report. See Note 23 page 93 for prior period adjustments.

#### City of Bakersfield - Net Position

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013*	2014	2013*	2014	2013*	2014
<b>Assets</b>						
Current and other assets	\$ 269,042	\$ 315,894	\$ 147,550	\$ 149,966	\$ 416,592	\$ 465,860
Capital assets (net)	1,288,874	1,304,448	878,932	873,272	2,167,806	2,177,720
Total assets	<u>1,557,916</u>	<u>1,620,342</u>	<u>1,026,482</u>	<u>1,023,238</u>	<u>2,584,398</u>	<u>2,643,580</u>
<b>Liabilities</b>						
Long-term liabilities outstanding	70,955	70,174	238,508	228,533	309,463	298,707
Other liabilities	36,166	35,824	17,412	18,097	53,578	53,921
Total liabilities	<u>107,121</u>	<u>105,998</u>	<u>255,920</u>	<u>246,630</u>	<u>363,041</u>	<u>352,628</u>
<b>Net Position</b>						
Net investment in capital assets	1,261,726	1,279,658	642,914	647,106	1,904,640	1,926,764
Restricted	16,247	21,016	20,216	20,209	36,463	41,225
Unrestricted	<u>172,822</u>	<u>213,670</u>	<u>107,432</u>	<u>109,293</u>	<u>280,254</u>	<u>322,963</u>
<b>Total Net Position</b>	<u>\$ 1,450,795</u>	<u>\$ 1,514,344</u>	<u>\$ 770,562</u>	<u>\$ 776,608</u>	<u>\$ 2,221,357</u>	<u>\$ 2,290,952</u>

\* as restated

**Governmental Activities** – Total assets for governmental activities increased by \$62.4 million, with current and other assets in governmental activities increasing by \$46.9 million and a capital assets increase of \$15.6 million. Total liabilities decreased by \$1.1 million, with other liabilities decreasing by \$0.3 million and long-term liabilities decreasing by \$0.8 million.

Of the \$63.5 million increase in governmental activities total net position, unrestricted net position increased by \$40.8 million, net investment in capital assets increased by \$17.9 million and restricted net position increased by \$4.8 million. The increase in restricted net position is due primarily to a increase in capital improvements.

**Business-Type Activities** – Total assets for business-type activities decreased by \$3.2 million with current and other assets increasing by \$2.4 million and a capital assets decline of \$5.7 million. Total liabilities decreased by \$9.3 million, with other liabilities increasing by \$0.7 million and long-term liabilities also decreasing by \$10.0 million. Total net position for business-type activities increased by \$6.0 million. Of that amount, net investment in capital assets increased by \$4.2 million. Restricted net position decreased by \$7,000 and unrestricted net position increased by \$1.9 million.

#### Change in Net Position of the City

The following table presents the government-wide changes in net position for both 2013 and 2014. The City's total revenues of \$464.8 million exceeded expenses and extraordinary losses of \$395.2 million for an increase in net position of \$69.6 million. The governmental and business-type activities columns reflect amounts that have been restated in this financial report. See Note 23 page 93 for prior period adjustments.

# CITY OF BAKERSFIELD

## Management's Discussion and Analysis

### City of Bakersfield - Changes in Net Position

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
<b>Revenues:</b>						
Program revenues						
Charges for service	\$ 50,319	\$ 56,246	\$ 100,586	\$ 102,276	\$ 150,905	\$ 158,522
Operating grants and contributions	19,508	11,634	6,243	8,602	25,751	20,236
Capital grants and contributions	76,471	104,071	983	17,277	77,454	121,348
Total program revenues	146,298	171,951	107,812	128,155	254,110	300,106
<b>General Revenues:</b>						
Taxes:						
Property taxes	58,959	66,615	-	-	58,959	66,615
Sales taxes	70,418	72,442	-	-	70,418	72,442
Other taxes	927	988	-	-	927	988
Intergovernmental:						
Intergovt, unrestricted	182	152	-	-	182	152
Grants and contributions not restricted to specific programs	22,726	23,829	-	-	22,726	23,829
Investment earnings	(99)	949	778	2,425	679	3,374
Miscellaneous	5,187	1,684	-	-	5,187	1,684
Gain/(loss) on sale of property	192	36	27	(4,439)	219	(4,403)
Total Revenues	304,790	338,646	108,617	126,141	413,407	464,787
<b>Expenses:</b>						
General government	12,960	10,274	-	-	12,960	10,274
Public safety - Police	76,314	80,193	-	-	76,314	80,193
Public safety - Fire	35,282	36,087	-	-	35,282	36,087
Public works	141,731	104,348	-	-	141,731	104,348
Recreation and parks	28,992	34,641	-	-	28,992	34,641
Community development	7,350	9,941	-	-	7,350	9,941
Interest on long-term debt	468	166	-	-	468	166
Subtotal - Governmental	303,097	275,650	-	-	303,097	275,650
Business-Type:						
Wastewater treatment	-	-	39,916	41,980	39,916	41,980
Refuse collection	-	-	44,364	45,337	44,364	45,337
Agricultural water	-	-	5,245	5,051	5,245	5,051
Domestic water	-	-	21,132	25,614	21,132	25,614
General aviation	-	-	249	463	249	463
Offstreet parking	-	-	162	161	162	161
Subtotal - Business-Type	-	-	111,068	118,606	111,068	118,606
Total Expenses	303,097	275,650	111,068	118,606	414,165	394,256
Change in net position before transfers & other items	1,693	62,996	(2,451)	7,535	(758)	70,531
Transfers	840	1,490	(840)	(1,490)	-	-
Extraordinary loss on Successor Agency loan write-downs	-	(937)	-	-	-	(937)
Changes in net position	2,533	63,549	(3,291)	6,045	(758)	69,594
Net Position - Beginning of Year (as restated)	1,448,262	1,450,795	773,853	770,562	2,222,115	2,221,357
Net Position - End of Year	\$ 1,450,795	\$ 1,514,344	\$ 770,562	\$ 776,607	\$ 2,221,357	\$ 2,290,951

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**CITY OF BAKERSFIELD**

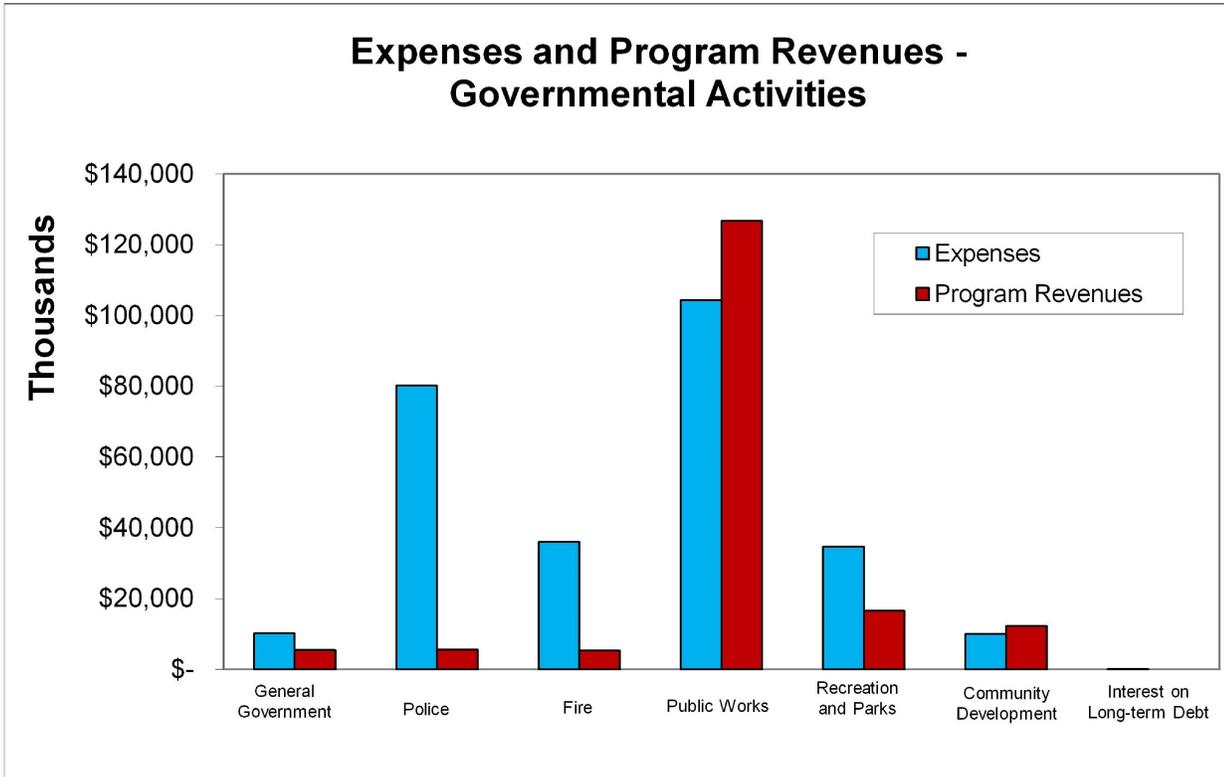
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**Management's Discussion and Analysis**

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**Governmental Activities** – Governmental activities increased the City’s net position by \$63.5 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 Community Services service delivery costs exceeded program revenues by \$105.3 million and \$18.1 million, respectively. Public Safety programs rely heavily on taxes to support their operations whereas Community Services relies on both taxes and charges for service to support their operations. This fiscal year Public Works program revenues exceeded service delivery costs by \$22.4 million due to a large contribution from the County of Kern for future major highway projects.



Total expenses in Governmental Activities had a net decrease of \$27.4 million from the previous fiscal year for an overall (9.1)% decrease. The largest decrease of \$37.4 million was in Public Works which is due to the completion of major road and bridge construction projects, including the Westside Parkway and Thomas Road Improvement Program projects. Public Safety – Police increased by \$3.9 million due to continued restoration of previously eliminated positions in prior years and salary and benefit increases. The largest increase, \$5.6 million, was in Recreation and Parks with the majority of the increases due to the prior period adjustments relating to capital assets.

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

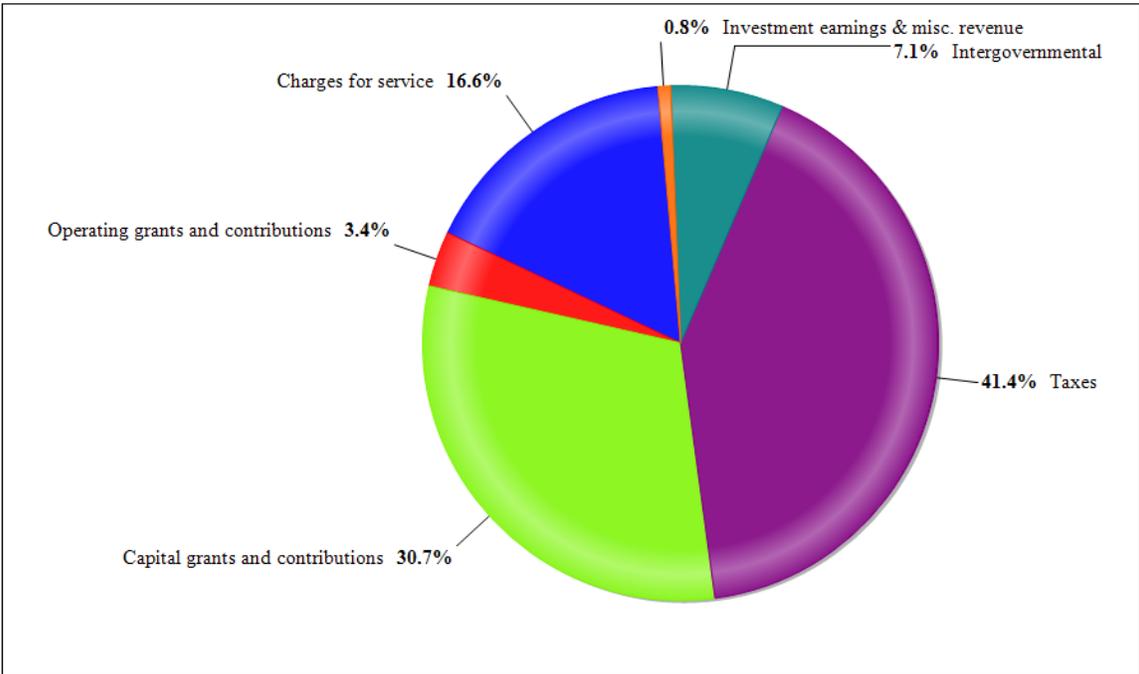
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The taxes category is the largest revenue source for governmental activities, amounting to \$140.0 million or 41.4% of total revenues. Capital grants and contributions is also a significant revenue source for the City's governmental activities, amounting to \$104.1 million or 30.7% of total revenues. Next in line is charges for services, amounting to \$56.2 million or 16.6% of total revenues.

Governmental Activities Revenue increased \$33.9 million, a 11.1% increase compared to the previous fiscal year. This increase is due primarily to 5.2%, or \$8.2 million increase in General Revenues and a 17.5%, or \$25.7 million increase in Program Revenues. Sales tax revenues had a modest increase of 2.9%, or \$2.0 million, while property taxes increased by 13.0% , or \$7.7 million. The increase in Charges for Services is due primarily to an increase in developmental activity within Public Works and Community Development. The increase in Capital Grants and Contributions is due to the final construction phase of the Westside Freeway project and a large contribution from the County of Kern for future major highway projects.

**Governmental Activity Revenues**



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**CITY OF BAKERSFIELD**

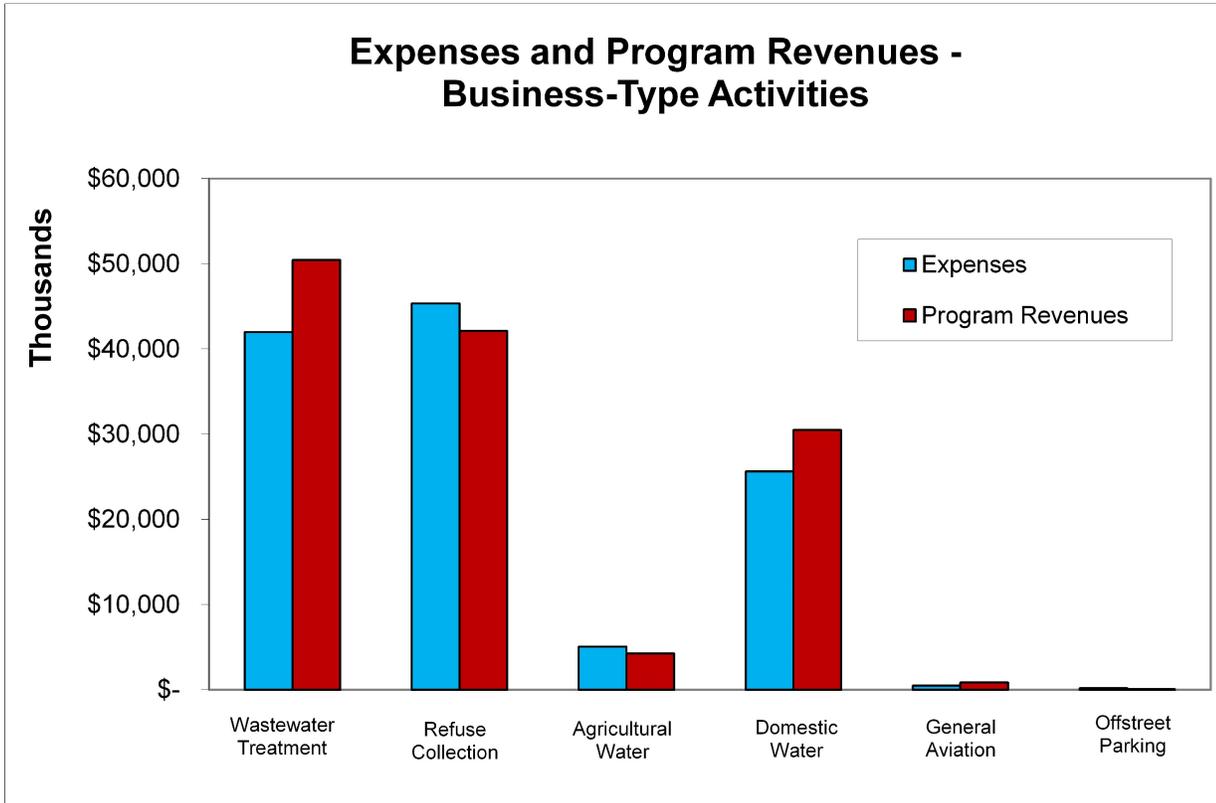
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**Management's Discussion and Analysis**

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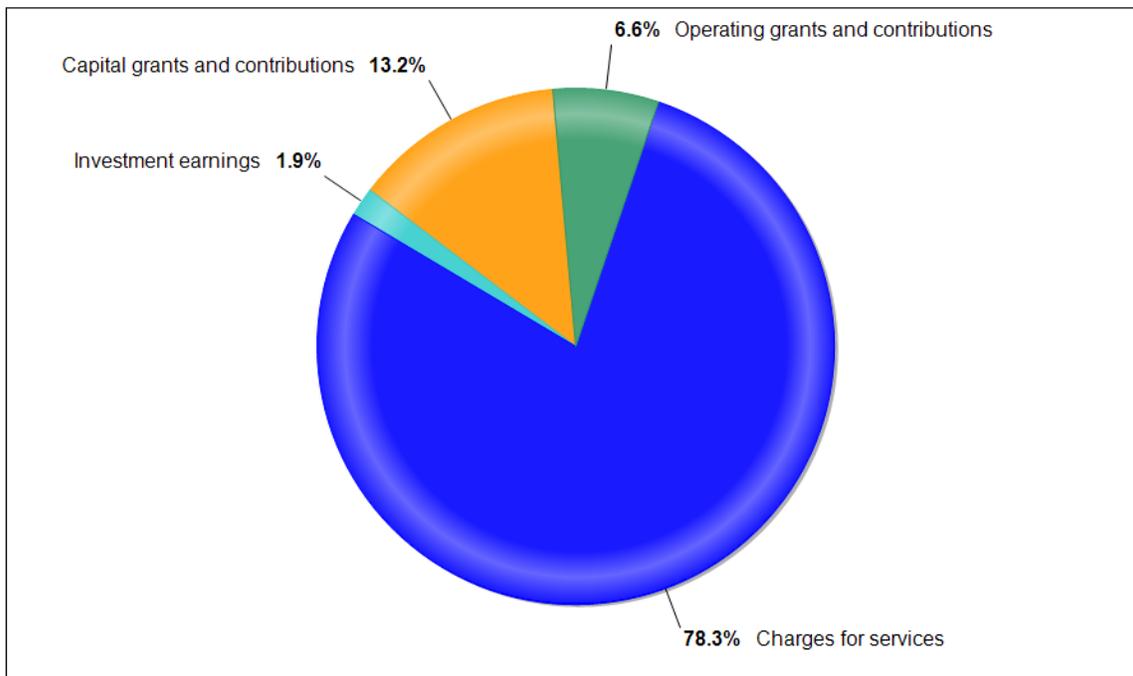
**Business-Type Activities** – The City operates six Enterprise Funds that offer wastewater services, refuse collection, agricultural water, domestic water to City residents, downtown parking and a municipal airport.



Business-type activities increased the City's net position by \$6.0 million. The bar chart above compares total program revenues and expenses. Program revenues exceeded program expenses in Wastewater Treatment by \$8.4 million and Domestic Water by \$4.9 million. These increases were offset by program expenses exceeding program revenues in Refuse Collection by \$3.2 million and Agricultural Water by \$813,193. Total expense increased by \$7.5 million, 6.8%, over the prior year with the Domestic Water Fund showing the largest increase of \$4.5 million with the majority of the increase due to increased electricity costs for groundwater pumping because of consecutive dry years. Wastewater Treatment had the next largest increase of \$2.1 due to increased development completed that added to the Wastewater infrastructure.

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 78.3% of total revenues. Capital grants and contributions is the second largest revenue source at 13.2% of total revenues.

**Business-Type Activities Revenues**



Business-Type activities program revenues increased by \$20.3 million, 18.9%, over the prior year with Wastewater Treatment showing the largest increase of \$12.7 million and Domestic Water showing the next largest increase of \$6.3 million. The increase in Wastewater Treatment resulted from a significant amount of development completed and added to the Wastewater infrastructure. The increase in Domestic Water was due to an increase in capital contributions from developers and the Successor Agency.

**FINANCIAL ANALYSIS OF THE CITY’S FUNDS**

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

**Governmental Funds** - The focus of the City’s Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, total fund balance less the nonspendable portion is a useful measure of the City’s resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City’s Governmental Funds reported combined ending fund balances of \$196.9 million, an increase of \$45.8 million in comparison with the prior year. The components of total fund balance are as follows (for more information see Note 14 – Fund Balances):

- **Nonspendable fund balance**, \$3,181, 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.
- **Restricted fund balance**, \$21.0 million, 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) \$11.7 million for the purpose of the fund (i.e., Gas Tax and Road projects), (2) \$4.9 million for proceeds from Special Assessments bonds for capital improvements, (3) \$2.8 million from Redevelopment

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## ***CITY OF BAKERSFIELD***

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### **Management's Discussion and Analysis**

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Successor Agency Housing Funds for projects and (4) \$1.2 million for traffic safety projects.

- **Committed fund balance**, \$75.8 million, 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 \$42.9 million and \$13.5 million for appropriations for next year's budget.
- **Assigned fund balance**, \$93.5 million, for funds set aside by management for specific purposes. Amounts include \$55.4 million set aside for capital projects and \$3.5 million for the fund purposes related to transient occupancy fees.
- **Unassigned fund balance**, \$6.5 million, represents the residual classification for the City's General Fund.

**General Fund:** The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund's total fund balance decreased by 11.9%, or \$7.3 million from \$61.9 million to \$54.6 million. Major factors for this overall decrease:

- Total operating revenues remained constant over the previous fiscal year with a slight decrease of \$820,312 (0.5%). Charges for Services had the largest increase of \$2.6 million which is due to continued increases in development activity. In contrast, miscellaneous revenue decreased by \$4.1 million because of a one time reimbursement to the County in the previous fiscal year for a tax calculation error.
- Total operating expenditures increased by \$11.0 million (a 6.6% increase). Of this amount, Public Safety increased by \$8.5 million due to a moderate cost of living increase and increased retirement contribution rates for sworn Police and Fire employees. Public Works also saw an increase of \$3.8 million due to shifting road maintenance expenditures from the Gas Tax Fund in order to free up Gas Tax monies for capital projects. Total Non-departmental expenditures saw a \$3.2 million decrease due to a decrease in the City's OPEB annual required contribution.

**Other governmental funds:** As compared with the prior year, the total fund balances of the remaining governmental funds increased by 59.7%, or \$53.2 million, to \$142.3 million with the following significant changes:

- The Transient Occupancy Tax Fund increased by \$1.4 million from \$2.2 million to \$3.6 million. The increase is due to increased investment in the various street and road projects. The majority of the fund balance is assigned for spending at the City'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, the Convention and Visitor Bureau and the Brighthouse Amphitheater.
- The Community Development Block Grant Fund increased by \$59,895 from \$361,685 to \$421,580. Amounts contained in this fund are restricted per the Federal Housing and Community Development Act of 1974.
- The Gas Tax and Road Fund increased by \$6.0 from \$5.7 million to \$11.7 million. Amounts in this fund are restricted by state and federal statute. The increase is due to multiyear projects that have not started yet.
- The Capital Outlay Fund increased by \$43.7 million from \$24.1 million to \$67.8 million. Of this amount, \$7.6 million is committed for contractual obligations and \$4.8 million is committed for facility replacement. The remaining amount of \$55.4 million is assigned and available for use at management's discretion. The increase is the result of a large contribution from the County of Kern for their share of future major highway projects.
- The Park Development Fund increased by \$1.9 million from \$5.1 million to \$7.0 million. Of this amount, \$7.0 million is committed for contractual obligations. The increase is a result of delayed project activity as the City prepares for the next phase of the Sports Village project which will begin in the upcoming year.
- The Transportation Development Fund increased by \$1.5 million from \$41.4 million to \$42.9 million. Of this amount, \$42.9 million is committed for contractual obligation and/or current projects. This change is the result of an

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## ***CITY OF BAKERSFIELD***

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### **Management's Discussion and Analysis**

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increase in traffic impact fee revenue due to an increase in development activity.

- The fund balance for non-major governmental funds as a whole increased by \$1.3 million from \$10.2 million to \$8.9 million. The significant changes occurred in the following funds:
  - Special Assessments Districts Fund decreased \$1.5 million. This is generally due to increased development activity. There is a small amount of assessment district capital improvement funds remaining.
  - The above decrease is offset by minor increases in the State Safety and Successor Agency Housing Funds of \$147,892 and \$14,466, respectively.

**Proprietary Funds** - The City'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 position of \$508.7 million at the end of the current year, an increase of \$9.3 million over the prior year. Total net position includes \$441.4 million invested in capital assets and \$20.2 million of restricted assets which are not available to cover current expenses. The remaining net position of \$47.0 million is unrestricted and available to cover current operating and capital needs (including plant and equipment replacement) of the fund. Revenues in this fund are consistent with the activity in the previous year with the exception of a \$11.4 million increase in capital contributions offset by an increase in operating expenses of \$1.7 million.

The Refuse Collection Fund has total net position of \$16.4 million at the end of the current year, a increase of \$3.7 million from the prior year. Net position within the fund of \$16.4 million is unrestricted and available to cover current operating and capital needs of the fund. The majority of the decrease is due to increased operating expenses related to the City's implementation of a universal recycling program.

The Agricultural Water Fund has total net position of \$25.7 million at the end of the current year, a decrease of \$744,589 over the prior year. Total net position includes \$19.6 million invested in capital assets, which are not available to cover current expenses. The remaining net position of \$6.2 million is unrestricted and available to cover current operating and capital needs of the fund. The decrease is primarily due to increased pumping expenses because of consecutive dry years.

The Domestic Water Fund has total net position of \$213.6 million at the end of the current year, an increase of \$5.4 million over the prior year. Total net position includes \$174.5 million invested in capital assets, which are not available to cover current expenses. The remaining net position of \$39.1 million is unrestricted and available to cover current operating and capital needs of the fund. The majority of the increase is due to capital contributions from developers and the Successor Agency.

The General Aviation Fund has total net position of \$11.0 million at the end of the current year, an increase of \$387,130 compared to the prior year. Total net position includes \$10.5 million invested in capital assets, which is not available to cover current expenses. The remaining net position is unrestricted and available to cover current operating and capital needs of the fund.

The Offstreet Parking Fund has total net position of \$1.3 million at the end of the current year, a decrease of \$4.5 million compared to the prior year. Total net position includes \$1.2 million in capital assets, which is not available to cover current expenses. The remaining net position is unrestricted and available to cover current operating and capital needs of the fund.

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** - The City'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 systems, improvements, machinery and equipment, park facilities, roads, highways, bridges and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was \$38.6 million. Of this amount, \$43.5 million relates to Governmental Activities and is offset by the remaining \$4.9 million that relates to Business-Type Activities. Depreciation expense of \$91.5 million exceeded additions to capital assets by this amount.

These financial statements include infrastructure assets constructed or acquired through fiscal year 2013-14.

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 \$37.5 million. This figure includes over \$34.8 million towards major street construction, traffic signal, and resurfacing projects throughout the City.
- The City added over \$10.5 million (\$10.5 million in 2013-14 and \$29.4 million in prior years) 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. An additional \$29.4 million in assets was added as part of a prior period adjustment.

**City of Bakersfield - Capital Assets**

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
Land and water storage rights	\$ 419,169	\$ 423,216	\$ 25,704	\$ 21,126	\$ 444,873	\$ 444,342
Land held for resale	3,401	2,779	-	-	3,401	2,779
Depreciable buildings, property, equipment and infrastructure, net	811,248	840,965	805,414	816,448	1,616,662	1,657,413
Construction in progress	27,113	37,488	15,614	4,220	42,727	41,708
Non-amortizable intangible assets	-	-	31,477	31,477	31,477	31,477
Total Capital Assets	<u>\$ 1,260,931</u>	<u>\$ 1,304,448</u>	<u>\$ 878,209</u>	<u>\$ 873,271</u>	<u>\$ 2,139,140</u>	<u>\$ 2,177,719</u>

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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## City of Bakersfield - Outstanding Debt

	Balance June 30, 2013	Incurred or Issued	Satisfied or Matured	Balance June 30, 2014
<b>Governmental Activities</b>				
Loans payable	\$ 4,423,000	\$ 170,173	\$ (443,124)	\$ 4,150,049
Certificates of Participation*	<u>22,725,000</u>	<u>-</u>	<u>(2,085,000)</u>	<u>20,640,000</u>
Total governmental activities	<u>\$ 27,148,000</u>	<u>\$ 170,173</u>	<u>\$ (2,528,124)</u>	<u>\$ 24,790,049</u>
<b>Business-Type Activities</b>				
Revenue Bonds Payable	\$ 208,827,318	\$ -	\$ (8,591,064)	\$ 200,236,254
Loans Payable	<u>6,017,009</u>	<u>-</u>	<u>(752,125)</u>	<u>5,264,884</u>
Total business-type activities	<u>\$ 214,844,327</u>	<u>\$ -</u>	<u>\$ (9,343,189)</u>	<u>\$ 205,501,138</u>
Total Debt	<u>\$ 241,992,327</u>	<u>\$ 170,173</u>	<u>\$ (11,871,313)</u>	<u>\$ 230,291,187</u>

\* Certificates of Participation in governmental activities is debt of the former Redevelopment Agency that is now reported as City debt.

- **Long-Term Debt** - At the end of the current fiscal year, the City had a total debt outstanding of \$230.3 million. The City's total debt decreased by a net amount of \$11.7 million during the current fiscal year. Of that amount \$6.7 million is the result of normal debt maturities with the remaining \$5.0 million due to a partial redemption payment on the Wastewater Revenue Refunding Bonds Series 2012A. The City did not incur any new major debt this fiscal year.

Certificates of Participation issued by the City 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 2007 Wastewater Revenue Bonds - Series A 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 the Series A Bonds, from "Aaa" to "Aa3" and an underlying "A1" rating.

The 2012 Wastewater Revenue Bonds - Series A issued by the City in 2012, which refinanced the 2007 Wastewater Revenue Bonds - Series B, has an "Aa2/VMIG1" rating 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 City did not elect to establish a debt service reserve fund for this debt, but does carry a Standby Bond Purchase Agreement with JP Morgan.

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, and Note 11 page 70 for long-term debt.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget reflect an increase in resources of \$2.7 million and an increase in appropriations of \$6.5 million. Significant budgetary amendments (changes) are summarized as follows:

- \$1,070,495 increase in various resources and appropriations due to revenues associated with open purchase orders at the end of the previous fiscal year. Also, \$473,904 increase in various resources due to revenues associated with prior year appropriations not spent and carried forward to this fiscal year.
- \$1.8 million increase in resources and appropriations for Fire Station 8 rehabilitation project.
- \$1.0 million increase in appropriations to restore the balance in the Facility Reserve Fund.

The final amended revenue estimate budget figures in the General Fund were lower than actual revenue by \$12.7 million and appropriations were higher than actual expenditures by \$11.0 million. Significant differences between budget and actual amounts are as follows:

- \$7.2 million positive variance in tax revenue is primarily from sales and use tax. The City has continued to have uncertainty as to the level of revenues from sales taxes because of the economy. The estimates made from this revenue source were conservative in nature while the actual revenue received was better than expected.
- \$1.2 million negative variance in intergovernmental revenue is due to less federal revenue received for Police grants awarded late in the fiscal year. The related programs had not completely been put in place and, because these are reimbursement based grants, revenue had not been recorded.
- \$1.0 million positive variance in licenses and permits revenue is due primarily to increased development activities.
- \$3.3 million positive variance in charges for services is due primarily to more conservative estimates by all departments as to the use of the City's various services. Specifically, there was an increase in development activity.
- \$3.5 million variance of appropriations over actual expenditures in the Police Department. The savings are due primarily to benefit savings from unfilled positions and plus some grant funded projects that were budgeted but not started.
- \$3.4 million variance of appropriations over actual expenditures in Departments other than Police are also due primarily to salary and benefit savings from unfilled positions.
- \$4.0 million variance of appropriations over actual expenditures in non-departmental. Of that amount \$2.5 million is related to anticipated increases in retirement contributions that were budgeted for the year. This was a reservation of funds to address multi-year anticipated rate increases. The actual increases will be blended into departmental operating budgets over the next few years. Another \$1.0 million is due to a decrease in the OPEB annual required contribution that was based on the most recent actuarial report.

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

The key assumptions in the General Fund revenue forecast for fiscal year 2014-15 were:

1. Property tax revenue is projected to show growth at 5% compared to last year's estimate of 3% as projected by Kern County.
2. Sales and use tax revenue estimates are projected to increase by 3% compared to last year's revised 2% increase.

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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3. One time monies of \$2.0 million are set aside to provide a buffer against the estimated California Public Employees' Retirement System (CalPERS) increases over the next few years and the City's Annual Required Contribution for retiree healthcare decreased to \$6.4 million and is fully budgeted.

New items specifically addressed in the 2014-15 budget include the following:

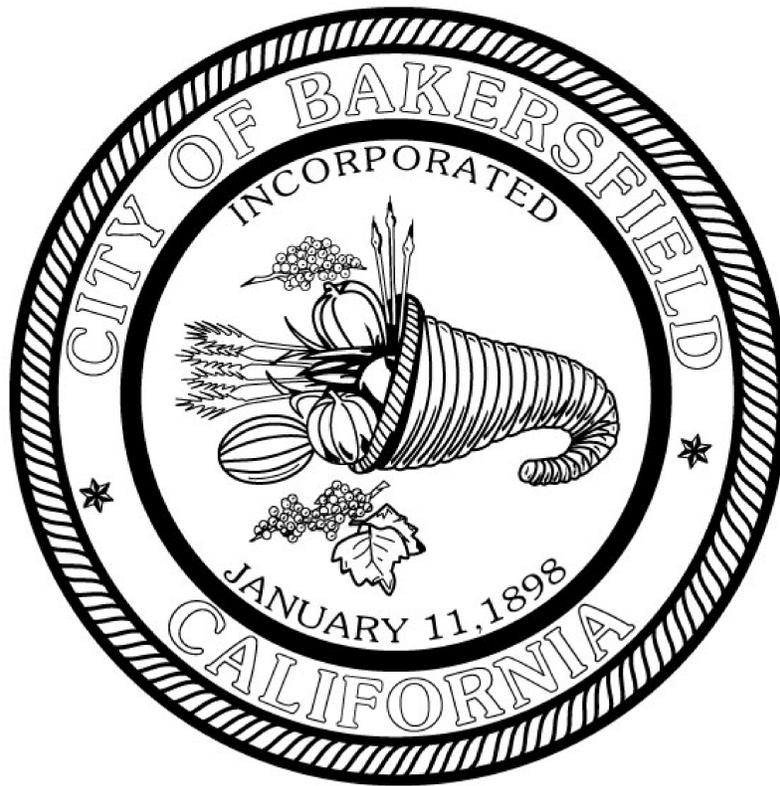
**Police Department** – The Police Department's operating budget has increased from fiscal year 2013-14 by 2.1%, totaling \$8.2 million. This budget reflects the restoration of ten positions, five sworn and five civilian.

**Public Works** – The Public Works Department's operating budget has increased from fiscal year 2013-14 by 2.4%, totaling \$110.3 million. City Council approved the restoration of seven positions.

**Recreation and Parks** – The Recreation and Parks Department's operating budget has increased from fiscal year 2013-14 by 6.8%, totaling \$19.3 million. This budget reflects the restoration of one position due to significant increases in recreation program activities. Notable increases in this department include an increase to the water budget due to an increase in acreage and increases in water rates.

**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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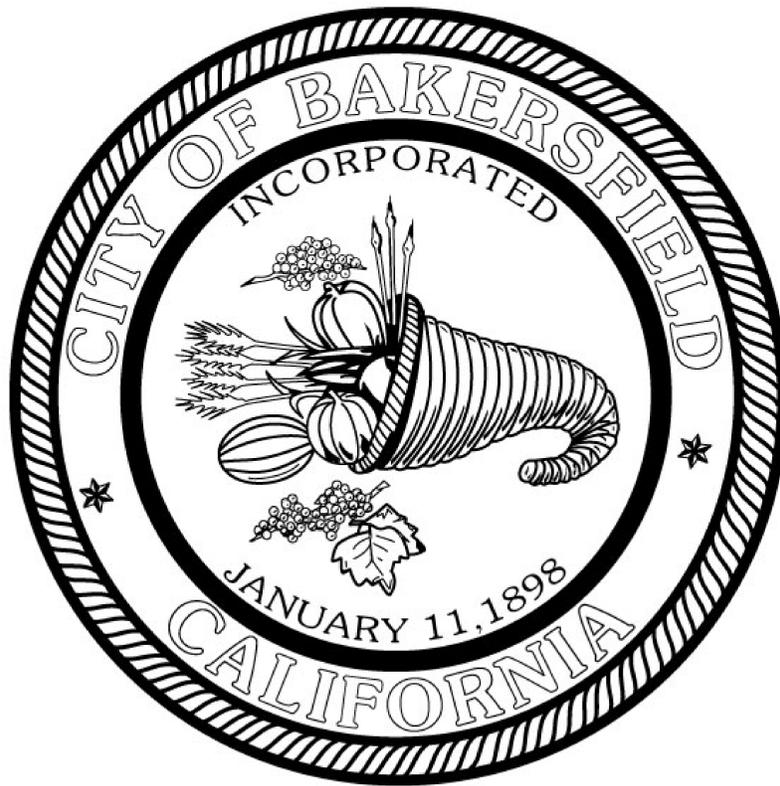
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# CITY OF BAKERSFIELD

## Statement of Net Position June 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 217,516,534	\$ 141,804,143	\$ 359,320,677
Accounts receivable, net	26,325,719	5,392,060	31,717,779
Interest receivable	311,834	278,747	590,581
Notes/loans receivable - current	513,140	-	513,140
Due from other governmental agencies	59,234,477	1,017,006	60,251,483
Internal balances	(1,697)	1,697	-
Prepayments and inventories	1,213,585	-	1,213,585
Total current assets	305,113,592	148,493,653	453,607,245
Noncurrent assets:			
Capital assets:			
Land	423,216,067	21,126,467	444,342,534
Land held for resale	2,779,202	-	2,779,202
Depreciable buildings, property, equipment and infrastructure, net	840,964,773	816,448,438	1,657,413,211
Construction in progress	37,487,799	4,219,903	41,707,702
Non-amortizable intangible assets	-	31,476,906	31,476,906
Notes/loans receivable	10,780,599	1,471,973	12,252,572
Total noncurrent assets	1,315,228,440	874,743,687	2,189,972,127
Total assets	1,620,342,032	1,023,237,340	2,643,579,372
<b>Deferred Outflows of Resources:</b>			
Total deferred outflows of resources	-	-	-
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	28,236,348	9,704,829	37,941,177
Customers' deposits	-	6,897,393	6,897,393
Advances from grantors and third parties	7,588,069	1,495,024	9,083,093
Total current liabilities	35,824,417	18,097,246	53,921,663
Noncurrent liabilities:			
Due within one year:			
Long-term debt	2,619,672	5,443,189	8,062,861
Capital leases payable	-	529,179	529,179
Kern River Levee District	-	214,472	214,472
Claims and judgments payable	8,792,165	-	8,792,165
Compensated absences payable	7,505,283	1,452,806	8,958,089
Due in more than one year:			
Long-term debt	22,170,377	200,057,949	222,228,326
Capital leases	-	20,135,758	20,135,758
Claims and judgments payable	24,401,000	-	24,401,000
Net post-employment benefit obligation	(2,145,107)	-	(2,145,107)
Compensated absences payable	6,830,351	699,363	7,529,714
Total noncurrent liabilities	70,173,741	228,532,716	298,706,457
Total liabilities	105,998,158	246,629,962	352,628,120
<b>Deferred Inflows of Resources:</b>			
Total deferred inflows of resources	-	-	-
<b>Net Position:</b>			
Net investment in capital assets	1,279,657,792	647,105,639	1,926,763,431
Restricted:			
Capital improvements	21,015,837	20,209,227	41,225,064
Unrestricted	213,670,245	109,292,512	322,962,757
Total net position	\$ 1,514,343,874	\$ 776,607,378	\$ 2,290,951,252

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



# CITY OF BAKERSFIELD

## Statement of Activities

For the Fiscal Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<b>Governmental activities:</b>					
General government	\$ 10,274,285	\$ 5,019,511	\$ 413,672	\$ -	\$ 5,433,183
Public safety - Police	80,192,752	2,938,734	2,690,171	-	5,628,905
Public safety - Fire	36,086,851	4,937,490	369,816	-	5,307,306
Public works	104,347,771	23,780,578	1,606,249	101,400,037	126,786,864
Recreation & parks	34,641,180	14,348,050	44,974	2,149,215	16,542,239
Community development	9,940,984	5,221,585	6,508,910	522,370	12,252,865
Interest on long-term debt	166,472	-	-	-	-
<b>Total governmental activities</b>	<b>275,650,295</b>	<b>56,245,948</b>	<b>11,633,792</b>	<b>104,071,622</b>	<b>171,951,362</b>
<b>Business-type activities:</b>					
Wastewater treatment	41,979,698	31,148,327	7,137,560	12,135,837	50,421,724
Refuse collection	45,336,786	42,100,981	-	-	42,100,981
Agricultural water	5,051,433	4,233,197	-	5,043	4,238,240
Domestic water	25,613,917	24,423,144	1,463,999	4,597,953	30,485,096
General aviation	462,690	303,223	-	537,982	841,205
Offstreet parking	160,613	67,150	-	-	67,150
<b>Total business-type activities</b>	<b>118,605,137</b>	<b>102,276,022</b>	<b>8,601,559</b>	<b>17,276,815</b>	<b>128,154,396</b>
<b>Total primary government</b>	<b>\$ 394,255,432</b>	<b>\$ 158,521,970</b>	<b>\$ 20,235,351</b>	<b>\$ 121,348,437</b>	<b>\$ 300,105,758</b>

### General Revenues:

#### Taxes:

- Property taxes
- Sales and use tax
- Other taxes

#### Intergovernmental, unrestricted

#### Unrestricted grants and contributions

#### Investment earnings

#### Miscellaneous

#### Gain (loss) on sale of property

### Transfers

#### Total general revenues and transfers

Change in net position before Extraordinary Item

Extraordinary loss on Successor Agency loan write-downs

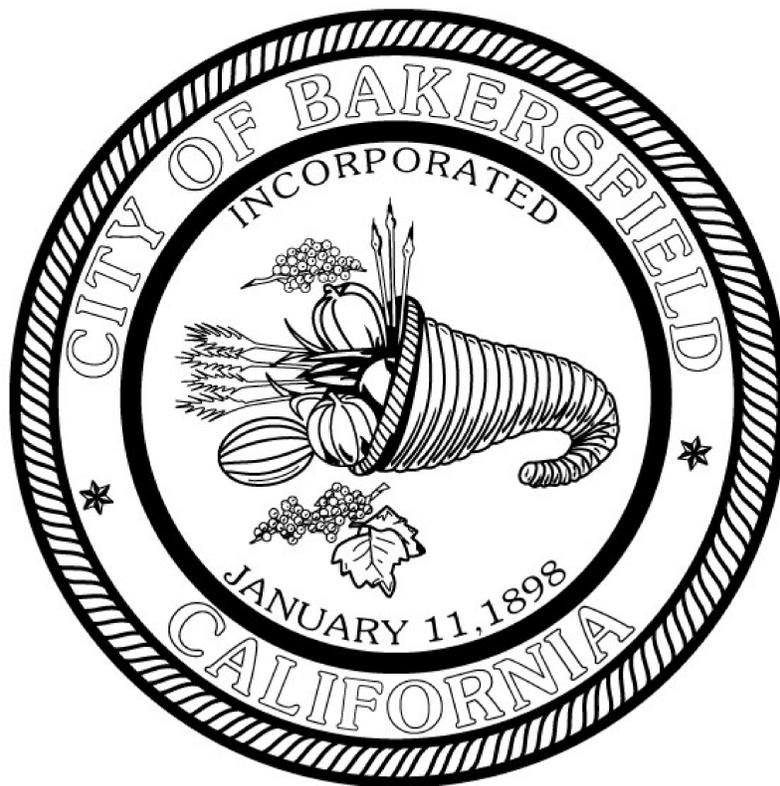
#### Change in net position

Net Position - Beginning of year, as restated

Net position - End of Year

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

Net (Expense) Revenue and Charges in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (4,841,102)	\$ -	\$ (4,841,102)
(74,563,847)	-	(74,563,847)
(30,779,545)	-	(30,779,545)
22,439,093	-	22,439,093
(18,098,941)	-	(18,098,941)
2,311,881	-	2,311,881
<u>(166,472)</u>	<u>-</u>	<u>(166,472)</u>
<u>(103,698,933)</u>	<u>-</u>	<u>(103,698,933)</u>
-	8,442,026	8,442,026
-	(3,235,805)	(3,235,805)
-	(813,193)	(813,193)
-	4,871,179	4,871,179
-	378,515	378,515
-	<u>(93,463)</u>	<u>(93,463)</u>
<u>-</u>	<u>9,549,259</u>	<u>9,549,259</u>
<u>(103,698,933)</u>	<u>9,549,259</u>	<u>(94,149,674)</u>
66,614,853	-	66,614,853
72,442,177	-	72,442,177
988,423	-	988,423
152,400	-	152,400
23,829,193	-	23,829,193
948,629	2,424,676	3,373,305
1,683,631	-	1,683,631
36,039	(4,439,038)	(4,402,999)
1,489,500	<u>(1,489,500)</u>	
<u>168,184,845</u>	<u>(3,503,862)</u>	<u>164,680,983</u>
64,485,912	6,045,397	70,531,309
<u>(936,660)</u>	<u>-</u>	<u>(936,660)</u>
63,549,252	6,045,397	69,594,649
<u>1,450,794,622</u>	<u>770,561,981</u>	<u>2,221,356,603</u>
<u>\$ 1,514,343,874</u>	<u>\$ 776,607,378</u>	<u>\$ 2,290,951,252</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, 2014**

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	General Fund	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road Fund
<b>Assets:</b>				
Cash and investments	\$ 33,365,422	\$ 2,382,971	\$ 164,449	\$ -
Accounts receivable, net	1,423,293	1,262,862	13,596,473	22,031
Interest receivable	92,425	8,570	-	15,975
Due from other governmental agencies	13,498,519	-	479,520	41,689,606
Due from other funds	20,332,632	-	-	-
Notes/loans receivable	-	-	2,845,649	-
Prepaid items	2,181	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 68,714,472</u>	<u>\$ 3,654,403</u>	<u>\$ 17,086,091</u>	<u>\$ 41,727,612</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>				
Liabilities:				
Accounts payable	\$ 6,586,356	\$ 74,356	\$ 238,513	\$ 9,880,507
Due to other governmental agencies	2,072,744	-	-	-
Due to other funds	-	-	-	20,103,663
Advances from grantors and third parties	1,286,529	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>9,945,629</u>	<u>74,356</u>	<u>238,513</u>	<u>29,984,170</u>
Deferred Inflows of Resources:				
Unearned revenue	<u>4,211,949</u>	<u>-</u>	<u>16,425,998</u>	<u>22,031</u>
Fund Balances:				
Nonspendable	3,181	-	-	-
Restricted	-	-	421,580	11,721,411
Committed	13,464,704	93,972	-	-
Assigned	34,586,157	3,486,075	-	-
Unassigned	6,502,852	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>54,556,894</u>	<u>3,580,047</u>	<u>421,580</u>	<u>11,721,411</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 68,714,472</u>	<u>\$ 3,654,403</u>	<u>\$ 17,086,091</u>	<u>\$ 41,727,612</u>

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

Capital Outlay	Park Improvement	Transportation Development	Other Governmental Funds	Total Governmental Funds
\$ 67,255,720	\$ 9,300,441	\$ 44,546,241	\$ 8,908,214	\$ 165,923,458
-	-	-	9,931,476	26,236,135
12,711	15,136	59,390	10,073	214,280
1,674,540	-	1,462,671	396,749	59,201,605
-	-	-	-	20,332,632
-	-	-	6,159,671	9,005,320
184,500	-	-	-	186,681
<u>\$ 69,127,471</u>	<u>\$ 9,315,577</u>	<u>\$ 46,068,302</u>	<u>\$ 25,406,183</u>	<u>\$ 281,100,111</u>
\$ 1,265,751	\$ 2,352,434	\$ 3,147,238	\$ 126,445	\$ 23,671,600
-	-	-	55,136	2,127,880
-	-	-	228,969	20,332,632
-	-	-	6,301,539	7,588,068
<u>1,265,751</u>	<u>2,352,434</u>	<u>3,147,238</u>	<u>6,712,089</u>	<u>53,720,180</u>
46,606	-	-	9,821,248	30,527,832
-	-	-	-	3,181
-	-	-	8,872,846	21,015,837
12,365,924	6,963,143	42,921,064	-	75,808,807
55,449,190	-	-	-	93,521,422
-	-	-	-	6,502,852
<u>67,815,114</u>	<u>6,963,143</u>	<u>42,921,064</u>	<u>8,872,846</u>	<u>196,852,099</u>
<u>\$ 69,127,471</u>	<u>\$ 9,315,577</u>	<u>\$ 46,068,302</u>	<u>\$ 25,406,183</u>	<u>\$ 281,100,111</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 Position  
June 30, 2014**

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**Total Fund Balances - Total Governmental Funds** \$ 196,852,099

Amounts reported for Governmental Activities in the Statement of Net Position 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	\$ 2,188,645,245	
Ending accumulated depreciation	<u>(884,197,404)</u>	<u>1,304,447,841</u>

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. (319,843)

Deferred revenue and other resources not available to liquidate liabilities of the current period are not recognized in the funds. 30,527,832

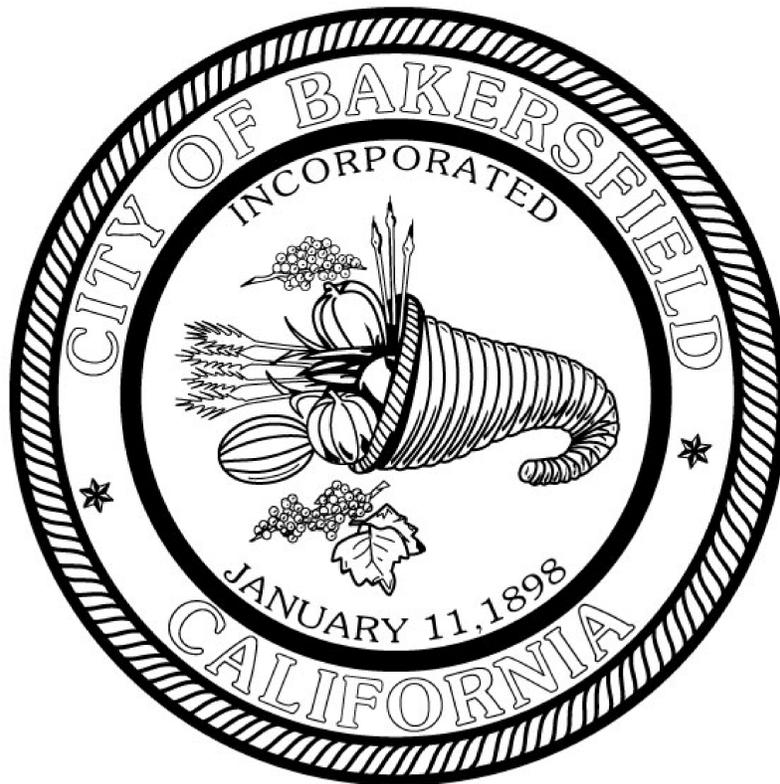
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Government-Wide Statement of Net Position. 19,098,400

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	(24,790,049)	
Compensated absences payable	(13,617,513)	
Unfunded post-retirement employee benefits	<u>2,145,107</u>	<u>(36,262,455)</u>

**Net Position of Governmental Activities** \$ 1,514,343,874

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



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**CITY OF BAKERSFIELD**

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**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2014**

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	General Fund	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road Fund
<b>Revenues:</b>				
Taxes	\$ 149,394,000	\$ 8,826,003	\$ -	\$ -
Licenses and permits	3,439,743	-	-	-
Intergovernmental	2,962,685	-	5,358,955	58,456,014
Charges for services	20,568,887	6,267,450	19	-
Fines, forfeitures and assessments	919,484	-	-	111,035
Interest income	858,307	36,107	3,207	78,858
Loan payments	-	-	247,775	-
Contributions and donations	453,888	1,200,000	-	-
Other income	1,134,803	621,671	11,496	22,762
	<u>179,731,797</u>	<u>16,951,231</u>	<u>5,621,452</u>	<u>58,668,669</u>
<b>Expenditures:</b>				
Current:				
General government	11,519,507	-	-	-
Public safety - Police	76,450,461	-	-	-
Public safety - Fire	33,781,870	-	-	-
Public works	24,425,408	-	-	61,990
Recreation and parks	18,439,152	7,841,088	-	-
Community development	6,879,140	-	3,085,505	-
Non departmental	6,589,727	3,143,000	-	-
Capital outlay	-	-	1,891,618	52,550,693
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
	<u>178,085,265</u>	<u>10,984,088</u>	<u>4,977,123</u>	<u>52,612,683</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,646,532</u>	<u>5,967,143</u>	<u>644,329</u>	<u>6,055,986</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,100,000	-	-	-
Transfers out	(10,095,532)	(4,554,124)	(584,434)	-
	<u>(8,995,532)</u>	<u>(4,554,124)</u>	<u>(584,434)</u>	<u>-</u>
Net change in fund balances	(7,349,000)	1,413,019	59,895	6,055,986
Fund balances - beginning as restated	<u>61,905,894</u>	<u>2,167,028</u>	<u>361,685</u>	<u>5,665,425</u>
Fund balances - ending	<u>\$ 54,556,894</u>	<u>\$ 3,580,047</u>	<u>\$ 421,580</u>	<u>\$ 11,721,411</u>

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

Capital Outlay	Park Improvement	Transportation Development	Other Governmental Funds	Total Governmental Funds
\$ 4,974,371	\$ -	\$ -	\$ 175,000	\$ 163,369,374
-	-	-	204,284	3,644,027
41,650,166	-	1,462,671	2,619,006	112,509,497
85,130	-	182,660	1,204,826	28,308,972
-	2,149,215	21,300,984	1,252,064	25,732,782
157,012	78,761	311,384	81,032	1,604,668
-	-	-	4,000	251,775
554,044	-	-	-	2,207,932
274,065	-	409,695	27,935	2,502,427
<u>47,694,788</u>	<u>2,227,976</u>	<u>23,667,394</u>	<u>5,568,147</u>	<u>340,131,454</u>
-	-	368,958	-	11,888,465
-	-	-	1,053,807	77,504,268
-	-	-	1,113,203	34,895,073
-	-	1,029,968	226,989	25,744,355
-	-	-	29,363	26,309,603
-	-	-	1,356,649	11,321,294
313,619	37,158	-	642,875	10,726,379
18,028,531	340,317	20,789,510	1,391,876	94,992,545
-	-	-	443,124	443,124
-	-	-	195,434	195,434
<u>18,342,150</u>	<u>377,475</u>	<u>22,188,436</u>	<u>6,453,320</u>	<u>294,020,540</u>
<u>29,352,638</u>	<u>1,850,501</u>	<u>1,478,958</u>	<u>(885,173)</u>	<u>46,110,914</u>
14,330,632	-	-	638,558	16,069,190
-	-	-	(1,100,000)	(16,334,090)
<u>14,330,632</u>	<u>-</u>	<u>-</u>	<u>(461,442)</u>	<u>(264,900)</u>
43,683,270	1,850,501	1,478,958	(1,346,615)	45,846,014
<u>24,131,844</u>	<u>5,112,642</u>	<u>41,442,106</u>	<u>10,219,461</u>	<u>151,006,085</u>
<u>\$ 67,815,114</u>	<u>\$ 6,963,143</u>	<u>\$ 42,921,064</u>	<u>\$ 8,872,846</u>	<u>\$ 196,852,099</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  
For the Fiscal Year Ended June 30, 2014**

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**Net Change in Fund Balances - Total Governmental Funds** \$ 45,846,014

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.	\$ 29,257,560	
Depreciation expense is deducted from fund balance (net of Internal Service Fund depreciation of \$5,186,608 which has already been allocated to serviced funds).	(62,437,479)	
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>49,017,117</u>	<u>15,837,198</u>

Certain expense 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	94,225	
Interest expense on long-term debt	28,962	
Other post-employment benefits	<u>374,811</u>	497,998

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

2,363,952

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 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.

(722,593)

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 is reported with Governmental Activities.

642,898

Gain on disposal of governmental fixed assets are not recorded in fund activity but are included in Governmental Activities

20,445

Extraordinary loss on write-down of loans from Internal Service Funds to the former redevelopment agency

(936,660)

**Change in Net Position of Governmental Activities** \$ 63,549,252

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 is 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 Kern 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 for 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 Position Proprietary Funds June 30, 2014

	Wastewater Treatment	Refuse Collection	Agricultural Water
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 75,184,472	\$ 19,088,252	\$ 4,944,386
Accounts receivable, net	826,287	897,965	1,943,786
Interest receivable	144,074	40,218	12,076
Notes/loans receivable	-	-	-
Due from other governmental agencies	122,342	619,641	435
Prepayments and inventories	-	-	-
Total current assets	<u>76,277,175</u>	<u>20,646,076</u>	<u>6,900,683</u>
Noncurrent assets:			
Capital assets:			
Land	10,238,095	-	2,467,016
Depreciable buildings, property, equipment and infrastructure, net	633,769,248	-	9,053,353
Construction in progress	2,943,550	-	-
Non-amortizable intangible assets	-	-	8,032,678
Notes/loans receivable	-	-	-
Other long-term receivable	1,075,283	-	40,140
Total noncurrent assets	<u>648,026,176</u>	<u>-</u>	<u>19,593,187</u>
Total assets	<u>724,303,351</u>	<u>20,646,076</u>	<u>26,493,870</u>
<b>Liabilities:</b>			
Current liabilities			
Accounts payable and accrued liabilities	4,323,711	2,767,193	235,345
Claims payable	-	-	-
Workers' compensation claims	-	-	-
Compensated absences payable	259,360	683,698	273,291
Long-term debt - due within one year	5,443,189	-	-
Capital leases payable - due within one year	-	-	-
Total current liabilities	<u>10,026,260</u>	<u>3,450,891</u>	<u>508,636</u>
Noncurrent liabilities:			
Long-term debt - due in more than one year	200,057,949	-	-
Capital leases payable - due in more than one year	-	-	-
Kern River Levee District/Buena Vista	-	-	214,472
Customers' deposits	4,176,724	344,299	-
Workers' compensation claims	-	-	-
Compensated absences payable	300,080	357,930	21,945
Advances from grantors and third parties	1,075,283	141,601	-
Total noncurrent liabilities	<u>205,610,036</u>	<u>843,830</u>	<u>236,417</u>
Total liabilities	<u>215,636,296</u>	<u>4,294,721</u>	<u>745,053</u>
<b>Net position:</b>			
Net investment in capital assets	441,449,755	-	19,553,047
Restricted for:			
Capital improvements	20,209,227	-	-
Unrestricted	47,008,073	16,351,355	6,195,770
Total net position	<u>\$ 508,667,055</u>	<u>\$ 16,351,355</u>	<u>\$ 25,748,817</u>

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

Net position 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
\$ 41,915,378	\$ 589,006	\$ 82,649	\$ 141,804,143	\$ 51,593,076
1,723,292	-	730	5,392,060	89,584
81,117	1,172	90	278,747	97,557
-	-	-	-	513,140
-	274,588	-	1,017,006	32,873
-	-	-	-	1,026,904
<u>43,719,787</u>	<u>864,766</u>	<u>83,469</u>	<u>148,491,956</u>	<u>53,353,134</u>
547,102	7,464,254	410,000	21,126,467	-
170,554,482	2,330,031	741,324	816,448,438	29,368,815
610,727	665,626	-	4,219,903	-
23,444,228	-	-	31,476,906	-
-	-	-	-	1,775,280
278,140	-	78,410	1,471,973	-
<u>195,434,679</u>	<u>10,459,911</u>	<u>1,229,734</u>	<u>874,743,687</u>	<u>31,144,095</u>
<u>239,154,466</u>	<u>11,324,677</u>	<u>1,313,203</u>	<u>1,023,235,643</u>	<u>84,497,229</u>
2,027,784	348,204	2,592	9,704,829	2,117,031
-	-	-	-	3,770,165
-	-	-	-	5,022,000
216,699	19,758	-	1,452,806	480,216
-	-	-	5,443,189	-
529,179	-	-	529,179	-
<u>2,773,662</u>	<u>367,962</u>	<u>2,592</u>	<u>17,130,003</u>	<u>11,389,412</u>
-	-	-	200,057,949	-
20,135,758	-	-	20,135,758	-
-	-	-	214,472	-
2,376,370	-	-	6,897,393	-
-	-	-	-	24,401,000
19,408	-	-	699,363	237,905
278,140	-	-	1,495,024	-
<u>22,809,676</u>	<u>-</u>	<u>-</u>	<u>229,499,959</u>	<u>24,638,905</u>
<u>25,583,338</u>	<u>367,962</u>	<u>2,592</u>	<u>246,629,962</u>	<u>36,028,317</u>
174,491,602	10,459,911	1,151,324	647,105,639	29,368,815
-	-	-	20,209,227	-
39,079,526	496,804	159,287	109,290,815	19,100,097
<u>\$ 213,571,128</u>	<u>\$ 10,956,715</u>	<u>\$ 1,310,611</u>	<u>776,605,681</u>	<u>\$ 48,468,912</u>
			<u>1,697</u>	
			<u>\$ 776,607,378</u>	

# CITY OF BAKERSFIELD

## Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds For the Fiscal Year Ended June 30, 2014

	Wastewater Treatment	Refuse Collection	Agricultural Water
<b>Operating revenues:</b>			
Intergovernmental	\$ -	\$ 190,444	\$ -
Charges for services	30,110,525	39,609,626	1,921,072
Cost recoveries	621,779	2,022,021	423,960
Rental income	377,229	-	11,938
Other sales or services	376	55,338	1,876,183
Miscellaneous	38,418	223,553	45
Total operating revenues	<u>31,148,327</u>	<u>42,100,982</u>	<u>4,233,198</u>
<b>Operating expenses:</b>			
General and administrative	13,944,216	42,251,687	4,323,100
Transmission and distribution	321,205	3,042,123	235,377
Workers compensation payments	-	-	-
Claims paid	-	-	-
Depreciation and amortization	18,875,047	-	488,197
Compensated absences	-	-	-
Total operating expenses	<u>33,140,468</u>	<u>45,293,810</u>	<u>5,046,674</u>
Operating income (loss)	<u>(1,992,141)</u>	<u>(3,192,828)</u>	<u>(813,476)</u>
<b>Nonoperating revenues (expenses):</b>			
Interest income	1,324,967	481,541	80,844
Connection fees	7,137,560	-	-
Interest expense	(8,816,345)	-	-
Gain/(loss) on sale of real property	-	25,791	-
Total nonoperating revenues	<u>(353,818)</u>	<u>507,332</u>	<u>80,844</u>
Income (loss) before transfers and capital contributions	(2,345,959)	(2,685,496)	(732,632)
Capital contributions	12,135,837	-	5,043
Transfers in	-	-	-
Transfers out	(455,000)	(1,047,500)	(17,000)
Income (loss) before extraordinary item	<u>9,334,878</u>	<u>(3,732,996)</u>	<u>(744,589)</u>
<b>Extraordinary item:</b>			
Loss on Successor Agency loan write-down	-	-	-
Change in net position	<u>9,334,878</u>	<u>(3,732,996)</u>	<u>(744,589)</u>
<b>Total Net Position - Beginning of Year - as restated</b>	<u>499,332,177</u>	<u>20,084,351</u>	<u>26,493,406</u>
<b>Total Net Position-End of Year</b>	<u>\$ 508,667,055</u>	<u>\$ 16,351,355</u>	<u>\$ 25,748,817</u>

Adjustment to reflect the consolidation of internal service funds related to proprietary funds.

Change in net position 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
\$ -	\$ 10,000	\$ -	\$ 200,444	\$ -
21,831,998	291,205	67,150	93,831,576	32,415,060
114,559	2,018	-	3,184,337	1,533,936
-	-	-	389,167	-
2,474,997	-	-	4,406,894	-
1,589	-	-	263,605	23,200
<u>24,423,143</u>	<u>303,223</u>	<u>67,150</u>	<u>102,276,023</u>	<u>33,972,196</u>
18,647,408	233,369	83,998	79,483,778	27,853,943
1,741,550	43,433	-	5,383,688	-
-	-	-	-	2,475,201
-	-	-	-	810,813
4,253,732	185,570	75,980	23,878,526	5,186,608
9,598	-	-	9,598	7,215
<u>24,652,288</u>	<u>462,372</u>	<u>159,978</u>	<u>108,755,590</u>	<u>36,333,780</u>
<u>(229,145)</u>	<u>(159,149)</u>	<u>(92,828)</u>	<u>(6,479,567)</u>	<u>(2,361,584)</u>
528,139	8,297	888	2,424,676	656,316
1,463,999	-	-	8,601,559	-
(961,060)	-	-	(9,777,405)	-
13,431	-	(4,478,260)	(4,439,038)	126,283
<u>1,044,509</u>	<u>8,297</u>	<u>(4,477,372)</u>	<u>(3,190,208)</u>	<u>782,599</u>
815,364	(150,852)	(4,570,200)	(9,669,775)	(1,578,985)
4,597,953	537,982	-	17,276,815	395,343
-	-	30,000	30,000	1,808,852
-	-	-	(1,519,500)	(54,452)
<u>5,413,317</u>	<u>387,130</u>	<u>(4,540,200)</u>	<u>6,117,540</u>	<u>570,758</u>
-	-	-	-	(936,660)
<u>5,413,317</u>	<u>387,130</u>	<u>(4,540,200)</u>	<u>6,117,540</u>	<u>(365,902)</u>
<u>208,157,811</u>	<u>10,569,585</u>	<u>5,850,811</u>		<u>48,834,814</u>
<u>\$ 213,571,128</u>	<u>\$ 10,956,715</u>	<u>\$ 1,310,611</u>		<u>\$ 48,468,912</u>
			(72,143)	
			<u>\$ 6,045,397</u>	

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**CITY OF BAKERSFIELD**

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**Statement of Cash Flows****Proprietary Funds****For the Fiscal Year Ended June 30, 2014**

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	<u>Wastewater Treatment</u>	<u>Refuse Collection</u>
<b>Cash flows from operating activities:</b>		
Cash received from:		
Customers, including cash deposits	\$ 31,370,586	\$ 42,501,112
Prior year reimbursements and cost recoveries	612,673	-
Cash paid to:		
Suppliers	(9,003,719)	(35,212,456)
Employees	(5,577,913)	(10,215,770)
Cash deposits returned to customers	-	-
	<u>17,401,627</u>	<u>(2,927,114)</u>
Net cash provided (used) by operating activities		
<b>Cash flows from noncapital financing activities:</b>		
Cash transferred from other funds	-	-
Cash transferred to other funds	(455,000)	(1,047,500)
County/developer project share	-	-
Connection fees	7,137,560	-
	<u>6,682,560</u>	<u>(1,047,500)</u>
Net cash provided (used) by noncapital financing activities		
<b>Cash flows from capital and related financing activities:</b>		
Principal payments:		
Notes/Loans/Bonds	(9,012,126)	-
Capital lease payments	-	-
Capital contributions	-	-
Interest paid	(9,192,337)	-
Purchase of capital assets	-	-
Proceeds from sale of capital assets	-	25,791
Construction in progress	(5,242,606)	-
	<u>(23,447,069)</u>	<u>25,791</u>
Net cash provided (used) by noncapital financing activities		
<b>Cash flows from investing activities:</b>		
Interest received	783,859	315,955
Net increase (decrease) in the fair value of investments	520,314	166,711
	<u>1,304,173</u>	<u>482,666</u>
Net cash provided by investing activities		
Net increase (decrease) in cash and investments	1,941,291	(3,466,157)
Cash and investments - Beginning of year	73,243,181	22,554,409
Cash and investments - End of year	<u>\$ 75,184,472</u>	<u>\$ 19,088,252</u>

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

Agriculture Water	Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
\$ 3,845,463	\$ 24,906,871	\$ 48,118	\$ 69,505	\$ 102,741,655	\$ 32,539,012
-	-	2,018	-	614,691	1,533,936
(2,863,941)	(19,518,310)	57,837	(83,777)	(66,624,366)	(20,496,279)
(1,716,413)	(1,005,530)	-	-	(18,515,626)	(7,704,722)
-	(136,801)	-	-	(136,801)	-
<u>(734,891)</u>	<u>4,246,230</u>	<u>107,973</u>	<u>(14,272)</u>	<u>18,079,553</u>	<u>5,871,947</u>
-	-	-	30,000	30,000	1,808,852
(17,000)	-	-	-	(1,519,500)	(54,452)
-	-	-	-	-	-
-	1,463,999	-	-	8,601,559	-
<u>(17,000)</u>	<u>1,463,999</u>	<u>-</u>	<u>30,000</u>	<u>7,112,059</u>	<u>1,754,400</u>
-	-	-	-	(9,012,126)	-
-	(509,258)	-	-	(509,258)	-
5,043	-	537,982	-	543,025	-
-	(961,060)	-	-	(10,153,397)	-
-	-	(643,814)	-	(643,814)	(4,866,465)
-	13,431	-	20,589	59,811	277,475
-	(324,721)	-	-	(5,567,327)	-
<u>5,043</u>	<u>(1,781,608)</u>	<u>(105,832)</u>	<u>20,589</u>	<u>(25,283,086)</u>	<u>(4,588,990)</u>
39,721	250,442	4,022	610	1,394,609	308,715
<u>41,167</u>	<u>260,686</u>	<u>4,119</u>	<u>265</u>	<u>993,262</u>	<u>334,615</u>
<u>80,888</u>	<u>511,128</u>	<u>8,141</u>	<u>875</u>	<u>2,387,871</u>	<u>643,330</u>
(665,960)	4,439,749	10,282	37,192	2,296,397	3,680,687
<u>5,610,346</u>	<u>37,475,629</u>	<u>578,724</u>	<u>45,457</u>	<u>139,507,746</u>	<u>47,912,389</u>
<u>\$ 4,944,386</u>	<u>\$ 41,915,378</u>	<u>\$ 589,006</u>	<u>\$ 82,649</u>	<u>\$ 141,804,143</u>	<u>\$ 51,593,076</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 Cash Flows (concluded)****Proprietary Funds****For the Fiscal Year Ended June 30, 2014**

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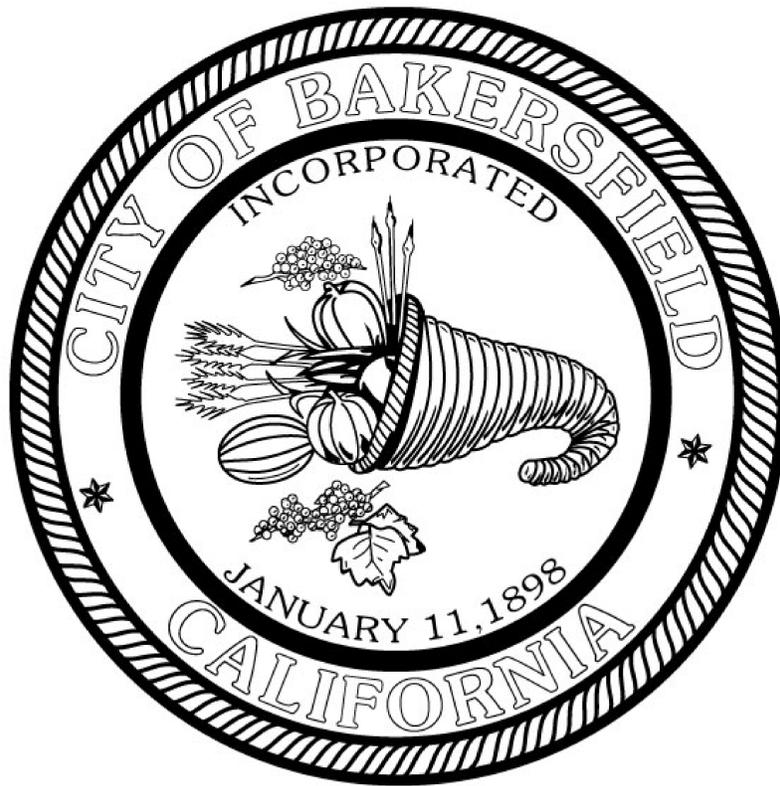
	<u>Wastewater Treatment</u>	<u>Refuse Collection</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>		
Operating income (loss)	\$ (1,992,141)	\$ (3,192,828)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	18,875,047	-
(Increase) decrease in accounts receivable	(34,622)	338,841
(Increase) decrease in inventories	-	-
(Increase) decrease in prepaid items	-	-
Increase (decrease) in accounts payable	(260,000)	(30,449)
Increase in workers' compensation claims	-	-
Increase (decrease) in deferred revenue	-	51,508
Increase (decrease) in customers' deposits	869,554	9,781
Increase (decrease) in compensated absences	<u>(56,211)</u>	<u>(103,967)</u>
Net cash provided (used) by operating activities	<u>\$ 17,401,627</u>	<u>\$ (2,927,114)</u>
<b>Noncash investing capital, and financing activities:</b>		
Contribution of equipment from other departments	\$ -	\$ -
Contributions of infrastructure and improvements by developers	\$ 12,135,837	\$ -

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

Agriculture Water	Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
\$ (813,476)	\$ (229,145)	\$ (159,149)	\$ (92,828)	\$ (6,479,567)	\$ (2,361,584)
488,197	4,253,732	185,570	75,980	23,878,526	5,186,608
(430,465)	194,172	(253,087)	2,355	(182,806)	100,752
-	-	-	-	-	(42,471)
-	-	-	-	-	83,000
(5,374)	(134,882)	333,461	221	(97,023)	860,299
-	-	-	-	-	2,107,781
-	-	-	-	51,508	-
42,730	152,755	-	-	1,074,820	-
(16,503)	9,598	1,178	-	(165,905)	(62,438)
<u>\$ (734,891)</u>	<u>\$ 4,246,230</u>	<u>\$ 107,973</u>	<u>\$ (14,272)</u>	<u>\$ 18,079,553</u>	<u>\$ 5,871,947</u>

\$ - \$ 4,597,953 \$ - \$ - \$ 4,597,953 \$ 395,343

\$ - \$ - \$ - \$ - \$ - \$ -



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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 individual private organizations, other governmental units and/or other funds. Detailed combining statements for Fiduciary Funds are located in the Supplementary Information section. Below are descriptions of the generic fund types within this category and specific funds within each fund type.

### **Private Purpose Trust Funds**

Redevelopment Successor Agency - The Bakersfield Redevelopment Agency ceased activities in February 2012. All non-housing related assets, liabilities and activities have been transferred to the City and are accounted for in a trust fund.

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 Trust 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 2, 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 retirees' insurance premiums.

### **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. In addition, Community Service Districts created for the West Ming and Old River Ranch developments are accounted for in this section. These funds are collected to be used to pay for public safety costs in the applicable communities.

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**CITY OF BAKERSFIELD**

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**Statement of Fiduciary Net Position****Fiduciary Funds****June 30, 2014**

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	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Agency Funds
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 14,123,674	\$ 50,833,596	\$ 29,635,131
Retirement system investments	-	990,950	-
Interest receivable	29,531	8,877	31,006
Due from other governmental agencies	1,067,844	-	23,645
Total current assets	<u>15,221,049</u>	<u>51,833,423</u>	<u>29,689,782</u>
Noncurrent assets			
Land held for resale	60,895	-	-
Total noncurrent assets	<u>60,895</u>	<u>-</u>	<u>-</u>
Total assets	<u>15,281,944</u>	<u>51,833,423</u>	<u>29,689,782</u>
<b>Liabilities:</b>			
Payables:			
Accounts payable	3,005	-	3,200
Advances from grantors and third parties	3,815,047	-	-
Deposits	-	-	23,603,764
Accrued bond interest	-	-	1,252,818
Bonds	2,985,000	-	4,830,000
Notes	27,020,633	-	-
Total liabilities	<u>33,823,685</u>	<u>-</u>	<u>29,689,782</u>
<b>Net Position:</b>			
Held in trust for:			
Individuals, organizations and other governments	(18,541,741)	-	-
Pension benefits and other purposes	-	51,833,423	-
	<u>\$ (18,541,741)</u>	<u>\$ 51,833,423</u>	<u>\$ -</u>

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

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**CITY OF BAKERSFIELD**

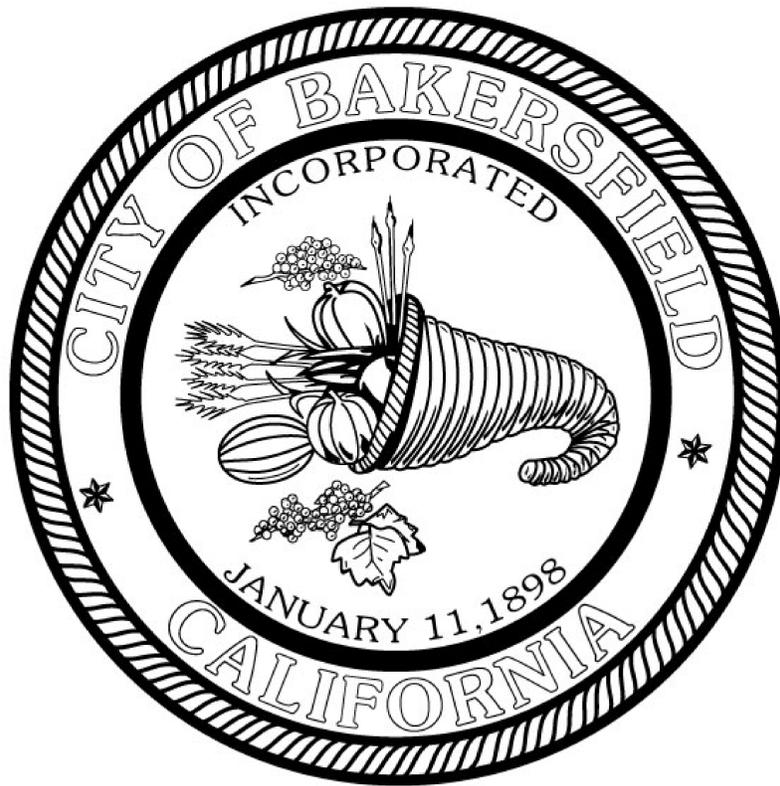
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**Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2014**

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	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds
<b>Additions</b>		
Contributions to pooled investments	\$ -	\$ 3,578,735
Developer fees	1,608,034	-
Successor agency property tax deposits	3,288,862	-
Intergovernmental	301,203	-
Charges for services/capital lease revenue	3,143,000	-
Other income	11,123	-
Interest income	49,088	4,373,702
	<hr/>	<hr/>
Total additions	8,401,310	7,952,437
	<hr/>	<hr/>
<b>Deductions:</b>		
Benefits	-	3,706,841
Purchase of uninhabited land	3,411,642	-
Obligation retirement	(1,082,131)	-
Administrative expenses	-	157,138
	<hr/>	<hr/>
Total deductions	2,329,511	3,863,979
	<hr/>	<hr/>
Change in net position	6,071,799	4,088,458
	<hr/>	<hr/>
Net position - beginning of year	(24,613,540)	47,744,965
	<hr/>	<hr/>
Net position - end of year	\$ (18,541,741)	\$ 51,833,423
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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 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 accounting principles generally accepted in the United States of America (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. Each blended and discretely presented component unit has a June 30 year-end.

#### **B. Basis of Presentation**

##### *Government-Wide Financial Statements*

The Government-Wide financial statements (the statement of net position 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 activities for services provided and used that are 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. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

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

Net position is restricted when constraints placed on it are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. 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.

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# ***CITY OF BAKERSFIELD***

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## **Notes to the Financial Statements**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **B. Basis of Presentation (continued)**

##### *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 the operations of the Greater Bakersfield Convention and Visitors Bureau division of the City.

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, including the Federal earmark Thomas Roads funds.

Capital Outlay Fund - The Capital Outlay Fund is used to account for the cost of capital projects financed by local revenues and various grant/loan proceeds for capital expenditures. This fund also accounts for the special Utility Franchise/Surcharge Fund created by the City Council to account for the specified local road project costs funded by the selected electricity and gas franchise surcharge fees. In addition, funds contributed by the County to be used to cover a portion of the costs of local match needed for the Thomas Roads projects are accounted for in this fund.

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).

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# ***CITY OF BAKERSFIELD***

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## **Notes to the Financial Statements**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **B. Basis of Presentation (continued)**

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 for 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 18th and Eye Streets and various offstreet surface parking lots within the City. The parking garage was financed by the former Redevelopment Agency and the related debt was retired in 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. The City also records the assets, liabilities and activities of the Redevelopment Successor Agency in a separate trust fund.

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# ***CITY OF BAKERSFIELD***

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## **Notes to the Financial Statements**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **B. Basis of Presentation (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 Improvement Districts 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. This fund also accounts for the special assessments and taxes collected within the boundaries of Community Service Districts within the City.

#### **C. Basis of Accounting**

The government-wide, proprietary, private purpose trust, pension and other employee benefit trust funds 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 of accounting, 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. The agency funds utilize the accrual basis of accounting to report assets and liabilities but technically have no measurement focus.

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.

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.

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# ***CITY OF BAKERSFIELD***

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## **Notes to the Financial Statements**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **D. Assets, Liabilities, Net Position or Fund Balances, and Other Financial Statement Items**

##### Cash and Investments

Cash balances of each of the City's funds, 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 GASB Statement No. 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 as 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 pooled 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.

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.

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# ***CITY OF BAKERSFIELD***

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## **Notes to the Financial Statements**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **D. Assets, Liabilities, Net Position or Fund Balances, and Other Financial Statement Items (continued)**

##### 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 70 years
Buildings, structures and improvements	5 to 40 years
Transmission and distribution equipment	5 to 50 years
Rolling equipment	2 to 30 years
Office equipment	3 to 10 years

##### Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. 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 Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****D. Assets, Liabilities, Net Position or Fund Balances, and Other Financial Statement Items (continued)**

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 Position/Fund Balance

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

- *Net Investment in Capital Assets* - This category groups all capital assets, including infrastructure, into one component of net position. 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 Position* - 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 Position* - This category represents net position of the City, not restricted for any project or other purpose.

As of June 30, 2014, net position is as follows:

	Governmental Activities	Business-Type Activities	Total
Net investment in capital assets	\$ 1,279,657,792	\$ 647,105,639	\$ 1,926,763,431
Restricted	21,015,837	20,209,227	41,225,064
Unrestricted	213,670,245	109,292,512	322,962,757
Total net position	<u>\$ 1,514,343,874</u>	<u>\$ 776,607,378</u>	<u>\$ 2,290,951,252</u>

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement established 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. 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.

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# ***CITY OF BAKERSFIELD***

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## **Notes to the Financial Statements**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **D. Assets, Liabilities, Net Position or Fund Balances, and Other Financial Statement Items (continued)**

- *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 which 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.

The City Council establishes, modifies or rescinds fund balance commitments through approval of contracts for services and supplies that require City Council authorization through resolution. Fund balance assignments are made by agreements entered into by department heads, and their designees, for specific purposes. The City Council also establishes fund balance assignments through the adoption of the budget and subsequent budget amendments. Assignments are generally temporary and as such, additional action is not usually needed for assignments to be removed. The City Council approved, through resolution, a Fund Balance policy that established these rules for fund balance commitments and assignments in the General Fund. It was not deemed necessary to include a policy to achieve and maintain a specific level of unrestricted fund balance in the General Fund.

#### **Fund Balance Flow Assumptions**

The City will sometimes fund outlays for a specific purpose from restricted and unrestricted resources (committed, assigned, and unassigned fund balance). A flow assumption must be made about the order of how these resources are will be applied to properly calculate the amounts reported as restricted, committed, assigned, and unassigned. It is the City’s policy to consider restricted fund balance to be used completely before any components of unrestricted fund balance. When the components of unrestricted fund balance are used for the same purpose, the amount classified as committed is used first, followed by assigned, and unassigned is applied last.

#### **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 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

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# ***CITY OF BAKERSFIELD***

## **Notes to the Financial Statements**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **D. Assets, Liabilities, Net Position or Fund Balances, and Other Financial Statement Items (continued)**

##### Cash Flow Statements

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, deposits, short-term investments and cash and investments with fiscal agents. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

##### Use of Estimates

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

#### **E. Stewardship, Compliance, and Accountability**

##### Budgets and Budgetary Accounting

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

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

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

Budgets are adopted for all governmental fund types and are prepared on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted, or as amended by the City Council. During the fiscal year ended June 30, 2014 the City Council approved \$208,567,832 of increases to the originally adopted budget, excluding carryovers of prior year encumbered balances and selected capital appropriations.

##### Deficit Net Position

The Self Insurance Internal Service Fund reported a deficit in net position of \$2,733,773 at the close of the fiscal year. The deficit was the result of a significant increase in the workers compensation liability calculated in the City's most recent actuarial study. Workers compensation charges can fluctuate significantly from year to year and staff will continue to adjust departmental rates accordingly to maintain sufficient funding levels.

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# ***CITY OF BAKERSFIELD***

## **Notes to the Financial Statements**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **E. Stewardship, Compliance, and Accountability (continued)**

##### 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.

##### Excess of Expenditures Over Appropriations

For the year ended June 30, 2014, expenditures exceeded appropriations in the American Recovery and Reinvestment Act (ARRA) Fund by \$27,849 and in the National Stabilization Fund by \$16. These over-expenditures relate to incorrect budget estimates, in the ARRA fund for when grant funded police positions would begin to be paid for by General Fund dollars, and in the National Stabilization Fund in estimates of allocated costs applied from the General Fund. These are technically considered budgetary violations and management will take steps to review periodic budget reports to ensure compliance in the future.

#### **F. New Accounting Pronouncements**

During the fiscal year ending June 30, 2014 the City implemented the following standards:

**GASB Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62.*** This statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, GASB Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The statement is effective for periods beginning after June 15, 2012. Upon implementation, there was no effect on the City's accounting or financial reporting.

**GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25.*** This statement is to improve financial reporting by state and local governmental pension plans. Upon implementation, there was no effect on the City's accounting or financial reporting.

**GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.*** The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. Upon implementation, there was no effect on the City's accounting or financial reporting.

Recently released standards by GASB affecting future years are as follows:

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.* This Statement is to improve accounting and financial reporting by state and local governments for pensions. The City has elected not to early implement GASB Statement No. 68 and has not determined its effects on the City's financial statements.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations.* This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The City has elected not to early implement GASB Statement No. 69 and has not determined its effects on the City's financial statements.

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment to GASB Statement No. 68*. The objective of this Statement is to address issues regarding the application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The City has elected not to early implement GASB Statement No. 71 and has not determined its effects on the City's financial statements.

**NOTE 2 - CASH AND INVESTMENTS**

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 359,320,677
Fiduciary funds:	
Cash and investments	94,592,401
Retirement system investments	<u>990,992</u>
	<u>\$ 454,904,070</u>

Cash and investments as of June 30, 2014 consist of the following:

Cash on hand	\$ 982,087
Deposits with financial institutions	45,782,756
Investments	408,782,177
GASB 31 Market Value Adjustment	<u>(642,950)</u>
	<u>\$ 454,904,070</u>

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

The table below identifies the investment types that are authorized for the City by the California Government Code, or the City's investment policy, where more restrictive. The table also identifies the more restrictive provision of the California Government Code or the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investment of debt proceeds held by bond trustee that are governed by the provisions of the City's debt agreements, rather than the general provisions of either the California Government Code or the City's investment policy.

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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

<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 has \$358,941 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 absence of 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 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 - 24 Months	25-60 Months	More Than 60 Months
U.S. Government Agency Obligations:				
Federal Farm Credit Bank	\$ 45,000,000	\$ -	\$ 10,000,000	\$ 35,000,000
Federal Home Loan Bank	54,000,000	-	-	54,000,000
Federal Home Loan Mortgage Corp.	54,000,000	-	-	54,000,000
Federal National Mortgage Assn.	55,997,500	-	-	55,997,500
Commercial Paper	-	-	-	-
Bankers Acceptances	-	-	-	-
Time Certificates of Deposit	20,000,000	20,000,000	-	-
U.S. Treasury Bills, Notes, and Bonds	-	-	-	-
Local Agency Investment Fund	100,111,088	100,111,088	-	-
Mutual Funds (1)	79,314,648	79,314,648	-	-
Investment Contracts	358,941	-	-	358,941
Total	<u>\$408,782,177</u>	<u>\$ 199,425,736</u>	<u>\$ 10,000,000</u>	<u>\$ 198,997,500</u>
				<u>\$ 358,941</u>

(1) See Note 17 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 June 10, 2013 the rating agency of Standard and Poors (S&P) affirmed the AA+ credit rating of the United States government but revised the outlook to stable from negative.

**CITY OF BAKERSFIELD**

**Notes to the Financial Statements**

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

Investment Type	Minimum Legal Rating	Remaining as of the Year-End		
		AAA	Aa	Not Rated
U.S. Government Agency Obligations:				
Federal Farm Credit Bank	\$ 45,000,000	\$ -	\$ 45,000,000	\$ -
Federal Home Loan Bank	54,000,000	-	54,000,000	-
Federal Home Loan Mortgage Corp.	54,000,000	-	54,000,000	-
Federal National Mortgage Assn.	55,997,500	-	55,997,500	-
Commercial Paper	-	-	-	-
Bankers Acceptances	-	-	-	-
Time Certificates of Deposit	20,000,000	-	-	20,000,000
U.S. Treasury Bills, Notes, and Bonds	-	-	-	-
Local Agency Investment Fund	100,111,088	-	-	100,111,088
Mutual Funds (1)	79,314,648	79,314,648	-	-
Investment Contracts	358,941	-	-	358,941
<b>Total</b>	<b>\$408,782,177</b>	<b>\$ 79,314,648</b>	<b>\$208,997,500</b>	<b>\$120,470,029</b>

(1) See Note 17 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 City's total investments are as follows.

Issuer	Investment Type	Reported Amount	Percentage
Federal Farm Credit Bank	Federal Agency Securities	\$ 45,000,000	11%
Federal Home Loan Bank	Federal Agency Securities	54,000,000	13%
Federal Home Loan Mortgage Corp.	Federal Agency Securities	54,000,000	13%
Federal National Mortgage Assn.	Federal Agency Securities	55,997,500	14%

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 2 - CASH AND INVESTMENTS (continued)****Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that the City will not be able to recover its deposits or will not be able to recover collateral securities in the possession of an outside party if a depository institution fails. The custodial credit risk for *investments* is the risk that the City will not be able to recover the value of its investment or collateral securities held by another party if the counterparty (e.g. broker-dealer) to a transaction fails. The California Government Code and City's investment policy do not contain legal or policy requirements that would limit exposure to custodial credit risk for deposits or investments, other than the following provision applicable to *deposits*: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2014, all of the City's deposits with financial institutions in excess of federal depository insurance limits were held in fully collate accounts, as permitted by the California Government Code. As of June 30, 2014, 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 LAIF which 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, 2014 of the City's major individual funds and non-major and internal service funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

<b>Accounts Receivable - Governmental Funds:</b>	<b>General Fund</b>	<b>Transient Occupancy Taxes Fund</b>	<b>Community Development Block Grant Fund</b>	<b>Gas Tax &amp; Road Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Total Governmental Activities</b>
Taxes	\$ -	\$ 1,262,862	\$ -	\$ -	\$ -	\$ -	\$ 1,262,862
Accounts	1,423,293	-	13,596,473	22,031	9,931,476	256,625	25,229,898
Gross Receivables	1,423,293	1,262,862	13,596,473	22,031	9,931,476	256,625	26,492,760
Less: Allowance for Uncollectible	-	-	-	-	-	(167,041)	(167,041)
Total Accounts Receivable - Net	<u>\$ 1,423,293</u>	<u>\$ 1,262,862</u>	<u>\$ 13,596,473</u>	<u>\$ 22,031</u>	<u>\$ 9,931,476</u>	<u>\$ 89,584</u>	<u>\$ 26,325,719</u>

# CITY OF BAKERSFIELD

## Notes to the Financial Statements

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

Accounts Receivable - Proprietary Funds:	Wastewater Treatment Fund	Refuse Collection Fund	Agricultural Water Fund	Domestic Water Fund	Offstreet Parking Fund	Total Business-Type Activities
Accounts	\$ 826,287	\$ 897,965	\$ 1,943,786	\$ 1,723,292	\$ 730	\$ 5,392,060
Gross Receivables	826,287	897,965	1,943,786	1,723,292	730	5,392,060
Less: Allowances for Total Accounts Receivable - Net						
	<u>\$ 826,287</u>	<u>\$ 897,965</u>	<u>\$ 1,943,786</u>	<u>\$ 1,723,292</u>	<u>\$ 730</u>	<u>\$ 5,392,060</u>

Accounts payable and accrued liabilities at June 30, 2014 are composed of the following:

Accounts Payable and Accrued Liabilities Governmental Activities:	General Fund	Transient Occupancy Taxes Fund	Community Development Block Grant Fund	Gas Tax & Road Fund	Capital Outlay Fund	Park Improvement Fund	Transportation Development Fund
Accounts payable	\$ 6,586,356	\$ 74,356	\$ 238,513	\$ 9,880,507	\$ 1,265,751	\$ 2,352,434	\$ 3,147,238
Due to other governments	2,072,744	-	-	-	-	-	-
Total Accounts Payable and Accrued Liabilities	<u>\$ 8,659,100</u>	<u>\$ 74,356</u>	<u>\$ 238,513</u>	<u>\$ 9,880,507</u>	<u>\$ 1,265,751</u>	<u>\$ 2,352,434</u>	<u>\$ 3,147,238</u>

Accounts Payable and Accrued Liabilities Governmental Activities:	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities
Accounts payable	\$ 126,445	\$ 2,117,031	\$ 25,788,631
Due to other governments	55,136	-	2,127,880
Total Accounts Payable and Accrued Liabilities	<u>\$ 181,581</u>	<u>\$ 2,117,031</u>	<u>\$ 27,916,511</u>

Accounts Payable and Accrued Liabilities - Business-Type Activities:	Wastewater Treatment Fund	Refuse Collection Fund	Agricultural Water Fund	Domestic Aviation Fund	General Aviation Fund	Offstreet Parking Fund	Total Business-Type Activities
Accounts payable	\$1,688,493	\$2,767,193	\$ 235,345	\$ 2,027,784	\$ 348,204	\$ 2,592	\$ 7,069,611
Accrued interest	2,635,218	-	-	-	-	-	2,635,218
Total Accounts Payable and Accrued Liabilities	<u>\$4,323,711</u>	<u>\$ 2,767,193</u>	<u>\$ 235,345</u>	<u>\$ 2,027,784</u>	<u>\$ 348,204</u>	<u>\$ 2,592</u>	<u>\$ 9,704,829</u>

# CITY OF BAKERSFIELD

## Notes to the Financial Statements

### NOTE 4 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2014 are comprised of the following:

	Federal Government	State of California	County Agencies	Total Governmental Activities	Business-Type Activities	Total Reporting Entity
SB90 Claims	\$ -	\$ 3,716,050	\$ -	\$ 3,716,050	\$ -	\$ 3,716,050
Sales Tax	-	8,707,505	-	8,707,505	-	8,707,505
Property Tax	-	-	586,033	586,033	563,603	1,149,636
Public Employee Retirement System	-	32,873	-	32,873	-	32,873
Department of Fish and Game	-	124,501	-	124,501	-	124,501
Emergency Management Agency	-	6,972	-	6,972	-	6,972
State Cal-ID Program	-	78,142	-	78,142	-	78,142
Office of Traffic Safety	-	322,468	-	322,468	-	322,468
Department of Housing & Urban Development	-	414,380	-	414,380	-	414,380
Department of Transportation	34,651,744	8,500,532	-	43,152,276	178,815	43,331,091
Federal Aviation Administration	-	-	-	-	274,588	274,588
Economic & Community Development	479,520	-	-	479,520	-	479,520
Kern Council of Governments	-	-	389,777	389,777	-	389,777
Kern County Animal Control	-	-	85,255	85,255	-	85,255
Kern County Fire	-	-	62,482	62,482	-	62,482
Kern County Probation	-	-	25,838	25,838	-	25,838
Kern County Public Works	-	-	1,050,405	1,050,405	-	1,050,405
<b>Totals</b>	<b>\$ 35,131,264</b>	<b>\$ 21,903,423</b>	<b>\$ 2,199,790</b>	<b>\$ 59,234,477</b>	<b>\$ 1,017,006</b>	<b>\$ 60,251,483</b>

### NOTE 5 - CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2014 were as follows:

	Balance				Balance
	June 30, 2013	Adjustments	Additions	Retirements	June 30, 2014
<b>Governmental Activities</b>					
Capital assets, not being depreciated					
Land	\$ 419,169,195	\$ (642,571)	\$ 4,689,443	\$ -	\$ 423,216,067
Construction in progress	27,112,583	-	16,981,195	6,605,979	37,487,799
<b>Total capital assets, not being depreciated</b>	<b>446,281,778</b>	<b>(642,571)</b>	<b>21,670,638</b>	<b>6,605,979</b>	<b>460,703,866</b>
Capital assets, being depreciated					
Buildings, structures and improvements	141,570,876	(3,247,716)	1,682,139	837,436	139,167,863
Infrastructure	1,396,993,936	30,029,070	62,552,983	-	1,489,575,989
Rolling equipment	68,435,991	-	5,085,209	3,467,513	70,053,687
Furniture and other equipment	34,222,100	(3,922,278)	612,375	4,547,560	26,364,637
<b>Total capital assets, being depreciated</b>	<b>1,641,222,903</b>	<b>22,859,076</b>	<b>69,932,706</b>	<b>8,852,509</b>	<b>1,725,162,176</b>
Less accumulated depreciation for					
Buildings, structures and improvements	(60,148,124)	1,984,463	(3,459,502)	-	(61,623,163)
Infrastructure	(705,505,502)	-	(58,010,636)	-	(763,516,138)
Rolling equipment	(42,651,578)	2,383,953	(4,848,702)	(3,410,209)	(41,706,118)
Furniture and other equipment	(21,669,874)	1,144,459	(1,280,241)	(4,453,672)	(17,351,984)
<b>Total accumulated depreciation</b>	<b>(829,975,078)</b>	<b>5,512,875</b>	<b>(67,599,081)</b>	<b>(7,863,881)</b>	<b>(884,197,403)</b>
<b>Total capital assets, being depreciated, net</b>	<b>811,247,825</b>	<b>28,371,951</b>	<b>2,333,625</b>	<b>988,628</b>	<b>840,964,773</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 1,257,529,603</b>	<b>\$ 27,729,380</b>	<b>\$ 24,004,263</b>	<b>\$ 7,594,607</b>	<b>\$ 1,301,668,639</b>

# CITY OF BAKERSFIELD

## Notes to the Financial Statements

### NOTE 5 - CAPITAL ASSETS (continued)

	Balance				Balance
	June 30, 2013	Adjustments	Additions	Retirements	June 30, 2014
<b>Business-Type Activities</b>					
Capital assets, not being depreciated					
Land	\$ 25,703,728	\$ -	\$ -	\$ 4,577,261	\$ 21,126,467
Water rights	31,476,906	-	-	-	31,476,906
Construction in progress	15,614,350	-	1,183,560	12,578,007	4,219,903
Total capital assets, not being depreciated	<u>72,794,984</u>	<u>-</u>	<u>1,183,560</u>	<u>17,155,268</u>	<u>56,823,276</u>
Capital assets, being depreciated					
Buildings, structures and improvements	309,648,530	-	12,469,474	-	322,118,004
Infrastructure	739,785,301	-	21,903,460	-	761,688,761
Equipment	68,749,010	570,684	427,678	5,487	69,741,885
Total capital assets being depreciated	<u>1,118,182,841</u>	<u>570,684</u>	<u>34,800,612</u>	<u>5,487</u>	<u>1,153,548,650</u>
Less accumulated depreciation for					
Buildings, structures and improvements	(80,303,572)	-	(8,193,748)	-	(88,497,320)
Infrastructure	(215,870,069)	-	(11,883,421)	-	(227,753,490)
Equipment	(16,595,052)	(458,480)	(3,801,357)	(5,487)	(20,849,402)
Total accumulated depreciation	<u>(312,768,693)</u>	<u>(458,480)</u>	<u>(23,878,526)</u>	<u>(5,487)</u>	<u>(337,100,212)</u>
Total capital assets, being depreciated, net	805,414,148	112,204	10,922,086	-	816,448,438
Business-type activities capital assets, net	<u>\$ 878,209,132</u>	<u>\$ 112,204</u>	<u>\$ 12,105,646</u>	<u>\$ 17,155,268</u>	<u>\$ 873,271,714</u>

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

	Depreciation
<b>Governmental functions:</b>	
General government	\$ 1,704,875
Public safety - Police	502,524
Public safety - Fire	751,516
Public works	61,019,933
Recreation and parks	3,290,282
Community development	329,951
Total	<u>\$ 67,599,081</u>
<b>Business-type functions:</b>	
Wastewater treatment	\$ 18,875,047
Agricultural water	488,197
Domestic water	4,253,732
General aviation	185,570
Offstreet parking	75,980
Total	<u>\$ 23,878,526</u>

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 6 - LAND HELD FOR RESALE**

The City, as the Redevelopment Successor Agency, has been transferred real property to be held for a limited period that will be used for future development. The inventory for land held for resale is presented at the lower of cost or net realizable value though it is initially recorded at historical costs. Subsequently the land could be adjusted to net realizable value if and when the City enters into agreements for development or sale of the property for less than its historical cost, when a property is impaired or when property value decreases due to market conditions.

	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
<b>Redevelopment Successor Agency - Housing</b>				
Land Held for resale	\$ 3,401,202	\$ -	\$ 622,000	\$ 2,779,202
	<u>\$ 3,401,202</u>	<u>\$ -</u>	<u>\$ 622,000</u>	<u>\$ 2,779,202</u>

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

Other long-term receivables consist of the following:

**Governmental Activities**

Loans receivable in the internal service funds due from the Bakersfield Redevelopment Agencies Southeast Project Area from the Mill Creek South mixed use development project. This loan has an interest rate tied to the LAIF rate (currently at .244% and an eight year payment period per Agreement 06-124). \$ 2,288,420

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). 2,845,649

Mercy Housing, Madison Place Apartments, 55 year term, with 1/55 to 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

Down payment assistance loans. 1,313,409

19th Street Senior Plaza, LLC, a 55 year loan term upon recordation of Certificate of Completion. 1,688,375

CalHOME Downpayment Assistance for a grant from the State of California which provided downpayment and closing cost assistance to seventeen (17) families within the Metropolitan Bakersfield area. The assistance was provided to those families whose incomes were at or below 120% of area median income. The loans of up to \$40,000 are forgiven at 1/15th per year. 537,880

Golden Empire Housing (GEAHI), Park Place Apartments, 55 year loan term beginning July 12, 1999, ending on July 12, 2054, with the interest payment being deferred for first ten years, until year 2010, with an interest rate of 1.5%. 868,867

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 7 - OTHER LONG-TERM RECEIVABLES (continued)**

Capital Vision Equities, City Center Senior Housing, 35 year loan term beginning on March 28, 2001, ending March 28, 2036, with an interest rate of 5.85% 990,000

Canyon Hills Assembly of God, Senior Housing Project 30 year loan term beginning July 30, 2001 ending July 30, 2031, with an interest rate of 0% 310,000

Face value of loans \$ 11,293,739

Current portion \$ 513,140

Long-term portion 10,780,599

Total governmental activities receivable \$ 11,293,739

**Business-Type Activities**

Notes receivable in the Agricultural Water Fund are for the amounts due from various customers/vendors.

These loans are non-interest bearing. \$ 40,140

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. 1,075,283

Long-term receivable under agreement 14-042 between the City and local citizen to purchase surplus land adjacent to their business. Property was held in the Offstreet Parking Fund. 78,410

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 the tract maps. The amounts due are liens against the respective properties upon execution of the agreements. The revenues related to these contracts are deferred. 278,140

Total business-type noncurrent receivables \$ 1,471,973

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**CITY OF BAKERSFIELD**

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**Notes to the 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 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, 2014 were:

Fund	Due from Other Funds	Due to Other Funds
Governmental Funds:		
Major Funds:		
General Fund	\$ 20,332,632	\$ -
Gas Tax & Road Fund	-	20,103,663
Non-Major Fund:		
State (TDA) Transportation Fund	-	228,969
	\$ 20,332,632	\$ 20,332,632

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

Interfund transfers at June 30, 2014 consisted of the following:

	Transfers In	Transfers Out
<u>Governmental Funds:</u>		
Major Funds:		
General Fund	\$ 1,100,000	\$ 10,095,532
Transient Occupancy Taxes Fund	-	4,554,124
Community Development Block Grant Fund	-	584,434
Capital Outlay Fund	14,330,632	-
Non-Major Funds:		
Traffic Safety Fund	-	1,100,000
General Obligation Debt Fund	638,558	-
<u>Proprietary Funds:</u>		
Major Funds:		
Wastewater Treatment Fund	-	455,000
Refuse Collection Fund	-	1,047,500
Agricultural Water Fund	-	17,000
Offstreet Parking Fund	30,000	-
Internal Service Funds:		
Self-Insurance Fund	-	54,452
Equipment Management Fund	1,808,852	-
	\$ 17,908,042	\$ 17,908,042

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**CITY OF BAKERSFIELD**

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**Notes to the 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 \$1,100,000 transfer in to the General Fund from the Traffic Safety Fund to subsidize the cost of the traffic division of the police department for parking fine violations.
- The \$10,095,532 transfer from the General Fund includes transfers to the Capital Outlay Fund of \$8,903,132 for capital improvements on various City facilities. Other transfers for proprietary activities included a transfer of \$1,162,400 to the Equipment Management Fund for the purchase of equipment in various departments, and a transfer of \$30,000 to the Offstreet Parking Fund to cover the costs of additional security at the facility.
- The \$4,554,124 transfers from the Transient Occupancy Taxes Fund include: \$4,500,000 transferred to the Capital Outlay Fund to fund a number of capital projects and \$54,125 to the General Obligation Debt Fund for the repayment of a loan from PG&E for an energy efficiency retrofit at Rabobank Arena.
- The \$584,434 transfer from the Community Development Block Grant (CDBG) Fund to the General Obligation Debt Fund is for the repayment of a Section 108 loan.
- There were additional transfers to the Equipment Management Fund to purchase additional equipment for operations which include; Gas Tax & Road Fund (\$205,600), Wastewater Treatment Fund (\$455,000), Refuse Collection Fund (\$1,047,000), and the Agricultural Water Fund (\$17,000).

**NOTE 9 - ADVANCES FROM GRANTORS AND THIRD PARTIES**

The government-wide Statement of Net Position as well as governmental and enterprise funds defer revenue recognition in connection with resources that have been received as of year-end but not yet earned because under both the accrual and modified accrual basis of accounting revenue may be recognized only when earned. Assets recognized in connection with a transaction before the earnings process is complete are offset by a corresponding liability for advances from grantors and third parties.

The following table summarizes Advances from Grantors and third parties for the City at June 30, 2014:

	<u>Balance at June 30, 2014</u>
<b>Governmental Activities:</b>	
General Fund	
Dog License	\$ 119,459
Business License	<u>1,167,070</u>
General Fund Total	1,286,529
Non-Major Funds:	
State Transportation - Grants Advanced	141,868
Redevelopment Successor Agency - Housing	<u>6,159,671</u>
Total Governmental Activities	<u>\$ 7,588,068</u>

**CITY OF BAKERSFIELD**

**Notes to the Financial Statements**

**NOTE 9 - ADVANCES FROM GRANTORS AND THIRD PARTIES (continued)**

	Balance at June 30, 2014
<b>Business-Type Activities:</b>	
Wastewater Treatment	\$ 1,075,283
Refuse Collection	141,601
Domestic Water	278,140
Total Business-Type Activities	<u>\$ 1,495,024</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 \$20,664,937. The total lease obligation for the term of this agreement is as follows:

Year ending	Business-Type Activities		
	Lease	Interest	Total
2015	\$ 529,179	\$ 940,831	\$ 1,470,010
2016	556,211	915,710	1,471,921
2017	579,868	894,983	1,474,851
2018	599,281	870,740	1,470,021
2019	622,686	845,460	1,468,146
2020-2024	3,423,670	3,937,717	7,361,387
2025-2029	4,223,695	3,137,105	7,360,800
2030-2034	5,361,100	1,997,696	7,358,796
2035-2039	4,769,247	581,088	5,350,335
Totals	<u>\$ 20,664,937</u>	<u>\$ 14,121,330</u>	<u>\$ 34,786,267</u>

	Balance at June 30, 2013	Additions	Principal Retirement	Balance at June 30, 2014
<b>Business-Type Activities</b>				
Capital Leases:				
Water rights	\$ 21,174,195	\$ -	\$ 509,258	\$ 20,664,937
	<u>\$ 21,174,195</u>	<u>\$ -</u>	<u>\$ 509,258</u>	<u>\$ 20,664,937</u>

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 11 - LONG-TERM DEBT**

Long-term debt transactions for the fiscal year ending June 30, 2014 are summarized below:

	Governmental Activities	Business-Type Activities			Total Government
		General Obligations	Revenue Obligations	Total	
Payable at June 30, 2013:					
Bonds	\$ -	\$ -	\$ 208,827,318	\$ 208,827,318	\$ 208,827,318
Certificates of Participation	22,725,000	-	-	-	22,725,000
Notes	4,423,000	6,017,009	-	6,017,009	10,440,009
Contracts/Loans	-	171,742	-	171,742	171,742
Claims and Judgments Payable	31,085,384	-	-	-	31,085,384
Compensated Absences	14,492,296	2,318,075	-	2,318,075	16,810,371
Subtotal	<u>72,725,680</u>	<u>8,506,826</u>	<u>208,827,318</u>	<u>217,334,144</u>	<u>290,059,824</u>
New debt incurred:					
Bonds	-	-	-	-	-
Certificates of Participation	-	-	-	-	-
Notes	170,173	-	-	-	170,173
Contracts/Loans	-	42,730	-	42,730	42,730
Claims and Judgments Payable	2,107,781	-	-	-	2,107,781
Compensated Absences	8,365,107	1,113,443	-	1,113,443	9,478,550
Subtotal	<u>10,643,061</u>	<u>1,156,173</u>	<u>-</u>	<u>1,156,173</u>	<u>11,799,234</u>
Principal reductions:					
Bonds	-	-	8,591,064	8,591,064	8,591,064
Certificates of Participation*	2,085,000	-	-	-	2,085,000
Notes	443,124	752,125	-	752,125	1,195,249
Compensated Absences	8,521,769	1,279,349	-	1,279,349	9,801,118
Subtotal	<u>11,049,893</u>	<u>2,031,474</u>	<u>8,591,064</u>	<u>10,622,538</u>	<u>21,672,431</u>
Payable at June 30, 2014:					
Bonds	-	-	200,236,254	200,236,254	200,236,254
Certificates of Participation	20,640,000	-	-	-	20,640,000
Notes	4,150,049	5,264,884	-	5,264,884	9,414,933
Contracts/Loans	-	214,472	-	214,472	214,472
Claims Post-Emp. Benefit Obligation	33,193,165	-	-	-	33,193,165
Compensated Absences	14,335,634	2,152,169	-	2,152,169	16,487,803
Total Payables	<u>\$ 72,318,848</u>	<u>\$ 7,631,525</u>	<u>\$ 200,236,254</u>	<u>\$ 207,867,779</u>	<u>\$ 280,186,627</u>

# CITY OF BAKERSFIELD

## Notes to the Financial Statements

### NOTE 11 - LONG-TERM DEBT (continued)

	Governmental Activities	Business-Type Activities			Total Government
		General Obligations	Revenue Obligations	Total	
Due Within One Year:					
Bonds	\$ -	\$ -	\$ 4,691,063	\$ 4,691,063	\$ 4,691,063
Certificates of Participation	2,180,000	-	-	-	2,180,000
Notes	439,672	752,126	-	752,126	1,191,798
Total Long-term Debt	<u>2,619,672</u>	<u>752,126</u>	<u>4,691,063</u>	<u>5,443,189</u>	<u>8,062,861</u>
Contracts/Loans	-	214,472	-	214,472	214,472
Claims and Judgments Payable	8,792,165	-	-	-	8,792,165
Compensated Absences	7,505,283	1,452,806	-	1,452,806	8,958,089
Total Due Within One Year	<u>18,917,120</u>	<u>2,419,404</u>	<u>4,691,063</u>	<u>7,110,467</u>	<u>26,027,587</u>
Due in More Than One Year					
Bonds	\$ -	\$ -	\$ 195,545,191	\$ 195,545,191	\$ 195,545,191
Certificates of Participation	18,460,000	-	-	-	18,460,000
Notes	3,710,377	4,512,758	-	4,512,758	8,223,135
Total Long-term Debt	<u>22,170,377</u>	<u>4,512,758</u>	<u>195,545,191</u>	<u>200,057,949</u>	<u>222,228,326</u>
Contracts/Loans	-	-	-	-	-
Deferred Bond Premium	-	-	-	-	-
Claims and Judgments Payable	24,401,000	-	-	-	24,401,000
Compensated Absences	6,830,351	699,363	-	699,363	7,529,714
Total Due in More Than One Year	<u>\$ 53,401,728</u>	<u>\$ 5,212,121</u>	<u>\$ 195,545,191</u>	<u>\$ 200,757,312</u>	<u>\$ 254,159,040</u>

The liability for pension-related debt and compensated absences for governmental activities is primarily liquidated by the General Fund with smaller portions charged to other funds in an amount proportional to the personnel costs incurred. The pension related debt and compensated absences for business-type activities will be paid by the respective proprietary funds.

Long-term debt payable at June 30, 2014 was comprised of the following individual issues:

#### Bonds

General obligation bonds serviced by business-type activities:

\$190,695,000 Wastewater Revenue Bonds 2007 Series A - due in annual principal installments of \$1,100,000 to \$14,465,000 commencing September 15, 2009 through 2033. (This issue is serviced by the Wastewater Treatment Fund) \$178,615,000

\$25,000,000 Wastewater Revenue Bonds 2012 Series A - the 2007 Series B bonds were refunded in 2012 with partial bond call of \$18,730,000 of that previous debt issuance. The City made payments of \$5,000,000 in both the 2012/13 and 2013/14 fiscal years to help retire the debt sooner. Annual principal installments are \$11,590,000 and \$8,410,000 commencing September 15, 2033 through 2034. Payments prior to 2033 are variable rate interest only; interest rate fluctuates weekly tied to SIFMA municipal swap index. (This issue is serviced by the Wastewater Treatment Fund) \$ 15,000,000

Unamortized Bond Premium on Wastewater Revenue Bonds 6,621,254

Total Bonds \$200,236,254

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 11 - LONG-TERM DEBT (continued)**Certificates of Participation (COP):

Certificates of participation serviced by Transient Occupancy tax revenue via lease payments from the City to the redevelopment successor agency: \$25,335,000 - 2006 Refunding Certificates of Participation Series A assumed by the City as the successor agency of the former redevelopment agency. 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%.	\$ 15,010,000
\$9,470,000 - 2006 Refunding Certificates of Participation Series B assumed by the City as the successor agency of the former redevelopment agency. Certificates are due in annual principal installments of \$345,000 to \$830,000 commencing October 1, 2006 through 2022; interest ranging from 4.00% to 5.00%.	<u>5,630,000</u>
Total Certificates of Participation	<u>\$ 20,640,000</u>

Notes/Loans:

General obligation note serviced by Community Development Block Grant Fund (via the Municipal Debt Service Fund with Community Development Block Grant Entitlement): \$4,100,000 Housing & Urban Development (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%.	\$ 2,399,000
General obligation note serviced by Community Development Block Grant Fund (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, 2005 through August 2023; interest ranging from 1.61% to 4.76%.	494,000
General obligation note serviced by Community Development Block Grant Fund (via the Municipal Debt Service Fund with Community Development Block Grant Entitlement (\$1,800,000 HUD Section 108 Loan 009 - 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%.	1,141,000
General obligation loan serviced by Transient Occupancy Tax Fund (via the Municipal Debt Service Fund ) \$170,173 PG&E loan used for an energy efficient lighting upgrade at Rabobank Arena that was split over two payments. Check #1 was for \$25,736 to be paid off in 20 monthly payments of \$1,286, and check #2 was for \$144,437 to be paid off in 56 monthly payments of \$2,579. These loans contain no interest charges.	116,049
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.	<u>5,264,884</u>
Total general obligation notes/loans payable	<u>\$ 9,414,933</u>

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 11 - LONG-TERM DEBT (continued)**Compensated Absences:

Government Activities	\$ 14,335,634
Business-Type Activities	<u>2,152,169</u>
Total Compensated Absences	<u>\$ 16,487,803</u>

A summary of the City's debt service requirements outstanding at June 30, 2014 is as follows:

	<u>Total Government</u>
Principal:	
Governmental Activities	\$ 72,318,848
Business-Type Activities:	
General Obligations	7,631,525
Revenue Obligations	<u>200,236,254</u>
Subtotal - Principal	<u>280,186,627</u>
Less: Claims and Judgments Payable included above that bear no interest and have no schedule of repayment terms	33,193,165
Less: Kern River Levee District Payable included above that bears no interest and has no schedule of repayment terms	214,472
Less: Unamortized premium for Wastewater revenue bond	6,621,254
Less: Compensated Absences included above that bear no interest and have no schedule of repayment terms	<u>16,487,803</u>
Total Principal with Scheduled Repayment Terms	223,669,933
Interest on Obligations	<u>115,413,887</u>
Total Debt Service Requirements	<u>\$ 339,083,820</u>

**CITY OF BAKERSFIELD**

**Notes to the Financial Statements**

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

The annual requirement to amortize the principal and interest on long-term debt at June 30, 2014 is as follows:

**Government-Type Activities**

Year ending	Principal			Interest		
	Bonds/COP	Notes/Loans	Total	Bonds	Notes/Loans	Total
2015	\$ 2,180,000	\$ 439,672	\$ 2,619,672	\$ 965,150	\$ 180,887	\$ 1,146,037
2016	2,285,000	443,951	2,728,951	856,150	164,823	1,020,973
2017	2,390,000	457,951	2,847,951	741,900	147,134	889,034
2018	2,510,000	456,475	2,966,475	622,400	127,900	750,300
2019	2,640,000	456,000	3,096,000	496,900	107,287	604,187
2020-2024	8,635,000	1,896,000	10,531,000	764,875	200,722	965,597
Totals	<u>\$ 20,640,000</u>	<u>\$ 4,150,049</u>	<u>\$ 24,790,049</u>	<u>\$ 4,447,375</u>	<u>\$ 928,753</u>	<u>\$ 5,376,128</u>

**Business-Type Activities**

Year ending	Principal			Interest		
	Bonds/COP	Notes/Loans	Total	Bonds	Notes/Loans	Total
2015	\$ 4,360,000	\$ 752,126	\$ 5,112,126	\$ 9,126,156	\$ 150,429	\$ 9,276,585
2016	5,475,000	752,126	6,227,126	8,896,906	150,429	9,047,335
2017	6,055,000	752,126	6,807,126	8,617,938	150,429	8,768,367
2018	5,975,000	752,126	6,727,126	8,329,188	150,429	8,479,617
2019	6,025,000	752,126	6,777,126	8,039,125	150,429	8,189,554
2020-2024	40,190,000	1,504,254	41,694,254	34,754,625	300,856	35,055,481
2025-2029	53,285,000	-	53,285,000	23,066,625	-	23,066,625
2030-2034	64,205,000	-	64,205,000	8,056,973	-	8,056,973
2035-2039	8,045,000	-	8,045,000	97,222	-	97,222
2040-2043	-	-	-	-	-	-
Totals	<u>\$ 193,615,000</u>	<u>\$ 5,264,884</u>	<u>\$ 198,879,884</u>	<u>\$ 108,984,758</u>	<u>\$ 1,053,001</u>	<u>\$ 110,037,759</u>

**Total Reporting Entity**

Year Ending	Principal			Interest		
	Bonds/COP	Notes/Loans	Total	Bonds/COP	Notes/Loans	Total
2015	\$ 6,540,000	\$ 1,191,798	\$ 7,731,798	\$ 10,091,306	\$ 331,316	\$ 10,422,622
2016	7,760,000	1,196,077	8,956,077	9,753,056	315,252	10,068,308
2017	8,445,000	1,210,077	9,655,077	9,359,838	297,563	9,657,401
2018	8,485,000	1,208,601	9,693,601	8,951,588	278,329	9,229,917
2019	8,665,000	1,208,126	9,873,126	8,536,025	257,716	8,793,741
2020-2024	48,825,000	3,400,254	52,225,254	35,519,500	501,578	36,021,078
2025-2029	53,285,000	-	53,285,000	23,066,625	-	23,066,625
2030-2034	64,205,000	-	64,205,000	8,056,973	-	8,056,973
2035-2039	8,045,000	-	8,045,000	97,222	-	97,222
2040-2043	-	-	-	-	-	-
Totals	<u>\$ 214,255,000</u>	<u>\$ 9,414,933</u>	<u>\$ 223,669,933</u>	<u>\$ 113,432,133</u>	<u>\$ 1,981,754</u>	<u>\$ 115,413,887</u>

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 12 - PLEDGED REVENUES**

The City has pledged net revenues generated by the Wastewater Enterprise Fund to repay \$234 million in wastewater revenue bonds series 2007A and 2007B issued in August 2007. Each fiscal year, net revenues means all revenues of the enterprise fund received during the fiscal year 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 and upgrade 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.

The 2007B bonds were refunded by 2012A variable bonds. This action was initiated to replace the liquidity provider (Dexia) who was having a negative impact on the 2007B interest rates due to their significant exposure to European (Greece, France) investments. In conjunction with the refunding process, there was a partial bond call of \$18,730,000 approved by City Council to reduce the principal balance down to \$25 million. The new liquidity provider selected is JP Morgan Chase Bank. The 2012A variable bonds are payable through 2034. The current outstanding principal balance on the variable rate debt is \$15 million.

**NOTE 13 - DEFERRED INFLOWS OF RESOURCES**

Pursuant to GASB Statement No. 63, *“Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the City recognized deferred inflows of resources in the government-wide financial statements. These items are an acquisition of net position by the City that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized in the current period. Revenue must also be susceptible to accrual (i.e., measurable and available to finance expenditures of the current period). Governmental funds report deferred revenues in connection with receivables for revenues not susceptible to accrual, as deferred inflows of resources.

Deferred inflows of resources balances for the year ended June 30, 2014 were as follows:

	<u>Balance at June 30, 2014</u>
General Fund	
California Water Receivable	\$ 270,221
Code Enforcement Receivable	6,955
Police Service Receivable	157,041
State Agencies (SB90)	3,716,050
County Agencies (Fire Fund)	61,682
General Fund Total	<u>4,211,949</u>
Community Development Block Grant - Deferred Loans	16,425,998
Gas Tax & Road Fund	22,031
Capital Outlay Fund	46,606
Non-Major Funds	
National Stabilization	<u>9,821,248</u>
 Total Governmental Fund	 <u>\$ 30,527,832</u>

# CITY OF BAKERSFIELD

## Notes to the Financial Statements

### NOTE 14 - FUND BALANCES

Fund balances for all major and non-major governmental funds as of June 30, 2014 are as follows (see Note 1 for description of the categories used):

	General Fund	Transient Occupancy Taxes Fund	Community Development Block Grant Fund	Gas Tax & Road Fund	Capital Outlay Fund	Park Improvement Fund	Transportation Development Fund	Non-Major Governmental Funds	Total
<b>Nonspendable</b>									
Prepays/Deposits	\$ 3,181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,181
Subtotal	3,181	-	-	-	-	-	-	-	3,181
<b>Restricted</b>									
Development services grants	-	-	421,580	-	-	-	-	4,000	425,580
Community redevelopment projects	-	-	-	-	-	-	-	2,773,670	2,773,670
Police services grants	-	-	-	-	-	-	-	734,166	734,166
Fire services grants	-	-	-	-	-	-	-	440,101	440,101
Assessment district projects	-	-	-	-	-	-	-	4,920,909	4,920,909
Public works grants	-	-	-	11,721,411	-	-	-	-	11,721,411
Subtotal	-	-	421,580	11,721,411	-	-	-	8,872,846	21,015,837
<b>Committed</b>									
Professional service contracts	225,076	-	-	-	169,992	-	-	-	395,068
Utility service agreements	24,000	-	-	-	-	-	-	-	24,000
Police operations contracts	378,073	-	-	-	-	-	-	-	378,073
Fire service contracts	-	-	-	-	259,113	-	-	-	259,113
Traffic signal improvements	8,804	-	-	-	-	-	-	-	8,804
Public works improvement contracts	-	-	-	-	5,307,584	-	42,921,064	-	48,228,648
Park improvement contracts	-	-	-	-	642,717	6,963,143	-	-	7,605,860
Recreation facility contracts	-	93,972	-	-	-	-	-	-	93,972
Community development contracts	149,605	-	-	-	1,214,704	-	-	-	1,364,309
Cash basis reserve	12,679,146	-	-	-	-	-	-	-	12,679,146
Facility replacement reserve	-	-	-	-	4,771,814	-	-	-	4,771,814
Subtotal	13,464,704	93,972	-	-	12,365,924	6,963,143	42,921,064	-	75,808,807

# CITY OF BAKERSFIELD

## Notes to the Financial Statements

### NOTE 14 - FUND BALANCES (continued)

	General Fund	Transient Occupancy Taxes Fund	Community Development Block Grant Fund	Gas Tax & Road Fund	Capital Outlay Fund	Park Improvement Fund	Transportation Development Fund	Non-Major Governmental Funds	Total
<b>Assigned</b>									
Legal services	42,619	-	-	-	-	-	-	-	42,619
Police operations	21,265	-	-	-	-	-	-	-	21,265
Fire operations	73,063	-	-	-	-	-	-	-	73,063
Public works - General Services department	64,277	-	-	-	-	-	-	-	64,277
Facility improvements	-	-	-	-	7,305,376	-	-	-	7,305,376
Road projects	-	-	-	-	48,143,814	-	-	-	48,143,814
Recreation projects	53,084	3,486,075	-	-	-	-	-	-	3,539,159
Park development projects	47,257	-	-	-	-	-	-	-	47,257
Community development projects	66,094	-	-	-	-	-	-	-	66,094
Other miscellaneous agreements	16,303	-	-	-	-	-	-	-	16,303
Petty Cash accounts	21,970	-	-	-	-	-	-	-	21,970
Compensated absences	6,934,107	-	-	-	-	-	-	-	6,934,107
Appropriation for CalPERS increases	2,250,000	-	-	-	-	-	-	-	2,250,000
Appropriation for next year's budget	24,996,118	-	-	-	-	-	-	-	24,996,118
Subtotal	34,586,157	3,486,075	-	-	55,449,190	-	-	-	93,521,422
Unassigned	6,502,852	-	-	-	-	-	-	-	6,502,852
	<u>\$ 54,556,894</u>	<u>\$ 3,580,047</u>	<u>\$ 421,580</u>	<u>\$ 11,721,411</u>	<u>\$ 67,815,114</u>	<u>\$ 6,963,143</u>	<u>\$ 42,921,064</u>	<u>\$ 8,872,846</u>	<u>\$196,852,099</u>

### NOTE 15 - REIMBURSABLE DEVELOPER COSTS

Reimbursable developer costs of \$2,322,260 at June 30, 2014 are included in customer deposits in the Domestic Water Fund which represent amounts due to developers for construction of water mainline extensions and certain other water facilities. For mainline extensions transferred to the City after June 30, 1982, the developers are to be reimbursed based on revenues generated from the water sales associated with these mainline extensions. The City is required to reimburse 2.5% of the cost of the extension on a yearly basis with the total amount to be reimbursed within 40 years.

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# ***CITY OF BAKERSFIELD***

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## **Notes to the Financial Statements**

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### **NOTE 16 - 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'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 selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues 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 year ended June 30, 2014 was 16.939%. 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, 2014, the City's annual pension cost of \$9,110,586 for CalPERS was equal to the City's required and actual contributions. The required contribution for fiscal year ended June 30, 2014 was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.3% to 14.2%, and (c) 3% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 2.75%. The actuarial valuation of the Miscellaneous Plan's assets is based on a 15 year smoothed market methodology that dampens the effects of short-term market value fluctuations on employer contributions. 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, 2013 was twenty-one years.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

**CITY OF BAKERSFIELD**

**Notes to the Financial Statements**

**NOTE 16 - EMPLOYEE RETIREMENT BENEFITS (continued)**

THREE-YEAR TREND INFORMATION FOR THE MISCELLANEOUS PLAN

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 7,830,525	100%	\$ -
6/30/2013	\$ 8,306,329	100%	\$ -
6/30/2014	\$ 9,110,586	100%	\$ -

FUNDED STATUS AND FUNDING PROGRESS OF MISCELLANEOUS PLAN

	(A)	(B)	(C)	(D)	(E)	(F)
Actuarial Valuation Date	Actuarial Asset Value*	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio [(A)/(B)]	Covered Payroll	UAAL as Percentage of Covered Payroll {[ (B)-(A) } / (E) }
6/30/2011	\$ 314,512,484	\$ 376,382,028	\$ 61,869,544	83.6 %	\$ 49,274,356	125.6 %
6/30/2012	\$ 330,372,268	\$ 393,965,601	\$ 63,593,333	83.9 %	\$ 48,928,860	130.0 %
6/30/2013	\$ 307,949,621	\$ 422,087,276	\$ 114,137,655	73.0 %	\$ 51,509,037	221.6 %

\* Beginning with the 6/30/2013 valuation, Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy.

FUNDED STATUS AND FUNDING PROGRESS OF MISCELLANEOUS PLAN BASED ON MARKET VALUE

	(A)	(B)	(C)	(D)	(E)	(F)
Market Valuation Date	Market Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio [(A)/(B)]	Covered Payroll	UAAL as Percentage of Covered Payroll {[ (B)-(A) } / (E) }
6/30/2011	\$ 279,446,562	\$ 376,382,028	\$ 96,935,466	74.2 %	\$ 49,274,356	196.7 %
6/30/2012	\$ 275,427,712	\$ 393,965,601	\$ 118,537,889	69.9 %	\$ 48,928,860	242.3 %
6/30/2013	\$ 307,949,621	\$ 422,087,276	\$ 114,137,655	73.0 %	\$ 51,509,037	221.6 %

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## ***CITY OF BAKERSFIELD***

### **Notes to the Financial Statements**

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#### **NOTE 16 - EMPLOYEE RETIREMENT BENEFITS (continued)**

##### **Safety Fire Plan**

###### A. Plan Description

The City 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 selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues 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 June 30, 2014 was 26.375%. 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, 2014, the City's annual pension cost of \$4,252,156 for CalPERS was equal to the City's required and actual contributions. The required contribution for fiscal year ended June 30, 2014 was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.3% to 14.2%, and (c) 3% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 2.75%. The actuarial value of the Safety Fire Plan's assets is based on a 15 year smoothed market methodology that dampens the effects of short-term market value fluctuations on employer contributions. 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, 2013, was twenty-four years.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

**CITY OF BAKERSFIELD**

**Notes to the Financial Statements**

**NOTE 16 - EMPLOYEE RETIREMENT BENEFITS (continued)**

THREE-YEAR TREND INFORMATION FOR THE SAFETY FIRE PLAN

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 3,785,798	100%	\$ -
6/30/2013	\$ 3,967,439	100%	\$ -
6/30/2014	\$ 4,252,156	100%	\$ -

FUNDED STATUS AND FUNDING PROGRESS OF THE SAFETY FIRE PLAN

Actuarial Valuation Date	(A) Actuarial Asset Value*	(B) Entry Age Actuarial Accrued Liability	(C) Unfunded Actuarial Accrued Liability (UAAL)	(D) Funded Ratio [(A)/(B)]	(E) Covered Payroll	(F) UAAL as Percentage of Covered Payroll {[B)-(A)](E)}
6/30/2011	\$181,397,284	\$ 206,961,052	\$ 25,563,768	87.6%	\$ 14,645,522	174.6%
6/30/2012	\$186,508,246	\$ 214,133,763	\$ 27,625,517	87.1%	\$ 14,568,547	189.6%
6/30/2013	\$170,062,171	\$ 226,427,274	\$ 56,365,103	75.1%	\$ 15,101,053	373.3%

\* Beginning with the 6/30/2013 valuation, Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy.

FUNDED STATUS AND FUNDING PROGRESS OF THE SAFETY FIRE PLAN BASED ON MARKET VALUE

Market Valuation Date	(A) Market Asset Value	(B) Entry Age Actuarial Accrued Liability	(C) Unfunded Actuarial Accrued Liability (UAAL)	(D) Funded Ratio [(A)/(B)]	(E) Covered Payroll	(F) UAAL as Percentage of Covered Payroll {[B)-(A)](E)}
6/30/2011	\$160,487,834	\$ 206,961,052	\$ 46,473,218	77.5%	\$ 14,645,522	317.3%
6/30/2012	\$155,435,328	\$ 214,133,763	\$ 58,698,435	72.6%	\$ 14,568,547	402.9%
6/30/2013	\$170,062,171	\$ 226,427,274	\$ 56,365,103	75.1%	\$ 15,101,053	373.3%

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## ***CITY OF BAKERSFIELD***

### **Notes to the Financial Statements**

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#### **NOTE 16 - EMPLOYEE RETIREMENT BENEFITS (continued)**

##### **Safety Police Plan**

###### **B. Funding Policy**

The City'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 selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues 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.

###### **C. Annual Pension Cost**

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 year ended June 30, 2014 was 35.094%. The contribution requirements of the plan members are established and may be amended by CalPERS.

For the year ended June 30, 2014, the City's annual pension cost of \$10,789,992 for CalPERS was equal to the City's required and actual contributions. The required contribution for fiscal year ended June 30, 2014 was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.3% to 14.2%, and (c) 3% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 2.75%. The actuarial value of the Safety Police Plan's assets is based on a 15 year smoothed market methodology that dampens the effects of short-term market value fluctuations on employer contributions. The Safety Police Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. Based on the most recently completed actuarial valuation, the remaining amortization period at June 30, 2013, was twenty-six years.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

**CITY OF BAKERSFIELD**

**Notes to the Financial Statements**

**NOTE 16 - EMPLOYEE RETIREMENT BENEFITS (continued)**

THREE-YEAR TREND INFORMATION FOR THE SAFETY POLICE PLAN

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 9,524,157	100%	\$ -
6/30/2013	\$ 10,001,355	100%	\$ -
6/30/2014	\$ 10,789,992	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 (UAAL)	Funded Ratio [(A)/(B)]	Covered Payroll	UAAL as Percentage of Covered Payroll $\{[(B)-(A)]/(E)\}$
6/30/2011	\$ 241,189,946	\$ 321,160,693	\$ 79,970,747	75.1%	\$ 28,310,792	282.5%
6/30/2012	\$ 253,424,956	\$ 338,319,629	\$ 84,894,673	74.9%	\$ 28,384,581	299.1%
6/30/2013	\$ 236,109,546	\$ 363,563,770	\$ 127,454,224	64.9%	\$ 29,607,871	430.5%

\* Beginning with the 6/30/2013 valuation, Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy.

FUNDED STATUS AND FUNDING PROGRESS OF  
THE SAFETY POLICE PLAN BASED ON MARKET VALUE

	(A)	(B)	(C)	(D)	(E)	(F)
Market Valuation Date	Market Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio [(A)/(B)]	Covered Payroll	UAAL as Percentage of Covered Payroll $\{[(B)-(A)]/(E)\}$
6/30/2011	\$214,544,781	\$ 321,160,693	\$106,615,912	66.8%	\$ 28,310,792	376.6%
6/30/2012	\$211,372,113	\$ 338,319,629	\$126,947,516	62.5%	\$ 28,384,581	447.2%
6/30/2013	\$236,109,546	\$ 363,563,770	\$127,454,224	64.9%	\$ 29,607,871	430.5%

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 16 - EMPLOYEE RETIREMENT BENEFITS (continued)****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 annual cost-of-living adjustments 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, 2014, 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 FRPF 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, 2014 valuation used the unprojected unit credit method to calculate the costs for pension benefits.

The FRPF carried the following investments at June 30, 2014, 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	\$	111,088
Morgan Federal Farm Credit Bank Coupon	\$	1,000,000

C. Actuarial Methods and Assumptions

## Schedules of Funding Progress (Fire - FRPF)

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
6/30/2010	\$1,447,264	\$1,146,478	\$(300,786)	126%	\$-0-	N/A
6/30/2010	1,447,264	1,146,478	(300,786)	126%	-0-	N/A
6/30/2012	1,341,914	1,327,284	(14,630)	101%	-0-	N/A
6/30/2012	1,341,914	1,327,284	(14,630)	101%	-0-	N/A
6/30/2014	1,111,005	1,292,739	181,734	86%	-0-	N/A

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 16 - EMPLOYEE RETIREMENT BENEFITS (continued)**

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

Valuation date	06/30/14
Actuarial cost method	Projected 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	2.5% compounded annually (2.36% as of 06/30/14)
Projected salary increases	N/A
Post-retirement benefit increases	None
Inflation	3.5%
Mortality	RP2000 Annuity Table (projected to 2012). (1971 group annuity mortality set back two years for males and eight years for females, as of 06/30/04.)

**NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)****A. Plan Description**

In addition to the employee retirement benefits described in Note 16, 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.

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 05, 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 813 active employees and 699 retirees as of June 30, 2014.

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)****B. Funding Policy**

As required by GASB Statement No. 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 UAAL 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 post-employment 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. Separate financial reports are issued by PARS for the City's plan. Copies can be obtained from their offices at 4350 VonKarman Avenue, Suite 100, Newport Beach, CA 92660.

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

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

<b><u>Item</u></b>	<b>Fiscal Year End 6/30/2014</b>	<b>Fiscal Year End 6/30/2013</b>
Annual Required Contributions	\$ 6,539,299	\$ 8,006,053
Interest on Net OPEB Obligation/(Asset)	(101,771)	556,778
Adjustment to Annual Required Contributions	137,786	(726,606)
Annual OPEB Cost (expense)	6,575,314	7,836,225
Contributions Made	(6,950,125)	(10,292,900)
Increase/(Decrease) in Net OPEB Obligation/(Asset)	(374,811)	(2,456,675)
Net OPEB Obligation/(Asset)- beginning of year	(1,770,296)	686,379
Net OPEB Obligation/(Asset)- end of year	<u>\$ (2,145,107)</u>	<u>\$ (1,770,296)</u>

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, 2012 through 2014 are as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Actual Contribution</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation/ (Asset)</b>
6/30/2012	\$7,836,225	\$16,832,576	214.80%	\$686,379
6/30/2013	7,836,225	10,292,900	131.35%	(1,770,296)
6/30/2014	6,575,314	6,950,125	105.70%	(2,145,107)

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)**D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2013 (the most recent actuarial valuation date) was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Projected Unit Credit Actuarial Accrued Liability (AAL)</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, 2013	\$46,532,951	\$110,400,975	\$63,868,024	42.1%	\$56,277,827	113.5%

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

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost 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, 2013. In that valuation the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 5.75% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate ranging from 12.97 to -6.54%, reduced by decrements to an ultimate rate of 5% after 10 years. These assumptions reflect an implicit 3.0% 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, 2014 was 24 years.

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 18 - 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, are obligated in any manner for the repayment of these obligations. The City acts as an agent to property owners for the collection and repayment of Special Assessment Debt.

	Outstanding at June 30, 2014
Assessment District 93-3 (Cal/Oak)	\$ 170,000
Assessment District 94-2 (Gosford/White)	125,000
Assessment District 94-3 (Silver Creek-Brimhall, North Seven Oaks, South Laurelglen)	875,000
Assessment District 96-1* (Brimhall II/Spring Meadows/Fairways/Campus Park)	170,000
Assessment District 97-1* (Spring Meadows II/Stockdale Highway Commercial)	330,000
Assessment District 98-1* (Brimhall IV/Stockdale Commercial/Gosford Industrial)	1,625,000
Assessment District 99-1* (Polo Greens/River Oaks)	760,000
Assessment District 99-2* (Seven Oaks West)	1,395,000
Assessment District 01-1* (Ming at Allen/Mountain Vista; Hampton Place)	1,000,000
Assessment District 01-2* (Seven Oaks West II/Riverwalk/Southern Oaks)	3,340,000
Assessment District 01-3* (Mountain Vista/San Lauren)	2,420,000
Assessment District 02-1* (Avalon/Belsera/Montara/The Woods)	945,000
Assessment District 03-1* (Brighton Place/Silver Creek II)	1,610,000
Assessment District 03-2* (Buena Vista Ranch/Belsera II/Monstera II/Olive Park II)	1,495,000
Assessment District 03-3* (Seven Oaks West III/Brighton Place)	3,580,000
Assessment District 04-1 (Countryside/The Homestead)	2,420,000
Assessment District 04-2 (BL/BV/ST@Allen Com)	2,785,000
Assessment District 04-3 (Solera/Rio Vista)	2,205,000
Assessment District 05-1 (City in the Hills)	11,390,000
Assessment District 05-3 (Liberty II/Village Green/Tesoro/Encanto)	4,675,000
Assessment District 06-1 (Etcheverry/Lin II/University Park)	3,715,000
Assessment District 07-2 (Sydney Harbour)	1,635,000
	<u>\$ 48,665,000</u>

*\*Note: These twelve districts were refinanced into a consolidated district (12-01) with the California Statewide Communities Development Authority (CSCDA). The City continues to account for the underlying obligation of each district to properly monitor the individual principal balances and various maturity dates.*

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## ***CITY OF BAKERSFIELD***

### **Notes to the Financial Statements**

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#### **NOTE 19 - 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 \$33,193,165 at June 30, 2014 is based on the requirements of GASB No. 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
2011-2012	\$ 27,322,281	\$ 10,376,559	\$ 9,215,407	\$ 28,483,433
2012-2013	28,483,433	10,950,492	8,348,541	31,085,384
2013-2014	31,085,384	11,077,445	8,969,664	33,193,165

##### Joint Powers Authority

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

In order to provide funds to pay claims, or purchase excess insurance, ACCEL collects a deposit from each member. The deposits will be credited with investment income at the rate earned on ACCEL's investments. Based on information received from ACCEL as of June 30, 2014, the City had \$2,072,870 on deposit with ACCEL out of a total of approximately \$36,721,365.

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 (Board) 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 ACCEL.

As of June 30, 2014, ACCEL had no long-term debt. Included in total liabilities is an estimated retrospectively rated refund of \$19,169,799. 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 Financial Statements**

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**NOTE 19 - RISK MANAGEMENT (continued)**

A summary of the financial information for ACCEL at June 30, 2014 is as follows:

Total assets	\$ 52,857,861
Total liabilities	<u>35,072,733</u>
Total members' net position	<u>\$ 17,785,128</u>
Total revenues	\$ 13,173,613
Total expenses	<u>16,558,766</u>
Net change in members' net position	<u>\$ (3,385,153)</u>

**NOTE 20 - 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 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. The landfill closure was completed in May 2013 at a cost of \$4.8 million. The City's net share of this joint City/County project was approximately \$3 million. Kern County reimbursed the City for the remaining \$1.8 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. Kern County will be responsible for reimbursing the City for the remainder. 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 Financial Statements**

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**NOTE 21 - 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, 2014 consisted of the following:

**Governmental Funds:**

## Major Funds:

General Fund	\$ 1,169,519
Transient Occupancy Taxes Fund	93,972
Community Development Block Grant Fund	3,801,211
Gas Tax & Road Fund	69,211,717
Capital Outlay Fund	7,594,110
Transportation Development Fund	5,002,941

## Non-Major Funds:

State (TDA) Transportation	60,774
State Safety Fund	177,209

**Proprietary Funds:**

## Major Funds:

Wastewater Treatment Fund	4,394,967
Refuse Collection Fund	42,942
Agriculture Water Fund	232,500
Domestic Water Fund	67,844
General Aviation Fund	32,178

## Internal Service Funds:

Self-Insurance Fund	89,520
Equipment Management Fund	4,117,173

**Fiduciary Funds:**

## Private Purpose Trust Funds:

Redevelopment Successor Agency Fund	5,243,823
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## Agency Funds:

Improvement District Fund	2,064
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\$101,334,464

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 22 - 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, 2014
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	3,249,096
City of Bakersfield - Coventry Apartments Housing Bond, Series 2007M	5,300,000	3,700,675
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	9,700,000
City of Bakersfield - Descanso Place Housing Bond, Series TT	13,000,000	1,400,000
City of Bakersfield - Bakersfield Family Apartments Housing Bond, Series R	10,971,000	1,159,549
City of Bakersfield - Camellia Place Housing Bond, Series 2009R	619,138	619,118
City of Bakersfield - Eucalyptus Village I Housing Bond, Series 2012-E1	1,295,000	1,295,000
City of Bakersfield - Eucalyptus Village II Housing Bond, Series 2012-E2	4,275,000	4,275,000
TOTAL		<u>\$ 587,348,438</u>

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 23 - PRIOR PERIOD ADJUSTMENTS**

During the fiscal year ended June 30, 2014, the City made the following prior period adjustments to restate the net position for governmental activity and related fund balance for: 1) review of capital assets by City departments identified items that were not longer in service or were recorded in the incorrect fund 2) correction of amount due from the Rabobank management company related to the selection of new contractor. See corresponding changes in statements on p. 22, p. 36, and p. 108).

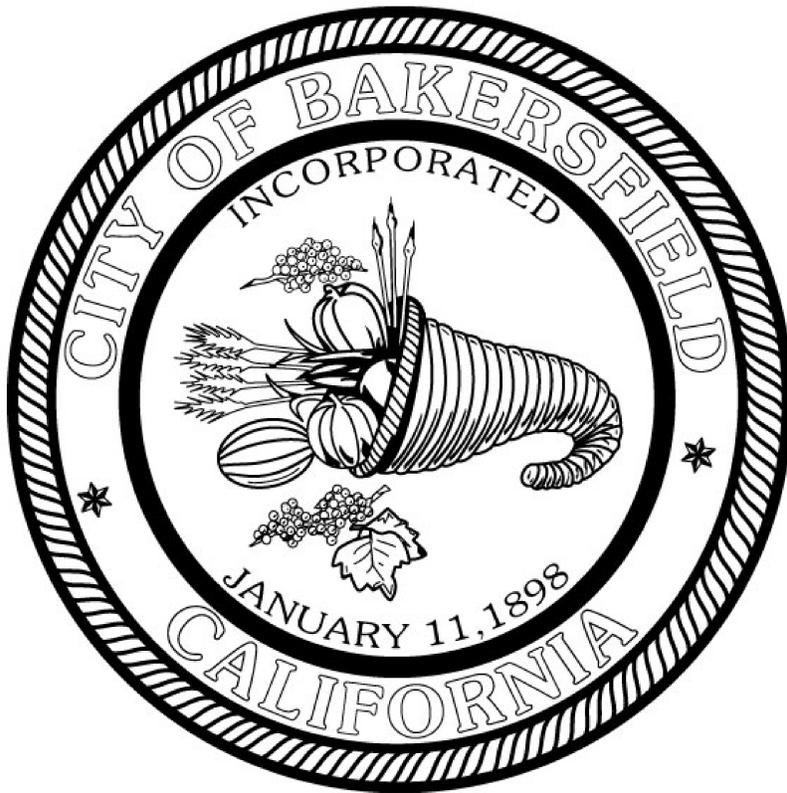
Activity	Net Position Accounts		
	July 1, 2013 as previously reported	Adjustment	July 1, 2014, as restated
Net Position - Governmental Activity	\$1,422,851,616	27,943,005	1,450,794,621
Wastewater Treatment Fund	498,791,732	540,445	499,332,177
General Aviation Fund	10,387,207	\$ 182,378	\$ 10,569,585

	Fund Balance Accounts		
	July 1, 2013 as previously reported	Adjustment	July 1, 2014, as restated
Transient Occupancy Taxes Fund	1,953,404	213,624	2,167,028

**NOTE 24 - EXTRAORDINARY ITEM****Successor Agency Loan Write-down**

In 2009 the City and the Redevelopment Agency entered into various inter-agency loan agreements to assist with the land acquisition elements of active Redevelopment projects. The State of California dissolved all Redevelopment Agencies under AB26 on February 1, 2012 and the City of Bakersfield subsequently became the Successor Agency to the former Bakersfield Redevelopment Agency. The redevelopment dissolution laws invalidated contracts executed between cities and their former redevelopment agencies. On March 25, 2013 the Successor Agency received a “finding of completion” from the Department of Finance, which stated that the Interagency Loans were for legitimate redevelopment purposes and therefore qualify as enforceable obligations under Health and Safety Code 34191.4. These loans between the City and Successor Agency (Former Redevelopment Agency (RDA)) were reinstated on the Recognized Obligation Payments Schedule (ROPS) 14-15A per Oversight Board Resolution No. OB 002-13. As part of the reinstatement the loan repayments are governed by the criteria in Health and Safety Code (HSC) section 34191.4(a)(2). Repayment of the loans included a reduced interest from loan inception to the LAIF rate of .244% at time of reinstatement. The loan reduction due to the interest recalculation is \$364,554. The repayment amount is calculated to not exceed 50% of the increase in the residual amount paid to local agencies and school entities for that present fiscal year compared to said residual amounts distributed in fiscal year 2012-13, as described in Health & Safety Code 34191(b)(2)(A). Further, loan balances were reduced by 20% to be paid to the Successor Agency Housing Fund which was established by Health and Safety Code 34176(d) in accordance with RDA dissolution law. The loan reduction based on the 20% being diverted to Successor Agency Housing is \$572,106. The total loan reduction for interagency loans between the City and Successor Agency is \$936,660.



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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 ended June 30, 2013 to fiscal year ended June 30, 2014 totaled \$284,447,721.

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**CITY OF BAKERSFIELD**

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**Required Supplementary Information (continued)**

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**BUDGETARY INFORMATION (continued)**

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

**Budgetary Comparison Schedule, General Fund  
For the Fiscal Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1</b>	<u>\$ 61,905,894</u>	<u>\$ 61,905,894</u>	<u>\$ 61,905,894</u>	<u>\$ -</u>
<b>Revenues:</b>				
Taxes	142,155,000	142,155,000	149,394,000	7,239,000
Licenses and permits	2,308,300	2,406,238	3,439,743	1,033,505
Intergovernmental	2,069,732	4,150,217	2,962,685	(1,187,532)
Charges for services	17,063,568	17,280,268	20,568,887	3,288,619
Fines, forfeitures and assessments	505,500	575,500	919,484	343,984
Interest income	111,000	111,000	858,307	747,307
Contributions and donations	-	193,653	453,888	260,235
Other	176,900	191,900	1,134,803	942,903
Transfers from other funds	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>	<u>-</u>
Amount available for appropriation	<u>\$ 165,490,000</u>	<u>\$ 168,163,776</u>	<u>\$180,831,797</u>	<u>\$ 12,668,021</u>
<b>Expenditures:</b>				
General government	\$ 11,972,798	\$ 12,457,881	\$ 11,519,507	\$ 938,374
Public safety - Police	76,477,371	79,960,787	76,450,461	3,510,326
Public safety - Fire	32,801,014	34,201,033	33,781,870	419,163
Public works	24,998,585	25,457,223	24,425,408	1,031,815
Recreation and parks	17,815,093	18,543,348	18,439,152	104,196
Community development	7,151,639	7,510,635	6,879,140	631,495
Non-departmental	14,408,208	10,665,176	6,589,727	4,075,449
Contingency	250,000	250,000	-	250,000
Transfers to other funds	<u>6,764,900</u>	<u>10,095,532</u>	<u>10,095,532</u>	<u>-</u>
Total charges to appropriations	<u>192,639,608</u>	<u>199,141,615</u>	<u>188,180,797</u>	<u>10,960,818</u>
Amount of resources over (under) charges to appropriations	<u>(27,149,608)</u>	<u>(30,977,839)</u>	<u>(7,349,000)</u>	<u>23,628,839</u>
<b>Fund balance, June 30</b>	<u>\$ 34,756,286</u>	<u>\$ 30,928,055</u>	<u>\$ 54,556,894</u>	<u>\$ 23,628,839</u>

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**CITY OF BAKERSFIELD**

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Required Supplementary Information (continued)

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**BUDGETARY INFORMATION (continued)****Budgetary Comparison Schedule, Transient Occupancy Taxes Fund  
For the Fiscal Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1 - as restated</b>	\$ 2,167,028	\$ 2,167,028	\$ 2,167,028	\$ -
<b>Revenues:</b>				
Taxes	8,000,000	8,000,000	8,826,003	826,003
Charges for services	6,726,663	6,726,663	6,267,450	(459,213)
Interest income	20,000	20,000	36,107	16,107
Contributions and donations	1,200,000	1,200,000	1,200,000	-
Other income	-	-	621,671	621,671
Amount available for appropriation	\$ 15,946,663	\$ 15,946,663	\$ 16,951,231	\$ 1,004,568
<b>Expenditures:</b>				
Recreation and parks	\$ 7,919,457	\$ 8,019,736	\$ 7,841,088	\$ 178,648
Non-departmental	3,143,000	3,143,000	3,143,000	-
Transfers to other funds	4,500,000	4,554,125	4,554,124	1
Total charges to appropriations	15,562,457	15,716,861	15,538,212	178,649
Amount of resources over (under) charges to appropriations	384,206	229,802	1,413,019	1,183,217
<b>Fund balance, June 30</b>	\$ 2,551,234	\$ 2,396,830	\$ 3,580,047	\$ 1,183,217

**Budgetary Comparison Schedule, Community Development Block Grant Fund  
For the Fiscal Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1</b>	\$ 361,685	\$ 361,685	\$ 361,685	\$ -
<b>Revenues:</b>				
Intergovernmental	4,436,350	14,580,679	5,358,955	(9,221,724)
Charges for services	-	-	19	19
Interest income	-	-	3,207	3,207
Loan payments	37,000	(1,403,000)	247,775	1,650,775
Other income	-	-	11,496	11,496
Amount available for appropriation	\$ 4,473,350	\$ 13,177,679	\$ 5,621,452	\$ (7,556,227)
<b>Expenditures:</b>				
Community development	\$ 3,135,231	\$ 6,298,568	\$ 3,085,504	\$ 3,213,064
Capital outlay	360,525	6,480,379	1,891,619	4,588,760
Transfers to other funds	591,433	591,433	584,434	6,999
Total charges to appropriations	4,087,189	13,370,380	5,561,557	7,808,823
Amount of resources over (under) charges to appropriations	386,161	(192,701)	59,895	252,596
<b>Fund balance, June 30</b>	\$ 747,846	\$ 168,984	\$ 421,580	\$ 252,596

# CITY OF BAKERSFIELD

Required Supplementary Information (continued)

## BUDGETARY INFORMATION (continued)

### Budgetary Comparison Schedule, Gas Tax & Road Fund For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1</b>	\$ 5,665,425	\$ 5,665,425	\$ 5,665,425	\$ -
<b>Revenues:</b>				
Intergovernmental	69,094,117	376,898,128	58,456,014	(318,442,114)
Fines, forfeitures and assessments	10,000	10,000	111,035	101,035
Interest income	25,000	25,000	78,858	53,858
Other income	-	-	22,762	22,762
Amount available for appropriation	\$ 69,129,117	\$ 376,933,128	\$ 58,668,669	\$ (318,264,459)
<b>Expenditures:</b>				
Public works	\$ -	\$ 89,550	\$ 61,990	\$ 27,560
Capital outlay	70,074,117	381,628,234	52,550,693	329,077,541
Total charges to appropriations	70,074,117	381,717,784	52,612,683	329,105,101
Amount of resources over (under) charges to appropriations	(945,000)	(4,784,656)	6,055,986	10,840,642
<b>Fund balance, June 30</b>	\$ 4,720,425	\$ 880,769	\$ 11,721,411	\$ 10,840,642

## DEFINED PENSION PLAN

A schedule of funding progress for the year ended June 30, 2013 (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 Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
Miscellaneous	06/30/04	\$192,771,610	\$220,986,653	\$ 28,215,043	87.2%	\$ 34,144,465	82.6%
Employees Group	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	248,242,640	276,470,476	28,227,806	89.8%	48,981,407	57.6%
	06/30/08	248,242,670	276,470,476	28,227,806	89.8%	48,981,407	57.6%
	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%
	06/30/11	314,512,484	376,382,028	61,869,544	83.6%	49,274,356	125.6%
	06/30/12	330,372,268	393,965,601	63,593,333	83.9%	48,928,860	130.0%
	06/30/13	307,949,621	422,087,276	114,137,655	73.0%	51,509,037	221.6%

\* Beginning with the 6/30/2013 valuation, Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy.

# CITY OF BAKERSFIELD

## Required Supplementary Information (continued)

### DEFINED PENSION PLAN (continued)

	Actuarial Valuation Date	Actuarial Asset Value*	Entry Age Actuarial Accrued Liability	Underfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
Police Safety Employee Group	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%
	06/30/11	241,189,946	321,160,693	79,970,747	75.1%	28,310,792	282.5%
	06/30/12	253,424,956	338,319,629	84,894,673	74.9%	28,384,581	299.1%
	06/30/13	236,109,546	363,563,770	127,454,224	64.9%	29,607,871	430.5%
Fire Safety Employee Group	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	196,834,845	22,890,276	152.5%	15,009,038	152.5%
	06/30/11	181,397,284	206,961,052	25,563,768	87.6%	14,645,522	174.6%
	06/30/12	186,508,246	214,133,763	27,625,517	87.1%	14,568,547	189.6%
	06/30/13	170,062,171	226,427,274	56,365,103	75.1%	15,101,053	373.3%

\* Beginning with the 6/30/2013 valuation, Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy.

### OTHER POST-EMPLOYMENT BENEFITS (OPEB) IRREVOCABLE TRUST

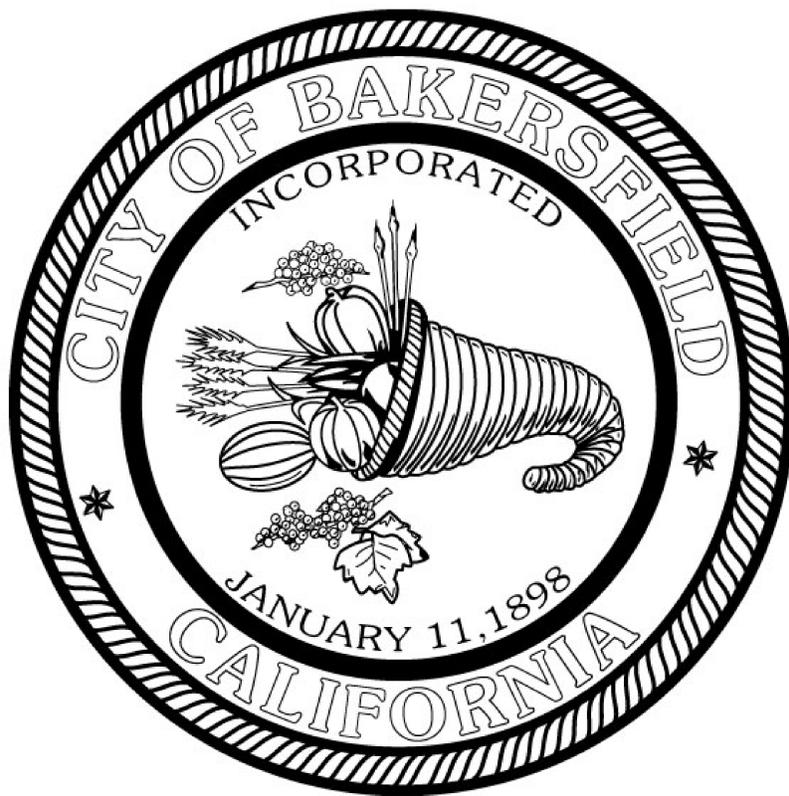
#### I. Schedule of Funding Progress

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)
7/1/2013	\$ 46,532,951	\$ 110,400,975	\$ 63,868,024	42.1%	\$ 56,277,827	113.5%

### DEFINED BENEFIT PENSION TRUST

#### I. Schedule of Funding Progress (Fire - FRPF)

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
6/30/2010	\$1,447,478	\$1,146,478	\$(301,000)	126%	\$0	N/A
6/30/2011	1,447,478	1,146,478	(301,000)	126%	0	N/A
6/30/2012	1,341,914	1,327,284	(14,630)	101%	0	N/A
6/30/2013	1,341,914	1,327,284	(14,630)	101%	0	N/A
6/30/2014	1,111,005	1,292,739	181,734	86%	0	N/A

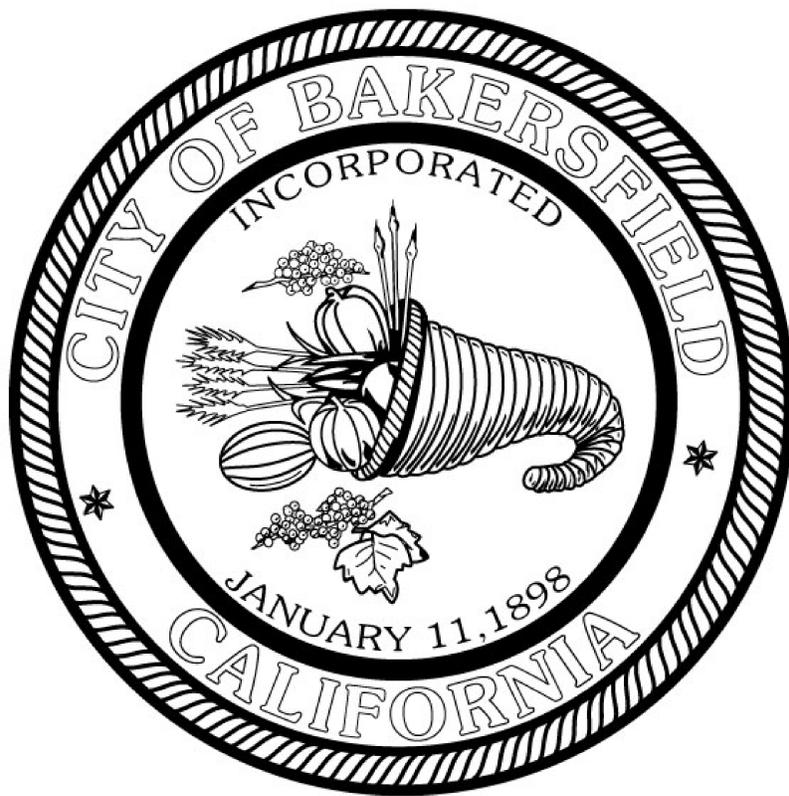


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## ***Supplementary Information***

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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 of Bakersfield such as a 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, 2014**

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	<u>General Fund</u>
<b>Assets:</b>	
Cash and investments	\$ 33,365,422
Accounts receivable, net	1,423,293
Interest receivable	92,425
Due from other governmental agencies	13,498,519
Due from other funds	20,332,632
Prepaid items	<u>2,181</u>
 Total assets	 <u>\$ 68,714,472</u>
 <b>Liabilities, Deferred Inflows of Resources and Fund Balance:</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 6,586,356
Due to other governmental agencies	2,072,744
Advances from grantors and third parties	<u>1,286,529</u>
Total liabilities	<u>9,945,629</u>
 Deferred Inflows of Resources	
Unearned revenue	<u>4,211,949</u>
 Fund Balance:	
Nonspendable	3,181
Committed	
Cash basis reserve	12,679,146
Contractual obligations	785,558
Assigned	
Petty cash	21,970
Non-contractual encumbrances	383,961
Compensated absences	6,934,107
Appropriations for new year budget	24,996,119
Appropriations for CalPERS increases	2,250,000
Unassigned	<u>6,502,852</u>
 Total fund balance	 <u>54,556,894</u>
 Total liabilities, deferred inflow of resources and fund balance	 <u>\$ 68,714,472</u>

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**CITY OF BAKERSFIELD**

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**Schedule of Revenues by Function - General Fund  
Budget and Actual  
For the Fiscal Year Ended June 30, 2014**

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	Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Taxes:			
Property taxes	\$ 60,915,000	\$ 66,439,853	\$ 5,524,853
Sales and use taxes	71,415,000	72,442,178	1,027,178
Property transfer tax	700,000	988,423	288,423
Utility franchise tax	5,725,000	5,915,988	190,988
Business license tax	3,400,000	3,607,558	207,558
Total taxes	142,155,000	149,394,000	7,239,000
Licenses and permits:			
Building permits	1,430,000	2,072,291	642,291
Planning permits	53,950	65,285	11,335
Public works permits	415,000	612,029	197,029
Police permits	208,000	328,108	120,108
Other licenses and permits	299,288	362,030	62,742
Total licenses and permits	2,406,238	3,439,743	1,033,505
Intergovernmental:			
Federal grants	2,416,652	1,501,561	(915,091)
State of California	1,350,666	1,035,375	(315,291)
Other grants	382,899	425,749	42,850
Total intergovernmental	4,150,217	2,962,685	(1,187,532)
Charges for services:			
Building	1,450,000	2,104,276	654,276
Planning	219,568	368,451	148,883
Public works	393,500	1,196,463	802,963
Police	494,000	743,947	249,947
Fire	4,000,000	4,129,543	129,543
Recreation and parks	992,200	1,095,297	103,097
Interfund charges	9,640,000	10,727,816	1,087,816
Other charges	91,000	203,094	112,094
Total charges for services	17,280,268	20,568,887	3,288,619
Fines, forfeitures, and assessments	575,500	919,484	343,984
Miscellaneous:			
Interest income	111,000	310,435	199,435
Net increase (decrease) in the fair value of investments	-	547,872	547,872
Contributions and donations	193,653	453,888	260,235
Other income	191,900	1,134,803	942,903
Total miscellaneous	496,553	2,446,998	1,950,445
Total revenues	\$ 167,063,776	\$ 179,731,797	\$ 12,668,021

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**CITY OF BAKERSFIELD**

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**Schedule of Expenditures by Division - General Fund  
Budget and Actual  
For the Fiscal Year Ended June 30, 2014**

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	Budget	Actual	Variance with Final Budget
<b>General Government:</b>			
Mayor & council	\$ 440,487	\$ 404,875	\$ 35,612
City manager	1,024,793	986,957	37,836
City clerk	883,060	854,008	29,052
Human resources	1,267,340	1,214,397	52,943
Information technology	3,532,065	3,244,511	287,554
Financial services	2,895,522	2,816,655	78,867
City attorney	2,414,614	1,998,104	416,510
	<hr/>	<hr/>	<hr/>
Total general government	12,457,881	11,519,507	938,374
	<hr/>	<hr/>	<hr/>
<b>Public Safety:</b>			
Public safety - Police	79,960,787	76,450,461	3,510,326
Public safety - Fire	34,201,033	33,781,870	419,163
	<hr/>	<hr/>	<hr/>
Total public safety	114,161,820	110,232,331	3,929,489
	<hr/>	<hr/>	<hr/>
<b>Public Works:</b>			
Administration	586,302	614,540	(28,238)
Engineering	5,444,482	5,181,135	263,347
General services	11,440,426	11,091,262	349,164
Streets and roads	7,986,013	7,538,471	447,542
	<hr/>	<hr/>	<hr/>
Total public works	25,457,223	24,425,408	1,031,815
	<hr/>	<hr/>	<hr/>
<b>Recreation and Parks:</b>			
Administration	1,188,587	1,146,733	41,854
Recreation	2,964,743	2,839,125	125,618
Parks	14,390,018	14,453,294	(63,276)
	<hr/>	<hr/>	<hr/>
Total recreation and parks	18,543,348	18,439,152	104,196
	<hr/>	<hr/>	<hr/>
<b>Community Development:</b>			
Planning	2,149,638	2,004,183	145,455
Building	5,360,997	4,874,957	486,040
	<hr/>	<hr/>	<hr/>
Total community development	7,510,635	6,879,140	631,495
	<hr/>	<hr/>	<hr/>
<b>Non departmental</b>	10,665,176	6,589,727	4,075,449
	<hr/>	<hr/>	<hr/>
<b>Contingency</b>	250,000	-	250,000
	<hr/>	<hr/>	<hr/>
<b>Total General Fund Expenditures</b>	<u>\$ 189,046,083</u>	<u>\$ 178,085,265</u>	<u>\$ 10,960,818</u>

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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 Rabobank Arena and Convention Center and Bakersfield Ice Sports Center operating revenues and expenditures 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** 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 21st Century (TEA21). These resources are less restrictive than in past programs but are still limited to transportation projects approved in the Transportation Improvement Program. Congestion Mitigation and Air Quality (CMAQ) funds 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 routes. Transportation Enhancement Activities (TEA) Program projects have a direct relationship to the intermodal transportation system by function, proximity, or impact. Lastly, the Highway 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 1/4% 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 servicing the local road network. All three revenue resources 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 of California 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.

**Redevelopment Successor Agency Housing Fund** was created on February 1, 2012, pursuant to the provisions of the Redevelopment Restructuring Act. The City has chosen to assume the housing functions and take over the housing assets of the former Redevelopment Agency.

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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, 2014**

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	Transient Occupancy Taxes		
	Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Taxes	\$ 8,000,000	\$ 8,826,003	\$ 826,003
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	6,726,663	6,267,450	(459,213)
Fines, forfeitures, and assessments	-	-	-
Interest income	20,000	36,107	16,107
Loan payments	-	-	-
Contributions and donations	1,200,000	1,200,000	-
Other income	-	621,671	621,671
Total revenues	<u>15,946,663</u>	<u>16,951,231</u>	<u>1,004,568</u>
<b>Expenditures</b>			
Current:			
Public safety - Police	-	-	-
Public safety - Fire	-	-	-
Public works	-	-	-
Recreation and parks	8,019,736	7,841,088	178,648
Community development	-	-	-
Non-departmental	3,143,000	3,143,000	-
Capital outlay:			
Transportation:			
Traffic control	-	-	-
Streets / Freeways	-	-	-
Bridges	-	-	-
Curbs, gutters and sidewalks	-	-	-
Public facilities:			
Buildings	-	-	-
Parks and landscaping	-	-	-
Land acquisition	-	-	-
Other improvements	-	-	-
Total expenditures	<u>11,162,736</u>	<u>10,984,088</u>	<u>178,648</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,783,927</u>	<u>5,967,143</u>	<u>1,183,216</u>
<b>Other financing sources (uses):</b>			
Transfers out	<u>(4,554,125)</u>	<u>(4,554,124)</u>	<u>1</u>
Total other financing uses	<u>(4,554,125)</u>	<u>(4,554,124)</u>	<u>1</u>
Net change in fund balances	229,802	1,413,019	1,183,217
Fund balances - beginning - as restated	<u>2,167,028</u>	<u>2,167,028</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,396,830</u>	<u>\$ 3,580,047</u>	<u>\$ 1,183,217</u>

Community Development Block Grant			National Stabilization		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
14,580,679	5,358,955	(9,221,724)	1,096,967	1,096,983	16
-	19	19	-	-	-
-	-	-	-	-	-
-	3,207	3,207	-	-	-
(1,403,000)	247,775	1,650,775	-	4,000	4,000
-	-	-	-	-	-
-	11,496	11,496	-	-	-
<u>13,177,679</u>	<u>5,621,452</u>	<u>(7,556,227)</u>	<u>1,096,967</u>	<u>1,100,983</u>	<u>4,016</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,298,568	3,085,504	3,213,064	1,096,967	1,096,983	(16)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,751,609	1,515,983	3,235,626	-	-	-
61,606	-	61,606	-	-	-
6,639	-	6,639	-	-	-
1,300,000	15,382	1,284,618	-	-	-
360,525	360,254	271	-	-	-
<u>12,778,947</u>	<u>4,977,123</u>	<u>7,801,824</u>	<u>1,096,967</u>	<u>1,096,983</u>	<u>(16)</u>
<u>398,732</u>	<u>644,329</u>	<u>245,597</u>	<u>-</u>	<u>4,000</u>	<u>4,000</u>
<u>(591,433)</u>	<u>(584,434)</u>	<u>(6,999)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(591,433)</u>	<u>(584,434)</u>	<u>(6,999)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(192,701)	59,895	252,596	-	4,000	4,000
<u>361,685</u>	<u>361,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 168,984</u>	<u>\$ 421,580</u>	<u>\$ 252,596</u>	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>

**CITY OF BAKERSFIELD**

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (continued)  
Budget and Actual - All Special Revenue Funds  
Year Ended June 30, 2014**

	American Recovery & Reinvestment Act		
	Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	70,500	98,349	27,849
Charges for services	-	-	-
Fines, forfeitures, and assessments	-	-	-
Interest income	-	-	-
Loan payments	-	-	-
Contributions and donations	-	-	-
Other income	-	-	-
Total revenues	<u>70,500</u>	<u>98,349</u>	<u>27,849</u>
<b>Expenditures</b>			
Current:			
Public safety - Police	70,500	98,349	(27,849)
Public safety - Fire	-	-	-
Public works	-	-	-
Recreation and parks	-	-	-
Community development	-	-	-
Non-departmental	-	-	-
Capital outlay:			
Transportation:			
Traffic control	-	-	-
Streets / Freeways	-	-	-
Bridges	-	-	-
Curbs, gutters and sidewalks	-	-	-
Public facilities:			
Buildings	-	-	-
Parks and landscaping	-	-	-
Land acquisition	-	-	-
Other improvements	-	-	-
Total expenditures	<u>70,500</u>	<u>98,349</u>	<u>(27,849)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Transfers out	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-
Fund balances - beginning - as restated	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Gas Tax & Road Fund			State (TDA) Transportation		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
376,898,128	58,456,014	(318,442,114)	3,427,172	774,765	(2,652,407)
-	-	-	-	-	-
10,000	111,035	101,035	-	-	-
25,000	78,858	53,858	500	2,954	2,454
-	-	-	-	-	-
-	-	-	-	-	-
-	22,762	22,762	-	-	-
<u>376,933,128</u>	<u>58,668,669</u>	<u>(318,264,459)</u>	<u>3,427,672</u>	<u>777,719</u>	<u>(2,649,953)</u>
-	-	-	-	-	-
-	-	-	-	-	-
89,550	61,990	27,560	320,172	226,989	93,183
-	-	-	30,300	29,363	937
-	-	-	-	-	-
-	-	-	-	-	-
5,527,984	1,294,998	4,232,986	-	-	-
369,362,595	51,151,430	318,211,165	-	-	-
6,340,487	104,265	6,236,222	-	-	-
397,168	-	397,168	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,077,200	521,367	2,555,833
<u>381,717,784</u>	<u>52,612,683</u>	<u>329,105,101</u>	<u>3,427,672</u>	<u>777,719</u>	<u>2,649,953</u>
<u>(4,784,656)</u>	<u>6,055,986</u>	<u>10,840,642</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
(4,784,656)	6,055,986	10,840,642	-	-	-
<u>5,665,425</u>	<u>5,665,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 880,769</u>	<u>\$ 11,721,411</u>	<u>\$ 10,840,642</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, 2014**

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	State Safety Fund		
	Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	194,000	204,284	10,284
Intergovernmental	627,660	648,909	21,249
Charges for services	1,091,000	1,190,591	99,591
Fines, forfeitures, and assessments	1,100,000	1,252,064	152,064
Interest income	4,500	20,704	16,204
Loan payments	-	-	-
Contributions and donations	-	-	-
Other income	-	-	-
Total revenues	<u>3,017,160</u>	<u>3,316,552</u>	<u>299,392</u>
<b>Expenditures</b>			
Current:			
Public safety - Police	1,130,053	955,457	174,596
Public safety - Fire	1,186,044	1,113,203	72,841
Public works	-	-	-
Recreation and parks	-	-	-
Community development	-	-	-
Non-departmental	-	-	-
Capital outlay:			
Transportation:			
Traffic control	-	-	-
Streets / Freeways	-	-	-
Bridges	-	-	-
Curbs, gutters and sidewalks	-	-	-
Public facilities:			
Buildings	-	-	-
Parks and landscaping	-	-	-
Land acquisition	-	-	-
Other improvements	-	-	-
Total expenditures	<u>2,316,097</u>	<u>2,068,660</u>	<u>247,437</u>
Excess (deficiency) of revenues over (under) expenditures	<u>701,063</u>	<u>1,247,892</u>	<u>546,829</u>
<b>Other financing sources (uses):</b>			
Transfers out	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>-</u>
Total other financing uses	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>-</u>
Net change in fund balances	(398,937)	147,892	546,829
Fund balances - beginning - as restated	<u>1,026,375</u>	<u>1,026,375</u>	<u>-</u>
Fund balances - ending	<u>\$ 627,438</u>	<u>\$ 1,174,267</u>	<u>\$ 546,829</u>

Redevelopment Successor Agency - Housing			Totals		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ -	\$ 175,000	\$ 175,000	\$ 8,000,000	\$ 9,001,003	\$ 1,001,003
-	-	-	194,000	204,284	10,284
-	-	-	396,701,106	66,433,975	(330,267,131)
-	14,235	14,235	7,817,663	7,472,295	(345,368)
-	-	-	1,110,000	1,363,099	253,099
13,000	56,963	43,963	63,000	198,793	135,793
-	-	-	(1,403,000)	251,775	1,654,775
-	-	-	1,200,000	1,200,000	-
93,500	27,935	(65,565)	93,500	683,864	590,364
106,500	274,133	167,633	413,776,269	86,809,088	(326,967,181)
-	-	-	1,200,553	1,053,806	146,747
-	-	-	1,186,044	1,113,203	72,841
-	-	-	409,722	288,979	120,743
-	-	-	8,050,036	7,870,451	179,585
4,882,741	259,667	4,623,074	12,278,276	4,442,154	7,836,122
-	-	-	3,143,000	3,143,000	-
-	-	-	5,527,984	1,294,998	4,232,986
-	-	-	369,362,595	51,151,430	318,211,165
-	-	-	6,340,487	104,265	6,236,222
-	-	-	5,148,777	1,515,983	3,632,794
-	-	-	61,606	-	61,606
-	-	-	6,639	-	6,639
-	-	-	1,300,000	15,382	1,284,618
-	-	-	3,437,725	881,621	2,556,104
4,882,741	259,667	4,623,074	417,453,444	72,875,272	344,578,172
(4,776,241)	14,466	4,790,707	(3,677,175)	13,933,816	17,610,991
-	-	-	(6,245,558)	(6,238,558)	7,000
-	-	-	(6,245,558)	(6,238,558)	7,000
(4,776,241)	14,466	4,790,707	(9,922,733)	7,695,258	17,617,991
2,759,204	2,759,204	-	11,979,717	11,979,717	18,516,761
\$ (2,017,037)	\$ 2,773,670	\$ 4,790,707	\$ 2,056,984	\$ 19,674,975	\$ 36,134,752

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**CITY OF BAKERSFIELD**

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**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - Debt Service Fund  
For the Fiscal Year Ended June 30, 2014**

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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	489,125	443,124	46,001
Interest and fiscal charges	231,364	195,434	35,930
Total expenditures	720,489	638,558	81,931
Deficiency of revenues under expenditures	(720,489)	(638,558)	81,931
<b>Other financing sources:</b>			
Transfers in	645,558	638,558	(7,000)
Total other financing sources	645,558	638,558	(7,000)
Net change in fund balances	(74,931)	-	74,931
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ (74,931)</u>	<u>\$ -</u>	<u>\$ 74,931</u>

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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 Highway 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 Kern 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.

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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 Capital Projects Funds  
For the Fiscal Year Ended June 30, 2014**

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	Special Assessment Dist - Capital		
	Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines, forfeitures, and assessments	-	-	-
Interest income	-	411	411
Contributions and donations	-	-	-
Other income	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>411</u>	<u>411</u>
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public works	-	-	-
Non-departmental	-	642,875	(642,875)
<b>Capital outlay:</b>			
Transportation:			
Traffic control	-	-	-
Streets	2,336,362	870,509	1,465,853
Bridges	-	-	-
Streets / Freeways	-	-	-
<b>Public facilities:</b>			
Buildings	-	-	-
Parks and landscaping	-	-	-
Land acquisition	-	-	-
Other improvements	-	-	-
Equipment:			
Computers	-	-	-
Non-automotive	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,336,362</u>	<u>1,513,384</u>	<u>822,978</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,336,362)</u>	<u>(1,512,973)</u>	<u>823,389</u>
<b>Other financing sources (uses):</b>			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2,336,362)	(1,512,973)	823,389
Fund balances - beginning - as restated	<u>6,433,882</u>	<u>6,433,882</u>	<u>-</u>
Fund balances - ending	<u>\$ 4,097,520</u>	<u>\$ 4,920,909</u>	<u>\$ 823,389</u>

Capital Outlay			Park Improvement Fund		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ 4,675,000	\$ 4,974,371	\$ 299,371	\$ -	\$ -	\$ -
3,278,422	41,650,166	38,371,744	-	-	-
228,978	85,130	(143,848)	-	-	-
1,200,000	-	(1,200,000)	1,037,879	2,149,215	1,111,336
20,000	157,012	137,012	20,000	78,761	58,761
548,326	554,044	5,718	-	-	-
1,079,732	274,065	(805,667)	-	-	-
<u>11,030,458</u>	<u>47,694,788</u>	<u>36,664,330</u>	<u>1,057,879</u>	<u>2,227,976</u>	<u>1,170,097</u>
-	-	-	-	-	-
-	-	-	-	-	-
862,578	313,619	548,959	112,879	37,158	75,721
-	-	-	-	-	-
26,601,076	13,567,952	13,033,124	-	-	-
394,462	-	394,462	-	-	-
-	-	-	-	-	-
7,716,284	2,271,752	5,444,532	-	-	-
3,993,285	845,340	3,147,945	2,806,708	5,723	2,800,985
-	-	-	1,750,233	-	1,750,233
2,732,910	1,072,158	1,660,752	542,637	334,594	208,043
95,000	49,810	45,190	-	-	-
286,995	221,519	65,476	-	-	-
<u>42,682,590</u>	<u>18,342,150</u>	<u>24,340,440</u>	<u>5,212,457</u>	<u>377,475</u>	<u>4,834,982</u>
<u>(31,652,132)</u>	<u>29,352,638</u>	<u>61,004,770</u>	<u>(4,154,578)</u>	<u>1,850,501</u>	<u>6,005,079</u>
<u>14,330,632</u>	<u>14,330,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>14,330,632</u>	<u>14,330,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(17,321,500)	43,683,270	61,004,770	(4,154,578)	1,850,501	6,005,079
<u>24,131,844</u>	<u>24,131,844</u>	<u>-</u>	<u>5,112,642</u>	<u>5,112,642</u>	<u>-</u>
<u>\$ 6,810,344</u>	<u>\$ 67,815,114</u>	<u>\$ 61,004,770</u>	<u>\$ 958,064</u>	<u>\$ 6,963,143</u>	<u>\$ 6,005,079</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 Capital Projects Funds**  
**For the Fiscal Year Ended June 30, 2014**

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	Transportation Development		
	Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	1,661,000	1,462,671	(198,329)
Charges for services	100,000	182,660	82,660
Fines, forfeitures, and assessments	12,252,000	21,300,984	9,048,984
Interest income	25,000	311,384	286,384
Contributions and donations	-	-	-
Other income	3,000,000	409,695	(2,590,305)
	<u>17,038,000</u>	<u>23,667,394</u>	<u>6,629,394</u>
Total revenues			
<b>Expenditures:</b>			
Current:			
General government	390,496	368,958	21,538
Public works	1,285,922	1,029,968	255,954
Non-departmental	-	-	-
<b>Capital outlay:</b>			
Transportation:			
Traffic control	1,395,306	815,811	579,495
Streets	19,174,766	8,217,189	10,957,577
Bridges	563,009	471,686	91,323
Streets / Freeways	32,060,401	11,284,824	20,775,577
<b>Public facilities:</b>			
Buildings	-	-	-
Parks and landscaping	-	-	-
Land acquisition	-	-	-
Other improvements	-	-	-
Equipment:			
Computers	-	-	-
Non-automotive	-	-	-
	<u>54,869,900</u>	<u>22,188,436</u>	<u>32,681,464</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(37,831,900)</u>	<u>1,478,958</u>	<u>39,310,858</u>
<b>Other financing sources (uses):</b>			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(37,831,900)	1,478,958	39,310,858
Fund balances - beginning - as restated	<u>41,442,106</u>	<u>41,442,106</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,610,206</u>	<u>\$ 42,921,064</u>	<u>\$ 39,310,858</u>

Totals		
Budget	Actual	Variance with Final Budget
\$ 4,675,000	\$ 4,974,371	\$ (299,371)
4,939,422	43,112,837	38,173,415
328,978	267,790	(61,188)
14,489,879	23,450,199	8,960,320
65,000	547,568	482,568
548,326	554,044	5,718
<u>4,079,732</u>	<u>683,760</u>	<u>(3,395,972)</u>
<u>24,451,337</u>	<u>68,616,198</u>	<u>44,164,861</u>
390,496	368,958	21,538
1,285,922	1,029,968	255,954
975,457	993,652	(18,195)
1,395,306	815,811	579,495
48,112,204	22,655,650	25,456,554
957,471	471,686	485,785
32,060,401	11,284,824	20,775,577
7,716,284	2,271,752	5,444,532
6,799,993	851,063	5,948,930
1,750,233	-	1,750,233
3,275,547	1,406,752	1,868,795
95,000	49,810	45,190
<u>286,995</u>	<u>221,519</u>	<u>65,476</u>
<u>105,101,309</u>	<u>42,421,445</u>	<u>62,679,864</u>
<u>(75,974,972)</u>	<u>31,169,124</u>	<u>106,545,354</u>
<u>14,330,632</u>	<u>14,330,632</u>	<u>-</u>
<u>14,330,632</u>	<u>14,330,632</u>	<u>-</u>
(61,644,340)	45,499,756	106,545,354
<u>77,120,474</u>	<u>77,120,474</u>	<u>-</u>
<u>\$ 15,476,134</u>	<u>\$ 122,620,230</u>	<u>\$ 106,545,354</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 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 Position  
All Internal Service Funds  
June 30, 2014**

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	Self- Insurance	Equipment Management	Total
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 29,919,263	\$ 21,673,813	\$ 51,593,076
Accounts receivable, net	32,572	57,012	89,584
Interest receivable	57,130	40,427	97,557
Notes/loans receivable	177,938	335,202	513,140
Due from other governmental agencies	32,873	-	32,873
Prepayments and inventories	-	1,026,904	1,026,904
	<u>30,219,776</u>	<u>23,133,358</u>	<u>53,353,134</u>
Total current assets			
Noncurrent assets:			
Capital assets:			
Depreciable buildings, property, equipment and infrastructure, net	-	29,368,815	29,368,815
Notes/loans receivable	615,600	1,159,680	1,775,280
	<u>615,600</u>	<u>30,528,495</u>	<u>31,144,095</u>
Total noncurrent assets			
Total assets	<u>30,835,376</u>	<u>53,661,853</u>	<u>84,497,229</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	351,849	1,765,182	2,117,031
Claims payable	3,770,165	-	3,770,165
Workers' compensation claims	5,022,000	-	5,022,000
Compensated absences payable	-	480,216	480,216
	<u>9,144,014</u>	<u>2,245,398</u>	<u>11,389,412</u>
Total current liabilities			
Noncurrent liabilities:			
Workers' compensation claims	24,401,000	-	24,401,000
Compensated absences payable	24,135	213,770	237,905
	<u>24,425,135</u>	<u>213,770</u>	<u>24,638,905</u>
Total noncurrent liabilities			
Total liabilities	<u>33,569,149</u>	<u>2,459,168</u>	<u>36,028,317</u>
<b>Net position:</b>			
Net investment in capital assets	-	29,368,815	29,368,815
Unrestricted	(2,733,773)	21,833,870	19,100,097
Total net position	<u>\$ (2,733,773)</u>	<u>\$ 51,202,685</u>	<u>\$ 48,468,912</u>

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**CITY OF BAKERSFIELD**

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**Combining Statement of Activities and Changes in Net Position  
All Internal Service Funds  
For the Fiscal Year Ended June 30, 2014**

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	Self-Insurance Fund	Equipment Management	Totals
<b>Operating revenues:</b>			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	10,046,287	22,368,773	32,415,060
Cost recoveries	1,464,209	69,727	1,533,936
Miscellaneous	7,778	15,422	23,200
	<u>11,518,274</u>	<u>22,453,922</u>	<u>33,972,196</u>
Total operating revenues			
<b>Operating expenses:</b>			
General and administrative	9,312,218	18,541,725	27,853,943
Workers' compensation payments	2,475,201	-	2,475,201
Claims paid	810,813	-	810,813
Depreciation and amortization	-	5,186,608	5,186,608
Compensated absences	7,215	-	7,215
	<u>12,605,447</u>	<u>23,728,333</u>	<u>36,333,780</u>
Total operating expenses			
Operating income (loss)	<u>(1,087,173)</u>	<u>(1,274,411)</u>	<u>(2,361,584)</u>
<b>Nonoperating revenues (expenses):</b>			
Interest income	384,655	271,661	656,316
Gain/(loss) on sale of real property	-	126,283	126,283
	<u>(702,518)</u>	<u>(876,467)</u>	<u>(1,578,985)</u>
Income (loss) before transfers and capital contributions			
Capital contributions	-	395,343	395,343
Transfers in	-	1,808,852	1,808,852
Transfers out	(54,452)	-	(54,452)
	<u>(756,970)</u>	<u>1,327,728</u>	<u>570,758</u>
Change in net position before extraordinary item			
<b>Extraordinary Item:</b>			
Loss on Successor Agency loans	<u>(328,583)</u>	<u>(608,077)</u>	<u>(936,660)</u>
Change in net position	(1,085,553)	719,651	(365,902)
<b>Total Net Position - Beginning of Year</b>	<u>(1,648,220)</u>	<u>50,483,034</u>	<u>48,834,814</u>
<b>Total Net Position - End of Year</b>	<u>\$ (2,733,773)</u>	<u>\$ 51,202,685</u>	<u>\$ 48,468,912</u>

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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, 2014**

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	Self-Insurance Fund	Equipment Management	Totals
<b>Cash flows from operating activities:</b>			
Cash received from:			
Customers	\$ 10,199,343	\$ 22,339,669	\$ 32,539,012
Prior year reimbursements and cost recoveries	1,464,209	69,727	1,533,936
Cash paid to:			
Suppliers	(7,446,472)	(13,049,807)	(20,496,279)
Employees	(2,748,205)	(4,956,517)	(7,704,722)
Net cash provided (used) by operating activities	<u>1,468,875</u>	<u>4,403,072</u>	<u>5,871,947</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash transferred from other funds	-	1,808,852	1,808,852
Cash transferred to other funds	(54,452)	-	(54,452)
Net cash provided by noncapital financing activities	<u>(54,452)</u>	<u>1,808,852</u>	<u>1,754,400</u>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	-	(4,866,465)	(4,866,465)
Proceeds from sale of capital assets	-	277,475	277,475
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(4,588,990)</u>	<u>(4,588,990)</u>
<b>Cash flows from investing activities:</b>			
Interest received	179,075	129,640	308,715
Net (decrease) in the fair value of investments	196,226	138,389	334,615
Net cash provided (used) by investing activities	<u>375,301</u>	<u>268,029</u>	<u>643,330</u>
Net increase (decrease) in cash and investments	1,789,724	1,890,963	3,680,687
Cash and investments - Beginning of year	<u>28,129,539</u>	<u>19,782,850</u>	<u>47,912,389</u>
Cash and investments - End of year	<u>\$ 29,919,263</u>	<u>\$ 21,673,813</u>	<u>\$ 51,593,076</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>			
Operating income (loss)	\$ (1,087,173)	\$ (1,274,411)	\$ (2,361,584)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	5,186,608	5,186,608
(Increase) decrease in accounts/notes receivable	145,278	(44,526)	100,752
(Increase) decrease in inventories	-	(42,471)	(42,471)
Decrease in prepaid items	83,000	-	83,000
Increase (decrease) in accounts payable	212,774	647,525	860,299
Increase (decrease) in workers' compensation claims	2,107,781	-	2,107,781
Increase (decrease) in compensated absences	7,215	(69,653)	(62,438)
Net cash provided (used) by operating activities	<u>\$ 1,468,875</u>	<u>\$ 4,403,072</u>	<u>\$ 5,871,947</u>
<b>Noncash investing, capital, and financing activities:</b>			
Contribution of equipment from other departments	\$ -	\$ 395,343	\$ 395,343

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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, 2014**

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	Balance July 01, 2013	Additions	Deletions	Balance June 30, 2014
<b><u>Special Deposits Fund</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 16,562,956	\$ 111,251,843	\$ 107,811,729	\$ 20,003,070
Interest receivable	20,558	23,964	20,559	23,963
Due from other governmental agencies	<u>8,646</u>	<u>16,561</u>	<u>8,646</u>	<u>16,561</u>
Total assets	<u>\$ 16,592,160</u>	<u>\$ 111,292,368</u>	<u>\$ 107,840,934</u>	<u>\$ 20,043,594</u>
<b>Liabilities:</b>				
<b>Payables:</b>				
Deposits	<u>\$ 16,592,160</u>	<u>\$ 111,292,368</u>	<u>\$ 107,840,934</u>	<u>\$ 20,043,594</u>
Total liabilities	<u>\$ 16,592,160</u>	<u>\$ 111,292,368</u>	<u>\$ 107,840,934</u>	<u>\$ 20,043,594</u>
<b><u>Improvement Districts Fund</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 10,077,869	\$ 818,840	\$ 1,264,648	\$ 9,632,061
Interest receivable	6,812	790	559	7,043
Due from other governmental agencies	<u>16,204</u>	<u>1,869</u>	<u>10,989</u>	<u>7,084</u>
Total assets	<u>\$ 10,100,885</u>	<u>\$ 821,499</u>	<u>\$ 1,276,196</u>	<u>\$ 9,646,188</u>
<b>Liabilities:</b>				
<b>Payables:</b>				
Accounts	\$ 31,062	\$ 3,200	\$ 31,062	\$ 3,200
Deposits	3,191,750	1,387,976	1,019,556	3,560,170
Accrued bond interest	1,375,423	1,252,818	1,375,423	1,252,818
Bonds	<u>5,502,650</u>	<u>4,835,000</u>	<u>5,507,650</u>	<u>4,830,000</u>
Total liabilities	<u>\$ 10,100,885</u>	<u>\$ 7,478,994</u>	<u>\$ 7,933,691</u>	<u>\$ 9,646,188</u>
<b><u>Total - All Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 26,640,825	\$ 112,070,683	\$ 109,076,377	\$ 29,635,131
Interest receivable	27,370	24,754	21,118	31,006
Due from other governmental agencies	<u>24,850</u>	<u>18,430</u>	<u>19,635</u>	<u>23,645</u>
Total assets	<u>\$ 26,693,045</u>	<u>\$ 112,113,867</u>	<u>\$ 109,117,130</u>	<u>\$ 29,689,782</u>
<b>Liabilities:</b>				
<b>Payables:</b>				
Accounts	\$ 31,062	\$ 3,200	\$ 31,062	\$ 3,200
Deposits	19,783,910	112,680,344	108,860,490	23,603,764
Accrued bond interest	1,375,423	1,252,818	1,375,423	1,252,818
Bonds	<u>5,502,650</u>	<u>4,835,000</u>	<u>5,507,650</u>	<u>4,830,000</u>
Total liabilities	<u>\$ 26,693,045</u>	<u>\$ 118,771,362</u>	<u>\$ 115,774,625</u>	<u>\$ 29,689,782</u>

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**CITY OF BAKERSFIELD**

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**Combining Statement of Fiduciary Net Position  
Private Purpose Trust Funds  
June 30, 2014**

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	Redevelopment Successor Agency - Trust	Planning Habitat Trust	Total Private Purpose Trust Funds
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 3,092,666	\$ 11,031,008	\$ 14,123,674
Interest receivable	4,252	25,279	29,531
Due from other governmental agencies	1,067,844	-	1,067,844
Total current assets	<u>4,164,762</u>	<u>11,056,287</u>	<u>15,221,049</u>
Noncurrent assets:			
Land held for resale	60,895	-	60,895
Total noncurrent assets	<u>60,895</u>	<u>-</u>	<u>60,895</u>
Total assets	<u>4,225,657</u>	<u>11,056,287</u>	<u>15,281,944</u>
<b>Liabilities:</b>			
Payables:			
Accounts	-	3,005	3,005
Advances from grantors and third parties	3,815,047	-	3,815,047
Bonds	2,985,000	-	2,985,000
Notes	27,020,633	-	27,020,633
Total liabilities	<u>33,820,680</u>	<u>3,005</u>	<u>33,823,685</u>
<b>Net Position:</b>			
Held in trust for:			
Individuals, organizations, and other governments	<u>(29,595,023)</u>	<u>11,053,282</u>	<u>(18,541,741)</u>
<b>Total Net Position</b>	<u>\$ (29,595,023)</u>	<u>\$ 11,053,282</u>	<u>\$ (18,541,741)</u>

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**CITY OF BAKERSFIELD**

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**Combining Statement of Fiduciary Net Position  
Pension and Other Employee Benefit Trust Funds  
June 30, 2014**

---

	OPEB Irrevocable Trust	Fire Relief and Pension Trust	Total Pension and Other Employee Benefit Trust Funds
<b>Assets:</b>			
Cash and investments	\$ 50,722,418	\$ 111,178	\$ 50,833,596
Retirement system investments - Federal agency coupons	-	990,950	990,950
Interest receivable	-	8,877	8,877
	<u>50,722,418</u>	<u>1,111,005</u>	<u>51,833,423</u>
Total assets			
	<u>50,722,418</u>	<u>1,111,005</u>	<u>51,833,423</u>
<b>Net Position:</b>			
Held in trust for - Pension benefits and other purposes	<u>50,722,418</u>	<u>1,111,005</u>	<u>51,833,423</u>
<b>Total Net Position</b>	<u>\$ 50,722,418</u>	<u>\$ 1,111,005</u>	<u>\$ 51,833,423</u>

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**CITY OF BAKERSFIELD**

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**Combining Statement of Changes in Fiduciary Net Position  
Private Purpose Trust Funds  
For the Fiscal Year Ended June 30, 2014**

---

	Redevelopment Successor Agency - Trust	Planning Habitat Trust	Total Private Purpose Trust Funds
<b>Additions:</b>			
Developer fees	\$ -	\$ 1,608,034	\$ 1,608,034
Successor agency property tax deposits	3,288,862	-	3,288,862
Intergovernmental	301,203	-	301,203
Charges for services	3,143,000	-	3,143,000
Contribution from Successor Housing Agency	-	-	-
Other income	11,123	-	11,123
Interest income	-	49,088	49,088
	<u>6,744,188</u>	<u>1,657,122</u>	<u>8,401,310</u>
<b>Deductions:</b>			
Purchase of uninhabited land	-	3,411,642	3,411,642
Obligation retirement	<u>(1,082,131)</u>	<u>-</u>	<u>(1,082,131)</u>
	<u>(1,082,131)</u>	<u>3,411,642</u>	<u>2,329,511</u>
Change in net position	<u>7,826,319</u>	<u>(1,754,520)</u>	<u>6,071,799</u>
Net position - beginning of year	<u>(37,421,342)</u>	<u>12,807,802</u>	<u>(24,613,540)</u>
Net position - end of year	<u>\$ (29,595,023)</u>	<u>\$ 11,053,282</u>	<u>\$ (18,541,741)</u>

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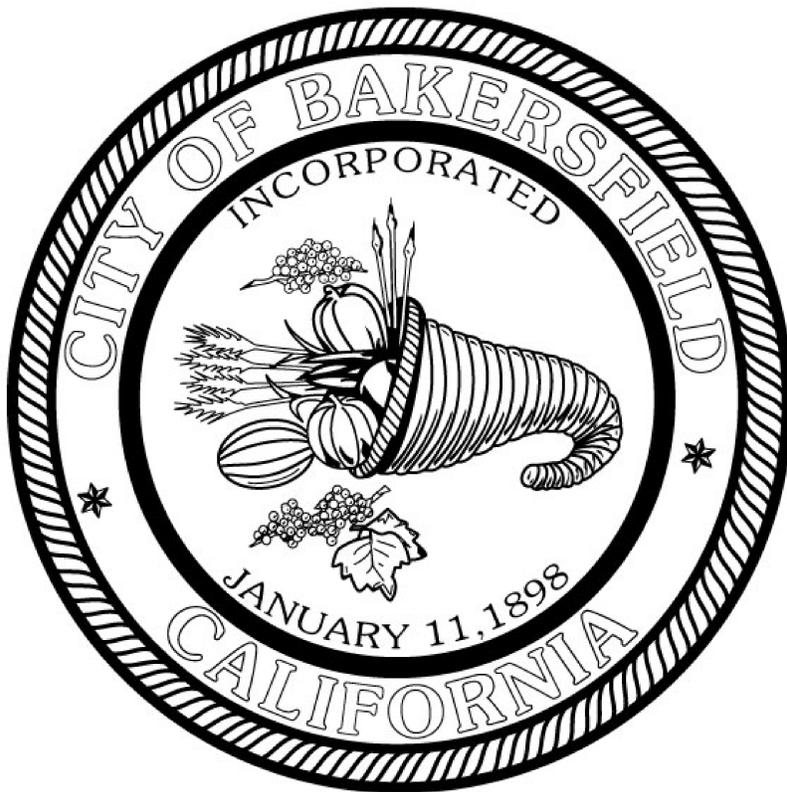
**CITY OF BAKERSFIELD**

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**Combining Statement of Changes in Fiduciary Net Position  
Pension and Other Employee Benefit Trust Funds  
For the Fiscal Year Ended June 30, 2014**

---

	OPEB Irrevocable Trust	Fire Relief and Pension Trust	Total Pension and Other Employee Benefit Trust Funds
<b>Additions:</b>			
Contributions to pooled investments	\$ 3,578,735	\$ -	\$ 3,578,735
Interest and investment income, net	<u>4,346,605</u>	<u>27,097</u>	<u>4,373,702</u>
Total additions	<u>7,925,340</u>	<u>27,097</u>	<u>7,952,437</u>
<b>Deductions:</b>			
Benefits	3,578,735	128,106	3,706,841
Administrative expenses	<u>157,138</u>	<u>-</u>	<u>157,138</u>
Total deductions	<u>3,735,873</u>	<u>128,106</u>	<u>3,863,979</u>
Change in net position	4,189,467	(101,009)	4,088,458
Beginning of year	<u>46,527,051</u>	<u>1,217,914</u>	<u>47,744,965</u>
End of year	<u>\$ 50,716,518</u>	<u>\$ 1,116,905</u>	<u>\$ 51,833,423</u>



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**CITY OF BAKERSFIELD**

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**Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2014**

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	Special Revenue Funds		
	National Stabilization	American Recovery & Reinvestment Act	State (TDA) Transportation
<b>Assets:</b>			
Cash and investments	\$ 4,000	\$ -	\$ -
Accounts receivable, net	9,821,248	-	-
Interest receivable	-	-	506
Due from other governmental agencies	-	-	389,777
Notes/loans receivable	-	-	-
Total assets	<u>\$ 9,825,248</u>	<u>\$ -</u>	<u>\$ 390,283</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 19,446
Due to other governmental agencies	-	-	-
Due to other funds	-	-	228,969
Advances from grantors and third parties	-	-	141,868
Total liabilities	<u>-</u>	<u>-</u>	<u>390,283</u>
Deferred Inflows of Resources:			
Unearned revenue	<u>9,821,248</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>			
Restricted	<u>4,000</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 9,825,248</u>	<u>\$ -</u>	<u>\$ 390,283</u>

Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Total Non-Major Governmental Funds
State Safety Fund	Redevelopment Successor Agency - Housing	General Obligation Debt	Special Assessment Districts	
\$ 1,209,195	\$ 2,774,110	\$ -	\$ 4,920,909	\$ 8,908,214
110,012	216	-	-	9,931,476
3,961	5,606	-	-	10,073
6,972	-	-	-	396,749
<u>-</u>	<u>6,159,671</u>	<u>-</u>	<u>-</u>	<u>6,159,671</u>
<u>\$ 1,330,140</u>	<u>\$ 8,939,603</u>	<u>\$ -</u>	<u>\$ 4,920,909</u>	<u>\$ 25,406,183</u>
\$ 100,737	\$ 6,262	\$ -	\$ -	\$ 126,445
55,136	-	-	-	55,136
-	-	-	-	228,969
<u>-</u>	<u>6,159,671</u>	<u>-</u>	<u>-</u>	<u>6,301,539</u>
<u>155,873</u>	<u>6,165,933</u>	<u>-</u>	<u>-</u>	<u>6,712,089</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,821,248</u>
<u>1,174,267</u>	<u>2,773,670</u>	<u>-</u>	<u>4,920,909</u>	<u>8,872,846</u>
<u>\$ 1,330,140</u>	<u>\$ 8,939,603</u>	<u>\$ -</u>	<u>\$ 4,920,909</u>	<u>\$ 25,406,183</u>

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**CITY OF BAKERSFIELD**

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**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Fiscal Year Ended June 30, 2014**

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	Special Revenue Funds		
	National Stabilization	American Recovery & Reinvestment Act	State (TDA) Transportation
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	1,096,983	98,349	774,765
Charges for services	-	-	-
Fines, forfeitures and assessments	-	-	-
Interest income	-	-	2,954
Loan payments	4,000	-	-
Other income	-	-	-
Total revenues	<u>1,100,983</u>	<u>98,349</u>	<u>777,719</u>
<b>Expenditures</b>			
Current:			
Public safety - Police	-	98,349	-
Public safety - Fire	-	-	-
Public works	-	-	226,989
Recreation and parks	-	-	29,363
Community development	1,096,983	-	-
Non departmental	-	-	-
Capital outlay	-	-	521,367
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>1,096,983</u>	<u>98,349</u>	<u>777,719</u>
Excess (deficiency) of revenues over (under) expenditures	4,000	-	-
<b>Other financing sources (uses):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,000	-	-
Fund balances - beginning - as restated	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Total Non-Major Governmental Funds
State Safety	Redevelopment Successor Agency - Housing	General Obligation Debt	Special Assessment District	
\$ -	\$ 175,000	\$ -	\$ -	\$ 175,000
204,284	-	-	-	204,284
648,909	-	-	-	2,619,006
1,190,591	14,235	-	-	1,204,826
1,252,064	-	-	-	1,252,064
20,704	56,963	-	411	81,032
-	-	-	-	4,000
-	27,935	-	-	27,935
<u>3,316,552</u>	<u>274,133</u>	<u>-</u>	<u>411</u>	<u>5,568,147</u>
955,457	-	-	-	1,053,806
1,113,203	-	-	-	1,113,203
-	-	-	-	226,989
-	-	-	-	29,363
-	259,667	-	-	1,356,650
-	-	-	642,875	642,875
-	-	-	870,509	1,391,876
-	-	443,124	-	443,124
-	-	195,434	-	195,434
<u>2,068,660</u>	<u>259,667</u>	<u>638,558</u>	<u>1,513,384</u>	<u>6,453,320</u>
1,247,892	14,466	(638,558)	(1,512,973)	(885,173)
-	-	638,558	-	638,558
<u>(1,100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,100,000)</u>
<u>(1,100,000)</u>	<u>-</u>	<u>638,558</u>	<u>-</u>	<u>(461,442)</u>
147,892	14,466	-	(1,512,973)	(1,346,615)
<u>1,026,375</u>	<u>2,759,204</u>	<u>-</u>	<u>6,433,882</u>	<u>10,219,461</u>
<u>\$ 1,174,267</u>	<u>\$ 2,773,670</u>	<u>\$ -</u>	<u>\$ 4,920,909</u>	<u>\$ 8,872,846</u>

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**CITY OF BAKERSFIELD**

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**Long-term debt recorded in Private Purpose Trust Fund**

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**REDEVELOPMENT SUCCESSOR AGENCY**Tax Allocation Bonds:

\$2,090,000 Tax Allocation Bond to be used for construction of public improvements for new developments on 18th and 19th Street, and improvements to the Mill Creek Linear Park. The funds were dispersed in July 2009. The interest rate is 7.5%, with payments commencing August 2010 through August 2029. \$ 1,875,000

\$1,240,000 Tax Allocation Bond to be used for infrastructure improvements for the Mill Creek 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. 1,110,000

Total Bonds \$ 2,985,000

Loans/Contracts:

\$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%. \$ 643,000

\$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%. 1,288,000

\$1,000,000 Bakersfield Redevelopment Loan with the California Housing Finance Agency for predevelopment costs related to the development of an 84 unit owner subdivision. Repayment of the loan is deferred until September 2016 with 3% simple interest. 607,766

\$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%. 3,178,000

\$10,000,000 Bakersfield Redevelopment Agency Loan with 1-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 commencing on August 1, 2009 through August 2037; interest rate at 3.11%. 8,843,341

\$2,000,000 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. 1,134,595

\$950,000 Loan with the City of Bakersfield Equipment Fund to pre-purchase an easement to facilitate the development of the Chelsea Housing project and the Southeast Mill Creek commercial area. The loan has a 3% interest rate and a five year payment period.

734,008

\$1,500,000 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. Mill Creek. Funds were disbursed in September 2009. The loan has a 5% interest rate and seven year payment period.

991,923

\$17,000,000 Reimbursement to the City for (a) refunding of 1993 Tax Allocation Bonds, (b) 1987 COP Convention Improvement Project, and (c) the construction, equipping and furnishing of a multipurpose area (the Arena Project) per agreement #97-2. Agreement is for two payments of \$850,000 each year, from March 1997 to June 2022.

9,600,000

Total Loans/Contracts Payable

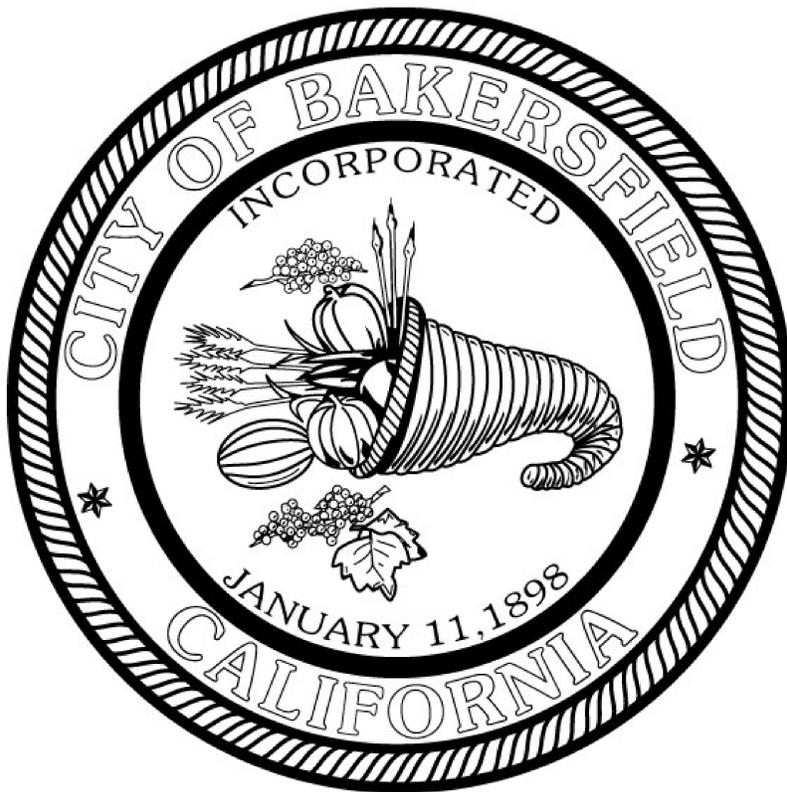
\$ 27,020,633

Total Successor Agency

\$ 30,005,633

Annual requirements to amortize the principal and interest on long-term debt of Successor Agency at June 30, 2014 is as follows:

Year ending	Redevelopment Successor Agency (Private Purpose Trust Fund)					
	Principal			Interest		
	Bonds	Loans/Contracts	Total	Bonds	Loans/Contracts	Total
2015	\$ 105,000	\$ 2,676,663	\$ 2,781,663	\$ 217,212	\$ 1,551,252	\$ 1,768,464
2016	110,000	2,699,238	2,809,238	209,250	1,418,744	1,627,994
2017	120,000	2,420,175	2,540,175	200,732	1,256,564	1,457,296
2018	125,000	2,445,254	2,570,254	191,656	1,110,922	1,302,578
2019	135,000	2,111,021	2,246,021	182,024	957,865	1,139,889
2020-2024	860,000	7,182,133	8,042,133	735,907	2,618,436	3,354,343
2025-2029	1,230,000	3,393,121	4,623,121	350,757	1,025,224	1,375,981
2030-2034	300,000	2,134,130	2,434,130	11,112	523,586	534,698
2035-2039	-	1,958,898	1,958,898	-	139,091	139,091
Totals	<u>\$ 2,985,000</u>	<u>\$ 27,020,633</u>	<u>\$ 30,005,633</u>	<u>\$ 2,098,650</u>	<u>\$ 10,601,684</u>	<u>\$ 12,700,334</u>



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## *Statistical Section*

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**City of Bakersfield  
Statistical Section  
For the year ended June 30, 2014**

The statistical section of the City of Bakersfield's (City) comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information says 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 measures have changed over time	138 - 147
<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.	148 - 159
<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.	160 - 167
<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.	167 - 173
<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.	175 - 179

# CITY OF BAKERSFIELD

## Net Position by Component (1) Last Ten Fiscal Years

	Fiscal Year			
	2005	2006 (2)	2007	2008 (3)
<b>Governmental Activities:</b>				
Invested in capital assets, net of related debt	\$ 240,757,766	\$ 939,282,572	\$ 1,322,587,643	\$ 1,369,689,471
Restricted for:				
Current projects	247,828	620,618	298,110	1,975,111
Capital improvements	47,942,901	87,336,669	84,146,096	77,319,182
Debt service	48,515	48,209	44,145	45,952
Unrestricted	<u>85,904,382</u>	<u>144,677,514</u>	<u>120,922,654</u>	<u>121,427,154</u>
Total governmental activities net position:	<u>374,901,392</u>	<u>1,171,965,582</u>	<u>1,527,998,648</u>	<u>1,570,456,870</u>
% change from prior year	N/A	213%	30%	3%
<b>Business-type Activities:</b>				
Invested in capital assets, net of related debt	160,979,364	521,824,277	566,728,647	342,111,043
Restricted for:				
Capital improvements	-	-	-	152,968,360
Sanitation districts	8,233,452	8,318,774	8,357,453	5,113,759
Unrestricted	<u>69,661,071</u>	<u>96,501,463</u>	<u>129,325,391</u>	<u>230,264,239</u>
Total business-type activities net position	<u>238,873,887</u>	<u>626,644,514</u>	<u>704,411,491</u>	<u>730,457,401</u>
% change from prior year	N/A	162%	12%	4%
<b>Primary Government:</b>				
Invested in capital assets, net of related debt	401,737,130	1,461,106,849	1,867,261,783	1,711,800,514
Restricted for:				
Current projects	247,828	620,618	298,110	1,975,111
Capital improvements	47,942,901	87,336,669	84,136,096	230,287,542
Debt service	48,515	48,209	44,145	45,952
Sanitation districts	8,233,452	8,318,774	8,357,453	5,113,759
Unrestricted	<u>155,565,453</u>	<u>241,178,977</u>	<u>272,302,552</u>	<u>351,691,393</u>
Total primary government net position	<u>\$ 613,775,279</u>	<u>\$ 1,798,610,096</u>	<u>\$ 2,232,400,139</u>	<u>\$ 2,300,914,271</u>
Total primary government net position after restatement		<u>1,700,459,431</u>		<u>2,301,082,391</u>
% change from prior year	N/A	177%	31%	3%

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/or Business-type Activities for the fiscal year. Numbers have been changed to reflect the restatement.

Source: City Finance Department

		Fiscal Year					
		2009 (4)	2010	2011 (4)	2012	2013 (4)	2014 (4)
\$	1,412,593,899	\$ 1,403,412,018	\$ 1,307,753,604	\$ 1,259,429,698	\$ 1,233,782,805	\$ 1,279,657,792	
	4,646,968	-	-	-	-	-	-
	56,379,296	39,139,625	19,778,178	23,252,930	16,246,571	21,015,837	
	-	-	-	-	-	-	-
	<u>127,843,285</u>	<u>135,621,596</u>	<u>155,889,382</u>	<u>165,661,544</u>	<u>172,822,236</u>	<u>213,670,245</u>	
	<u>1,601,463,448</u>	<u>1,578,173,239</u>	<u>1,483,421,164</u>	<u>1,448,344,172</u>	<u>1,422,851,612</u>	<u>1,514,343,874</u>	
	2%	-1%	-6%	-2%	-2%	6%	
	588,467,081	634,479,891	632,719,226	650,440,273	642,190,608	647,105,639	
	83,715,993	29,803,093	19,570,180	20,237,839	-	-	
	5,167,516	4,926,779	4,008,890	2,645,932	20,216,599	20,209,227	
	<u>73,947,580</u>	<u>104,096,319</u>	<u>115,321,423</u>	<u>100,529,044</u>	<u>107,431,948</u>	<u>109,292,512</u>	
	<u>751,298,170</u>	<u>773,306,082</u>	<u>771,619,719</u>	<u>773,853,088</u>	<u>769,839,155</u>	<u>776,607,378</u>	
	3%	3%	-0.2%	0.3%	-0.5%	1%	
	2,001,060,980	2,037,891,909	1,940,472,830	1,909,869,971	1,875,973,416	1,926,763,431	
	4,646,968	-	-	-	-	-	
	140,095,289	68,942,718	39,348,358	43,490,769	36,463,170	41,225,064	
	-	-	-	-	-	-	
	5,167,516	4,926,779	4,008,890	2,645,932	-	-	
	<u>201,790,865</u>	<u>239,717,915</u>	<u>271,210,805</u>	<u>266,190,588</u>	<u>280,254,187</u>	<u>322,962,757</u>	
\$	<u>2,352,761,618</u>	<u>2,351,479,321</u>	<u>2,255,040,883</u>	<u>2,222,197,260</u>	<u>2,192,690,773</u>	<u>2,290,951,252</u>	
	2%	-0.1%	-4%	-1%	-1%	4%	

# CITY OF BAKERSFIELD

## Change in Net Position (1) Last Ten Fiscal Years

	Fiscal Year			
	2005	2006 (2)	2007	2008
<b>Expenses</b>				
Governmental activities:				
General government	\$ 16,258,160	\$ 16,387,448	\$ 22,376,302	\$ 12,738,456
Public safety:				
Police	53,133,158	59,217,664	62,681,714	71,485,694
Fire	28,274,641	29,124,399	27,697,731	32,930,374
Public works	26,874,096	53,935,339	66,939,234	93,674,545
Recreation & parks	17,285,798	14,678,060	23,360,416	34,783,064
Development services	7,609,292	9,551,861	10,738,435	10,920,263
Economic/Community development	3,539,604	2,846,210	3,980,925	3,917,710
Community development (3)	-	-	-	-
Interest on long-term debt	770,171	678,238	595,412	430,313
<b>Total governmental activities expenses</b>	<b>153,744,920</b>	<b>186,419,219</b>	<b>218,370,169</b>	<b>260,880,419</b>
Business-type activities:				
Wastewater treatment	13,364,173	18,476,617	19,660,934	34,006,998
Refuse collection	28,423,051	32,147,482	34,546,899	39,679,394
Agricultural water	4,016,718	4,269,889	4,577,030	5,415,452
Domestic water	11,755,936	13,516,193	15,963,620	16,579,051
General aviation	282,180	286,651	268,707	563,304
Offstreet parking	184,434	174,258	174,531	168,780
<b>Total business-type activities expenses</b>	<b>58,026,492</b>	<b>68,871,090</b>	<b>75,191,721</b>	<b>96,412,979</b>
<b>Total primary government expenses</b>	<b>211,771,412</b>	<b>255,290,309</b>	<b>293,561,890</b>	<b>357,293,398</b>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	6,213,032	3,923,612	4,262,137	4,770,899
Public safety:				
Police	2,077,127	1,121,545	1,055,577	1,165,047
Fire	4,313,192	3,535,136	4,961,943	5,605,740
Public works	34,714,601	61,378,381	32,389,571	22,599,790
Recreation & parks	8,925,298	10,577,088	11,521,373	11,974,626
Development services	8,547,411	8,658,762	6,052,621	5,131,522
Economic/Community development	5,000,509	-	314,609	408
Community development (3)	-	-	-	-
Operating grants and contributions	11,389,303	13,699,627	14,052,014	14,389,999
Capital grants and contributions	23,764,450	18,987,290	254,881,641	74,434,259
<b>Total governmental activities program revenues</b>	<b>\$ 104,944,923</b>	<b>\$ 121,881,441</b>	<b>\$ 329,491,486</b>	<b>\$ 140,072,290</b>
Business-type activities:				
Charges for services				
Wastewater treatment	\$ 17,154,209	\$ 16,742,598	\$ 19,146,468	\$ 23,793,814

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.

(3) Development services and Economic/Community development merged to become Community development.

		Fiscal Year									
		2009	2010	2011	2012	2013	2014				
\$	15,624,497	\$	13,169,300	\$	12,110,455	\$	12,388,099	\$	12,919,972	\$	10,274,285
	68,830,802		66,819,611		70,381,783		72,574,972		76,310,840		80,192,752
	32,844,159		32,901,818		31,657,823		33,319,982		35,105,188		36,086,851
	98,187,688		138,345,249		137,057,195		142,228,353		162,423,856		104,347,771
	31,186,962		32,640,571		34,682,672		31,737,121		32,619,041		34,641,180
	10,111,034		8,231,893		6,862,213		5,856,850		-		-
	6,930,730		12,935,695		9,303,951		28,228,468		-		-
	-		-		-		-		11,192,757		9,940,984
	252,743		201,442		233,606		215,411		467,848		166,472
	<u>263,968,615</u>		<u>305,245,579</u>		<u>302,289,698</u>		<u>326,549,256</u>		<u>331,039,502</u>		<u>275,650,295</u>
	32,009,889		31,978,755		42,333,794		41,550,942		40,456,986		41,979,698
	37,590,048		35,237,306		38,469,544		39,340,795		44,364,406		45,336,786
	5,014,733		4,901,463		4,603,236		5,727,962		5,245,266		5,051,433
	20,089,704		21,951,835		22,068,640		22,157,529		21,131,546		25,613,917
	296,653		372,089		407,687		404,648		430,697		462,690
	192,011		177,485		165,935		128,070		162,094		160,613
	<u>95,193,038</u>		<u>94,618,933</u>		<u>108,048,836</u>		<u>109,309,946</u>		<u>111,790,995</u>		<u>118,605,137</u>
	<u>359,161,653</u>		<u>399,864,512</u>		<u>410,338,534</u>		<u>435,859,202</u>		<u>442,830,497</u>		<u>394,255,432</u>
	4,534,243		4,451,944		5,406,095		5,392,724		4,984,767		5,019,511
	4,411,906		3,347,806		3,210,604		2,649,133		2,110,160		2,938,734
	3,230,597		4,601,976		4,577,004		4,866,355		5,361,766		4,937,490
	16,598,877		10,561,651		8,462,168		11,651,452		19,404,900		23,780,578
	13,423,547		13,530,535		13,172,982		14,153,899		14,324,137		14,348,050
	5,245,507		3,492,359		2,621,537		2,907,300		4,147,598		5,221,585
	(76,449)		85,180		1,101		870		-		-
	-		-		-		-		-		-
	18,940,149		26,063,320		22,993,743		20,178,085		19,508,063		11,633,792
	75,921,404		76,021,617		82,831,043		68,415,443		76,471,205		104,071,622
\$	<u>142,229,781</u>	\$	<u>142,156,388</u>	\$	<u>143,276,277</u>	\$	<u>130,215,261</u>	\$	<u>146,312,596</u>	\$	<u>171,951,362</u>
\$	26,836,539	\$	29,617,486	\$	30,752,515	\$	30,743,840	\$	30,825,384	\$	31,148,327

# CITY OF BAKERSFIELD

## Change in Net Position (1) continued Last Ten Fiscal Years

	Fiscal Year			
	2005	2006 (2)	2007	2008
Refuse collection	30,291,605	33,174,727	36,415,700	39,378,891
Agricultural water	6,717,939	5,426,547	6,523,342	4,972,037
Domestic water	13,188,040	15,209,139	18,414,655	20,103,488
General aviation	125,747	135,383	142,520	211,573
Offstreet parking	93,713	104,636	98,640	102,425
Operating grants and contributions	14,343,274	17,016,789	15,268,751	8,391,106
Capital grants and contributions	1,410,465	449,969	54,024,256	23,514,481
<b>Total business-type activities</b>	<b>83,324,992</b>	<b>88,259,788</b>	<b>150,034,332</b>	<b>120,467,815</b>
<b>Total primary government</b>	<b>188,269,915</b>	<b>210,141,229</b>	<b>479,525,818</b>	<b>260,540,105</b>
<b>Net (Expenses) Revenues</b>				
Governmental activities	(48,799,997)	(64,537,778)	111,121,317	(120,808,129)
Business-type activities	25,298,500	19,388,698	74,842,611	24,054,836
<b>Total primary government</b>	<b>(23,501,497)</b>	<b>(45,149,080)</b>	<b>185,963,928</b>	<b>(96,753,293)</b>
<b>General Revenues and Other Changes in Net Position</b>				
<b>Governmental activities:</b>				
Taxes:				
Property taxes	39,464,262	49,135,641	62,324,076	71,655,585
Sales and use tax	58,465,636	66,495,453	68,367,251	63,415,357
Other taxes	4,268,501	5,074,460	4,047,002	3,193,162
Intergovernmental, unrestricted (4)	5,981,308	2,176,967	1,845,520	910,205
Unrestricted grants and contributions	20,776,276	15,184,443	16,717,510	16,303,921
Investment earnings	1,416,716	1,332,755	4,470,903	4,019,639
Miscellaneous	232,035	85,279	13,128	131,121
Gain on sale of property	83,939	673,947	1,140,896	43,215
Transfers*	2,168,098	1,370,202	3,095,700	3,604,146
Reserve transfer to	-	-	-	-
Redevelopment Agency	(3,571,055)	-	-	-
<b>Total Governmental Activities</b>	<b>129,285,716</b>	<b>141,529,147</b>	<b>162,021,986</b>	<b>163,276,351</b>
<b>Business-type activities:</b>				
Investment earnings	2,496,861	3,140,800	6,020,066	4,894,373
Gain on sale of property	-	-	-	-
Transfers	(2,168,098)	(1,370,202)	(3,095,700)	(2,004,146)
<b>Total business-type activities</b>	<b>328,763</b>	<b>1,770,598</b>	<b>2,924,366</b>	<b>2,890,227</b>
<b>Total primary government</b>	<b>129,614,479</b>	<b>143,299,745</b>	<b>164,946,352</b>	<b>166,166,578</b>
<b>Extraordinary Gain</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>				
Governmental activities	80,485,719	76,991,369	273,143,303	42,468,222
Business-type activities	25,627,263	21,159,296	77,766,977	26,945,063
<b>Total primary government</b>	<b>\$ 106,112,982</b>	<b>\$ 98,150,665</b>	<b>\$ 350,910,280</b>	<b>\$ 69,413,285</b>

(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						
2009	2010	2011	2012	2013	2014	
39,814,200	39,533,488	39,568,011	41,198,715	41,812,177	42,100,981	
6,619,487	5,206,010	6,891,203	4,162,253	3,645,065	4,233,197	
21,160,388	21,773,880	22,223,640	23,140,865	23,944,333	24,423,144	
243,923	258,353	253,868	285,461	304,357	303,223	
77,122	63,383	63,120	72,094	54,420	67,150	
5,228,837	7,121,598	4,018,963	4,935,165	6,243,441	8,601,559	
12,174,540	10,189,981	1,599,202	5,011,908	982,577	17,276,815	
<u>112,155,036</u>	<u>113,764,179</u>	<u>105,370,522</u>	<u>109,550,301</u>	<u>107,811,754</u>	<u>128,154,396</u>	
<u>254,384,817</u>	<u>255,920,567</u>	<u>248,646,799</u>	<u>239,765,562</u>	<u>254,124,350</u>	<u>300,105,758</u>	
(121,738,834)	(163,089,191)	(159,013,421)	(196,333,995)	(184,726,906)	(103,698,933)	
<u>16,961,998</u>	<u>19,145,246</u>	<u>(2,678,314)</u>	<u>240,355</u>	<u>(3,979,241)</u>	<u>9,549,259</u>	
<u>(104,776,836)</u>	<u>(143,943,945)</u>	<u>(161,691,735)</u>	<u>(196,093,640)</u>	<u>(188,706,147)</u>	<u>(94,149,674)</u>	
70,869,285	63,923,865	62,889,341	60,717,716	58,958,525	66,614,853	
56,615,428	50,664,334	55,281,897	67,642,794	70,418,028	72,442,177	
3,136,193	1,910,719	728,715	889,373	926,701	988,423	
962,870	1,026,116	1,144,659	876,617	181,713	152,400	
16,767,713	19,229,234	20,701,642	21,793,292	22,725,966	23,829,193	
2,879,700	1,103,532	73,834	282,170	(99,546)	948,629	
1,408,497	1,776,536	1,567,489	4,223,807	5,187,294	1,683,631	
58,726	14,646	17,300	132,666	192,354	36,039	
47,000	150,000	1,998,260	34,000	840,000	1,489,500	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>152,745,412</u>	<u>139,798,982</u>	<u>144,403,137</u>	<u>156,592,435</u>	<u>159,331,035</u>	<u>168,184,845</u>	
3,757,651	3,012,666	2,136,427	1,988,022	778,444	2,424,676	
-	-	-	38,992	26,866	(4,439,038)	
<u>(47,000)</u>	<u>(150,000)</u>	<u>(1,998,260)</u>	<u>(34,000)</u>	<u>(840,000)</u>	<u>(1,489,500)</u>	
<u>3,710,651</u>	<u>2,862,666</u>	<u>138,167</u>	<u>1,993,014</u>	<u>(34,690)</u>	<u>(3,503,862)</u>	
<u>156,456,063</u>	<u>142,661,648</u>	<u>144,541,304</u>	<u>158,585,449</u>	<u>159,296,345</u>	<u>164,680,983</u>	
-	-	-	4,664,568	-	(936,660)	
31,006,578	(23,290,209)	(14,610,284)	(35,076,992)	(25,395,871)	64,485,912	
<u>20,672,649</u>	<u>22,007,912</u>	<u>(2,540,147)</u>	<u>2,233,369</u>	<u>(4,013,931)</u>	<u>6,045,397</u>	
<u>\$ 51,679,227</u>	<u>\$ (1,282,297)</u>	<u>\$ (17,150,431)</u>	<u>\$ (32,843,623)</u>	<u>\$ (29,409,802)</u>	<u>\$ 70,531,309</u>	

# CITY OF BAKERSFIELD

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

	Fiscal Year			
	2005	2006	2007	2008
<b>General Fund</b>				
Reserved				
Petty cash	\$ 21,825	\$ 22,095	\$ 22,545	\$ 22,545
Prepaid items	537,812	-	-	-
Encumbrances	1,665,099	1,850,208	2,933,414	1,963,262
Cash basis	7,673,578	9,265,797	11,159,944	11,686,035
Unreserved				
Designated for current projects / contingency	247,828	620,618	298,110	1,628,900
Designated for compensated absences	4,854,216	5,554,097	5,928,547	6,120,523
Undesignated	19,032,319	32,648,415	29,607,059	24,755,512
Total general fund	<u>\$ 34,032,677</u>	<u>\$ 49,961,230</u>	<u>\$ 49,949,619</u>	<u>\$ 46,176,777</u>
<b>All other governmental funds</b>				
Reserved	\$ 16,918,396	\$ 32,340,825	\$ 41,592,473	\$ 82,349,797
Unreserved, reported in:				
Special revenue funds	3,418,829	(3,729,699)	(10,814,841)	(46,141,619)
Capital projects funds	7,647,901	12,481,455	18,602,700	15,921,174
Permanent funds	48,101,521	87,503,135	84,314,434	77,778,221
Total all other government funds	<u>\$ 76,086,647</u>	<u>\$ 128,595,716</u>	<u>\$ 133,694,766</u>	<u>\$ 129,907,573</u>
<b>General Fund (2)</b>				
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Subtotal general fund				
All Other Governmental Funds				
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Subtotal all other governmental funds				
Total governmental fund balance				

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	
<u>2009</u>	
\$	22,620
	-
	923,381
	12,001,989
	4,646,968
	6,714,368
	<u>26,765,142</u>
\$	<u><u>51,074,468</u></u>

\$	81,360,385
	(52,326,452)
	30,294,286
	56,430,221
\$	<u><u>115,758,440</u></u>

	<u>2010</u>	<u>2011</u>	Fiscal Year <u>2012</u>	<u>2013</u>	<u>2014</u>
\$	-	\$ 13,000	\$ 11,975	\$ 3,372,390	\$ 3,181
	-	-	-	-	-
	28,408,926	36,613,273	37,639,359	39,972,694	13,464,704
	6,902,114	6,891,881	7,281,790	7,694,831	34,586,157
	<u>10,637,121</u>	<u>9,131,275</u>	<u>10,476,517</u>	<u>10,865,979</u>	<u>6,502,852</u>
	<u>45,948,161</u>	<u>52,649,429</u>	<u>55,409,641</u>	<u>61,905,894</u>	<u>54,556,894</u>
	-	-	-	-	-
	8,253,366	10,051,183	23,252,930	16,246,571	21,015,837
	61,058,527	58,304,744	57,014,597	56,799,759	62,344,103
	26,469,632	18,649,279	11,091,749	15,840,236	58,935,265
	-	-	-	-	-
	<u>95,781,525</u>	<u>87,005,206</u>	<u>91,359,276</u>	<u>88,886,566</u>	<u>142,295,205</u>
\$	<u><u>141,729,686</u></u>	<u><u>139,654,635</u></u>	<u><u>146,768,917</u></u>	<u><u>150,792,460</u></u>	<u><u>196,852,099</u></u>

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**CITY OF BAKERSFIELD**

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

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	Fiscal Year				
	2005	2006	2007	2008	2009
Revenues					
Taxes	\$ 115,631,300	\$ 135,540,591	\$ 151,067,427	\$ 154,249,416	\$ 147,153,335
Licenses and permits	3,853,451	4,279,532	3,029,719	2,613,944	2,576,755
Intergovernmental	34,255,270	24,965,724	36,774,497	55,926,098	82,994,989
Charges for services	26,675,781	30,604,785	28,299,553	27,056,425	26,850,501
Fines, forfeitures & assessments	31,499,007	60,485,776	30,450,784	25,511,482	18,207,527
Interest income	2,828,081	3,936,649	9,327,675	6,157,327	3,455,207
Contributions and donations	-	-	-	-	-
Miscellaneous	4,825,205	5,155,640	4,668,437	5,166,473	4,097,040
Total Revenues	<u>219,568,095</u>	<u>264,968,697</u>	<u>263,618,092</u>	<u>276,681,165</u>	<u>285,335,354</u>
Expenditures					
General government	8,473,071	10,758,950	10,807,970	10,809,819	11,509,310
Police	53,536,030	59,716,106	64,936,013	68,853,581	65,824,506
Fire	28,115,025	28,878,953	30,349,754	31,737,283	31,338,492
Public works	19,199,433	21,500,679	25,634,650	27,771,403	27,594,508
Recreation and parks	16,046,083	19,204,779	22,047,595	23,959,813	23,702,177
Development services	7,607,299	9,143,519	10,787,216	10,558,195	9,619,973
Economic/Community development	3,541,200	3,022,308	3,939,418	3,417,684	5,567,930
Community development (1)	-	-	-	-	-
Non departmental	7,726,250	5,486,829	11,584,563	13,866,439	11,111,355
Capital outlay	41,691,554	35,744,826	75,443,460	89,813,206	104,472,583
Debt service					
Principal	2,026,000	1,258,000	1,957,000	1,256,000	3,509,000
Interest and fiscal charges	811,755	702,386	598,067	491,605	324,862
Total Expenditures	<u>188,773,700</u>	<u>195,417,335</u>	<u>258,085,706</u>	<u>282,535,028</u>	<u>294,574,696</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,794,395</u>	<u>69,551,362</u>	<u>5,532,386</u>	<u>(5,853,863)</u>	<u>(9,239,342)</u>
Other financing sources (uses)					
Notes/certificate proceeds	-	-	-	-	-
Transfers in	15,171,629	21,908,333	1,600,000	26,562,537	12,740,413
Transfers out	(27,063,316)	(23,022,073)	(2,044,947)	(28,268,709)	(12,752,513)
Reserve transfer to agency funds	-	-	-	-	-
Extraordinary gain	-	-	-	-	-
Total other financing sources (uses)	<u>(11,891,687)</u>	<u>(1,113,740)</u>	<u>(444,947)</u>	<u>(1,706,172)</u>	<u>(12,100)</u>
Net change in fund balances	<u>\$ 18,902,708</u>	<u>\$ 68,437,622</u>	<u>\$ 5,087,439</u>	<u>\$ (7,560,035)</u>	<u>\$ (9,251,442)</u>
Debt service as a percentage of non capital expenditures	2.0%	1.2%	-10.5%	0.8%	1.8%

## Notes:

(1) Development services and Economic/Community development merged to become Community development.

Source: City Finance Department

		Fiscal Year							
		2010	2011	2012	2013	2014			
\$	128,716,315	\$	139,250,878	\$	150,761,990	\$	159,530,114	\$	163,369,374
	2,192,594		1,757,045		2,321,093		2,757,307		3,644,027
	90,926,017		87,577,120		83,597,649		85,698,254		112,509,497
	24,488,013		23,982,350		34,518,514		26,237,278		28,308,972
	13,601,153		14,359,150		4,034,565		20,697,866		25,732,782
	2,193,269		804,910		865,071		(266,411)		1,604,668
	-		-		-		1,543,041		251,775
	5,830,575		4,662,521		7,346,225		8,383,499		4,710,359
	<u>267,947,936</u>		<u>272,393,974</u>		<u>283,445,107</u>		<u>304,580,948</u>		<u>340,131,454</u>
	11,070,305		9,944,217		10,383,512		11,186,274		11,888,465
	63,789,358		65,985,764		68,489,176		72,745,830		77,504,268
	30,921,380		29,450,014		31,390,736		33,528,360		34,895,073
	24,023,808		21,967,831		25,849,496		25,274,629		25,744,355
	22,281,910		22,620,636		23,599,669		25,277,659		26,309,603
	7,811,683		6,486,573		6,229,936		-		-
	11,322,095		8,147,683		3,646,144		-		-
	-		-		-		11,994,604		11,321,294
	17,103,372		12,517,816		20,283,121		13,338,729		10,726,379
	107,556,933		97,915,227		94,567,093		105,808,610		94,992,545
	203,000		444,000		366,000		378,000		443,124
	204,673		221,920		219,865		208,424		195,434
	<u>296,288,517</u>		<u>275,701,681</u>		<u>285,024,748</u>		<u>299,741,119</u>		<u>294,020,540</u>
	<u>(28,340,581)</u>		<u>(3,307,707)</u>		<u>(1,579,641)</u>		<u>4,839,829</u>		<u>46,110,914</u>
	1,800,000		-		-		-		-
	8,813,765		9,580,944		11,587,495		18,164,310		16,069,190
	(813,765)		(8,358,944)		(12,704,555)		(18,898,910)		(16,334,090)
	-		10,656		-		-		-
	-		-		4,664,568		-		-
	-		-		-		-		-
	<u>9,800,000</u>		<u>1,232,656</u>		<u>3,547,508</u>		<u>(734,600)</u>		<u>(264,900)</u>
\$	<u>(18,540,581)</u>	\$	<u>(2,075,051)</u>	\$	<u>1,967,867</u>	\$	<u>4,105,229</u>	\$	<u>45,846,014</u>

0.2%

0.3%

0.2%

0.2%

0.2%

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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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Fiscal Year	General Property Taxes		Sales and Use Taxes	Transient Occupancy Taxes	Business License Taxes	Utility Franchise Taxes	In-Lieu and Other Taxes	Total Taxes
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
2012	60,717,717	(2)	67,642,795	7,827,792	3,312,485	10,371,830 (3)	889,373	150,761,992
2013	65,696,957	(2)	70,418,028	8,274,240	3,372,972	10,733,798 (3)	1,034,119	159,530,114
2014	66,614,853	(2)	72,442,178	8,826,003	3,607,558	10,890,359 (3)	988,423	163,369,374

## Notes:

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

(2) Includes VLF Triple Flip tax revenue.

(3) Includes additional taxes and Utility Surcharge revenues designated by ordinance for road purposes.

Source: City Finance Department

# CITY OF BAKERSFIELD

## Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer	2005			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Nestle Holdings Inc (formerly Ice Cream Partners USA in 2005)	\$ 61,617,198	6	0.43%	\$ 196,422,345	2	0.86%
Valley Plaza Mall LP (formerly Bakersfield Mall LLC in 2005)	115,530,696	1	0.81%	125,013,540	3	0.55%
Chevron USA Inc.	66,525,039	5	0.47%	201,845,664	1	0.89%
California Water Service Company	82,944,673	3	0.58%	83,735,182	5	0.37%
Donahue Schriber Realty Group LLP	-		-%	63,594,316	9	0.28%
WalMart Real Estate BSNS Trust			-%	90,072,683	4	0.40%
Castle & Cook Comm. Inc.	78,516,448	4	0.55%	-		-%
Castle & Cook CA Inc.	92,564,222	2	0.65%	76,768,870	6	0.34%
State Farm Insurance Company	44,818,009	8	0.31%	-		-%
Kaiser Foundation Health Plan Inc.	41,718,816	9	0.29%	-		-%
Bear Mountain Limited	52,155,000	7	0.37%			-%
Lsref2 Tractor Reo LLC	-		-%	70,087,573		0.31%
GSF Edgewater Investors LP	-		-%	67,967,343	8	0.30%
Bright House Networks LLC	-		-%	51,434,680	10	0.23%
Albertson's Inc	37,157,672	10	0.26%	-		-%
Total taxable assessed value of ten (10) largest taxpayers	<u>\$ 673,547,773</u>		<u>4.72%</u>	<u>\$ 1,026,942,196</u>		<u>4.53 %</u>
Total taxable assessed value of other taxpayers	<u>13,589,808,955</u>		<u>95.28%</u>	<u>21,757,719,634</u>		<u>95.47 %</u>
Total taxable assessed value of all taxpayers	<u>\$ 14,263,356,728</u>		<u>100.00%</u>	<u>\$ 22,784,661,830</u>		<u>100.00 %</u>

Note:

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

Source: HdL Coren & Cone, K.C. Assessor 2013-14 Combined Tax Rolls

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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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<u>Fiscal Year Ended June 30</u>	<u>Residential Property</u>	<u>Secured Commercial Property</u>	<u>Other</u>	<u>Unsecured</u>	<u>Less: Tax Exempt Real Property</u>
2005	\$ 9,966,804	\$ 2,463,503	\$ 1,947,854	\$ 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
2012	14,521,636	3,832,880	3,245,619	850,899	1,104,081
2013	14,698,137	3,904,832	3,268,227	912,300	1,097,928
2014	15,592,995	4,010,392	3,575,805	791,531	1,186,061

(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.

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<u>Total Taxable Assessed Value</u>	<u>Total Direct Rate</u>	<u>Estimated Actual Taxable Value (1)</u>
\$ 14,263,357	0.2034	Unavailable
16,888,874	0.2281	Unavailable
20,945,571	0.2160	Unavailable
24,654,064	0.1931	Unavailable
24,780,310	0.1961	Unavailable
22,716,000	0.1981	Unavailable
21,909,613	0.1969	Unavailable
21,346,953	0.1956	Unavailable
21,685,568	0.1924	Unavailable
22,784,662	0.1619	Unavailable

# CITY OF BAKERSFIELD

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

	2005	2006	2007	2008
<b>Basic County-Wide Levy (1)</b>	1.0000	1.0000	1.0000	1.0000
<b>Overlapping Debt</b>				
Bakersfield School	0.0477	0.0416	0.0388	0.0577
Beardsley School	0.0429	0.0406	0.0627	0.0490
Edison School Bond	0.0000	0.0000	0.0000	0.0000
Fairfax 10A	0.0000	0.0000	0.0000	0.0000
Fairfax School	0.0466	0.0403	0.0299	0.0249
Fruitvale Dbt Ec		0.0000	0.0000	0.0000
Fruitvale School Bonds	0.0581	0.0490	0.0799	0.0557
Greenfield School	0.0775	0.0650	0.0480	0.0540
Kern Community College District	0.0092	0.0096	0.0053	0.0080
Kern County Water Agency	0.0696	0.0504	0.0376	0.0533
Kern High School District	0.0300	0.0321	0.0405	0.0382
Lakeside School 2008-A	0.0000	0.0000	0.0000	0.0000
Lamont School	0.0607	0.0567	0.0462	0.0463
Norris School	0.0271	0.0208	0.0151	0.0147
Panama Bv 2012-A	-	-	-	-
Panama School	0.0292	0.0250	0.0211	0.0191
Rio Bravo School	0.0674	0.0378	0.0367	0.0378
Rosedale	0.0146	0.0129	0.0097	0.0013
Standard Bond 06A	0.0000	0.0000	0.0239	0.0210
Vineland School 07-A	0.0000	0.0000	0.0000	0.0000
<b>Total Direct &amp; Overlapping Tax Rates (2)</b>	<u>1.5806</u>	<u>1.4818</u>	<u>1.4954</u>	<u>1.4810</u>
City Share of 1% Levy (3)	<u>0.1844</u>	<u>0.1844</u>	<u>0.1846</u>	<u>0.1847</u>
<b>Total Direct Rate (4)</b>	<u>0.2034</u>	<u>0.2281</u>	<u>0.2160</u>	<u>0.1931</u>

(1) In 1978 the voters of the State of California passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

(2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners.

(3) City's share of 1.00% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. Educational Revenue Augmentation Fund (ERAF) general fund tax shifts are not included in tax ratio figures. The effective City rate after ERAF is 9.9%.

(4) Total Direct Rate is the weighted average of all individual direct rates applied by the City of Bakersfield.

Source: HdL Coren & Cone (Kern County Auditor-Controller's Office)

2009	2010	2011	2012	2013	2014
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.0568	0.0676	0.0663	0.0710	0.0681	0.0360
0.0485	0.0548	0.0574	0.0599	0.0499	0.0486
0.0000	0.0000	0.0720	0.0664	0.0694	0.0687
0.0000	0.0000	0.0000	0.0280	-	0.0000
0.0296	0.0330	0.0401	0.0408	0.0685	0.0607
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0537	0.0610	0.0695	0.0759	0.0614	0.0678
0.0615	0.0835	0.0783	0.0804	0.0826	0.0843
0.0091	0.0094	0.0101	0.0091	0.0085	0.0126
0.0491	0.0601	0.0553	0.0748	0.0540	0.0569
0.0358	0.0431	0.0447	0.0363	0.0437	0.0392
0.0000	0.0216	0.0188	0.0224	0.0227	0.0283
0.0466	0.0652	0.0694	0.0693	0.0615	0.0681
0.0250	0.0330	0.0298	0.0327	0.0580	0.0500
-	-	-	-	-	0.0194
0.0088	0.0099	0.0116	0.0115	-	0.0000
0.0681	0.0690	0.0741	0.0737	0.0535	0.0769
0.0025	0.0046		0.0000	0.0000	0.0000
0.0240	0.0258	0.0206	0.0191	0.0185	0.0152
0.0397	0.0424	0.0414	0.0423	0.0437	0.0418
<u>1.5588</u>	<u>1.6840</u>	<u>1.7594</u>	<u>1.8136</u>	<u>1.7640</u>	<u>1.7745</u>
<u>0.1847</u>	<u>0.1846</u>	<u>0.1852</u>	<u>0.1851</u>	<u>0.1851</u>	<u>0.1839</u>
<u>0.1961</u>	<u>0.1981</u>	<u>0.1969</u>	<u>0.1956</u>	<u>0.1924</u>	<u>0.1619</u>

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**CITY OF BAKERSFIELD**

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

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Fiscal Year Ended June 30	Tax Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy (3)
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	38,747,029	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%
2012	37,333,785	36,574,775	98.0%	417,383	36,992,158	99.1%
2013	38,448,465	37,544,318	97.6%	159,495	37,703,813	98.1%
2014	39,887,750	39,344,783	98.6%	375,679	39,720,462	99.6%

## Notes:

(1) Excludes Redevelopment property tax increment.

(2) Delinquent tax collections do not include interest or penalties.

(3) Total collections to date may exceed 100% of annual levy. Delinquent tax collections are recorded in the current levy year as the County of Kern does not give detail as to the levy year for delinquent tax collections. This was confirmed with the County of Kern in 2014.

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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<u>Year</u>	<u>State of California</u>	<u>Total Rate</u>
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 %
2012	7.25 %	7.25 %
2013	7.50 %	7.50 %
2014	7.50 %	7.50 %

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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	2004	2005	2006	2007	2008
Retail Trade Groups	\$ 38,114,349	\$ 43,933,277	\$ 44,882,615	\$ 43,965,080	\$ 40,426,683
Non-Store Retailers	1,206,858	1,379,182	1,505,922	1,312,047	991,106
Service Groups	2,527,542	2,939,384	3,071,729	2,979,402	3,149,366
Construction Contractor Groups	1,318,508	1,800,092	2,364,713	1,839,151	1,615,488
Producers, Manufacturers and Wholesalers Group	<u>3,590,789</u>	<u>5,109,920</u>	<u>5,744,221</u>	<u>5,715,484</u>	<u>7,713,486</u>
Total	<u>\$ 46,758,046</u>	<u>\$ 55,161,855</u>	<u>\$ 57,569,200</u>	<u>\$ 55,811,164</u>	<u>\$ 53,896,129</u>

Note: 2013 data is the most recent information available.  
Source: California State Board of Equalization

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2009	2010	2011	2012	2013
\$ 34,939,803	\$ 36,129,898	\$ 40,605,395	\$ 44,051,820	\$ 45,612,755
728,190	714,709	922,257	961,178	1,067,613
2,809,311	3,279,903	4,056,208	4,396,783	4,479,230
628,808	612,563	807,930	813,201	1,060,112
<u>5,682,497</u>	<u>6,119,199</u>	<u>8,620,630</u>	<u>9,155,110</u>	<u>8,817,193</u>
<u>\$ 44,788,609</u>	<u>\$ 46,856,272</u>	<u>\$ 55,012,420</u>	<u>\$ 59,378,092</u>	<u>\$ 61,036,903</u>

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**CITY OF BAKERSFIELD**

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**Sales Tax Revenue Payers By Industry  
2013 and Nine Years Ago**

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	2004			
	Number of Filers	Percent of Total	Tax Liability Paid	Percent of Total \$
Department Stores	20	0.31 %	\$ 3,497,847	7.48 %
New Car Dealers	21	0.33 %	8,836,047	18.90 %
Service Stations	50	0.77 %	2,571,174	5.50 %
Heavy Industrial Equipment & Misc. Machinery	64	0.99 %	736,812	1.58 %
Eating/Drinking Places without Alcohol	371	5.75 %	2,091,584	4.47 %
Eating/Drinking Places w/General on-sale Lic.	102	1.58 %	1,101,698	2.36 %
Building Material	34	0.53 %	2,902,303	6.21 %
Grocery Stores w/General Liquor Lic. 21	31	0.48 %	1,183,266	2.53 %
Full Time Specialty Stores	1290	19.98 %	1,272,609	2.72 %
Petroleum, Petroleum Products, Oil Well, Refining and Service Station Equipment	74	1.15 %	1,792,815	3.83 %
All Other	<u>4398</u>	<u>68.13 %</u>	<u>20,771,892</u>	<u>44.42 %</u>
Total	<u>6,455</u>	<u>100.00 %</u>	<u>46,758,047</u>	<u>100.00 %</u>

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 2004 and 2013 are the most current years for which a nine year history can be shown.  
Source: California State Board of Equalization

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2013			
Number of Filers	Percent of Total	Tax Liability Paid	Percent of Total \$
36	0.50 %	\$ 8,737,511	14.32 %
23	0.32 %	8,640,074	14.16 %
87	1.21 %	5,262,064	8.62 %
181	2.52 %	3,023,599	4.95 %
394	5.49 %	3,095,508	5.07 %
342	4.77 %	2,961,130	4.85 %
23	0.32 %	2,411,827	3.95 %
106	1.48 %	1,903,877	3.12 %
786	10.96 %	1,798,271	2.95 %
42	0.59 %	2,335,864	3.83 %
<u>5154</u>	<u>71.84 %</u>	<u>20,867,177</u>	<u>34.18 %</u>
<u><u>7174</u></u>	<u><u>100.00 %</u></u>	<u><u>\$ 61,036,902</u></u>	<u><u>100.00 %</u></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 Obligations 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>
2005	\$ 2,070,000	\$ -	\$ 2,070,000	0.00 %	\$ 281,578	7.35
2006	1,055,000	-	1,055,000	0.00 %	296,177	3.56
2007 (2)	-	-	-	0.00 %	311,332	0.00
2008	-	-	-	-	322,008	0.00
2009	-	-	-	-	327,650	0.00
2010	-	-	-	-	333,847	0.00
2011	-	-	-	-	338,952	0.00
2012	-	-	-	-	354,480	0.00
2013	-	-	-	-	359,221	0.00
2014	-	-	-	-	367,315	0.00

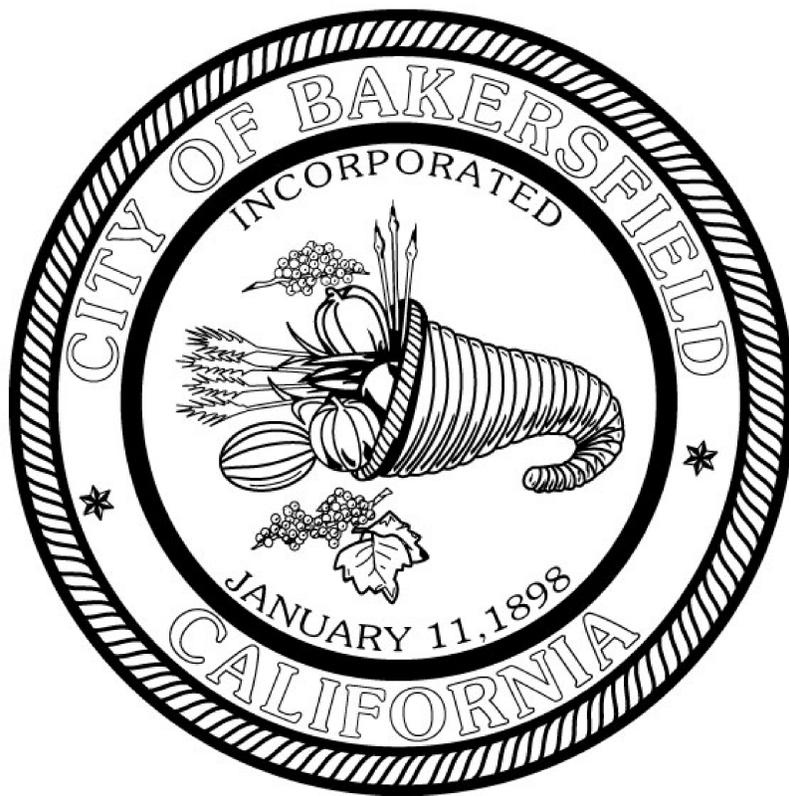
## Notes:

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

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Fiscal Year	Governmental Activities			Business-Type Activities		
	Revenue Bonds	Notes	Certificates of Participation	Total Governmental Activities (3)	Revenue Bonds	Bonds
2005	\$ 7,255,000	\$ 4,739,000	\$ 33,465,000	\$ 45,459,000	\$ -	\$ 2,070,000
2006	6,165,000	4,571,000	34,805,000	45,541,000	-	1,055,000
2007	4,385,000	4,394,000	33,560,000	42,339,000	-	-
2008	3,315,000	4,208,000	31,930,000	39,453,000	243,032,633	-
2009	-	4,014,000	30,230,000	34,244,000	242,701,570	-
2010	-	5,611,000	28,465,000	34,076,000	241,270,507	-
2011	-	5,167,000	26,620,000	31,787,000	238,994,444	-
2012	-	4,801,000	24,710,000	29,511,000	217,003,381	-
2013	-	4,423,000	22,725,000	27,148,000	201,875,000	-
2014	-	4,150,049	20,640,000	24,790,049	200,236,254	-

Notes:

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

(1) U.S. 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.

(4) As restated.

Sources: City Finance Department

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Business-Type Activities

<u>Deferred Bond Premium</u>	<u>Notes</u>	<u>Capital Leases (4)</u>	<u>Total Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (1) (4)</u>	<u>Per Capita (2) (4)</u>
\$ -	\$ 13,902,687	\$ -	\$ 15,972,687	\$ 61,431,687	0.15 %	\$95
-	12,947,272	-	14,002,272	59,543,272	0.12 %	79
-	13,054,738	-	13,054,738	55,393,738	0.10 %	68
8,607,633	11,804,769	-	263,445,035	302,898,035	1.22 %	824
8,276,570	10,614,878	-	261,593,018	295,837,018	1.10 %	796
7,945,507	8,991,701	-	258,207,715	292,283,715	1.06 %	778
7,614,444	7,521,262	22,138,054	276,268,204	308,055,204	4.02 %	801
7,283,381	6,769,136	21,664,941	252,720,839	282,231,839	3.69 %	796
6,621,255	6,017,009	21,174,195	235,687,459	262,835,459	3.34 %	732
-	5,264,884	20,664,937	226,166,075	250,956,124	3.11 %	683

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**CITY OF BAKERSFIELD**

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**Direct and Overlapping Debt (1)  
As of June 30, 2014**

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2013 - 14 Assessed Valuation	\$ 22,777,259,809		
Adjusted Assessed Valuation	\$ 22,777,259,809		
	<u>Debt</u>	<u>Estimated</u>	<u>Estimated Share</u>
	<u>Outstanding (2)</u>	<u>Percentage</u>	<u>of Overlapping</u>
		<u>Applicable (3)</u>	<u>Debt</u>
<b>Overlapping Tax and Assessment Debt</b>			
Kern Community College District Safety			
School Facilities Improvement District	\$ 151,861,262	28.116%	\$ 42,697,312
Kern High School District	197,351,209	47.279	93,305,678
Bakersfield City School District	65,628,863	70.785	46,455,391
Beardsley School District	14,209,898	19.338	2,747,910
Edison School District	5,299,942	0.022	1,166
Fairfax School District	7,310,032	22.708	1,659,962
Fruitvale School District	21,287,663	75.465	16,064,735
Greenfield Union School District	14,358,406	86.159	12,371,059
Lakeside Union School District	13,201,806	36.168	4,774,829
Lamont School District	2,889,775	0.021	607
Norris School District	18,094,031	59.628	10,789,109
Panama-Buena Vista Union School District	18,405,000	97.056	17,863,157
Rio Bravo-Greeley Union School District	11,225,524	0.278	31,207
Standard School District	25,525,000	1.128	287,922
Vineland School District	3,984,982	0.0004	16
Kern Delta Water District	1,080,000	75.081	810,875
Greenfield Union School District CFD No. 1 & 3	5,050,000	100.000	5,050,000
RNR School Financing Authority	73,785,000	70.840	52,269,294
Total Overlapping Tax and Assessment Debt	<u>\$ 650,548,393</u>		<u>\$ 307,180,229</u>
<b>Overlapping General Fund Debt</b>			
Kern County Certificates of Participation	\$ 116,475,000	25.181	\$ 29,329,570
Kern County Pension Obligations	334,575,506	25.181	84,249,458
Rio Bravo-Greeley Union School District			
General Fund Obligation	915,000	0.278	2,544
Certificates of Participation:			
Kern County Board of Education	41,050,000	25.181	10,336,801
Kern County Community College District	59,870,000	25.421	15,219,553
Kern County Community College District Benefit	82,245,000	25.421	20,907,501
Kern High School District	150,920,000	47.279	71,353,467
Fairfax School District	4,435,000	22.708	1,007,100
Panama-Buena Vista Union School District	29,950,000	97.056	29,068,272
Overlapping Tax Increment Debt (Successor Agency)	2,985,000	100.000	2,985,000
Total Overlapping General Fund Debt	<u>\$ 823,420,506</u>		<u>\$ 264,459,266</u>
<b>Direct Debt</b>			
City of Bakersfield			
City of Bakersfield General Fund Obligations			\$ 20,640,000
Long-term notes payable			\$ 4,150,049

## 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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Public Financing Authority Revenue Bonds  
Total Direct and Overlapping Debt

-  
\$ 596,429,544

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***CITY OF BAKERSFIELD***

**Computation of Legal Debt Margin**

**June 30, 2014**

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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		
2004-2005	\$ 30,227,439	\$ 8,931,127	\$ 21,296,312	\$ 5,110,000	\$ 79,838	4.10	
2005-2006	34,088,363	9,836,368	24,251,995	-	-	N/A	
2006-2007	33,382,155	10,743,656	22,638,499	-	-	N/A	
2007-2008	34,245,054	12,622,868	21,622,186	-	3,872,689	5.58	
2008-2009	33,776,649	11,447,963	22,328,686	-	10,361,705	2.15	
2009- 2010	38,115,751	11,928,571	26,187,180	1,100,000	9,597,489	2.45	
2010-2011 (6)	36,073,819	14,144,051	21,929,768	1,945,000	9,451,151	1.92	
2011-2012	36,769,858	12,913,038	23,856,820	2,930,000 (7)	9,959,591	1.85	
2012-2013	37,901,401	13,156,437	24,744,964	2,845,000 (8)	8,744,990	2.14	
2013-2014	39,610,854	14,265,421	25,345,433	3,260,000 (8)	8,575,931	2.14	

Notes:

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

(6) Previous report included arbitrage expenses. Revenue have been corrected.

(7) In addition to the normal debt service amount referenced above, there was a partial bond call of \$18,730,000 approved by the City Council to reduce the principal balance of the 2007B bond down to \$25 million. Sewer revenue bonds 2007B were refunded in January 2012 (series 2012A) to change the liquidity provider from Dexia to JP Morgan Chase.

(8) In addition to the normal debt service referenced above, Council approved partial bond calls of \$5 million each year to reduce the principal balance of Sewer revenue bonds series 2012A.

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 as a % of Population having Formal Schooling (3) (4)</u>	<u>Elementary School Enrollment (5)</u>	<u>Estimated Unemployment Rate (%) (6)</u>
2004-2005	281,578	\$ 5,282	\$ 18,761	29.8	72.2 %	28,234	8.3%
2005-2006	296,177	5,785	19,535	30.0	71.9 %	27,890	7.3%
2006-2007	311,332	6,439	20,684	29.8	70.1 %	27,403	8.0%
2007-2008	322,008	6,906	21,448	30.0	70.2 %	27,085	9.5%
2008-2009	327,650	7,085	21,624	30.3	71.5 %	27,263	14.7%
2009-2010	333,847	7,034	21,071	30.8	78.1 %	27,267	15.8%
2010-2011	338,952	7,007	20,675	29.5	77.8 %	27,590	15.3%
2011-2012	354,480	7,640	21,553	29.5	78.1 %	21,411	10.5%
2012-2013	359,221	7,862	21,887	29.8	77.8 %	23,422	8.4%
2013-2014	367,315	8,074	21,980	30.0	78.2 %	24,012	7.9%

## Notes:

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

(2) U.S. 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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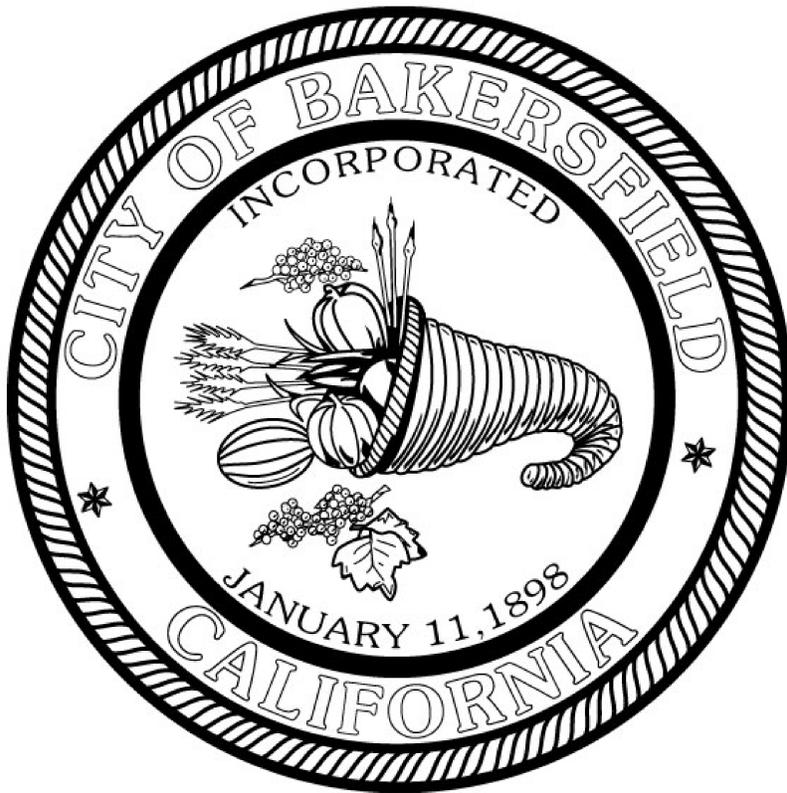
### **Principal Employers (1)**

#### **Current Year and Nine Years Ago**

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Employer	2005			2014		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
County of Kern (1)	N/A		N/A	7,811	1	4.70 %
Kern High School District (1)				3,888	2	2.34 %
Bakersfield City School District				3,203	3	1.93 %
San Joaquin Community Hospital				2,039	4	1.23 %
Panama-Buena Vista Union School District				2,038	5	1.23 %
Wm. Bolthouse Farms				1,937	6	1.17 %
Chevron Corp.				1,873	7	1.13 %
Nabors Completion & Production Services				1,700	8	1.02 %
Bakersfield Memorial Hospital				1,650	9	0.99 %
City of Bakersfield				1,455	10	0.88 %
Others				138,506		83.38 %
Total	<u>N/A</u>	<u></u>	<u>N/A</u>	<u>166,100</u>	<u></u>	<u>100.00 %</u>

(1) Not all employees are employed within the Bakersfield City Limits.  
Source: Top 10 employers provided by MuniServices, LLC.  
Total number of employed persons in Bakersfield provided by EDD Labor Force Data.  
Note: Only current data is available.



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**CITY OF BAKERSFIELD**

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

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Function	2005	2006	2007	2008	2009	2010
<u>Governmental activities:</u>						
General government	96	139	123	125	88	98
Public safety						
Police						
Officers	345	346	373	373	344	358
Civilians	120	132	144	145	127	127
Fire						
Firefighters and officers	180	180	183	183	181	179
Civilians	21	27	29	29	19	19
Public works	255	271	281	281	248	244
Community services	119	129	175	174	155	147
Community development	-	-	-	-	-	-
Development services	67	81	98	94	91	69
Economic/Community dev.	17	17	17	22	22	20
<u>Business-type activities:</u>						
Wastewater treatment	29	29	55	53	49	55
Refuse collection	91	133	110	110	102	102
Domestic/Agricultural water	23	23	25	25	26	28
General aviation	-	-	-	-	-	-
Offstreet parking	-	-	-	-	-	-
Total	<u>1,363</u>	<u>1,507</u>	<u>1,613</u>	<u>1,614</u>	<u>1,452</u>	<u>1,446</u>

Source: City Finance Department

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<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
106	109	110	119
380	385	389	394
123	131	137	143
176	177	177	177
19	19	21	22
244	247	250	254
151	153	153	150
-	-	65	63
57	55	-	-
12	11	-	-
54	56	57	59
102	103	106	107
28	28	28	28
-	-	-	-
-	-	-	-
<u>1,452</u>	<u>1,474</u>	<u>1,493</u>	<u>1,516</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 (3) (4)	Commercial Construction		Residential Construction		Other Construction
	No. of Units	Value	No. of Units	Value	Value
2004-2005	103	\$ 62,202	4,291	\$ 675,804	\$ 115,348
2005-2006	76	36,008	5,314	870,190	94,661
2006-2007	151	69,002	3,532	564,588	101,835
2007-2008	153	78,506	1,922	296,788	104,710
2008-2009	95	60,840	1,090	237,091	93,314
2009-2010	83	62,088	1,097	232,275	86,668
2010-2011	40	13,425	848	197,380	98,057
2011-2012	40	41,482	422	92,313	81,984
2012-2013	49	20,807	1,122	259,851	108,877
2013-2014	69	15,710	1,336	312,569	157,024

## 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. June 30, 2014 data reflects the 2013 calendar year.

Source: City Finance Department

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Total Construction		Bank Deposits (2)
No. of Units	Value	
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
462	215,779	5,280,515
1,171	389,535	5,626,755
1,405	485,303	6,069,764

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**CITY OF BAKERSFIELD**

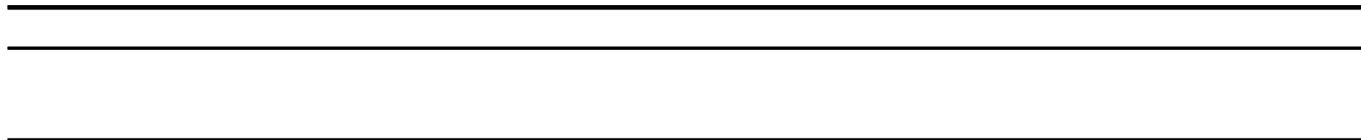
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**Operating Indicators by Function  
Last Ten Fiscal Years**

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Function	Fiscal Year			
	2005	2006	2007	2008
<b>Public safety - Police</b>				
Physical arrests	14,567	16,677	18,210	17,272
Parking violations	9,992	10,572	9,146	11,094
Traffic violations	22,833	-	17,950	10,681
<b>Public safety - Fire</b>				
Number of calls answered	24,348	25,735	22,505	27,390
Inspections	3,610	3,906	5,996	3,616
<b>Public works</b>				
Street resurfacing (lane miles)	22	73	55	76
<b>Refuse collection</b>				
Refuse collected (tons/day)	85,332	91,110	101,800	94,750
Recyclables collected (tons/day)	31,155	34,588	33,100	35,300
<b>Recreation &amp; parks</b>				
Athletic field permits issued	3,396	3,528	2,463	6,902
Community center, aquatics/sports admissions	59,962	89,478	124,465	301,198
<b>Domestic/agricultural water</b>				
New connections	2,056	2,109	1,862	2,542
Water main breaks	42	43	87	35
Average daily consumption (thousands of gallons)	31,790	32,139	31,894	38,028
<b>Wastewater treatment</b>				
Average daily sewage treatment (millions of gallons)	29.95 MGD	30.54 MGD	31.12 MGD	31.18 MGD

Source: City Finance Department



	Fiscal Year					
	2009	2010	2011	2012	2013	2014
	18,531	17,023	22,028	29,623	32,158	37,246
	7,985	5,522	5,433	4,708	6,620	10,499
	11,365	12,018	10,043	9,172	11,528	15,065
	28,605	26,885	27,392	28,870	31,164	32,898
	2,444	2,896	3,355	3,276	3,660	4,195
	84	49	83	129	127.27	116.02
	100,750	112,000	111,500	108,200	111,420	110,125
	39,200	42,000	47,000	48,215	53,350	55,500
	6,849	6,219	5,685	10,156	9,297	9,625
	323,661	379,286	440,101	473,530	475,619	502,994
	1,293	954	493	301	701	1,123
	14	5	7	10	14	4
	41,542	36,370	27,008	27,568	36,730	39,712
	31.49 MGD	31.49 MGD	32.3 MGD	31.28 MGD	32.13 MGD	30.00 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			
	2005	2006	2007	2008
Land (1)				
Area (2)	118.51	120.85	135.48	139.91
Public safety				
Police stations/substations	4	4	4	4
Fire stations	13	13	13	13
Refuse collection				
Collection trucks	42	44	55	56
Public works				
Streets (miles) (3)	1,028	1,069	1,178	1,236
Streetlights	13,316	14,101	14,965	15,474
Traffic signals	293	302	314	326
Recreation & parks				
Parks acreage	432	432	447	454
Parks	46	46	48	49
Swimming pools	6	6	6	6
Tennis courts	11	11	11	11
Community centers	3	3	3	3
Domestic/Agricultural water				
Water mains (miles) (3)	466	469	470	478
Fire hydrants (3)	8,518	9,040	9,600	9,765
Wastewater treatment				
Sanitary sewers (miles)	921	962	1,028	1,055
Storm sewers (miles)	189	204	244	259
Maximum daily treatment capacity (millions of gallons)	41 MGD	41 MGD	41 MGD	41 MGD

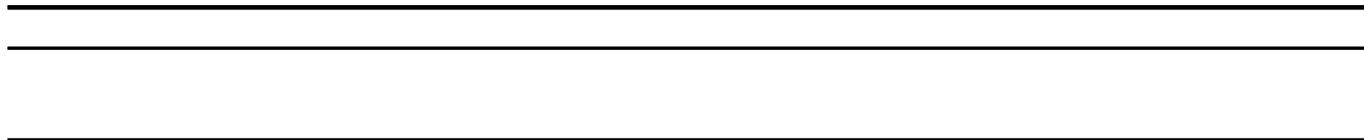
## Notes:

(1) Reported in square miles.

(2) Corrected number for 2008 more accurate information provided.

(3) Corrected numbers for all years with more accurate information provided.

Source: City Finance Department



	Fiscal Year					
	2009	2010	2011	2012	2013	2014
	143.46	144.40	149.75	149.80	150.01	150.18
	4	4	4	4	4	3
	13	14	14	14	14	14
	57	57	57	53	55	57
	1,242	1,379	1,394	1,409	1,424	1,441
	15,809	15,923	16,092	16,160	16,602	16,388
	343	359	394	394	402	410
	484	494	595	595	595	623
	55	55	59	59	59	59
	6	4	4	4	4	4
	11	11	11	12	12	12
	3	3	3	3	3	3
	491	493	501	502	503	505
	10,041	10,220	10,301	10,441	10,581	10,723
	1,059	1,059	1,061	1,061	1,061	1,063
	261	262	263	263	263	265
	41 MGD	57 MGD	57 MGD	57 MGD	57 MGD	57 MGD

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# CITY OF BAKERSFIELD

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## Schedule of Insurance in Force June 30, 2014

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<u>Liability</u>	<u>Limits</u>	
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. 0
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.

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<b>Insurance Company</b>	<b>Policy Number</b>	<b>Expiration Date</b>	<b>Annual Premium</b>
CSAC-EIA		07/01/15	\$ 590,110
ACCEL		06/30/15	747,392
CSAC	CRIME1415	07/01/15	12,000
Pik West	AP3791956-06	07/01/15	3,071
XL Specialty	NAC4032245	07/01/15	10,975
CSAC		03/31/15	330,462

