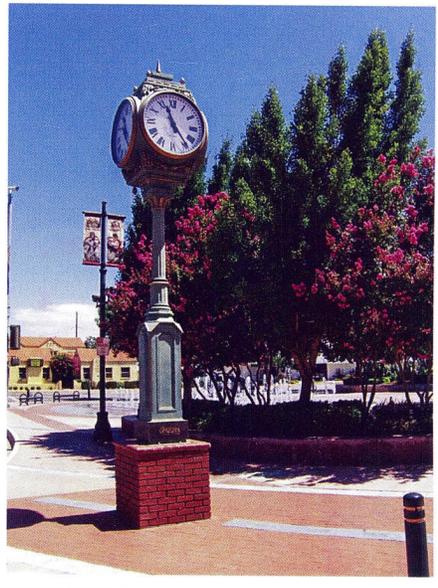
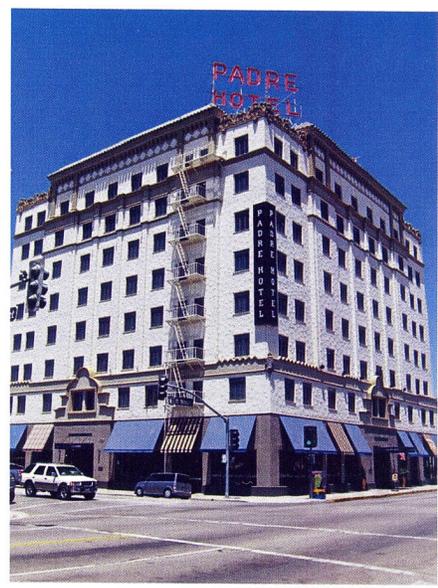


THE CITY OF BAKERSFIELD

CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

CITY OF BAKERSFIELD, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2012



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

CITY OF BAKERSFIELD

Comprehensive Annual Financial Report
Year Ended June 30, 2012

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December 21, 2012

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

In accordance with requirements of our Municipal Code (Section 2.08.020F), I am pleased to submit the City's Comprehensive Annual Financial Report for the year ended June 30, 2012. This report was prepared by the City's Finance Department, which assumes responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures.

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

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Bakersfield's MD&A can be found immediately following the report of the independent auditors, which begins at page 1 of the financial section.

GENERAL BACKGROUND

The City of Bakersfield is located approximately one hundred miles north of Los Angeles in the southern San Joaquin Valley. The City maintains an incorporated area of 149.89 square miles and has an estimated population of 354,480 as of January 1, 2012.

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

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

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

MAJOR INITIATIVES

Major transportation projects 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, State and Federal road funds.

The 2011-12 capital budget included over \$33 million of funding for the TRIP projects as outlined below:

-	24 th Street Widening (Design & Right of Way)	\$14,070,000
-	Morning Drive / SR 178 Interchange (Design)	\$ 1,400,000
-	Oak and 24 th Street Improvements	\$ 3,020,000
-	Rosedale Widening (Environmental & Design)	\$ 3,560,000
-	SR 178 Widening (Design)	\$ 2,500,000
-	Westside Parkway (Construction)	\$ 9,000,000

The Westside Parkway has been in construction mode for over 18 months and phases 1 through 5 are expected to be completed in the spring of 2013. Phases 6 (A, B & C) are also under construction, with anticipated completion in late 2013.

The Morning Drive / SR 178 Interchange is fully designed and will be under construction in the spring of 2013 with an estimated construction time of 12 to 18 months. The Oak Street / 24th Street / Rosedale Improvements have all completed environmental review and are in various phases of design and right of way acquisition.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy and Local Budget Issues - The City of Bakersfield is showing signs of recovery after being impacted in past years by the statewide economic slump. Sales tax revenues have rebounded significantly from prior year amounts and new home construction permits have recovered somewhat as well. The local economic environment continues to improve slowly and is driven by our strong agricultural and oil production industries in the area. Sales tax revenues continue to show positive improvement with revenues more than 20% higher than those in the prior fiscal year. Property tax receipts decreased by about 3.5% in 2011-12, but based on Kern County assessed valuation data we expect some recovery with a budgeted increase of 1% in 2012-13.

The City Council continues to take a conservative approach in adopting our budget for 2012-13. The Council has maintained a \$12,000,000 cash basis reserve fund along with a \$4,800,000 facilities reserve fund to provide a level of protection for the City. During the 2012-13 budget process the City Council continued a very conservative move toward recovery of prior year budget reductions. The Council re-instated 36 staff positions, including 15 police officers and 11 public works employees. The Council also fully funded the Annual Required Contribution toward the City's Other Post-Employment Benefits (OPEB) costs for retiree medical benefits.

Retirement costs were projected to escalate for all employee groups over a three year period as a result of the unprecedented portfolio losses recognized by California Public Employees' Retirement System (CalPERS) in 2008-09. Rates increased in 2011-12 and 2012-13. We expect our employer rates to climb again by several percentage points in 2013-14. CalPERS approved a multi-year smoothing method to spread the rate increases associated with the portfolio losses over a three year period beginning with the rates charged to cities in 2011-12. Preliminary estimates provided by CalPERS project employer rates climbing by 7% to 11% over the three year period. The rate increases reflect a significant change in retirement costs for the City that we estimate will increase our costs by approximately \$7.5 million per year once the rate increases have been fully implemented by CalPERS.

The City Council set aside \$4.5 million in the 2011-12 budget to help address the future year increases in CalPERS costs. The Council budgeted \$2.7 million in the 2012-13 budget regarding this issue.

State Budgetary Actions - The budget problems at the State level are a major concern for the City of Bakersfield. The City has adjusted to prior State actions, including the reduction of Vehicle License Fees (VLF) and the State action of taking one-fourth of our sales tax revenues and replacing them with property tax revenues (the so called “triple flip” budget action). We have also absorbed the 2009-10 capture of over \$6.7 million of property tax revenues by the State in its Proposition 1A forced borrowing from local tax dollars.

The State decision to shut down redevelopment activities is especially discouraging for Bakersfield given our many success stories within our community. The Council has taken actions to act as the Successor Agency for the former Redevelopment Agency as well as act as the Successor Housing Agency to wrap up the housing activities of the former Redevelopment Agency. The State Department of Finance continues to challenge the Successor Agency and Oversight Board regarding the implementation of AB 26 and AB 1484 and what constitutes an Enforceable Obligation of the former Redevelopment Agency. The City is diligently pursuing administrative remedies with the Department of Finance regarding disputed items. The City has completed both the County Auditor “Agreed Upon Procedures” review as well as the outside audit “Due Diligence Reviews” as outlined in AB 26 and AB 1484. Both sets of reports found the City in compliance with all components of the review criteria.

The City is aware that the State has not addressed its structural budget problems and may again have a significant budget deficit looming on its horizon for 2012-13 and 2013-14. We will continue to monitor any potential actions the State may propose that might have a negative effect on the City’s financial status.

Long-Term Financial Planning - The City of Bakersfield continues to look forward to our long-term financial and operating needs. The recent expansion of our Wastewater Treatment Plant on the west side of town will provide capacity for any future growth for many years. The City continues to monitor departmental needs for satellite storage and staging areas for Public Works and Parks operations. As the City continues to grow both in population and in geographic area, we must continuously evaluate opportunities to become more efficient and effective in our efforts to serve our community.

Accounting System and Internal Controls - The City's accounting system is organized and operated on a fund basis. Each fund is a distinct self-balancing accounting entity. Various funds utilized by the City of Bakersfield are fully described in Note 1 of Notes to the Basic Financial Statements. The City's accounting records for general governmental operations are maintained on a modified accrual basis 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 2011-12 City of Bakersfield appropriation limit established as required by state statute was \$285,466,741.

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

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

OTHER INFORMATION

Independent Audit - The City Charter requires an annual audit by independent certified public accountants. The City Council also adopted a policy regarding auditor rotation that encourages competitive bidding on a five year cycle. The accounting firm of Brown Armstrong Accountancy Corporation was selected by the City Council to perform the annual audit for the 2011-12 fiscal year. This audit year is the first year of a contemplated five year agreement with this firm. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1984 and related OMB Circular A-133. The auditor's report covers the basic financial statements, including the notes to the financial statements, but their opinion does not cover the combining and individual fund statements.

Awards - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bakersfield for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011, marking the thirty-first consecutive year Bakersfield has received the GFOA certificate. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Respectfully,

A handwritten signature in blue ink, appearing to read "Nelson K. Smith". The signature is fluid and cursive, with a prominent initial "N" and a long, sweeping tail.

Nelson K. Smith
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bakersfield
California

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

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



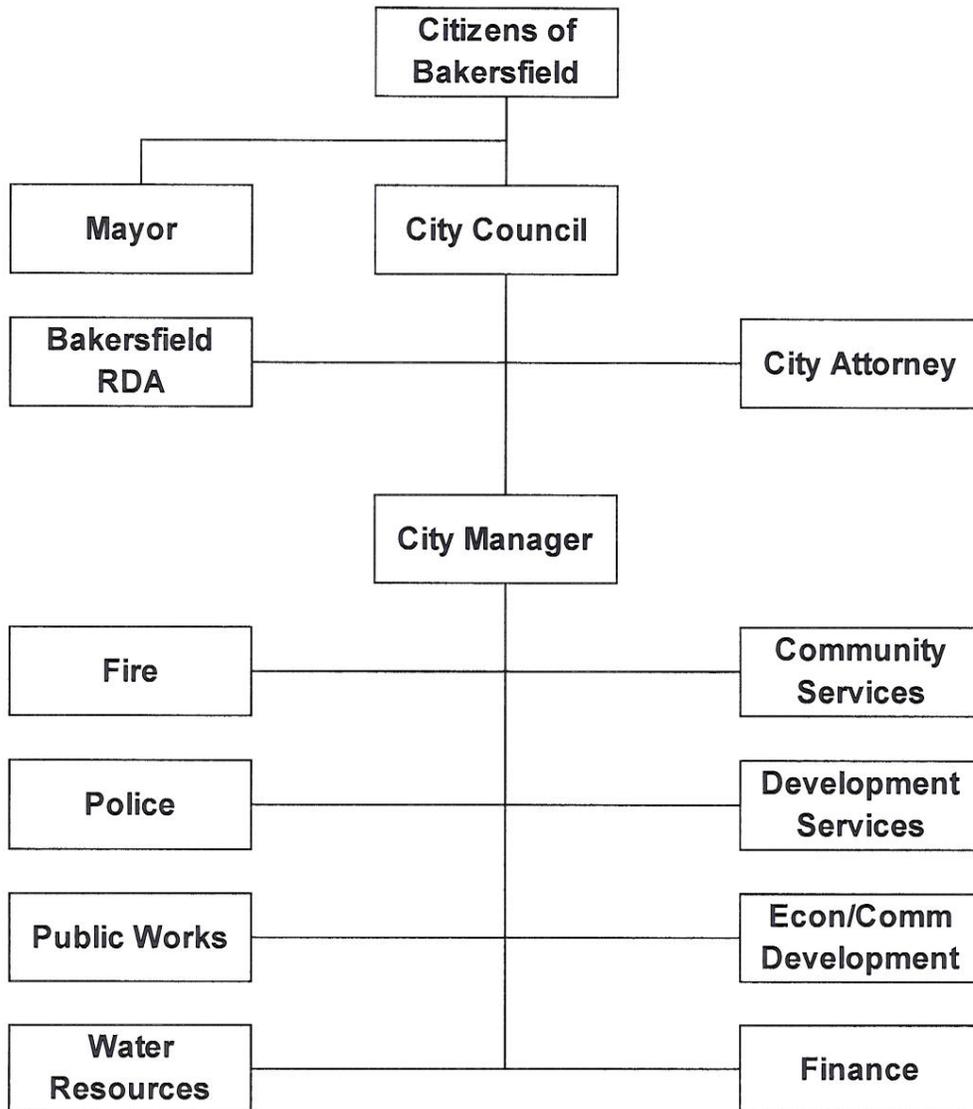
Christopher P. Moirice

President

Jeffrey R. Emer

Executive Director

City of
Bakersfield
Organizational Chart



CITY OF BAKERSFIELD

June 30, 2012

City Council

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

Administrative Personnel

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



BROWN
ARMSTRONG

CERTIFIED
PUBLIC
ACCOUNTANTS

BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

MAIN OFFICE

4200 TRUXTUN AVENUE

SUITE 300

BAKERSFIELD, CA 93309

TEL 661.324.4971

FAX 661.324.4997

EMAIL info@bacpas.com

560 CENTRAL AVENUE

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TEL 661.746.2145

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8050 N. PALM AVENUE

SUITE 300

FRESNO, CALIFORNIA 93711

TEL 559.476.3592

FAX 559.476.3593

790 E. COLORADO BLVD.

SUITE 908B

PASADENA, CALIFORNIA 91101

TEL 626.240.0920

FAX 626.240.0922

5250 CLAREMENT AVENUE

SUITE 237

STOCKTON, CA 95207

TEL 209.451.4833

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bakersfield, California, (the City) as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 17 and 95 through 98 as well as schedules of funding progress on pages 99 and 100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and schedules of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other



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

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements and the financial statements of each of the non-major governmental funds, internal service funds, and fiduciary funds. The introductory section, combining and individual non-major fund financial statements and budgetary comparison schedules, and the statistical section identified in the table of contents, where applicable, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 21, 2012

CITY OF BAKERSFIELD

Management's Discussion and Analysis

This discussion and analysis of the City of Bakersfield's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements, and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Bakersfield exceeded its liabilities at the close of the most recent fiscal year by \$2.2 billion (net assets). Of this amount, \$266.2 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$32.8 million over the prior fiscal year. This decrease is attributable to a \$30.6 million decrease in capital asset investments, a \$2.8 million decrease in restricted net assets and a \$5.0 million increase in unrestricted net assets.
- As of the close of the current fiscal year, the City of Bakersfield's Governmental Funds reported combined ending fund balances of \$146.8 million, an increase of \$2.0 million in comparison with the prior year. Amounts available for spending include restricted, committed, assigned and unassigned fund balances. Of this amount \$23.3 million is restricted by law or externally imposed requirements and \$94.7 million is committed for specific purposes. Available fund balance for the General Fund increased \$2.8 million to \$55.4 million, which equates to 34% of total General Fund expenditures for the year.
- The City of Bakersfield's long-term debt showed an increase of \$1.6 million during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City of Bakersfield (City) and its component units basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. Additionally, certain eliminations have occurred as prescribed by the Governmental Accounting Standards Board (GASB) statements in regards to interfund activity, payables and receivables.

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

CITY OF BAKERSFIELD

Management's Discussion and Analysis

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

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

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

Redevelopment activities - The City's Government-Wide Financial Statements include not only the City itself (referred to as the primary government) but also a legally separate Redevelopment Agency (RDA or the Agency). State of California action dissolved the City's Redevelopment Agency as of February 1, 2012. The Government-Wide Financial Statements report the former Agency's activity for the seven month period from July 1, 2011 to January 31, 2012. Activities of the former Agency from February 1, 2012 to June 30, 2012 are incorporated into the City 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 Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets. In fact, the City's Enterprise Funds are the same as the Business-Type activities reported in the Government-Wide statements, but provide more detail and additional information, such as cash flows, for Proprietary Funds. The City uses Internal Service Funds (the other component of Proprietary Funds) to report activities that provide supplies and services for the City's other

CITY OF BAKERSFIELD

Management's Discussion and Analysis

programs and activities--such as the City's Self-Insurance and Equipment Management Funds. The Internal Service Funds are reported with governmental activities in the Government-Wide financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund financial statements.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Bakersfield, assets exceeded liabilities by \$2.2 billion at the close of the most recent fiscal year, which is a \$32.8 million, or 1.5% decrease in comparison with the prior year.

The largest portion of the City of Bakersfield's net assets (86.0% of the total) reflects its 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 of Bakersfield uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Bakersfield's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A small portion of the City of Bakersfield's net assets of \$46.1 million (2% of the total) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$266.4 million (12% 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 of Bakersfield is able to report positive balances in all three categories of net assets, 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 assets for both 2011 and 2012. The governmental and business-type activities columns reflect amounts that have been restated in this financial report. See Note 21 page 92 for prior period adjustments.

City of Bakersfield – Net Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011*	2012	2011*	2012	2011*	2012
Assets						
Current and other assets	\$ 249,605	\$ 269,137	\$ 161,082	\$ 142,924	\$ 410,687	\$ 412,061
Capital assets (net)	1,312,921	1,288,941	901,373	895,878	2,214,294	2,184,819
Total assets	1,562,526	1,558,078	1,062,455	1,038,802	2,624,981	2,596,880
Liabilities						
Long-term liabilities						
outstanding	55,202	72,494	270,854	247,837	326,056	320,331
Other liabilities	23,903	37,240	19,981	17,112	43,884	54,352
Total liabilities	79,105	109,734	290,835	264,949	369,940	374,683
Net Assets						
Invested in capital assets,						
net of related debt	1,307,754	1,259,430	632,719	650,440	1,940,473	1,909,870
Restricted	19,778	23,253	23,579	22,884	43,357	46,137
Unrestricted	155,889	165,661	115,322	100,529	271,211	266,190
Total Net Assets	\$ 1,483,421	\$ 1,448,344	\$ 771,620	\$ 773,853	\$ 2,255,041	\$ 2,222,197

* as restated

Governmental Activities – Total assets for governmental activities decreased by \$4.4 million, with current and other assets in governmental activities increasing by \$19.5 million and a capital assets decline of \$24.0 million. Total liabilities increased by \$30.6 million, with other liabilities increasing by \$17.3 million and long-term liabilities increasing by \$13.3 million.

Of the \$35.1 million decrease in governmental activities total net assets, unrestricted net assets increased by \$9.7 million as did restricted net assets by \$3.5 million, which was offset by a decline in capital assets, net of related debt by \$48.3 million. The decrease in restricted net assets is due primarily to a decline in capital improvements, with the exception of street and road projects.

Business-Type Activities – Total assets for business-type activities decreased by \$23.7 million with current and other assets decreasing by \$18.2 million and a capital assets decline of \$5.5 million. Total liabilities decreased by \$25.9 million, with other liabilities decreasing by \$23.0 million and long-term liabilities also decreasing by \$2.9 million. Total net assets for business-type activities increased by \$2.3 million. Capital assets, net of related debt, and unrestricted net assets increased by \$17.7 million and \$5.4 million respectively. Business-type activities restricted net assets decreased by \$20.9 million.

Change in Net Assets of the City

The following table presents the government-wide changes in net assets for both 2011 and 2012. The City's total program expenses of \$435.9 million exceeded revenues and extraordinary gains of \$403.1 million for a decrease in net assets of \$32.8 million. The governmental and business-type activities columns reflect amounts that have been restated in this financial report. See Note 21 page 92 for prior period adjustments.

CITY OF BAKERSFIELD

Management's Discussion and Analysis

City of Bakersfield – Changes in Net Assets

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Revenues:						
Program revenues						
Charges for services	\$ 37,451	\$ 41,622	\$ 99,753	\$ 99,603	\$ 137,204	\$ 141,225
Operating grants and contributions	22,994	20,178	4,019	4,935	27,013	25,113
Capital grants and contributions	82,831	68,415	1,599	5,012	84,430	73,427
Total Program Revenues	143,276	130,215	105,371	109,550	248,647	239,765
General revenues:						
Taxes:						
Property taxes	62,889	60,718			62,889	60,718
Sales taxes	55,282	67,643			55,282	67,643
Other taxes	729	889			729	889
Intergovernmental:						
Intergovt., unrestricted	1,145	877			1,145	877
Grants and contributions not restricted to specific programs	20,702	21,793			20,702	21,793
Investment earnings	74	282	2,136	1,988	2,210	2,270
Miscellaneous	1,569	4,224			1,569	4,224
Gain on sale of property	17	133		39	17	172
Total revenues	285,683	286,774	107,507	111,577	393,190	398,351
Expenses:						
General government	12,110	12,388			12,110	12,388
Public safety – Police	70,382	72,575			70,382	72,575
Public safety – Fire	31,658	33,320			31,658	33,320
Public works	131,911	142,228			131,911	142,228
Community services	34,683	31,737			34,683	31,737
Development services	6,862	5,857			6,862	5,857
Economic/Community dev.	9,304	28,229			9,304	28,229
Interest on long-term debt	235	215			235	215
Subtotal - Governmental	297,145	326,549	-	-	297,145	326,549

CITY OF BAKERSFIELD

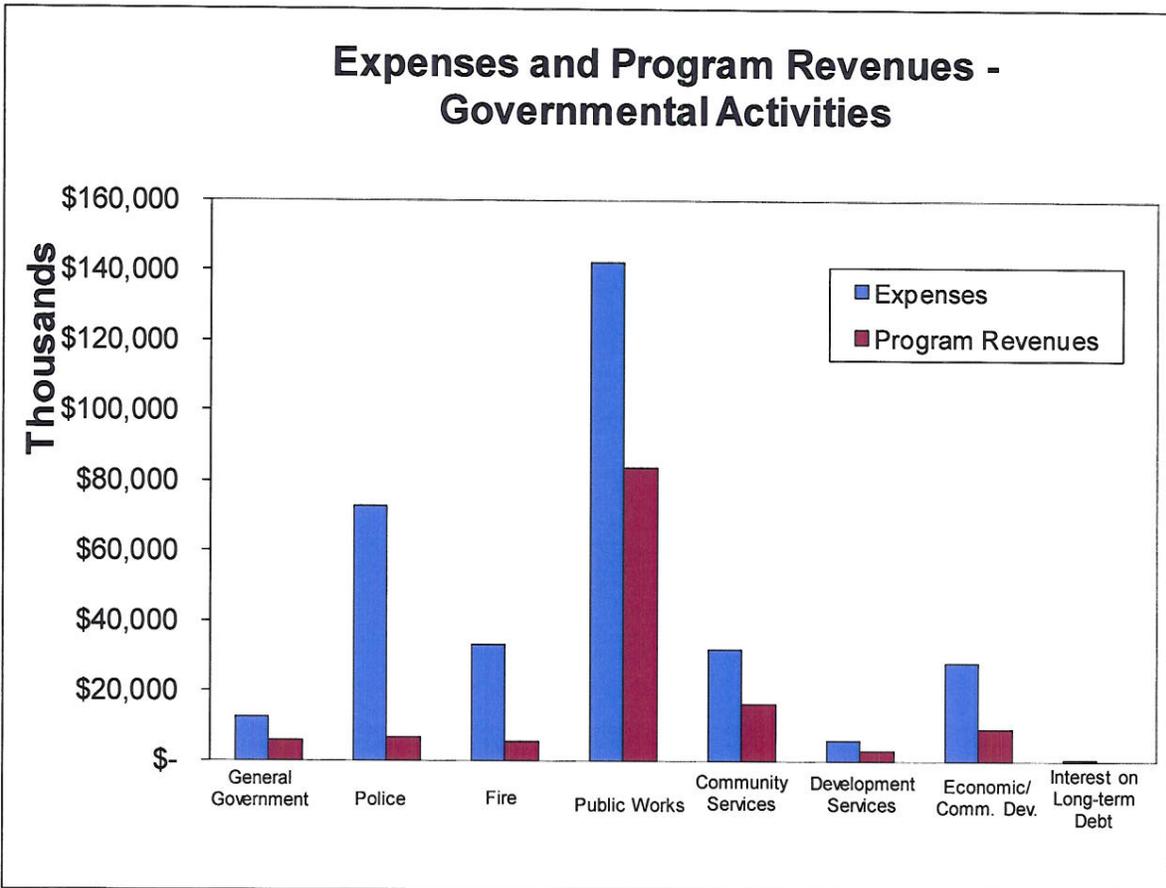
Management's Discussion and Analysis

City of Bakersfield – Changes in Net Assets (continued)

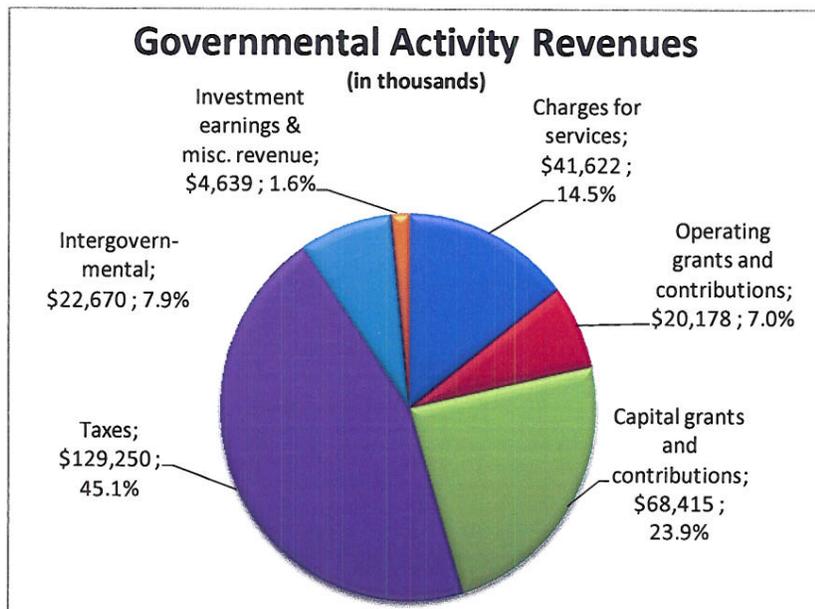
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Business-Type:						
Wastewater treatment			42,334	41,551	42,334	41,551
Refuse collection			38,469	39,340	38,469	39,340
Agricultural water			4,603	5,728	4,603	5,728
Domestic water			22,069	22,158	22,069	22,158
General aviation			408	405	408	405
Offstreet parking			166	128	166	128
Subtotal - Business-Type	-	-	108,049	109,310	108,049	109,310
Total expenses	297,145	326,549	108,049	109,310	405,194	435,859
Change in net assets before transfers & other items	(11,462)	(39,775)	(542)	2,267	(12,004)	(37,508)
Transfers	1,998	34	(1,998)	(34)	-	-
Extraordinary gain on dissolution of Redevelopment Agency		4,665				4,665
Change in net assets	(9,464)	(35,077)	(2,540)	2,233	(12,004)	(32,844)
Net Assets - Beginning of Year (as restated)	1,492,885	1,483,421	774,160	771,620	2,267,045	2,255,041
Net Assets - End of Year	\$ 1,483,421	\$ 1,448,344	\$ 771,620	\$ 773,853	\$ 2,255,041	\$ 2,222,197

Governmental Activities – Governmental activities decreased the City's net assets by \$35.1 million during the year. In the table below, the difference between the program revenue and expense bars by activity illustrates the amount each respective activity is supported by program revenues. Public Safety and Public Works service delivery costs exceeded program revenues by \$93.6 million and \$83.0 million, respectively. Public Safety programs rely heavily on taxes to support their operations. Public Works programs are primarily reimbursable.



Revenues and expenses in the governmental activities have grown as the population has grown. The taxes category is the largest revenue source for governmental activities, amounting to \$129.2 million or 45.1% of total revenues. Capital grants and contributions is also a significant revenue source for the City's governmental activities, amounting to \$68.4 million or 23.9% of total revenues.



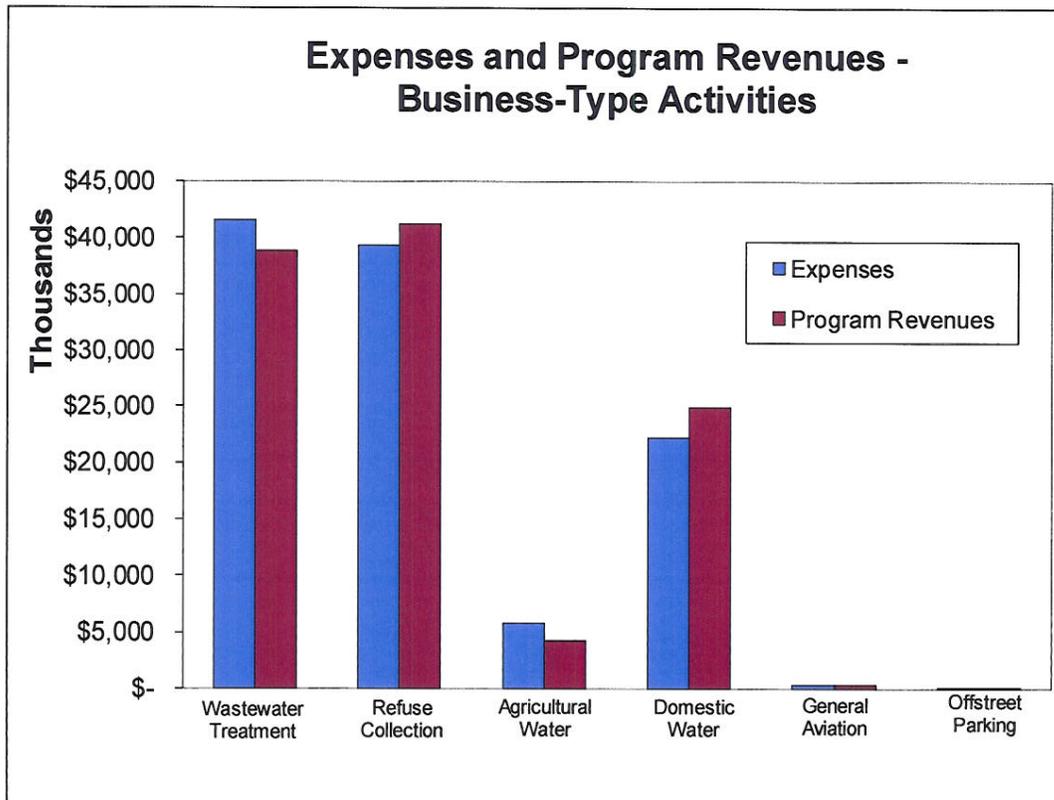
CITY OF BAKERSFIELD

Management's Discussion and Analysis

Governmental Activities Revenue modestly increased \$1.1 million, a 0.4% increase compared to the previous fiscal year. This slight increase is due primarily to a 9.9% (\$14.2 million) increase in General Revenues offset by a 9.12% (\$13.1 million) decrease in Program Revenues. The City is happy to report that sales tax revenues increased by 22.4%, or \$12.4 million. This increase combined with an additional \$1.8 million increase in other General Revenues helped to offset a 17.4% decrease (\$14.4 million) in Capital Grants and Contributions, a 12.3% decrease (\$2.8 million) in Operating Grants and Contributions offset by an 11.1% increase (\$4.2 million) in Charges for Services.

Total expenses in Governmental Activities had a net increase of \$29.4 million from the previous fiscal year for an overall 9.9% increase. The largest increase of \$19.0 million was in Economic and Community Development. Of this amount, \$24.3 million was due to a transfer of debt from the recently dissolved Bakersfield Redevelopment Agency offset by a decrease of \$5.3 million that was due to less project completion than in the previous year, the shifting of expenses from the RDA, and the elimination of several positions. The next largest increase of \$10.3 million was in Public Works, which is due to continued major road and bridge construction projects, including the Westside Parkway and Thomas Road Improvement Program projects. Public Safety – Police increased by \$2.2 million due to restoration of eliminated positions in previous years. The largest decrease, \$2.9 million in Community Services, was due to a decrease in capital outlay projects.

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.



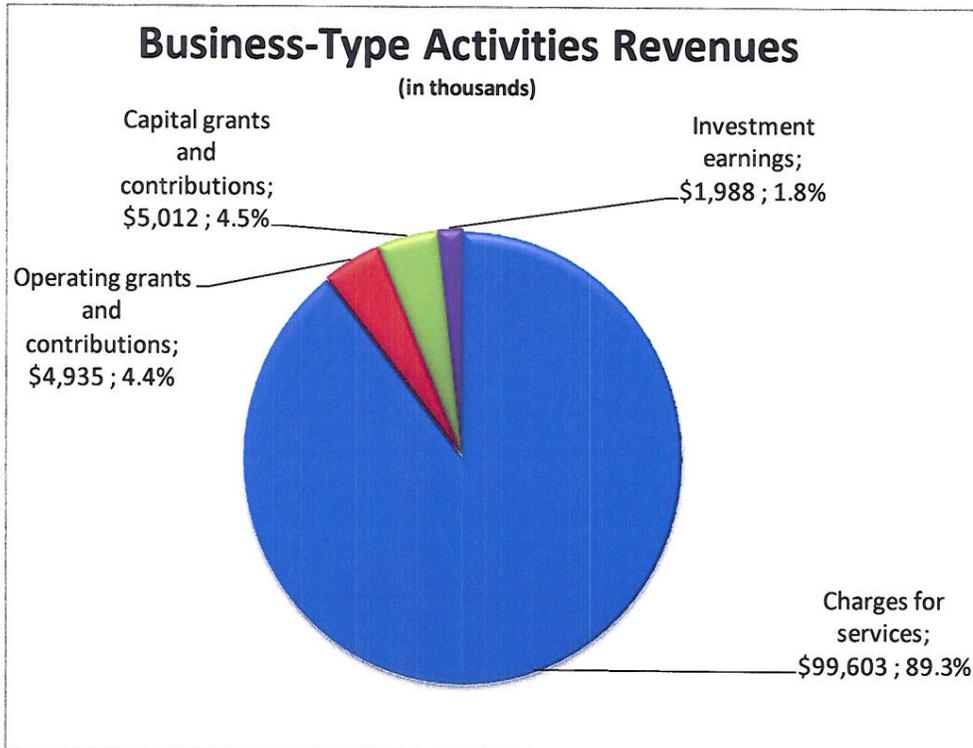
Business-type activities increased the City's net assets by \$2.2 million. The bar chart above compares total program revenues and expenses. Program revenues exceeded program expenses in Domestic Water by \$2.7 million and Refuse Collection by \$1.9 million. These increases were offset by program expenses exceeding program revenues in Wastewater Treatment by \$2.7 million and Agricultural Water by \$1.5 million. Total

CITY OF BAKERSFIELD

Management's Discussion and Analysis

expense increased by \$1.3 million, 1.17%, over the prior year with the Agricultural Water Fund showing the largest increase of \$1.1 million. The increase is due to increased repair and maintenance on water wells and more power charges for extraction of water from the ground due to a dryer year.

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 89.3% of total revenues. Capital grants and contributions is the second largest revenue source at 4.5% of total revenues.



Total revenues increased by \$4.2 million, 4.0%, over the prior year with Wastewater Treatment showing the largest increase of \$4.9 million. The increase is primarily due to \$2.3 million in capital contributions combined with increased revenue from connection fees and a slight user fee increase. Agricultural Water had the largest decrease of \$2.9 million due in part to a number of long-term contracts with agriculture water districts expiring in the prior year. Higher than normal sales in the prior year also attributed to the decrease in revenue.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds - The focus of the City of Bakersfield's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Bakersfield's financing requirements. In particular, total fund balance less the nonspendable portion is a useful measure of 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 of Bakersfield's Governmental Funds reported combined ending fund balances of \$146,768,917, an increase of \$7,114,282 in comparison with the prior year. The components of total fund balance are as follows (for more information see Note 13 – Fund Balances):

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Management's Discussion and Analysis

- **Nonspendable fund balance**, \$11,975, are amounts that are not spendable in form, or are legally or contractually required to be maintained intact, and are made up of prepaid expenses and deposits of \$11,975.
- **Restricted fund balance**, \$23,252,930, 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) \$10.2 million for the purpose of the fund (i.e., Gas Tax and Road projects), (2) \$6.8 million for proceeds from Special Assessments bonds for capital improvements, (3) \$4.5 million from Redevelopment Successor Agency Housing Funds for projects and (4) \$1.2 million for traffic safety projects.
- **Committed fund balance**, \$94,653,956, 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 \$39.3 million and \$24.8 million for appropriations for next year's budget.
- **Assigned fund balance**, \$18,373,539 for funds set aside by management for specific purposes. Amounts include \$3.9 million set aside for capital projects and \$7.1 million for the fund purposes related to transient occupancy fees and parks development.
- **Unassigned fund balance**, \$10,476,517, represents the residual classification for the City's General Fund.

General Fund: The General Fund is the chief operating fund of the City of Bakersfield. At the end of the current fiscal year, the General Fund's total fund balance increased by 5.2%, or \$2.8 million from \$52.6 million to \$55.4 million. Major factors for this overall increase:

- Total operating revenues increased by \$14.2 million (a 9.1% increase), the majority of which was from more tax revenue collected (net) than in the prior year. Sales tax revenue increased by \$12.4 million due to improvement in the local economy with more purchases activity than last year. Property taxes declined by \$2.2 million as decreased assessed valuation generated lower current secured tax revenues.
- Total operating expenditures increased by \$15.8 million (a 10.8% increase). The majority of this increase is due to the full funding of the Other Post- Employment Benefits (OPEB) required annual contribution, which is approximately \$2.3 million more than last fiscal year and funding 93% (\$9.0 million) of the City's net pension obligation accumulated from prior years. The remainder of this increase is due to a very modest cost of living increase to certain employee groups and also restoration of key positions that were eliminated over the last few fiscal years.

Other governmental funds: As compared with the prior year, the total fund balances of the remaining governmental funds decreased by 0.9%, or \$792,344, to \$91.4 million with the following significant changes:

- The Transient Occupancy Tax Fund increased by \$1.7 million from \$3.2 million to \$4.9 million. The increase is due to \$1.0 million more tax revenue collected over the previous year and an increase of \$500,000 in contributions toward Arena Debt Service from the now dissolved Redevelopment Agency. 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 and the Convention and Visitor Bureau.
- The Community Development Block Grant Fund decreased by \$46,140 from \$291,492 to \$245,352. 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 \$505,844 from \$9.8 million to \$10.3 million. Amounts in this fund are restricted by state and federal statute.

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- The Capital Outlay Fund decreased by \$2.5 million from \$19.4 million to \$16.9 million. Of this amount, \$7.9 million is committed for contractual obligations and \$5.0 million is committed for facility replacement. The remaining amount of \$4.0 million is assigned and available for use at management's discretion.
- The Park Development Fund increased by \$107,042 from \$6.8 million to \$6.9 million. Of this amount, \$4.7 million is committed for contractual obligations and \$2.3 million is assigned for use at management's discretion.
- The Transportation Development Fund decreased by \$3.5 million from \$42.9 million to \$39.3 million. Of this amount, \$39.3 million is committed for contractual obligation and/or current projects.
- The fund balance for non-major governmental funds as a whole increased by \$3.0 million from \$9.7 million to \$12.7 million. The significant changes occurred in the following funds:
 - Special Assessments Districts Fund decreased \$1.1 million. This is generally due to decreased development activity. There is a small amount of assessment district capital improvement funds remaining.
 - Redevelopment Successor Agency – Housing Fund was established as a result of the dissolution of the Bakersfield Redevelopment Agency per the State of California. Housing functions in the amount of \$4.7 million were transferred to the City and recorded as an extraordinary item.

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

The Wastewater Treatment Fund has total net assets of \$500.7 million at the end of the current year, a decrease of \$1.2 million over the prior year. Total net assets include \$438.0 million invested in capital assets and \$20.2 million of restricted assets which are not available to cover current expenses. The remaining net assets of \$42.5 million are unrestricted and available to cover current operating and capital needs (including plant and equipment replacement) of the fund. Unrestricted assets decreased by 33%, \$21.0 million over the previous year due in large part to an \$18.7 million bond call which reduced the overall indebtedness of the enterprise.

The Refuse Collection Fund has total net assets of \$23.7 million at the end of the current year, an increase of \$2.3 million from the prior year. A portion of net assets of \$2.6 million are designated for future landfill closure costs. The remaining net assets within the fund of \$21.1 million are unrestricted and available to cover current operating and capital needs of the fund.

The Agricultural Water Fund has total net assets of \$28.2 million at the end of the current year, a decrease of \$1.4 million over the prior year. Total net assets include \$20.6 million invested in capital assets, which are not available to cover current expenses. The remaining net assets of \$7.6 million are unrestricted and available to cover current operating and capital needs of the fund.

The Domestic Water Fund has total net assets of \$205.2 million at the end of the current year, an increase of \$3.0 million over the prior year. Total net assets include \$176.1 million invested in capital assets, which are not available to cover current expenses. The remaining net assets of \$29.2 million are unrestricted and available to cover current operating and capital needs of the fund.

The General Aviation Fund has total net assets of \$10.5 million at the end of the current year, a decrease of \$93,000 compared to the prior year. Total net assets include \$10.0 million invested in capital assets, which are not available to cover current expenses. The remaining net assets are unrestricted and available to cover current operating and capital needs of the fund.

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The Offstreet Parking Fund has total net assets of \$5.9 million at the end of the current year, a decrease of \$36,000 compared to the prior year. Total net assets include \$5.9 million in capital assets, which are not available to cover current expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The City of Bakersfield's investment in capital assets for its governmental and business-type activities as of June 30 of the current fiscal year amounts to \$2.2 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, bridges and construction in progress. The total decrease in the City of Bakersfield's investment in capital assets for the current fiscal year was \$29.5 million. Of this amount \$24.0 million relates to Governmental Activities and the remaining \$5.5 million relates to Business-Type Activities. Depreciation expense of \$86.1 million exceeded additions to capital assets by this amount.

These financial statements include infrastructure assets constructed or acquired through fiscal year 2011-12.

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 \$22.7 million. This figure includes over \$18.3 million towards major street construction, traffic signal, and resurfacing projects throughout the City.
- The City added over \$9 million in new streets and roads primarily due to new residential developments completed in the current year. These newly constructed right of ways are transferred over to the City by the various developers when the work is finalized.

City of Bakersfield – Capital Assets

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Land and water storage rights	\$ 418,489	\$ 421,328	\$ 25,238	\$ 25,614	\$ 443,727	\$ 446,942
Land held for resale		2,429				2,429
Depreciable buildings, property, equipment and infrastructure, net	846,738	842,461	827,054	815,541	1,673,792	1,658,002
Construction in progress	47,695	22,722	17,604	23,246	65,299	45,967
Non-amortizable intangible assets			31,477	31,477	31,477	31,477
Total Capital Assets	\$ 1,312,922	\$ 1,288,940	\$ 901,373	\$ 895,878	\$ 2,214,295	\$ 2,184,818

- **Long-Term Debt** - At the end of the current fiscal year, the City of Bakersfield had a total debt outstanding of \$253.3 million. The City's total debt increased by a net amount of \$1.6 million during the current fiscal year. Outstanding debt in the Governmental Activities increased by \$24.3 million due to the City absorbing \$24.7 million of Certificates of Participation previously reported as debt of the former Bakersfield Redevelopment Agency. Outstanding debt in the Business-Type Activities decreased by \$22.7 million. Of this amount, \$18.7 million was due to a partial bond call approved by City Council to reduce the principal balance in the Wastewater Revenue Series B Bonds.

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City of Bakersfield – Outstanding Debt

	Balance	Incurred	Satisfied	Balance
	July 1, 2011	or Issued	or Matured	June 30, 2012
Governmental Activities				
Loans payable	\$ 5,167,000	\$ -	\$ 366,000	\$ 4,801,000
Certificates of Participation*		24,710,000		24,710,000
Total governmental activities	\$ 5,167,000	\$ 24,710,000	\$ 366,000	\$ 29,511,000
Business-Type Activities				
Revenue Bonds Payable	\$ 238,994,444	\$ 25,000,000	\$ 46,991,063	\$ 217,003,381
Loans Payable	7,521,262		752,126	6,769,136
Total business-type activities	\$ 246,515,706	\$ 25,000,000	\$ 47,743,189	\$ 223,772,517
Total Debt	\$ 251,682,706	\$ 49,710,000	\$ 48,109,189	\$ 253,283,517

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

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.

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 64 for capital assets, Note 11 page 71 for long-term debt, and Note 22 page 92 for subsequent events.

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Management's Discussion and Analysis

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget reflect an increase in resources of \$6.0 million and an increase in appropriations of \$7.2 million. Significant budgetary amendments (changes) are summarized as follows:

- \$691,832 increase in various resources and appropriations due to revenues associated with open purchase orders at the end of the previous fiscal year. Also, \$1,093,110 increases in various resources due to revenues associated with prior year appropriations not spent and carried forward to this fiscal year.
- \$1.1 million increase in resources and appropriations for grant related projects in the Police Department. This amount includes Federal Grant monies to fund overtime for the traffic enforcement strategies, temporary clerical help and to purchase equipment, checkpoint supplies and services for the Police Department Traffic Division.
- \$3.3 million increase in resources from Other Revenue due to a refund or accumulated premium surplus funds from Anthem Blue Cross.

The final amended revenue estimate budget figures in the General Fund were lower than actual revenue by \$27.7 million and appropriations were higher than actual expenditures by \$13.7 million. Significant differences between budget and actual amounts are as follows:

- \$13.6 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 economic downturn. The estimates made from this revenue source were conservative in nature while the actual revenue received was significantly better than expected.
- \$1.9 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.
- \$968 thousand 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 demand for recreation programs and park facilities rentals and an increase in monies received from the County for the Fire Fund creating higher revenues in those areas than anticipated.
- \$5.0 million variance of appropriations over actual expenditures in the Police Department. The savings are due primarily to benefit savings from unfilled positions and a reduction in overtime, plus some grant funded projects that were budgeted but not started.
- \$3.7 million variance of appropriations over actual expenditures in Departments other than Police are also due primarily to salary and benefit savings as hiring has been slower during the weaker economy.
- \$4.5 million variance of appropriations over actual expenditures in non-departmental charges 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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The key assumptions in the General Fund revenue forecast for fiscal year 2012-13 were:

1. Property tax revenue is projected to remain flat at 0% growth compared to last year's estimate of negative 5% as projected by Kern County.
2. Sales and use tax revenue estimates are projected at an additional 3% growth as compared to last year's revised revenue estimates of a positive 10% growth.

CITY OF BAKERSFIELD

Management's Discussion and Analysis

3. One time monies of \$2.7 million are set aside to provide a buffer against the estimated California Public Employees' Retirement System (CalPERS) increases over the next few years and \$7.9 million are set aside to reduce the City's Net Pension Obligation for Other Post-Employment Benefits (retiree medical).

New items specifically addressed in the 2012-13 budget include the following:

Police Department – The Police Department's operating budget has increased from fiscal year 2011-12 by 3.2%, totaling \$71,676,072. This budget reflects the restoration of nineteen positions, five sworn and twelve civilian. Of the twelve positions, seven are related to City animal sheltering operations.

Public Works – The Public Works Department's operating budget has increased from fiscal year 2011-12 by 10.4%, totaling \$108,688,506. This budget reflects the return to stabilizing the equipment replacement schedule, while still extending the life of vehicles and equipment, where possible. City Council approved the restoration of seven positions and the deletion of one vacant position, for a net increase of 6 positions.

Recreation and Parks – The Recreation and Parks Department's operating budget has increased from fiscal year 2011-12 by 5.05%, totaling 17,359,700. This budget reflects the restoration of two positions that are critical to the Parks division, as maintenance of three new parks will soon become the responsibility of the City. Additionally, with these positions, Parks staff will begin to address deferred maintenance items, such as overgrown areas and reestablishing bare areas.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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



Government-Wide Financial Statements

CITY OF BAKERSFIELD

**Statement of Net Assets
June 30, 2012**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bakersfield Redevelopment Agency
Assets:				
Current assets:				
Cash and investments	\$ 169,631,572	\$ 134,130,203	\$ 303,761,775	
Accounts receivable, net	19,856,365	5,728,971	25,585,336	
Interest receivable	288,503	255,464	543,967	
Loans receivable - current	100,447		100,447	
Due from other governmental agencies	63,214,765	1,593,992	64,808,757	
Internal balances	412,674	(412,674)	-	
Prepayments and inventories	1,376,354		1,376,354	
Total current assets	254,880,680	141,295,956	396,176,636	-
Noncurrent assets:				
Capital assets:				
Land	421,328,005	25,614,063	446,942,068	
Land held for resale	2,429,261		2,429,261	
Depreciable buildings, property, equipment and infrastructure, net	842,461,035	815,540,839	1,658,001,874	
Construction in progress	22,722,397	23,245,923	45,968,320	
Non-amortizable intangible assets		31,476,906	31,476,906	
Notes/loans receivable	14,256,575	1,628,418	15,884,993	
Total noncurrent assets	1,303,197,273	897,506,149	2,200,703,422	-
Total assets	1,558,077,953	1,038,802,105	2,596,880,058	-
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	27,986,455	9,461,475	37,447,930	
Customers' deposits		6,027,340	6,027,340	
Unearned revenue	9,253,157	1,623,453	10,876,610	
Total current liabilities	37,239,612	17,112,268	54,351,880	-
Noncurrent liabilities:				
Due within one year:				
Long-term debt	2,363,000	3,928,189	6,291,189	
Capital leases		490,747	490,747	
Kern River Levee District		133,507	133,507	
Claims and judgments payable	8,775,433		8,775,433	
Compensated absences payable	7,583,260	1,777,688	9,360,948	
Due in more than one year:				
Long-term debt	27,148,000	219,844,328	246,992,328	
Capital leases		21,174,194	21,174,194	
Claims and judgments payable	19,708,000		19,708,000	
Net post-employment benefit obligation	686,739		686,739	
Compensated absences payable	6,229,737	488,096	6,717,833	
Total noncurrent liabilities	72,494,169	247,836,749	320,330,918	-
Total liabilities	109,733,781	264,949,017	374,682,798	-
Net assets:				
Invested in capital assets, net of related debt	1,259,429,698	650,440,273	1,909,869,971	
Restricted:				
Capital improvements	23,252,930	20,237,839	43,490,769	
Sanitation districts		2,645,932	2,645,932	
Unrestricted	165,661,544	100,529,044	266,190,588	
Total net assets	\$ 1,448,344,172	\$ 773,853,088	\$ 2,222,197,260	\$ -

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



CITY OF BAKERSFIELD

**Statement of Activities
For the Fiscal Year Ended June 30, 2012**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 12,388,099	\$ 5,392,724	\$ 413,361	\$ -
Public safety - Police	72,574,972	2,649,132	4,169,005	
Public safety - Fire	33,319,982	4,866,355	387,708	172,825
Public works	142,228,353	11,651,452	5,839,683	66,054,988
Community services	31,737,121	14,153,899	63,925	2,187,630
Development services	5,856,850	2,907,300	117,714	
Economic/Community development	28,228,468	870	9,186,690	
Interest on long-term debt	215,411			
Total governmental activities	326,549,256	41,621,732	20,178,086	68,415,443
Business-type activities:				
Wastewater treatment	41,550,942	30,743,840	4,761,305	3,339,778
Refuse collection	39,340,795	41,198,715		
Agricultural water	5,727,962	4,162,253		73,206
Domestic water	22,157,529	23,140,865	163,860	1,589,856
General aviation	404,648	285,461	10,000	9,068
Offstreet parking	128,070	72,094		
Total business-type activities	109,309,946	99,603,228	4,935,165	5,011,908
Total primary government	\$ 435,859,202	\$ 141,224,960	\$ 25,113,251	\$ 73,427,351
Component unit-				
Bakersfield Redevelopment Agency	\$ 7,212,580	\$ -	\$ 3,538,132	\$ -

General Revenues:

Taxes:

- Property taxes
- Sales and use tax
- Other taxes

- Intergovernmental, unrestricted
- Unrestricted grants and contributions
- Investment earnings
- Miscellaneous
- Gain on sale of property

Transfers

Total general revenues and transfers

Change in net assets before Extraordinary Item

Extraordinary gain on dissolution of redevelopment agency

Change in net assets

Net Assets - Beginning of year, as restated

Net Assets - End of year

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

Net (Expense) Revenue and Changes in Net Position				
Total	Governmental Activities	Business-Type Activities	Total	Bakersfield Redevelopment Agency
\$ 5,806,085	\$ (6,582,014)	\$ -	\$ (6,582,014)	\$ -
6,818,137	(65,756,835)		(65,756,835)	
5,426,888	(27,893,094)		(27,893,094)	
83,546,123	(58,682,230)		(58,682,230)	
16,405,454	(15,331,667)		(15,331,667)	
3,025,014	(2,831,836)		(2,831,836)	
9,187,560	(19,040,908)		(19,040,908)	
	(215,411)		(215,411)	
<u>130,215,261</u>	<u>(196,333,995)</u>	<u>-</u>	<u>(196,333,995)</u>	<u>-</u>
38,844,923		(2,706,019)	(2,706,019)	
41,198,715		1,857,920	1,857,920	
4,235,459		(1,492,503)	(1,492,503)	
24,894,581		2,737,052	2,737,052	
304,529		(100,119)	(100,119)	
72,094		(55,976)	(55,976)	
<u>109,550,301</u>	<u>-</u>	<u>240,355</u>	<u>240,355</u>	<u>-</u>
<u>\$ 239,765,562</u>	<u>(196,333,995)</u>	<u>240,355</u>	<u>(196,093,640)</u>	<u>-</u>
<u>\$ 3,538,132</u>				<u>(3,674,448)</u>
	60,717,716		60,717,716	2,811,211
	67,642,794		67,642,794	
	889,373		889,373	
	876,617		876,617	
	21,793,292		21,793,292	
	282,170	1,988,022	2,270,192	26,428
	4,223,807		4,223,807	65,102
	132,666	38,992	171,658	
	34,000	(34,000)	-	
	<u>156,592,435</u>	<u>1,993,014</u>	<u>158,585,449</u>	<u>2,902,741</u>
	(39,741,560)	2,233,369	(37,508,191)	(771,707)
	4,664,568	-	4,664,568	41,448,963
	<u>(35,076,992)</u>	<u>2,233,369</u>	<u>(32,843,623)</u>	<u>40,677,256</u>
	<u>1,483,421,164</u>	<u>771,619,719</u>	<u>2,255,040,883</u>	<u>(40,677,256)</u>
<u>\$ 1,448,344,172</u>	<u>\$ 773,853,088</u>	<u>\$ 2,222,197,260</u>	<u>\$ -</u>	<u>\$ -</u>



Governmental Fund Financial Statements

CITY OF BAKERSFIELD**Balance Sheet****Governmental Funds****June 30, 2012**

	General Fund	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road Fund
Assets:				
Cash and investments	\$ 34,243,099	\$ 4,263,028	\$ -	\$ -
Accounts receivable, net	1,542,643	1,069,617	8,023,476	22,031
Interest receivable	90,165	8,312		17,940
Due from other governmental agencies	18,743,157		1,732,779	41,064,801
Due from other funds	19,170,277			
Notes/Loans receivable			3,634,194	
Prepaid items	10,975			
Total assets	<u>\$ 73,800,316</u>	<u>\$ 5,340,957</u>	<u>\$ 13,390,449</u>	<u>\$ 41,104,772</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 6,067,138	\$ 397,389	\$ 294,390	\$ 13,215,906
Due to other governmental agencies	11,858			
Due to other funds			1,195,613	17,601,300
Unearned revenue	1,667,310			
Deferred revenue	10,644,369		11,655,094	22,031
Total liabilities	<u>18,390,675</u>	<u>397,389</u>	<u>13,145,097</u>	<u>30,839,237</u>
Fund Balances:				
Nonspendable	11,975			
Restricted			245,352	10,265,535
Committed	37,639,359	101,042		
Assigned	7,281,790	4,842,526		
Unassigned	10,476,517			
Total fund balances	<u>55,409,641</u>	<u>4,943,568</u>	<u>245,352</u>	<u>10,265,535</u>
Total liabilities and fund balances	<u>\$ 73,800,316</u>	<u>\$ 5,340,957</u>	<u>\$ 13,390,449</u>	<u>\$ 41,104,772</u>

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

Capital Outlay	Park Improvement	Transportation Development	Other Governmental Funds	Total Governmental Funds
\$ 17,576,258	\$ 7,428,228	\$ 41,844,493	\$ 12,826,365	\$ 118,181,471
578,075			8,527,535	19,763,377
22,293	14,157	30,192	9,851	192,910
1,084,347			515,092	63,140,176
			7,497,748	19,170,277
				11,131,942
				10,975
<u>\$ 19,260,973</u>	<u>\$ 7,442,385</u>	<u>\$ 41,874,685</u>	<u>\$ 29,376,591</u>	<u>\$ 231,591,128</u>
\$ 2,247,345	\$ 506,730	\$ 2,531,951	\$ 279,826	\$ 25,540,675
9,239			9,352	30,449
			373,364	19,170,277
			7,585,847	9,253,157
120,000			8,386,159	30,827,653
<u>2,376,584</u>	<u>506,730</u>	<u>2,531,951</u>	<u>16,634,548</u>	<u>84,822,211</u>
			12,742,043	11,975
12,901,242	4,669,579	39,342,734		23,252,930
3,983,147	2,266,076			94,653,956
				18,373,539
				10,476,517
<u>16,884,389</u>	<u>6,935,655</u>	<u>39,342,734</u>	<u>12,742,043</u>	<u>146,768,917</u>
<u>\$ 19,260,973</u>	<u>\$ 7,442,385</u>	<u>\$ 41,874,685</u>	<u>\$ 29,376,591</u>	<u>\$ 231,591,128</u>

CITY OF BAKERSFIELD

**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2012**

Total Fund Balances - Total Governmental Funds \$ 146,768,917

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

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

Capital assets	2,060,559,346	
Ending accumulated depreciation	<u>(771,618,648)</u>	1,288,940,698

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. (89,381)

Deferred revenue and other resources not available to liquidate liabilities of the current period are not recognized in the funds. 30,827,653

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Government-Wide Statement of Net Assets. 25,164,430

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	(29,511,000)	
Compensated Absences payable	(13,070,406)	
Unfunded post-retirement employee benefits	<u>(686,739)</u>	<u>(43,268,145)</u>

Net Assets of Governmental Activities \$ 1,448,344,172

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



CITY OF BAKERSFIELD**Statement of Revenues, Expenditures and Changes in Fund Balances****Governmental Funds****For the Fiscal Year Ended June 30, 2012**

	General Fund	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road Fund
Revenues:				
Taxes	\$ 142,934,200	\$ 7,827,792	\$ -	\$ -
Licenses and permits	2,126,234			
Intergovernmental	3,846,528		5,137,494	71,021,359
Charges for services	16,786,071	6,073,607	3	
Fines, forfeitures and assessments	1,024,449			70,494
Interest income	411,766	42,424	2,277	85,950
Loan payments			308,919	
Contributions and donations	143,993	1,700,000		
Other	3,907,044		88,917	98,832
Total revenues	<u>171,180,285</u>	<u>15,643,823</u>	<u>5,537,610</u>	<u>71,276,635</u>
Expenditures:				
Current:				
General government	10,124,241			
Police	65,877,513			
Fire	30,494,387			
Public works	18,440,024			6,033,732
Community services	16,266,265	7,306,632		
Development services	6,229,936			
Economic/Community development			3,252,913	
Non departmental	15,570,647	3,143,550		
Capital outlay			1,744,972	64,737,059
Debt service:				
Principal retirement				
Interest and fiscal charges				
Total expenditures	<u>163,003,013</u>	<u>10,450,182</u>	<u>4,997,885</u>	<u>70,770,791</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,177,272</u>	<u>5,193,641</u>	<u>539,725</u>	<u>505,844</u>
Other financing sources (uses):				
Transfers in	1,500,000			
Transfers out	<u>(6,917,060)</u>	<u>(3,500,000)</u>	<u>(585,865)</u>	
Total other financing sources (uses)	<u>(5,417,060)</u>	<u>(3,500,000)</u>	<u>(585,865)</u>	<u>-</u>
Net change in fund balances before extraordinary item	2,760,212	1,693,641	(46,140)	505,844
Extraordinary item:				
Redevelopment agency dissolution				
Net change in fund balances	2,760,212	1,693,641	(46,140)	505,844
Fund balances - beginning as restated	<u>52,649,429</u>	<u>3,249,927</u>	<u>291,492</u>	<u>9,759,691</u>
Fund balances - ending	<u>\$ 55,409,641</u>	<u>\$ 4,943,568</u>	<u>\$ 245,352</u>	<u>\$ 10,265,535</u>

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

Capital Outlay	Park Improvement	Transportation Development	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 150,761,992
1,100,594			194,860	2,321,094
140,783		10,455,647	2,491,674	83,597,649
	1,687,630		1,062,401	34,518,512
98,132	60,925	149,253	1,251,992	4,034,565
			14,345	865,072
518,597				308,919
459,205	2,000	23,976	94,741	2,362,590
<u>2,317,311</u>	<u>1,750,555</u>	<u>10,628,876</u>	<u>5,110,013</u>	<u>283,445,108</u>
		259,271		10,383,512
			2,611,663	68,489,176
			896,349	31,390,736
		1,205,852	169,888	25,849,496
			26,772	23,599,669
				6,229,936
			393,231	3,646,144
	819,024		749,900	20,283,121
14,167,190	824,489	12,681,653	411,730	94,567,093
			366,000	366,000
			219,865	219,865
<u>14,167,190</u>	<u>1,643,513</u>	<u>14,146,776</u>	<u>5,845,398</u>	<u>285,024,748</u>
(11,849,879)	107,042	(3,517,900)	(735,385)	(1,579,640)
9,501,630			585,865	11,587,495
(201,630)			(1,500,000)	(12,704,555)
<u>9,300,000</u>	<u>-</u>	<u>-</u>	<u>(914,135)</u>	<u>(1,117,060)</u>
(2,549,879)	107,042	(3,517,900)	(1,649,520)	(2,696,700)
			4,664,568	4,664,568
(2,549,879)	107,042	(3,517,900)	3,015,048	1,967,868
<u>19,434,268</u>	<u>6,828,613</u>	<u>42,860,634</u>	<u>9,726,995</u>	<u>144,801,049</u>
<u>\$ 16,884,389</u>	<u>\$ 6,935,655</u>	<u>\$ 39,342,734</u>	<u>\$ 12,742,043</u>	<u>\$ 146,768,917</u>

CITY OF BAKERSFIELD

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Government-Wide Statement of Activities
For the Fiscal Year Ended June 30, 2012**

Net Change in Fund Balances - Total Governmental Funds \$ 1,967,868

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.	24,824,855	
Depreciation expense is deducted from fund balance (net of Internal Service Fund depreciation of \$5,557,500 which has already been allocated to serviced funds).	(57,462,403)	
Contributions of infrastructure and improvements by Developers are capitalized in the Statement of Activities, but are not recorded in the Fund Statements because no cash changed hands.	<u>9,229,926</u>	(23,407,622)

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

Net change in long-term compensated absences	(745,369)	
Interest expense on long-term debt	4,454	
Other post-employment benefits	<u>8,996,351</u>	8,255,436

Bond & loan proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets. (8,344,000)

Long-term debt transferred from the former redevelopment agency for Housing related inter-agency loans and certificates of participation for the Rabobank arena. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets. (16,000,000)

Earned deferred revenue and other resources not available to liquidate liabilities of the current period are not recognized in Governmental Funds. Revenue in the Statement of Activities is not limited by availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year. This adjustment records a net decrease in revenues - unavailable revenues at the beginning of the year exceed ending unavailable revenues by this amount. 4,222,665

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. (1,771,339)

Change in Net Assets of Governmental Activities \$ (35,076,992)

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

Proprietary Fund Financial Statements

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

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

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

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

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

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

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

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

CITY OF BAKERSFIELD**Statement of Net Assets****Proprietary Funds****June 30, 2012**

	Wastewater Treatment	Refuse Collection	Agricultural Water
Assets:			
Current assets:			
Cash and investments	\$ 68,571,191	\$ 25,371,589	\$ 6,935,702
Accounts receivable, net	1,708,779	879,643	1,292,869
Interest receivable	136,357	43,008	14,589
Loans			
Due from other governmental agencies	105,527	1,488,295	170
Prepayments and inventories			
Total current assets	70,521,854	27,782,535	8,243,330
Noncurrent assets:			
Capital assets:			
Land	10,148,430		2,467,016
Depreciable buildings, property, equipment and infrastructure, net	630,776,599		10,057,063
Construction in progress	20,804,258		
Non-amortizable intangible assets			8,032,678
Notes/loans receivable			
Other long-term receivable	1,358,786		45,157
Total noncurrent assets	663,088,073	-	20,601,914
Total assets	733,609,927	27,782,535	28,845,244
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	4,113,743	2,575,361	238,278
Claims payable			
Workers' compensation claims			
Compensated absences payable	402,041	860,723	301,638
Long-term debt - due within one year	3,928,189		
Capital leases payable - due within one year			
Total current liabilities	8,443,973	3,436,084	539,916
Noncurrent liabilities:			
Long-term debt - due in more than one year	219,844,328		
Capital leases payable - due in more than one year			
Kern River Levee District/Buena Vista			133,507
Customers' deposits	3,020,966	335,384	
Workers' compensation claims			
Compensated absences payable	205,511	263,038	16,536
Unearned revenue	1,358,786	40,192	
Total noncurrent liabilities	224,429,591	638,614	150,043
Total liabilities	232,873,564	4,074,698	689,959
Net assets:			
Invested in capital assets, net of related debt	437,956,770		20,556,757
Restricted for:			
Capital improvements	20,237,839		
Sanitation districts		2,645,932	
Unrestricted	42,541,754	21,061,905	7,598,528
Total net assets	\$ 500,736,363	\$ 23,707,837	\$ 28,155,285

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

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

Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
\$ 32,684,746	\$ 524,434	\$ 42,541	\$ 134,130,203	\$ 51,450,101
1,828,716	5,082	13,882	5,728,971	92,988
60,499	984	27	255,464	95,593
			-	100,447
			1,593,992	74,589
			-	1,365,379
<u>34,573,961</u>	<u>530,500</u>	<u>56,450</u>	<u>141,708,630</u>	<u>53,179,097</u>
547,102	7,464,254	4,987,261	25,614,063	
171,394,817	2,419,326	893,034	815,540,839	22,772,131
2,336,693	104,972		23,245,923	
23,444,228			31,476,906	
			-	3,124,633
<u>224,475</u>			<u>1,628,418</u>	
<u>197,947,315</u>	<u>9,988,552</u>	<u>5,880,295</u>	<u>897,506,149</u>	<u>25,896,764</u>
<u>232,521,276</u>	<u>10,519,052</u>	<u>5,936,745</u>	<u>1,039,214,779</u>	<u>79,075,861</u>
2,524,635	8,126	1,332	9,461,475	2,325,950
			-	3,852,433
194,740	18,546		-	4,923,000
			1,777,688	598,680
490,747			3,928,189	
			490,747	
<u>3,210,122</u>	<u>26,672</u>	<u>1,332</u>	<u>15,658,099</u>	<u>11,700,063</u>
21,174,194			219,844,328	
			21,174,194	
2,670,990			133,507	
			6,027,340	19,708,000
3,011			-	143,911
224,475			488,096	
			1,623,453	
<u>24,072,670</u>	<u>-</u>	<u>-</u>	<u>249,290,918</u>	<u>19,851,911</u>
<u>27,282,792</u>	<u>26,672</u>	<u>1,332</u>	<u>264,949,017</u>	<u>31,551,974</u>
176,057,899	9,988,552	5,880,295	650,440,273	22,772,131
			20,237,839	
			2,645,932	
<u>29,180,585</u>	<u>503,828</u>	<u>55,118</u>	<u>100,941,718</u>	<u>24,751,756</u>
<u>\$ 205,238,484</u>	<u>\$ 10,492,380</u>	<u>\$ 5,935,413</u>	<u>774,265,762</u>	<u>\$ 47,523,887</u>
			(412,674)	
			<u>\$ 773,853,088</u>	

CITY OF BAKERSFIELD**Statement of Revenues, Expenses and Changes in Fund Net Assets****Proprietary Funds****For the Fiscal Year Ended June 30, 2012**

	Wastewater Treatment	Refuse Collection	Agricultural Water
Operating revenues:			
Intergovernmental	\$ 12,558	\$ 320,323	\$ 198
Charges for services	29,956,258	38,366,159	2,880,831
Cost recoveries	366,219	2,411,657	391,290
Rental income	376,540		152,322
Other sales or services	80	66,540	737,612
Miscellaneous	32,185	34,036	
Total operating revenues	<u>30,743,840</u>	<u>41,198,715</u>	<u>4,162,253</u>
Operating expenses:			
General and administrative	12,810,589	36,590,566	4,730,199
Transmission and distribution	102,449	2,503,199	443,487
Workers' compensation payments			
Claims paid			
Depreciation and amortization	18,175,754		521,270
Compensated absences		116,674	13,449
Total operating expenses	<u>31,088,792</u>	<u>39,210,439</u>	<u>5,708,405</u>
Operating income (loss)	<u>(344,952)</u>	<u>1,988,276</u>	<u>(1,546,152)</u>
Nonoperating revenues (expenses):			
Interest income	1,264,713	353,092	71,100
Connection fees	4,761,305		
Interest expense	(10,218,945)		
County/developer project share			73,206
Gain/loss on sale of real property		26,659	
Total nonoperating revenues	<u>(4,192,927)</u>	<u>379,751</u>	<u>144,306</u>
Income (loss) before transfers and capital contributions	(4,537,879)	2,368,027	(1,401,846)
Capital contributions	3,339,778		
Transfers in			
Transfers out		(29,000)	(25,000)
Change in net assets	(1,198,101)	2,339,027	(1,426,846)
Total Net Assets - Beginning of Year	<u>501,934,464</u>	<u>21,368,810</u>	<u>29,582,131</u>
Total Net Assets - End of Year	<u>\$ 500,736,363</u>	<u>\$ 23,707,837</u>	<u>\$ 28,155,285</u>

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

Change in net assets of business-type activities

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

Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
\$ -	\$ 10,000	\$ -	\$ 343,079	\$ 4,035
20,872,050	282,339	72,094	92,429,731	29,406,114
120,164	3,122		3,292,452	1,254,636
			528,862	
2,147,451			2,951,683	
1,200			67,421	22,775
<u>23,140,865</u>	<u>295,461</u>	<u>72,094</u>	<u>99,613,228</u>	<u>30,687,560</u>
16,079,474	207,258	52,340	70,470,426	26,171,079
907,535	18,611		3,975,281	
			-	2,497,782
			-	1,000,636
4,131,308	176,495	75,730	23,080,557	5,557,500
35,585			165,708	77,909
<u>21,153,902</u>	<u>402,364</u>	<u>128,070</u>	<u>97,691,972</u>	<u>35,304,906</u>
<u>1,986,963</u>	<u>(106,903)</u>	<u>(55,976)</u>	<u>1,921,256</u>	<u>(4,617,346)</u>
293,774	5,178	165	1,988,022	589,148
163,860			4,925,165	
(1,000,914)			(11,219,859)	
			73,206	
12,333			38,992	304,931
<u>(530,947)</u>	<u>5,178</u>	<u>165</u>	<u>(4,194,474)</u>	<u>894,079</u>
1,456,016	(101,725)	(55,811)	(2,273,218)	(3,723,267)
1,589,856	9,068		4,938,702	402,753
		20,000	20,000	1,151,060
			(54,000)	
<u>3,045,872</u>	<u>(92,657)</u>	<u>(35,811)</u>	<u>2,631,484</u>	<u>(2,169,454)</u>
<u>202,192,612</u>	<u>10,585,037</u>	<u>5,971,224</u>		<u>49,693,341</u>
<u>\$ 205,238,484</u>	<u>\$ 10,492,380</u>	<u>\$ 5,935,413</u>		<u>\$ 47,523,887</u>
			<u>(398,115)</u>	
			<u>\$ 2,233,369</u>	

CITY OF BAKERSFIELD

Statement of Cash Flows**Proprietary Funds****For the Fiscal Year Ended June 30, 2012**

	Wastewater Treatment	Refuse Collection	Agricultural Water
Cash flows from operating activities:			
Cash received from:			
Customers, including cash deposits	\$ 30,235,208	\$ 40,365,767	\$ 5,745,638
Prior year reimbursements and cost recoveries	383,907		
Cash paid to:			
Suppliers	(10,026,250)	(29,041,337)	(3,208,987)
Employees	(5,194,235)	(9,890,504)	(1,970,674)
Cash deposits returned to customers			
	<u>15,398,630</u>	<u>1,433,926</u>	<u>565,977</u>
Net cash provided by operating activities			
	<u>15,398,630</u>	<u>1,433,926</u>	<u>565,977</u>
Cash flows from noncapital financing activities:			
Cash transferred from other funds			
Cash transferred to other funds		(29,000)	(25,000)
County/developer project share			73,206
Connection fees	4,761,305		
	<u>4,761,305</u>	<u>(29,000)</u>	<u>48,206</u>
Net cash provided (used) by noncapital financing activities			
	<u>4,761,305</u>	<u>(29,000)</u>	<u>48,206</u>
Cash flows from capital and related financing activities:			
Principal payments:			
Notes/Loans/Bonds	(22,412,126)		
Capital lease payments			
Capital contributions			24,348
Interest paid	(10,218,945)		
Purchase of capital assets			
Proceeds from sale of capital assets		26,659	
Construction in progress	(11,146,137)		
Net cash provided (used) by capital and related financing activities	<u>(43,777,208)</u>	<u>26,659</u>	<u>24,348</u>
Cash flows from investing activities:			
Interest received	1,135,581	389,364	76,210
Net increase (decrease) in the fair value of investments	(95,355)	(18,141)	(4,602)
	<u>1,040,226</u>	<u>371,223</u>	<u>71,608</u>
Net cash provided by investing activities			
	<u>1,040,226</u>	<u>371,223</u>	<u>71,608</u>
Net increase (decrease) in cash and investments	(22,577,047)	1,802,808	710,139
Cash and investments - Beginning of year	91,148,238	23,568,781	6,225,563
Cash and investments - End of year	<u>\$ 68,571,191</u>	<u>\$ 25,371,589</u>	<u>\$ 6,935,702</u>

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

Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
\$ 23,192,422	\$ 287,274 3,122	\$ 72,780	\$ 99,899,089 387,029	\$ 31,388,767 40,976
(15,551,290) (688,355) (48,456)	(231,684)	(53,969)	(58,113,517) (17,743,768) (48,456)	(22,479,303) (6,915,217)
6,904,321	58,712	18,811	24,380,377	2,035,223
		20,000	20,000 (54,000) 73,206 4,925,165	1,151,060
163,860			4,925,165	
163,860	-	20,000	4,964,371	1,151,060
			(22,412,126) (473,112) 33,416 (11,219,860) (1,683,262) 38,992 (11,146,137)	(4,658,061) 380,529
(473,112) (1,000,915) (1,655,991) 12,333	9,068 (27,271)		(11,146,137)	
(3,117,685)	(18,203)	-	(46,862,089)	(4,277,532)
332,982 (20,147)	5,611 (361)	162 27	1,939,910 (138,579)	681,164 (43,285)
312,835	5,250	189	1,801,331	637,879
4,263,331	45,759	39,000	(15,716,010)	(453,370)
28,421,415	478,675	3,541	149,846,213	51,903,471
\$ 32,684,746	\$ 524,434	\$ 42,541	\$ 134,130,203	\$ 51,450,101

CITY OF BAKERSFIELD

Statement of Cash Flows (concluded)**Proprietary Funds****For the Fiscal Year Ended June 30, 2012**

	<u>Wastewater Treatment</u>	<u>Refuse Collection</u>	<u>Agricultural Water</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ (344,952)	\$ 1,988,276	\$ (1,546,152)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	18,175,754		521,270
(Increase) decrease in accounts receivable	(8,172)	(832,949)	1,542,466
Decrease in inventories			
(Increase) decrease in prepaid items			
Increase (decrease) in accounts payable	(41,459)	163,689	22,390
Increase in workers' compensation claims			
Increase (decrease) in deferred revenue		(1,764)	
Increase (decrease) in customers' deposits	(116,555)		40,919
Increase (decrease) in compensated absences	18,246	116,674	(14,916)
Increase (decrease) in due from Federal government	(2,284,232)		
Net cash provided by operating activities	<u>\$ 15,398,630</u>	<u>\$ 1,433,926</u>	<u>\$ 565,977</u>

Noncash investing, capital, and financing activities:

Contribution of equipment from other departments	
Contributions of infrastructure and improvements by Developers	3,339,778

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

<u>Domestic Water</u>	<u>General Aviation</u>	<u>Offstreet Parking</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 1,986,963	\$ (106,903)	\$ (55,976)	\$ 1,921,256	\$ (4,617,346)
4,131,308 (46,226)	176,495 (4,665)	75,730 686	23,080,557 651,140	5,557,500 745,505
747,364	(8,091)	(1,629)	-	31,312
			-	6
			882,264	(844,324)
			-	1,161,153
			(1,764)	
49,327	(400)		(26,709)	
35,585	2,276		157,865	1,417
			(2,284,232)	
<u>\$ 6,904,321</u>	<u>\$ 58,712</u>	<u>\$ 18,811</u>	<u>\$ 24,380,377</u>	<u>\$ 2,035,223</u>

402,753

1,589,856

4,929,634



Fiduciary Fund Financial Statements

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. 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 activity 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 Fund – This fund is used to account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future for Fire Department personnel who retired prior to June 26, 1972.

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

Agency Funds

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

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

CITY OF BAKERSFIELD

Statement of Fiduciary Net Assets**Fiduciary Funds****June 30, 2012**

	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets:			
Current assets:			
Cash and investments	\$ 13,814,468	\$ 34,698,534	\$ 25,991,770
Retirement system investments-			
Federal agency coupons		1,026,520	
Interest receivable	30,240	12,831	26,748
Due from other governmental agencies	3,166,141		99,620
Total current assets	<u>17,010,849</u>	<u>35,737,885</u>	<u>26,118,138</u>
Noncurrent assets			
Land held for resale	-		
Other long-term receivables	1,000,001		
Total noncurrent assets	<u>1,000,001</u>	<u>-</u>	<u>-</u>
Total assets	<u>18,010,850</u>	<u>35,737,885</u>	<u>26,118,138</u>
Liabilities:			
Payables:			
Accounts	509,741		4,945
Due to other governments	731,012		
Unearned revenue	1,964,966		
Deposits			20,486,513
Accrued bond interest			1,666,680
Bonds	3,170,000		3,960,000
Notes	37,394,250		
Total liabilities	<u>43,769,969</u>	<u>-</u>	<u>26,118,138</u>
Net Assets:			
Held in trust for:			
Individuals, organizations and other governments	(25,759,119)		
Pension benefits and other purposes		35,737,885	
	<u>\$ (25,759,119)</u>	<u>\$ 35,737,885</u>	<u>\$ -</u>

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

CITY OF BAKERSFIELD

Statement of Changes in Fiduciary Net Assets**Fiduciary Funds****For the Fiscal Year Ended June 30, 2012**

	<u>Private Purpose Trust Funds</u>	<u>Pension and Other Employee Benefit Trust Funds</u>
Additions:		
Contributions to pooled investments	\$	\$ 16,358,494
Developers fees	673,686	
Successor Agency property tax deposits	1,343,525	
Intergovernmental	3,120,087	
Charges for service/capital lease revenue	1,676,775	
Other Income	6,922	
Interest and investment income, net	149,060	1,301,875
Total additions	<u>6,970,055</u>	<u>17,660,369</u>
Deductions:		
Benefits		3,385,408
Purchase of uninhabited land	6,833,569	
Obligation Retirement	3,779,827	
Administrative expense		105,317
Total deductions	<u>10,613,396</u>	<u>3,490,725</u>
Change in net assets before extraordinary items	<u>(3,643,341)</u>	<u>14,169,644</u>
Extraordinary items:		
Extraordinary loss on dissolution of redevelopment agency	<u>(41,797,665)</u>	
Total extraordinary items	<u>(41,797,665)</u>	<u>-</u>
Change in net assets	<u>(45,441,006)</u>	<u>14,169,644</u>
Net assets - beginning of year	<u>19,681,887</u>	<u>21,568,241</u>
Net assets - end of year	<u>\$ (25,759,119)</u>	<u>\$ 35,737,885</u>

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



CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Description of Reporting Entity

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

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

Discretely Presented Component Unit

The Bakersfield Redevelopment Agency (Agency) was responsible for the development and financing of projects within the Southeast Bakersfield Redevelopment Project Area, the Old Town Kern - Pioneer Redevelopment Project Area, and the Downtown Bakersfield Redevelopment Project Area. The Agency was governed by a board comprised of members appointed by the City Council. However, the Agency was financially accountable to the City because the City Council approved the Agency's budget.

The Redevelopment Restructuring Act passed by the State in June 2011 dissolved all redevelopment agencies in California. As a result the Agency ceased to exist as of February 1, 2012. Activities through the dissolution date are recorded in the discretely presented unit section of the Government-wide financial statements. All assets, liabilities and approved obligations have been shifted to the City acting as Successor Agency. Former Housing assets and liabilities were shifted to the City acting as the Successor Housing Agency and are recorded in the Special Revenue section of this report. All other activities of the Successor Agency are recorded in the Fiduciary section of this report. The Successor Agency activities are monitored by an oversight board consisting of representatives from the City, County of Kern, the Kern County Superintendent of Schools, the Kern Community College District, and the Kern Vector Control District.

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

The Government-Wide financial statements (the statement of net assets and the statement of activities) report information of all of the non-fiduciary activities of the primary government and its component units. For the most part, eliminations have been made to minimize the double counting on internal activities. Internal activity for services provided and used that is not eliminated includes water, solid waste and sewer services provided to

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

various other functions of the government. These statements distinguish between the *governmental* and *business-type activities* of the City and between the City and its discretely presented component unit. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

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

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

Governmental Fund Financial Statements

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

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

The City reports the following major governmental funds:

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

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

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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.

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

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

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

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

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

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

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

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

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

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

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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

C. Basis of Accounting

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

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.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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

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

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

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

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

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

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

The LAIF has oversight by the Local Investment Advisory Board. The LAIF Board consists of five members as designated by Statute. The Chairman is the State Treasurer, or his designated representative. Two members qualified by training and experience in the field of investment 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.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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

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

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

Receivables

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

Inventory and Prepaid Items

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

Capital Assets

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

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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

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

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

Long-Term Obligations

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

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

Net Assets/Fund Balance

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

- *Invested in Capital Assets, Net of Related Debt* - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* - This category represents net assets of the City, not restricted for any project or other purpose.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of June 30, 2012, net assets are as follows:

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Invested in capital assets, net of related debt	\$ 1,259,429,698	\$ 650,440,273	\$ 1,909,869,971
Restricted	23,252,930	22,883,771	46,136,701
Unrestricted	165,661,544	100,529,044	266,190,588
Total net assets	<u>\$ 1,448,344,172</u>	<u>\$ 773,853,088</u>	<u>\$ 2,222,197,260</u>

In March 2009, the Governmental Accounting Standards Board (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.
- *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 the adoption of the budget (and subsequent budget amendments) as well as by approval of contracts for services and supplies that require City Council authorization. Fund balance assignments are made by agreements entered into by department heads, and their designees, for specific purposes. Assignments are generally temporary, as such, additional action is not usually needed for assignments to be removed.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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

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 AccountabilityBudgets and Budgetary Accounting

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

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2012 the City Council approved \$51,222,849 of increases to the originally adopted budget, excluding carryovers of prior year encumbered balances and selected capital appropriations.

Deficit Net Assets

The Self Insurance Internal Service Fund reported a deficit in net assets of \$70,306 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.

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, 2012, expenditures exceeded appropriations in the Transient Occupancy Taxes Fund by \$156,567. This over-expenditure occurred because of more events taking place at the Rabobank Arena and Convention Center facility than budgeted for. These events required more staffing and equipment rentals costs to be incurred while at the same time resulted in higher revenues from events than anticipated. This is technically considered a budgetary violation and management will take steps to review periodic budget reports ensure compliance in the future.

F. New Accounting Pronouncements

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

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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

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

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The City has elected not to early implement Statement No. 63 and has not determined its effects on the City's financial statements.

In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 5*. This statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. The City has elected not to early implement Statement No. 64 and has not determined its effects on the City's financial statements.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The City has elected not to early implement Statement No. 65 and has not determined its effects on the City's financial statements.

In March 2012, GASB issued 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, 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 City has elected not to early implement Statement No. 66 and has not determined its effects on the City's financial statements.

In June 2012, GASB issued 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. The City has elected not to early implement Statement No. 67 and has not determined its effects on the City's financial statements.

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 Statement No. 68 and has not determined its effects on the City's financial statements.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

Statement of net assets:		
Cash and investments	\$	303,761,775
Fiduciary funds:		
Cash and investments		74,504,772
Retirement system investments		<u>1,026,520</u>
	\$	<u>379,293,067</u>

Cash and investments as of June 30, 2012 consist of the following:

Cash on hand	\$	695,703
Deposits with financial institutions		3,087,357
Investments		375,205,557
GASB 31 Market Value Adjustment		<u>304,450</u>
	\$	<u>379,293,067</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.

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

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

Investment Authorized by Debt Agreements

The City and its Component Units have \$399,462 in investments held by bond trustees pledged to the payment or security of certain debt issues. These investments are held in direct obligations of, or obligations that are fully guaranteed as to principal and interest by, the United States Government or an agency thereof. The California Government Code provides that monies held by a bond trustee pledged to the payment or security of debt issues, in absent specific statutory provisions governing the issuance of the debt, may be invested in accordance with the ordinances, resolutions, or indentures specifying the types of investments the respective bond issue's trustee may make. The obligations described above are authorized per the investment agreements with the bond trustees and include, but are not limited to, Federal Land Bank Bonds, Federal Home Loan Bank notes and bonds, Export-Import Bank notes and guaranteed participation certificates, obligations of or fully guaranteed by the Government National Mortgage Association, Federal National Mortgage Association notes, debentures and guaranteed certificates of participation, obligations of the International Bank of Reconstruction and Development and Federal Home Loan Mortgage Corporation notes, debentures and guaranteed certificates of participation.

Interest Rate Risk

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

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

Investment Type	Remaining Maturity (In Months)			
	12 Months Or Less	13 To 24 Months	25-60 Months	More Than 60 Months
U.S. Government Agency Obligations:				
Federal Farm Credit Bank	\$ 37,998,750	3,000,000	-	34,998,750
Federal Home Loan Bank	50,000,000	-	20,000,000	30,000,000
Federal Home Loan Mortgage Corp.	25,000,000	-	10,000,000	15,000,000
Federal National Mortgage Assn.	55,995,000	6,000,000	5,000,000	44,995,000
Commercial Paper	0	-	-	-
Bankers Acceptances	0	-	-	-
Time Certificates of Deposit	42,018,639	42,018,639	-	-
U.S. Treasury Bills, Notes, and Bonds	0	-	-	-
Local Agency Investment Fund	98,314,607	98,314,607	-	-
Mutual Funds (1)	65,479,099	65,479,099	-	-
Investment Contracts	399,462	-	-	399,462
Total	\$ <u>375,205,557</u>	<u>214,812,345</u>	<u>35,000,000</u>	<u>124,993,750</u> <u>399,462</u>

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

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)**Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations**

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

Credit Risk

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

Investment Type	Minimum Legal Rating	Remaining as of the Year-End		
		AAA	Aa	Not Rated
U.S. Government Agency Obligations:				
Federal Farm Credit Bank	\$ 37,998,750	37,998,750	-	-
Federal Home Loan Bank	50,000,000	50,000,000	-	-
Federal Home Loan Mortgage Corp.	25,000,000	25,000,000	-	-
Federal National Mortgage Assn.	55,995,000	55,995,000	-	-
Commercial Paper	0	-	-	-
Bankers Acceptances	0	-	-	-
Time Certificates of Deposit	42,018,639	-	-	42,018,639
U.S. Treasury Bills, Notes, and Bonds	0	-	-	-
Local Agency Investment Fund	98,314,607	-	-	98,314,607
Mutual Funds (1)	65,479,099	65,479,099	-	-
Investment Contracts	399,462	-	-	399,462
Total	\$ <u>375,205,557</u>	<u>234,472,849</u>	<u>0</u>	<u>140,732,708</u>

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

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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.

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Percentage</u>
Federal Farm Credit Bank	Federal Agency Securities	\$37,998,750	10%
Federal Home Loan Bank	Federal Agency Securities	50,000,000	13%
Federal Home Loan Mortgage Corp.	Federal Agency Securities	25,000,000	7%
Federal National Mortgage Assn.	Federal Agency Securities	55,995,000	15%

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, 2012, all of the City's deposits with financial institutions in excess of federal depository insurance limits were held in fully collateralized accounts, as permitted by the California Government Code. As of June 30, 2012, all of the City's investments were held by the City itself or by a broker-dealer (counterparty) other than the broker-dealer used by the City to purchase the securities in the City's name.

Investment in State Investment Pool

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

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 3 - COMPOSITION OF ACCOUNTS RECEIVABLE AND PAYABLE BALANCES

Accounts receivable at June 30, 2012 of the City's major individual funds and non-major and internal service funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

Accounts Receivable - Governmental Funds:	General Fund	Transient	Community	Gas Tax & Road Fund	Non-Major Governmental Funds	Capital Outlay Fund	Internal Service Funds	Total Governmental Activities
		Occupancy Taxes Fund	Development Block Grant Fund					
Taxes	\$ -	\$ 1,069,617	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,069,617
Accounts	1,542,643	-	8,023,476	22,031	8,527,535	578,075	263,535	18,957,295
Gross Receivables	1,542,643	1,069,617	8,023,476	22,031	8,527,535	578,075	263,535	20,026,912
Less: Allowance for Uncollectible	-	-	-	-	-	-	(170,547)	(170,547)
Total Accounts Receivable - Net	\$ 1,542,643	\$ 1,069,617	\$ 8,023,476	\$ 22,031	\$ 8,527,535	\$ 578,075	\$ 92,988	\$ 19,856,365

Accounts Receivable - Proprietary Funds:	Wastewater	Refuse	Agricultural	Domestic	General	Offstreet	Total
	Treatment Fund	Collection Fund	Water Fund	Water Fund	Aviation Fund	Parking Fund	Business-Type Activities
Accounts	\$ 1,708,779	\$ 879,643	\$ 1,292,869	\$ 1,828,716	\$ 5,082	\$ 13,882	\$ 5,728,971
Gross Receivables	1,708,779	879,643	1,292,869	1,828,716	5,082	13,882	5,728,971
Less: Allowance for Uncollectible	-	-	-	-	-	-	-
Total Accounts Receivable - Net	\$ 1,708,779	\$ 879,643	\$ 1,292,869	\$ 1,828,716	\$ 5,082	\$ 13,882	\$ 5,728,971

Accounts payable and accrued liabilities at June 30, 2012 are composed of the following:

Accounts Payable and Accrued Liabilities - Governmental Activities:	General Fund	Transient	Community	Gas Tax & Road Fund	Capital Outlay Fund
		Occupancy Taxes Fund	Development Block Grant Fund		
Accounts payable	\$ 6,067,138	\$ 397,389	\$ 294,390	\$ 13,215,906	\$ 2,247,345
Due to federal government					9,239
Due to other governments	11,858				-
Total Accounts Payable and Accrued Liabilities	\$ 6,078,996	\$ 397,389	\$ 294,390	\$ 13,215,906	\$ 2,256,584

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

Accounts Payable and

Accrued Liabilities - Governmental Activities: -(Continued)	Park Improvement Fund	Transportation Development Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities
Accounts payable	\$ 506,730	\$ 2,531,951	\$ 279,826	\$ 2,325,950	\$ 27,866,625
Due to federal government					9,239
Due to other governments			9,352		21,210
Total Accounts Payable and Accrued Liabilities	\$ 506,730	\$ 2,531,951	\$ 289,178	\$ 2,325,950	\$ 27,897,074

Accounts Payable and Accrued Liabilities - Business-Type Activities:	Wastewater Treatment Fund	Refuse Collection Fund	Agricultural Water Fund	Domestic Water Fund	General Aviation Fund	Offstreet Parking Fund	Total Business-Type Activities
Accounts payable	\$ 1,356,666	\$ 2,575,361	\$ 238,278	\$ 2,524,635	\$ 8,126	\$ 1,332	\$ 6,704,398
Accrued interest	2,757,077						2,757,077
Total Accounts Payable and Accrued Liabilities	\$ 4,113,743	\$ 2,575,361	\$ 238,278	\$ 2,524,635	\$ 8,126	\$ 1,332	\$ 9,461,475

NOTE 4 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2012 are comprised of the following:

	Federal Government	State of California	County Agencies	Total Governmental Activities	Business-Type Activities	Total Reporting Entity
SB90 Claims	\$ -	\$ 3,432,613	\$ -	\$ 3,432,613	\$ -	\$ 3,432,613
Proposition 1A		6,738,432		6,738,432		6,738,432
Sales Tax		7,841,536		7,841,536		7,841,536
Property Tax			294,125	294,125	1,568,693	1,862,818
Public Employee Retirement System		74,589		74,589		74,589
Department of Fish and Game		562,163		562,163		562,163
Emergency Management Agency		32,056		32,056		32,056
State Superior Courts		50,701		50,701		50,701
Department of Housing & Community Development	1,824			1,824		1,824
Department of Justice	512,536			512,536		512,536
Department of Transportation Economic & Community Development	13,322,056	27,742,745		41,064,801	25,299	41,090,100
Kern Council of Governments			11,018	11,018		11,018
Kern County Animal Control			13,145	13,145		13,145
Kern County Fire			343,069	343,069		343,069
Kern County Public Works			509,378	509,378		509,378
Totals	\$ 15,569,195	\$ 46,474,835	\$ 1,170,735	\$ 63,214,765	\$ 1,593,992	\$ 64,808,757

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 4 - DUE FROM OTHER GOVERNMENTS (Continued)**Proposition 1A Borrowing**

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

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

NOTE 5 - CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2012 were as follows:

	Balance June 30, 2011	Adjustments	Addition	Retirement	Balance June 30, 2012
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 418,488,573	\$ -	\$ 2,839,432	\$ -	\$ 421,328,005
Construction in progress	47,694,425		5,904,257	30,876,285	22,722,397
Total capital assets, not being depreciated	466,182,998	-	8,743,689	30,876,285	444,050,402
Capital assets, being depreciated					
Buildings, structures and improvements	140,818,690		301,716		141,120,406
Infrastructure	1,328,290,358		50,098,953		1,378,389,311
Rolling equipment	60,169,068		4,658,692	2,761,386	62,066,374
Furniture and other equipment	28,759,650		3,756,158	12,216	32,503,592
Total capital assets, being depreciated	1,558,037,766	-	58,815,519	2,773,602	1,614,079,683
Less accumulated depreciation for					
Buildings, structures and improvements	(52,543,625)		(3,976,686)		(56,520,311)
Infrastructure	(599,267,921)		(52,516,354)		(651,784,275)
Rolling equipment	(40,084,023)	9,736	(5,389,016)	(2,689,198)	(42,774,105)
Furniture and other equipment	(19,404,591)	(9,736)	(1,137,846)	(12,216)	(20,539,957)
Total accumulated depreciation	(711,300,160)	-	(63,019,902)	(2,701,414)	(771,618,648)
Total capital assets, being depreciated, net	846,737,606	-	(4,204,383)	72,188	842,461,035
Governmental activities capital assets, net	\$ 1,312,920,604	\$ -	\$ 4,539,306	\$ 30,948,473	\$ 1,286,511,437

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

	Balance June 30, 2011	Adjustments	Addition	Retirement	Balance June 30, 2012
Business-Type activities					
Capital assets, not being depreciated					
Land	\$ 25,237,947	\$ -	\$ 376,116	\$ -	\$ 25,614,063
Water rights	31,476,906				31,476,906
Construction in progress	17,604,133		10,630,973	4,989,183	23,245,923
Total capital assets, not being depreciated	<u>74,318,986</u>	<u>-</u>	<u>11,007,089</u>	<u>4,989,183</u>	<u>80,336,892</u>
Capital assets, being depreciated					
Buildings, structures and improvements	297,956,579		3,007,455		300,964,034
Infrastructure	727,244,890		8,388,709		735,633,599
Equipment	68,342,483		171,231		68,513,714
Total capital assets, being depreciated	<u>1,093,543,952</u>	<u>-</u>	<u>11,567,395</u>	<u>-</u>	<u>1,105,111,347</u>
Less accumulated depreciation for					
Buildings, structures and improvements	(64,694,623)		(7,732,987)		(72,427,610)
Infrastructure	(192,741,948)		(11,545,098)		(204,287,046)
Equipment	(9,053,380)		(3,802,472)		(12,855,852)
Total accumulated depreciation	<u>(266,489,951)</u>	<u>-</u>	<u>(23,080,557)</u>	<u>-</u>	<u>(289,570,508)</u>
Total capital assets, being depreciated, net	<u>827,054,001</u>	<u>-</u>	<u>(11,513,162)</u>	<u>-</u>	<u>815,540,839</u>
Business-type activities capital assets, net	<u>\$ 901,372,987</u>	<u>\$ -</u>	<u>\$ (506,073)</u>	<u>\$ 4,989,183</u>	<u>\$ 895,877,731</u>

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

	Amortization	Depreciation	Total
Governmental functions:			
General government	\$ -	\$ 137,202	\$ 137,202
Public safety - Police		507,518	507,518
Public safety - Fire		813,446	813,446
Public works		58,377,166	58,377,166
Community services		3,076,568	3,076,568
Development services		55,545	55,545
Economic and Community Development		52,457	52,457
Total	<u>\$ -</u>	<u>\$63,019,902</u>	<u>\$ 63,019,902</u>
Business-type functions:			
Wastewater treatment	\$ -	\$18,175,754	\$ 18,175,754
Agricultural water		521,270	521,270
Domestic water		4,131,308	4,131,308
General aviation		176,495	176,495
Offstreet parking		75,730	75,730
Total	<u>\$ -</u>	<u>\$23,080,557</u>	<u>\$ 23,080,557</u>

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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, 2011	Additions	Deletions	Balance at June 30, 2012
Successor Agency - Land held for resale	\$ -	\$ 2,429,261 *	\$ -	\$ 2,429,261
	\$ -	\$ 2,429,261	\$ -	\$ 2,429,261

* Land was purchased by the former redevelopment agency and has been transferred to the City.

NOTE 7 - OTHER LONG-TERM RECEIVABLES

Other long-term receivables consist of the following:

Governmental Activities

Loans receivable in the equipment management internal service fund due from the Bakersfield Redevelopment Agencies Southeast Project Area for the Mill Creek South mixed use development project. This loan has a 4% interest rate and an eight year payment period per Agreement 06-124.	\$ 3,225,080
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).	3,634,194
Creekview Villas, LLC, upon sale of restricted unit, 1/36 principal forgiven. Repayment to begin after recording of notice of completion.	2,588,849
Mercy Housing, Madison Place Apartments, 55 year term, with 1/55 will be forgiven each year of compliance to agreement.	316,448
Amcal Santa Fe Apartments, 55 year term, repayment begins from residual receipts following the date that the housing project is put in service.	134,691
Down payment assistance loans	227,342
19th Street Senior Plaza, LLC, a 55 year loan term upon recordation of Certificate of Completion.	1,688,374

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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.	471,380
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%.	770,664
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	<u>14,357,022</u>
Current portion	100,447
Long-term portion	<u>14,256,575</u>
Total governmental activities receivable	<u>14,357,022</u>

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. \$ 45,157

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. 1,358,786

Various long-term receivables in the Domestic Water Fund relate to contracts under which the City has agreed to provide future water services to properties to be developed and the land owners have agreed to pay the receivable amounts upon filing of tract maps. The amounts due are liens against the respective properties upon execution of the agreements. The revenues related to these contracts are deferred. 224,475

Total business-type noncurrent receivables \$ 1,628,418

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 8 - INTERFUND TRANSACTIONS

Interfund transactions are comprised of loans, services provided, reimbursements, or transfers. Loans are reported as amounts “due to/due from” other funds or as “advances,” as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental 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, 2012 were:

Fund	Due from Other Funds	Due to Other Funds
Governmental Funds:		
Major Funds:		
General Fund	\$ 19,170,277	\$ -
Community Development Block Grant Fund		1,195,613
Gas Tax & Road Fund		17,601,300
Non-Major Fund:		
American Reinvestment & Recovery Act Fund		373,364
	<u>\$ 19,170,277</u>	<u>\$ 19,170,277</u>

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

Interfund transfers at June 30, 2012 consisted of the following:

	Transfers In	Transfers Out
Governmental Funds:		
Major Funds:		
General Fund	\$ 1,500,000	\$ 6,917,060
Gas Tax & Road Fund		
Transient Occupancy Taxes Fund		3,500,000
Community Development Block Grant Fund		585,865
Capital Outlay Fund	9,501,630	201,630
Non-Major Funds:		
Traffic Safety Fund		1,500,000
General Obligation Debt Fund	585,865	
Proprietary Funds:		
Major Funds:		
Refuse Collection Fund		29,000
Agricultural Water Fund		25,000
Offstreet Parking Fund	20,000	
Internal Service Funds:		
Self-Insurance Fund	800,000	
Equipment Management Fund	351,060	
	<u>\$ 12,758,555</u>	<u>\$ 12,758,555</u>

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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

- The \$1,500,000 transfer in to the General Fund is a transfer from the Traffic Safety Fund to subsidize cost of the traffic division of the police department for parking fine violations.
- The \$7,098,690 transfer from the General Fund includes a transfer to the Capital Outlay Fund of \$5,350,000 for the utility franchise fee revenue received that is set aside for freeway construction projects within the City, a \$800,000 transfer to the Self-Insurance Fund to cover shortages in the fund, a transfer to the Equipment Management Fund of \$297,060 for the purchase of equipment in various departments, and a transfer of \$651,630 to the Capital Outlay Fund to fund capital improvement projects.
- The \$3,500,000 transfer from the Transient Occupancy Taxes Fund to the Capital Outlay Fund is to fund a number of capital projects.
- The \$585,865 transfer from the Community Development Block Grant (CDBG) Fund to the General Obligation Debt Fund is for the repayment of a Section 108 loan.
- The \$20,000 transfer from the Capital Outlay Fund to the Offstreet Parking Fund is to cover the cost of repairs needed in the downtown parking facility.
- The transfers from the Refuse Collection Fund (\$29,000) and the Agricultural Water Fund (\$25,000) to the Equipment Management Fund are to purchase additional equipment for those operations.

NOTE 9 – DEFERRED/UNEARNED REVENUE

The following table summarizes deferred revenue for the City at June 30, 2012:

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

Governmental activities:	<u>Unearned</u>	<u>Unavailable</u>
General Fund		
Dog License	\$ 123,534	\$ -
California Water Receivable		309,319
Code Enforcement Receivable		16,190
Police Service Receivable		147,815
State Agencies (SB90)		3,432,613
State Agencies (Prop 1A)		6,738,432
Business License	1,543,776	
General Fund Total	<u>1,667,310</u>	<u>10,644,369</u>
Community Development Block Grant Fund - Deferred loans		11,655,094
Gas Tax & Road Fund		22,031
Capital Outlay Fund		120,000
Non-Major Funds: National Stabilization		8,386,159
State Transportation -- Grants advanced	88,099	
Redevelopment Successor Agency - Housing	7,497,748	
Total Governmental Activities	<u>\$ 9,253,157</u>	<u>\$ 30,827,653</u>

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 9 – DEFERRED/UNEARNED REVENUE (Continued)

Business-type activities:	<u>Unavailable</u>
Wastewater Treatment	\$ 1,358,786
Refuse Collection	40,192
Domestic Water	224,475
Total Business-Type Activities	<u>\$ 1,623,453</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 \$21,664,941. The total lease obligation for the term of this agreement is as follows:

Year ending	<u>Business-Type Activities</u>		
	<u>Lease</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 490,747	\$ 982,448	\$ 1,473,195
2014	509,258	961,060	1,470,318
2015	529,179	940,831	1,470,010
2016	556,211	915,710	1,471,921
2017	579,868	894,983	1,474,851
2018-2022	3,216,947	4,136,910	7,353,857
2023-2027	3,837,931	3,519,571	7,357,502
2028-2032	4,879,088	2,489,263	7,368,351
2033-2037	5,920,711	1,166,811	7,087,522
2038-2042	1,145,000	57,250	1,202,250
Totals	<u>\$ 21,664,941</u>	<u>\$ 16,064,837</u>	<u>\$ 37,729,778</u>

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 11 - LONG-TERM DEBT

Long-term debt transactions for the fiscal year ending June 30, 2012 are summarized below:

	Governmental Activities	Business-Type Activities			Total Government
		General Obligations	Revenue Obligations	Total	
Payable at June 30, 2011:					
Bonds (inc. unamortized premium)	\$ -	\$ -	\$ 238,994,444	\$ 238,994,444	\$ 238,994,444
Certificates of Participation				-	-
Notes	5,167,000	7,521,262		7,521,262	12,688,262
Contracts/Loans	-	92,588		92,588	92,588
Claims and Judgments Payable	27,322,281			-	27,322,281
Net Post-Emp. Benefit Obligation	9,683,090			-	9,683,090
Compensated Absences	13,030,014	2,107,919		2,107,919	15,137,933
Subtotal	55,202,385	9,721,769	238,994,444	248,716,213	303,918,598
New debt incurred:					
Bonds			25,000,000	25,000,000	25,000,000
Certificates of Participation*	24,710,000				24,710,000
Contracts/Loans		40,919		40,919	40,919
Claims and Judgments Payable	1,161,152			-	1,161,152
Compensated Absences	7,973,214	1,337,299		1,337,299	9,310,513
Subtotal	33,844,366	1,378,218	25,000,000	26,378,218	60,222,584
Principal reductions:					
Bonds (inc. unamortized premium)			46,991,063	46,991,063	46,991,063
Certificates of Participation*	-			-	-
Notes	366,000	752,126		752,126	1,118,126
Net Post-Emp. Benefit Obligation	8,996,351			-	8,996,351
Compensated Absences	7,190,231	1,179,434		1,179,434	8,369,665
Subtotal	16,552,582	1,931,560	46,991,063	48,922,623	65,475,205
Payable at June 30, 2012:					
Bonds (inc. unamortized premium)			217,003,381	217,003,381	217,003,381
Certificates of Participation	24,710,000			-	24,710,000
Notes	4,801,000	6,769,136		6,769,136	11,570,136
Contracts/Loans		133,507		133,507	133,507
Claims and Judgments Payable	28,483,433			-	28,483,433
Net Post-Emp. Benefit Obligation	686,739			-	686,739
Compensated Absences	13,812,997	2,265,784		2,265,784	16,078,781
Total Payables	\$ 72,494,169	\$ 9,168,427	\$ 217,003,381	\$ 226,171,808	\$ 298,665,977

* - Certificates of Participation in governmental activities is debt previously reported as debt of the former redevelopment agency. The 2011-12 principal reduction was paid by the former agency prior to the February 1, 2012 dissolution date.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 11 - LONG-TERM DEBT (Continued)

	Business-Type Activities				Total Government
	Governmental Activities	General Obligations	Revenue Obligations	Total	
Due Within One Year					
Bonds (inc. unamortized premium)	\$ -	\$ -	\$ 3,176,063	\$ 3,176,063	\$ 3,176,063
Certificates of Participation	1,985,000			-	1,985,000
Notes	378,000	752,126		752,126	1,130,126
Contracts/Loans		133,507		133,507	133,507
Claims and Judgments Payable	8,775,433			-	8,775,433
Compensated Absences	7,583,260	1,777,688		1,777,688	9,360,948
Total Due Within One Year	\$ 18,721,693	\$ 2,663,321	\$ 3,176,063	\$ 5,839,384	\$ 24,561,077
Due in More Than One Year					
Bonds (inc. unamortized premium)	\$ -	\$ -	\$ 213,827,318	\$ 213,827,318	\$ 213,827,318
Certificates of Participation	22,725,000			-	22,725,000
Notes	4,423,000	6,017,010		6,017,010	10,440,010
Contracts/Loans				-	-
Claims and Judgments Payable	19,708,000			-	19,708,000
Net Post-Emp. Benefit Obligation	686,739			-	686,739
Compensated Absences	6,229,737	488,096		488,096	6,717,833
Total Due in More Than One Year	\$ 53,772,476	\$ 6,505,106	\$ 213,827,318	\$ 220,332,424	\$ 274,104,900

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, 2012 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 2034; interest ranging from 4.125% to 5.000%. (This issue is serviced by the Wastewater Treatment Fund.) \$ 184,720,000

\$25,000,000 Wastewater Revenue Bonds 20012 Series A - the 2007 Series B bonds were refunded in 2012 with a partial bond call of \$18,730,000 of that previous debt issuance. Annual principal installments are \$11,590,000 and \$13,410,000 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.) 25,000,000

Unamortized Bond Premium on Wastewater Revenue Bonds 7,283,381

Total Bonds \$ 217,003,381

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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%.

\$ 17,980,000

\$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 5.000%.

6,730,000

Total Certificates of Participation

\$ 24,710,000

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 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%.

\$ 2,806,000

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, 2004 through August 2023; interest ranging from 1.61% to 4.76%.

568,000

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 2009 - due in annual principal installments of \$140,000 to \$230,000 commencing August 2010 through August 2021; interest ranging from 0.56% to 3.73%.

1,427,000

General obligation notes serviced by Business-Type Activities:

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

6,769,136

Total general obligation notes/loans payable

\$ 11,570,136

Compensated Absences:

Governmental Activities

\$ 13,812,997

Business-type Activities

2,265,784

Total compensated absences - Primary Government/Reporting Entity

\$ 16,078,781

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 11 - LONG-TERM DEBT (Continued)

A summary of the City's debt service requirements outstanding at June 30, 2012 is as follows:

	<u>Total Government</u>
Principal:	
Governmental Activities	\$ 72,494,169
Business-Type Activities:	
General Obligations	9,168,427
Revenue Obligations	<u>217,003,381</u>
Subtotal - Principal	<u>298,665,977</u>
Less: Claims and Judgments Payable included above that bear no interest and have no schedule of repayment terms	28,483,433
Less: Net Post-Employment Benefit Obligation	686,739
Less: Kern River Levee District Payable included above that bears no interest and has no schedule of repayment terms	133,507
Less: Unamortized premium for Wastewater revenue bond	7,283,381
Less: Compensated Absences included above that bear no interest and have no schedule of repayment terms	<u>16,078,781</u>
Total principal with scheduled repayment terms	246,000,136
Interest on Obligations	<u>137,071,309</u>
Total debt service requirements	<u><u>\$ 383,071,445</u></u>

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

The annual requirement to amortize the principal and interest on long-term debt at June 30, 2012 is as follows:

Year ending	Government-Type Activities			Government-Type Activities		
	Principal			Interest		
	Bonds/COP	Notes/Loans	Total	Bonds	Notes/Loans	Total
2013	\$ 1,985,000	\$ 378,000	\$ 2,363,000	\$ 1,154,576	\$ 208,423	\$ 1,362,999
2014	2,085,000	389,000	2,474,000	1,058,000	195,433	1,253,433
2015	2,180,000	401,000	2,581,000	965,150	180,887	1,146,037
2016	2,285,000	413,000	2,698,000	856,150	164,823	1,020,973
2017	2,390,000	427,000	2,817,000	741,900	147,134	889,034
2018-2022	13,785,000	2,354,000	16,139,000	1,884,175	420,044	2,304,219
2023-2027	-	439,000	439,000	-	15,865	15,865
Totals	\$ 24,710,000	\$ 4,801,000	\$ 29,511,000	\$ 6,659,951	\$ 1,332,609	\$ 7,992,560

Year ending	Business-Type Activities			Business-Type Activities		
	Principal			Interest		
	Bonds/COP	Notes/Loans	Total	Bonds	Notes/Loans	Total
2013	\$ 2,845,000	\$ 752,126	\$ 3,597,126	\$ 9,439,838	\$ 150,429	\$ 9,590,267
2014	3,260,000	752,126	4,012,126	9,300,294	150,429	9,450,723
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
2018-2022	34,515,000	3,008,506	37,523,506	38,448,563	601,714	39,050,277
2023-2027	47,945,000	-	47,945,000	28,123,625	-	28,123,625
2028-2032	62,315,000	-	62,315,000	14,410,375	-	14,410,375
2033-2037	42,950,000	-	42,950,000	1,361,195	-	1,361,195
2038-2041	-	-	-	-	-	-
Totals	\$ 209,720,000	\$ 6,769,136	\$ 216,489,136	\$ 127,724,890	\$ 1,353,859	\$ 129,078,749

Year Ending	Reporting Entity			Reporting Entity		
	Principal			Interest		
	Bonds/COP	Notes/Loans	Total	Bonds/COP	Notes/Loans	Total
2013	\$ 4,830,000	\$ 1,130,126	\$ 5,960,126	\$ 10,594,414	\$ 358,852	\$ 10,953,266
2014	5,345,000	1,141,126	6,486,126	10,358,294	345,862	10,704,156
2015	6,540,000	1,153,126	7,693,126	10,091,306	331,316	10,422,622
2016	7,760,000	1,165,126	8,925,126	9,753,056	315,252	10,068,308
2017	8,445,000	1,179,126	9,624,126	9,359,838	297,563	9,657,401
2018-2022	48,300,000	5,362,506	53,662,506	40,332,738	1,021,758	41,354,496
2023-2027	47,945,000	439,000	48,384,000	28,123,625	15,865	28,139,490
2028-2032	62,315,000	-	62,315,000	14,410,375	-	14,410,375
2033-2037	42,950,000	-	42,950,000	1,361,195	-	1,361,195
2038-2041	-	-	-	-	-	-
Totals	\$ 234,430,000	\$ 11,570,136	\$ 246,000,136	\$ 134,384,841	\$ 2,686,468	\$ 137,071,309

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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.

NOTE 13 – FUND BALANCES

Fund balances for all major and non-major governmental funds as of June 30, 2012 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
Nonspendable									
Prepays/Deposits	\$ 11,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,975
Subtotal	11,975	-	-	-	-	-	-	-	11,975
Restricted									
Development services			245,352					4,545,698	4,791,050
Public safety - Police								1,241,725	1,241,725
Public safety - Fire								157,820	157,820
Public works				10,265,535				6,796,800	17,062,335
Subtotal	-	-	245,352	10,265,535	-	-	-	12,742,043	23,252,930
Committed									
General government	168,435								168,435
Public safety - Police	65,161								65,161
Public safety - Fire	33,000				149,531				182,531
Public works					7,098,635		39,342,734		46,441,369
Community services		101,042			358,448	4,669,579			5,129,069
Development services					476,258				476,258
Cash basis reserve	12,548,286								12,548,286
Facility replacement reserve					4,818,370				4,818,370
Appropriation for next year's budget	24,824,477								24,824,477
Subtotal	37,639,359	101,042	-	-	12,901,242	4,669,579	39,342,734	-	94,653,956
Assigned									
General government	976,066								976,066
Public safety - Police	1,756,103								1,756,103
Public safety - Fire	1,481,221				341,550				1,822,771
Public works	1,467,305				2,239,149				3,706,454
Community services	767,370	4,842,526			523,488	2,266,076			8,399,460
Development services	716,386				878,960				1,595,346
Economic/Community Dev.	117,339								117,339
Subtotal	7,281,790	4,842,526	-	-	3,983,147	2,266,076	-	-	18,373,539
Unassigned	10,476,517	-	-	-	-	-	-	-	10,476,517
	\$ 55,409,641	\$ 4,943,568	\$ 245,352	\$ 10,265,535	\$ 16,884,389	\$ 6,935,655	\$ 39,342,734	\$ 12,742,043	\$ 146,768,917

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 14 - REIMBURSABLE DEVELOPER COSTS

Reimbursable developer costs of \$2,638,040 at June 30, 2012 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.

NOTE 15 - EMPLOYEE RETIREMENT BENEFITS**General**

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

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

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

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

B. Funding Policy

Active plan members in the Miscellaneous Plan are required to contribute 8% of their annual covered salary. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2011/12 was 15.764%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 15 - EMPLOYEE RETIREMENT BENEFITS (Continued)

C. Annual Pension Cost

For the year ended June 30, 2012, the City's annual pension cost of \$7,830,525 for CalPERS was equal to the City's required and actual contributions. The required contribution for fiscal year 2011/12 was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.55% to 14.45%, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 3%. The actuarial value of the Miscellaneous Plan's assets was determined using techniques that smoothed the effects of short-term volatility in the market value of investments over a three year period depending on the size of investment gains and/or losses. The Miscellaneous Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. Based on the most recently completed actuarial valuation, the remaining amortization period at June 30, 2010 was thirty years.

THREE-YEAR TREND INFORMATION FOR THE MISCELLANEOUS PLAN

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2010	\$ 6,541,936	100%	\$ -
6/30/2011	\$ 6,280,709	100%	\$ -
6/30/2012	\$ 7,830,525	100%	\$ -

(UNAUDITED) REQUIRED SUPPLEMENTARY INFORMATION
FUNDED STATUS OF MISCELLANEOUS PLAN

	(A)	(B)	(C)	(D)	(E)	(F)
		Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio [(A)/(B)]	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll $\{[(B)-(A)]/(E)\}$
Actuarial Valuation Date	Actuarial Asset Value					
6/30/2008	\$ 268,316,454	\$ 295,149,767	\$ 26,833,313	90.9%	\$ 50,064,207	53.6%
6/30/2009	\$ 283,394,099	\$ 336,972,452	\$ 53,578,353	84.1%	\$ 52,095,507	102.8%
6/30/2010	\$ 298,395,830	\$ 353,164,518	\$ 54,768,688	84.5%	\$ 50,693,472	108.0%

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

Safety Fire Plan**A. Plan Description**

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

B. Funding Policy

Active Safety Fire Plan members are required to contribute 9% of their annual covered salary towards payment of the annual pension cost. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2011/12 was 25.210%. 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, 2012, the City's annual pension cost of \$3,785,798 for CalPERS was equal to the City's required and actual contributions. The required contribution for fiscal year 2011/12 was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.55% to 13.15%, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 3%. The actuarial value of the Safety Fire Plan's assets was determined using techniques that smoothed the effects of short-term volatility in the market value of investments over a three year period depending on the size of investment gains and/or losses. The Safety Fire Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. Based on the most recently completed actuarial valuation, the remaining amortization period at June 30, 2010, was thirty years.

THREE-YEAR TREND INFORMATION FOR THE SAFETY FIRE PLAN

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2010	\$ 3,152,213	100%	\$ -
6/30/2011	\$ 3,339,747	100%	\$ -
6/30/2012	\$ 3,785,798	100%	\$ -

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 15 - EMPLOYEE RETIREMENT BENEFITS (Continued)(UNAUDITED) REQUIRED SUPPLEMENTARY INFORMATION
FUNDED STATUS OF THE SAFETY FIRE PLAN

	(A)	(B)	(C)	(D)	(E)	(F)
		Entry Age	Unfunded	Funded	Covered	Unfunded
Actuarial	Actuarial	Actuarial	Actuarial	Ratio	Payroll	Actuarial
Valuation	Asset Value	Accrued	Accrued	[(A)/(B)]		Liability as
Date		Liability	Liability			Percentage of
						Covered Payroll
						{{(B)-(A)}/(E)}
6/30/2008	\$ 161,154,797	\$ 179,566,772	\$ 18,411,975	89.7%	\$ 15,278,771	120.5%
6/30/2009	\$ 167,477,452	\$ 190,116,653	\$ 22,639,201	88.1%	\$ 15,524,645	145.8%
6/30/2010	\$ 173,944,069	\$ 196,834,345	\$ 22,890,276	88.4%	\$ 15,009,038	152.5%

Safety Police Plan**A. Plan Description**

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

B. Funding Policy

Active plan members in the Safety Police Plan are required to contribute 9% of their annual covered salary. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members, the actuarial methods and assumptions used are those adopted by the CalPERS Board of administration. The required employer contribution rate for fiscal 2011/12 was 33.511%. The contribution requirements of the plan members are established and may be amended by CalPERS.

C. Annual Pension Cost

For the year ended June 30, 2012, the City's annual pension cost of \$9,524,157 for CalPERS was equal to the City's required and actual contributions. The required contribution for fiscal year 2011/12 was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.55% to 13.15%, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 3%. The actuarial value of the Safety Police Plan's assets was determined using techniques that smoothed the effects of short-term volatility in the market value of investments over a three year period depending on the size of investment gains and/or losses. The Safety Police Plan's unfunded actuarial accrued

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

liability is being amortized as a level percentage of projected payrolls on a closed basis. Based on the most recently completed actuarial valuation, the remaining amortization period at June 30, 2010, was thirty years.

THREE-YEAR TREND INFORMATION FOR THE SAFETY POLICE PLAN

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2010	\$ 7,983,130	100%	\$ -
6/30/2011	\$ 8,292,457	100%	\$ -
6/30/2012	\$ 9,524,157	100%	\$ -

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

	(A)	(B)	(C)	(D)	(E)	(F)
		Entry Age	Unfunded	Funded	Covered	Unfunded
Actuarial Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability	Actuarial Accrued Liability	Ratio [(A)/(B)]	Payroll	Actuarial Liability as Percentage of Covered Payroll $\frac{\{(B)-(A)\}}{(E)}$
6/30/2008	\$ 207,137,825	\$ 265,125,957	\$ 57,988,132	78.1%	\$ 27,284,866	212.5%
6/30/2009	\$ 217,486,909	\$ 286,500,738	\$ 69,013,829	75.9%	\$ 27,322,237	252.6%
6/30/2010	\$ 228,195,091	\$ 299,121,868	\$ 70,926,777	76.3%	\$ 28,008,505	253.2%

Fireman’s Relief and Pension Fund

A. Plan Description

The Fireman’s Relief and Pension Fund (FRPF), a single-employer defined benefit pension plan, is used to account for the accumulation of resources to be used for retirement, disability and death benefits as well as an annual cost-of-living 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, 2012, the most recent actuarial valuation date, there were 6 participants, retired and 100% vested. There is not a separate, audited GAAP-basis pension report available for the Fireman’s Relief and Pension Fund defined benefit pension plan.

B. Funding Policy

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

Through June 30, 1996, an actuarial valuation was performed every three years using the unit-credit method to calculate the costs of the FRPF for pension benefits. Since June 30, 1998, valuations have occurred every two years. The June 30, 2012 valuation used the unprojected unit credit method to calculate the costs for pension benefits.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 15 - EMPLOYEE RETIREMENT BENEFITS (Continued)

The FRPF carried the following investments at June 30, 2012 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	\$ 314,607
Morgan Federal Farm Credit Bank Coupon	\$ 1,000,000

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
06/30/08	1,559,543	1,233,149	(326,394)	126%	-0-	N/A
06/30/08	1,559,543	1,233,149	(326,394)	126%	-0-	N/A
06/30/10	1,447,264	1,146,478	(300,786)	126%	-0-	N/A
06/30/10	1,447,264	1,146,478	(300,786)	126%	-0-	N/A
06/30/11	1,341,914	1,327,284	(14,630)	101%	-0-	N/A

C. Actuarial Methods and Assumptions

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

Valuation date	06/30/12
Actuarial cost method	Unit credit method
Amortization method – UAAL	Average expected future lifetimes of plan participants.
Amortization period	N/A
Actuarial asset valuation method	Fair market value
Actuarial assumptions:	
Investment rate of return	2.1% Compounded annually (4.0% as of 06/30/10)
Projected salary increases	N/A
Post-retirement benefit increases	None
Inflation	3.5%
Mortality	The RP2000 Annuity Table (projected to 2012). (1971 group annuity mortality table set back two years for males and eight years for females, as of 06/30/04.)

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)**A. Plan Description**

In addition to the employee retirement benefits described in Note 15, the City provides a single-employer Post-Employment Retiree Medical Benefit Plan in accordance with a resolution approved by City Council. Two primary plans exist. All employees with a retirement date prior to January 1, 1985 were eligible for benefits upon retirement. Post-1985 employees must retire with fifteen years accumulated service upon retirement to participate. The service requirement is waived for safety employees who retire with a job-related disability.

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

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

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

The City contributes 3% of the lowest single-party rate per year of service to a maximum of 90%. If this dollar amount is greater than the premium for a retiree covered under one of the Medicare Risk plans, the retiree receives a cash reimbursement of the difference to a maximum of \$42.50 per month. The City also contributes 42% of the total FFS premium for all retirees participating in the FFS plan, excluding Miscellaneous employees hired after April 1, 1996 and Safety employees hired after April 1, 1998. The City has approximately 1,428 active employees and 411 retirees as of June 30, 2012. There is not a separate, audited GAAP-basis pension report available for the Post-Employment Retiree Medical Benefit Plan.

B. Funding Policy

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

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

The City's funding policy is to contribute an amount to an irrevocable trust each year equal to 100% of that year's ARC, to the extent funding sources are available to make such contributions. The percentage may be changed from time to time by City Council action. The net other 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.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

<u>Item</u>	<u>FYE 6/30/12</u>	<u>FYE 6/30/11</u>
Annual Required Contributions	\$8,006,053	\$9,495,763
Interest on Net OPEB Obligation/(Asset)	556,778	146,729
Adjustment to Annual Required Contributions	<u>(726,606)</u>	<u>(180,455)</u>
Annual OPEB cost (expense)	\$7,836,225	\$9,462,037
Contributions made	<u>(16,832,576)</u>	<u>(5,509,340)</u>
Increase/(Decrease) in Net OPEB Obligation/(Asset)	(\$8,996,351)	\$3,952,697
Net OPEB Obligation/(Asset)– beginning of year	<u>\$9,683,090</u>	<u>\$5,730,393</u>
Net OPEB Obligation/(Asset) – end of year	\$686,379	\$9,683,090

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, 2010 through 2012 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation/(Asset)</u>
6/30/10	\$9,462,037	\$6,283,456	66.41%	\$5,730,393
6/30/11	\$9,462,037	\$5,509,340	58.23%	\$9,683,090
6/30/12	\$7,836,225	\$16,832,576	214.80%	\$686,379

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2012, the end of the second year of GASB 45 applicability, was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Projected Unit Credit Actuarial Accrued Liability</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
July 1, 2011	\$20,101,236	\$103,754,477	\$83,653,241	19.4%	\$60,284,949	138.8%

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

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

E. Actuarial Methods and Assumptions

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

The plan's most recent actuarial valuation was performed as of July 1, 2011. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 5.75 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate ranging from 12.97 to -6.54 percent, reduced by decrements to an ultimate rate of 5 percent after 10 years. These assumptions reflect an implicit 3.0 percent general inflation assumption. The City's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over 30 years. The remaining amortization period as of June 30, 2012 was 26 years.

NOTE 17 - SPECIAL ASSESSMENT DISTRICTS

In addition to the Long-Term Obligations discussed in Note 11, the following Long-Term Obligations have been issued in the name of Special Assessment Districts or Agencies of the City. Neither the City, nor its Agencies, is obligated in any manner for the repayment of these obligations. The City acts as an agent to property owners for the collection and repayment of Special Assessment Debt.

	<u>Outstanding at</u> <u>06/30/2012</u>
Assessment District 93-3 (Cal/Oak)	\$ 325,000
Assessment District 94-1 (Renfro-Hughes)	230,000
Assessment District 94-2 (Gosford/White)	245,000
Assessment District 94-3 (Silver Creek-Brimhall, North Seven Oaks, South Laurelglen)	1,820,000
Assessment District 96-1 (Brimhall II/Spring Meadows/Fairways/Campus Park)	390,000
Assessment District 97-1 (Spring Meadows II/Stockdale Highway Commerical)	595,000
Assessment District 98-1 (Brimhall IV/Stockdale Commercial/Gosford Industrial)	2,420,000
Assessment District 99-1 (Polo Greens/Riveroaks)	1,070,000
Assessment District 99-2 (Seven Oaks West)	1,970,000
Assessment District 01-1 (Ming at Allen/Mountain Vista; Hampton Place)	1,360,000
Assessment District 01-2 (Seven Oaks West II/Riverwalk/Southern Oaks)	4,175,000
Assessment District 01-3 (Mountain Vista/San Lauren)	3,035,000
Assessment District 02-1 (Avalon/Belsera/Montara/The Woods)	1,205,000
Assessment District 03-1 (Brighton Place /Silver Creek II)	1,880,000
Assessment District 03-2 (Buena Vista Ranch/Belsera II/ Montera II/ Olive Park II)	1,825,000

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 17 - SPECIAL ASSESSMENT DISTRICTS (Continued)

Assessment District 03-3	(Seven Oaks West III/Brighton Place)	4,155,000
Assessment District 04-1	(Countryside/The Homestead)	2,805,000
Assessment District 04-2	(BP/BV/ST@Allen Com)	3,315,000
Assessment District 04-3	(Solera/Rio Vista)	2,610,000
Assessment District 05-1	(City in the Hills)	12,720,000
Assessment District 05-3	(Liberty II/Village Green/Tesoro/Encanto)	5,235,000
Assessment District 06-1	(Etcheverry/Lin II/University Park)	4,130,000
Assessment District 07-2	(Sydney Harbour)	1,885,000
		<u>\$ 59,400,000</u>

NOTE 18 – CITY AS SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY

On December 29, 2011 the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Bakersfield that previously had reported a redevelopment agency within the reporting entity of the City as a discretely presented component unit.

The Bill provides that upon dissolution of a redevelopment agency either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 11, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 010-12.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California could not enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

On June 27, 2012 the California State Legislature passed budget trailer bill AB 1484, the primary purpose of which was to make technical and substantive amendments to the dissolution act AB 1x26. In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency are valid obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that

CITY OF BAKERSFIELDNotes to the Basic Financial Statements

would resolve this issue unfavorably to the City. In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency (RDA) continued to be reported in the governmental funds as a discretely presented component unit of the City. After the date of dissolution, as allowed under Section 34176(a) of the Bill, the City elected to retain the housing assets and functions previously performed by the former RDA. The assets and activities for the Successor Agency Housing will be reported in the City's governmental fund financial statements. The remaining assets, liabilities, and activities of the dissolved RDA, are reported in the Successor Agency fiduciary fund (private purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the discretely presented component unit to fiduciary funds of the City was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private purpose trust fund as an extraordinary gain (or loss). Because of the different measurement focus of the governmental funds (current financial resources measurement focus) and the measurement focus of the trust funds (economic resources measurement focus), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers	\$	41,797,665
Housing capital assets transferred to special revenue housing agency fund		(2,429,261)
Capital gain recorded in special revenue housing agency fund		(4,664,568)
Gain on COP Arena debt - increase to net assets of the Successor Agency Trust Fund		24,710,000
Loss on City reimbursement for Arena debt - decrease to net assets of the Successor Agency Trust Fund		(17,000,000)
Trust balance County deposits - decrease to the net assets of the Successor Agency		<u>(964,873)</u>
Amount of extraordinary gain reported in the government-wide financial statements of the City	\$	<u><u>41,448,963</u></u>

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 19- RISK MANAGEMENTSelf-Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Self-Insurance Fund provides coverage for up to \$500,000 for each 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 \$28,483,433 at June 30, 2012 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 (GASB 10), which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. An estimate of incurred but not reported claims has been included in the liability based on the various percentages of loss reserves.

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

	Liability at Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	Liability at End of Year
2009-2010	\$ 23,187,026	\$ 10,174,219	\$ 8,494,736	\$ 24,866,509
2010-2011	\$ 24,866,509	\$ 10,750,600	\$ 8,294,828	\$ 27,322,281
2011-2012	\$ 27,322,281	\$ 10,376,559	\$ 9,215,407	\$ 28,483,433

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, 2012, the City had \$2,180,975 on deposit with ACCEL out of a total of approximately \$29,671,008.

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.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

A summary of the financial information for ACCEL at June 30, 2012 is as follows:

Total assets	\$ 42,607,556
Total liabilities	<u>25,619,659</u>
Total members' equity	<u>\$ 16,987,897</u>
Total revenues	\$ 13,151,275
Total expenses	<u>15,599,845</u>
Net decrease in members' equity	<u>\$ (2,448,570)</u>

As of June 30, 2012 ACCEL had no long-term debt. Included in total liabilities is an estimated retrospectively rated refund of \$5,785,698. Complete financial statements of ACCEL can be obtained at the City's Finance Department at 1600 Truxtun Avenue, Bakersfield, CA 93301.

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

Estimated final closure costs for the sanitary landfill were originally about \$7 million, with the City and Kern County each funding one-half except for landfill gas system costs, which will be paid solely by the City. In early 2010, the City obtained regulatory approval to reduce the amount of major earthwork if existing soils meet certain criteria. As a result, closure costs have been significantly reduced, and construction has begun. The closure project is expected to be completed by March 2013 at an estimated cost of \$4.5 million. The City's share of this will be approximately \$3 million.

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

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 20 - COMMITMENTS AND CONTINGENCIES (Continued)Dissolution of Redevelopment Agency

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency are valid obligations payable by the successor agency trust under the requirements of the Bill. Several obligations are being challenged by the State Department of Finance as to whether or not certain obligations meet the definition of Enforceable Obligation. These issues are currently in an administrative appeal process between the City and the Department of Finance and it may take several months to bring any final resolution to these matters.

The City's position on these matters is not a position of settled law and there is considerable legal uncertainty regarding issues pertaining to the dissolution of the redevelopment agency. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

County of Kern

The City is working with the County to resolve a dispute over exchange of monies for fire services pursuant to the Joint Powers Agreement signed with the County Fire Department. The amount in dispute is a receivable due from the County totaling \$190,854. There are also discussions occurring to resolve another dispute related to tax payments for annexed properties pursuant to a Memorandum of Understanding but the City is not able to determine a potential dollar impact related to this issue at this time.

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, 2012 consisted of the following:

Governmental Funds:

Major Funds:

General Fund	\$	622,806
Transient Occupancy Taxes Fund		101,042
Community Development Block Grant Fund		1,738,560
Gas Tax & Road Fund		45,821,554
Capital Outlay Fund		8,082,872
Park Improvement Fund		3,128,797
Transportation Development Fund		14,550,241

Non-Major Funds:

American Recovery & Reinvestment Act Fund		52,133
State Safety Fund		899,886

Proprietary Funds:

Major Funds:

Wastewater Treatment Fund		5,054,266
Refuse Collection Fund		3,095,179
Agriculture Water Fund		578,856
Domestic Water Fund		1,081,010
General Aviation Fund		22,991

Internal Service Funds:

Self-Insurance Fund		126,465
Equipment Management Fund		2,776,927

\$ 87,733,585

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

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, 2012
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	3,459,363
City of Bakersfield - Coventry Apartments Housing Bond, Series 2007M	5,300,000	3,814,866
City of Bakersfield - Catholic Healthcare West 501(c)(3) Nonprofit Bond, Series A thru L	676,250,000	330,000,000
City of Bakersfield - National Health Services, Inc. 501(c)(3) Nonprofit Bond, Series 2007	11,000,000	10,170,000
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	1,190,000
City of Bakersfield - Camellia Place Housing Bond, Series 2009R	619,138	619,118
City of Bakersfield - Eucalypus Village I Housing Bond, Series 2012-E1	1,295,000	1,295,000
City of Bakersfield - Eucalypus Village II Housing Bond, Series 2012-E2	4,275,000	4,275,000
TOTAL		<u>\$ 588,173,347</u>

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

NOTE 23 – PRIOR PERIOD ADJUSTMENTS

During the fiscal year 2011-12, the City made the following prior period adjustment to restate the net asset balance for governmental activity for errors in capital outlay charges recorded incorrectly in prior years (see Statement on p. 22). This correction also required a restatement of fund balance in the Transportation Development Fund (see Statement on p. 31 and p. 120).

Activity	Net Asset Accounts		
	July 1, 2011, as previously reported	Adjustment	July 1, 2012, as restated
Net Assets - Governmental Activity	1,478,274,750	5,146,414	1,483,421,164

Activity	Fund Balance Accounts		
	July 1, 2011, as previously reported	Adjustment	July 1, 2012, as restated
Transportation Development Fund	37,714,220	5,146,414	42,860,634

NOTE 24 – SUBSEQUENT EVENTSDissolution of Redevelopment Agency

The State Legislature passed the Dissolution Act (AB 1X26) on June 28, 2011. As part of the FY 2012-13 state budget package, on June 27, 2012, the Legislature passed and the Governor signed AB 1484, the primary purpose of which was to make technical and substantive amendments to the Dissolution Act. The budget trailer bill took immediate effect upon signature by the Governor.

The City, acting in its capacity as Successor Agency to the former Bakersfield Redevelopment Agency, has taken several actions after June 30, 2012 that were outlined in AB 1484. Those actions include the following:

- July 9, 2012 – The County Auditor Controller’s Office determined the Bakersfield Successor Agency did not owe any repayment of funds previously distributed pursuant to Health and Safety Code (HSC) section 34183(a)(4) and section 34183.5(b)(2)(A).
- August 1, 2012 – The Bakersfield Housing Successor Agency submitted to the Department of Finance a listing of all housing assets transferred to it by the dissolved RDA in accordance with HSC section 34176(a)(2). On August 30, 2012 the State Department of Finance issued a letter stating they had reviewed and accepted the housing asset transfer form as filed.
- On August 17, 2012 the Bakersfield Oversight Board approved the Recognized Obligation Payment Schedule (aka: ROPS III) in accordance with AB 1484 guidelines for the six month period covering payments from January 1, 2013 through June 30, 2013.

CITY OF BAKERSFIELD

Notes to the Basic Financial Statements

- September 20, 2012 – The County Auditor Controller’s Office submitted their Agreed Upon Procedures report to the State Controller’s Office and the Department of Finance regarding their review of the former Bakersfield Redevelopment Agency. There were no findings of non-compliance in their report. A copy of the report is posted on the City web site for public review.
- September 27, 2012 – In accordance with HSC sections 34179.5 and 34179.6 the Bakersfield Successor Agency submitted the Due Diligence Review reports to the Department of Finance as prepared by the outside audit firm of Brown Armstrong Accountancy Corporation for both the Housing Funds and Non-housing Funds (or “all other funds”). In accordance with the law, the Oversight Board held a public comment session on October 5, 2012 and then took an action on October 15, 2012 approving both reports. There were no findings of non-compliance in either report. Both reports are posted on the City web site for public review.
- October 1, 2012 – The State Department of Finance issued their letter of initial findings regarding the ROPS III schedule submitted to them on August 17, 2012. The letter identifies nine (9) line items in which the Department of Finance said “do not qualify as enforceable obligations”. These nine items, if upheld, reduce the ROPS III authorized payments by \$1,405,678 compared to the amount approved by the Oversight Board.
- October 8, 2012 – In accordance with provisions of AB 1484 the Bakersfield Successor Agency filed a request to “meet and confer” with the Department of Finance to discuss and request further consideration of the nine items identified in the October 1 letter. The request to meet was granted and a meeting date was set for October 24, 2012.
- October 24, 2012 – City staff met with the Department of Finance and conducted the “meet and confer” meeting. City staff was able to provide personal explanation of the City’s position on each of the nine items being reviewed and provided alternative HSC code sections for their consideration. At the conclusion of the meeting the State advised they would take the matter under consideration. They explained a draft findings report would be generated, then allowing the City five (5) days to provide comment on the draft report, at which time a “final determination letter” would be issued by the State Department of Finance on or before December 15, 2012.



CITY OF BAKERSFIELD

Required Supplementary Information

BUDGETARY INFORMATION

Through the budget process, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The Annual Budget assures the efficient and effective use of the City's economic resources, as well as establishing that the highest priority objectives are accomplished. Budgets are adopted for all governmental fund types and are prepared on a basis consistent with 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 2010-11 to fiscal year 2011-12 totaled \$288,371,706.

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

CITY OF BAKERSFIELD

Required Supplementary Information (continued)

**Budgetary Comparison Schedule, General Fund
For the Fiscal Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund Balance, July 1	\$ 52,649,429	\$ 52,649,429	\$ 52,649,429	\$ -
Revenues:				
Taxes	129,338,200	129,338,200	142,934,200	13,596,000
Licenses and permits	1,984,650	1,984,650	2,126,234	141,584
Intergovernmental	3,109,350	5,746,531	3,846,528	(1,900,003)
Charges for services	15,810,500	15,818,000	16,786,071	968,071
Fines, forfeitures and assessments	576,800	599,140	1,024,449	425,309
Interest income	251,000	251,000	411,766	160,766
Contributions and donations	1,000	25,018	143,993	118,975
Other	85,000	3,433,005	3,907,044	474,039
Transfers from other funds	1,500,000	1,500,000	1,500,000	-
Amount available for appropriation	\$ 152,656,500	\$ 158,695,544	\$ 172,680,285	\$ 13,984,741
Expenditures:				
General government	\$ 10,880,351	\$ 11,042,674	\$ 10,124,241	\$ 918,433
Police	67,368,119	70,056,870	65,877,513	4,179,357
Fire	30,764,044	31,308,528	30,494,387	814,141
Public works	18,877,795	19,014,827	18,440,024	574,803
Community services	16,493,712	16,705,537	16,266,265	439,272
Development services	6,929,229	7,006,345	6,229,936	776,409
Non-departmental	18,245,250	21,580,250	15,570,647	6,009,603
Contingency	17,000	7,000		7,000
Transfers to other funds	6,856,000	6,917,060	6,917,060	-
Total charges to appropriations	176,431,500	183,639,091	169,920,073	13,719,018
Amount of resources over (under) charges to appropriations	(23,775,000)	(24,943,547)	2,760,212	27,703,759
Fund balance, June 30	\$ 28,874,429	\$ 27,705,882	\$ 55,409,641	\$ 27,703,759

CITY OF BAKERSFIELD

Required Supplementary Information (continued)

**Budgetary Comparison Schedule, Transient Occupancy Taxes Fund
For the Fiscal Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund Balance, July 1 - as restated	\$ 3,249,927	\$ 3,249,927	\$ 3,249,927	\$ -
Revenues:				
Taxes	6,450,000	6,450,000	7,827,792	1,377,792
Charges for services	5,410,209	5,410,209	6,073,607	663,398
Interest income	24,000	24,000	42,424	18,424
Contributions and donations	1,700,000	1,700,000	1,700,000	-
Amount available for appropriation	\$ 13,584,209	\$ 13,584,209	\$ 15,643,823	\$ 2,059,614
Expenditures:				
Community services	\$ 7,049,474	\$ 7,149,975	\$ 7,306,632	\$ (156,657)
Non-departmental	3,184,150	3,150,550	3,143,550	7,000
Transfers to other funds	3,500,000	3,500,000	3,500,000	-
Total charges to appropriations	13,733,624	13,800,525	13,950,182	(149,657)
Amount of resources over (under) charges to appropriations	(149,415)	(216,316)	1,693,641	1,909,957
Fund balance, June 30	\$ 3,100,512	\$ 3,033,611	\$ 4,943,568	\$ 1,909,957

**Budgetary Comparison Schedule, Community Development Block Grant Fund
For the Fiscal Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund Balance, July 1 - as restated	\$ 291,492	\$ 291,492	\$ 291,492	\$ -
Revenues:				
Intergovernmental	5,477,998	12,235,778	5,137,494	(7,098,284)
Charges for services	-	-	3	3
Interest income	-	-	2,277	2,277
Loan payments	205,868	205,868	308,919	103,051
Other	-	-	88,917	88,917
Amount available for appropriation	\$ 5,683,866	\$ 12,441,646	\$ 5,537,610	\$ (6,904,036)
Expenditures:				
Economic/Community development	\$ 3,651,000	\$ 6,640,503	3,252,913	\$ 3,387,590
Capital outlay	1,560,000	4,865,246	1,744,972	3,120,274
Transfer to other funds	592,866	592,866	585,865	7,001
Total charges to appropriations	5,803,866	12,098,615	5,583,750	6,514,865
Amount of resources over (under) charges to appropriations	(120,000)	343,031	(46,140)	(389,171)
Fund balance, June 30	\$ 171,492	\$ 634,523	\$ 245,352	\$ (389,171)

CITY OF BAKERSFIELD

Required Supplementary Information (continued)

**Budgetary Comparison Schedule, Gas Tax & Road Fund
For the Fiscal Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund Balance, July 1 - as restated	<u>\$ 9,759,691</u>	<u>\$ 9,759,691</u>	<u>\$ 9,759,691</u>	<u>\$ -</u>
Revenues:				
Intergovernmental	32,026,854	175,773,692	71,021,359	(104,752,333)
Fines, forfeitures and assessments	-	-	70,494	70,494
Interest income	-	50,000	85,950	35,950
Other	-	-	98,832	98,832
Amount available for appropriation	<u>\$ 32,026,854</u>	<u>\$ 175,823,692</u>	<u>\$ 71,276,635</u>	<u>\$ (104,547,057)</u>
Expenditures:				
Public works	\$ 4,702,769	\$ 6,224,855	\$ 6,033,732	\$ 191,123
Capital outlay	28,636,606	177,161,171	64,737,059	112,424,112
Total charges to appropriations	<u>33,339,375</u>	<u>183,386,026</u>	<u>70,770,791</u>	<u>112,615,235</u>
Amount of resources over (under) charges to appropriations	<u>(1,312,521)</u>	<u>(7,562,334)</u>	<u>505,844</u>	<u>8,068,178</u>
Fund balance, June 30	<u>\$ 8,447,170</u>	<u>\$ 2,197,357</u>	<u>\$ 10,265,535</u>	<u>\$ 8,068,178</u>

CITY OF BAKERSFIELD

Required Supplementary Information (continued)

DEFINED PENSION PLAN

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

	Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Underfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Underfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll
Miscellaneous	06/30/01	\$ 188,011,327	\$ 158,211,413	\$ (29,799,914)	118.8%	\$ 32,225,024	(92.5%)
Employees Group	06/30/02	177,719,369	171,571,099	(6,148,270)	103.6%	35,372,398	(17.4%)
	06/30/03	181,593,404	198,558,161	16,964,757	91.5%	37,993,015	44.7%
	06/30/04	192,771,610	220,986,653	28,215,043	87.2%	38,144,465	74.0%
	06/30/05	208,030,836	237,796,477	29,765,641	87.5%	40,150,566	74.1%
	06/30/06	226,451,746	255,095,541	28,643,795	88.8%	43,527,124	65.8%
	06/30/07	248,242,670	276,470,476	28,227,806	89.8%	48,981,407	57.6%
	06/30/08	268,316,454	295,149,767	26,833,313	90.9%	50,064,207	53.6%
	06/30/09	283,394,099	336,972,452	53,578,353	84.1%	52,095,507	102.8%
	06/30/10	298,395,830	353,164,518	54,768,688	84.5%	50,693,452	108.0%
Police Safety	06/30/01	144,319,973	133,430,814	(10,889,159)	108.2%	17,856,713	(61.0%)
Employees Group	06/30/02	135,089,787	160,095,659	25,005,872	84.4%	18,769,801	133.2%
	06/30/03	137,228,572	175,278,288	38,049,716	78.3%	22,142,625	171.8%
	06/30/04	147,387,137	194,008,124	46,620,987	76.0%	21,805,516	213.8%
	06/30/05	160,921,545	208,572,116	47,650,571	77.2%	22,543,104	211.4%
	06/30/06	175,933,055	228,096,765	52,163,710	77.1%	24,796,549	210.4%
	06/30/07	192,579,453	247,804,969	55,225,516	77.7%	26,707,658	206.8%
	06/30/08	207,137,825	265,125,957	57,988,132	78.1%	27,284,866	212.5%
	06/30/09	217,486,909	286,500,738	69,013,829	75.9%	27,322,237	252.6%
	06/30/10	228,195,091	299,121,868	70,926,777	76.3%	28,008,505	253.2%
Fire Safety	06/30/01	120,528,257	111,492,076	(9,036,181)	108.1%	10,557,179	(85.6%)
Employees Group	06/30/02	112,020,027	120,900,571	8,880,544	92.7%	11,404,064	77.9%
	06/30/03	112,838,988	125,111,024	12,272,036	90.2%	12,223,855	100.4%
	06/30/04	119,692,263	136,596,056	16,903,793	87.6%	12,719,475	132.9%
	06/30/05	129,535,660	145,627,905	16,092,245	88.9%	13,717,142	117.3%
	06/30/06	139,944,092	156,354,757	16,410,665	89.5%	14,362,096	114.3%
	06/30/07	151,385,127	166,571,394	15,186,267	90.9%	15,134,819	100.3%
	06/30/08	161,154,797	179,566,772	18,411,975	89.7%	15,278,771	120.5%
	06/30/09	167,477,452	190,116,653	22,639,201	88.1%	15,524,645	145.8%
	06/30/10	173,944,069	196,834,345	22,890,276	88.4%	15,009,038	152.5%

CITY OF BAKERSFIELD

Required Supplementary Information (continued)

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)
07/1/2011	\$ 20,101,236	\$ 103,754,477	\$ 83,653,241	19.4%	\$ 60,284,949	138.8%

II. Schedule of Employer Contributions

Fiscal Year	Actual Annual Contribution	Annual Required Contribution	Percentage Contribution
2010	6,283,456	9,462,037	66%
2011	5,509,340	9,462,037	58%
2012	16,832,576	7,836,225	215%

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
06/30/08	1,559,543	1,233,149	(326,394)	126%	-0-	N/A
06/30/09	1,559,543	1,233,149	(326,394)	126%	-0-	N/A
06/30/10	1,447,478	1,146,478	(301,000)	126%	-0-	N/A
06/30/11	1,447,478	1,146,478	(301,000)	126%	-0-	N/A
06/30/12	1,341,914	1,327,284	(14,630)	101%	-0-	N/A

CITY OF BAKERSFIELD

Required Supplementary Information (concluded)

II. Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation (NPO)
2008	(37,826)	N/A	(18,581)
2009	(37,826)	N/A	(58,128)
2010	(33,014)	N/A	(90,478)
2011	(33,014)	N/A	(121,723)
2012	(1,604)	N/A	(114,850)



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General Fund

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

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

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

CITY OF BAKERSFIELD

**Balance Sheet
General Fund
June 30, 2012**

	General Fund
Assets:	
Cash and investments	\$ 34,243,099
Accounts receivable, net	1,542,643
Interest receivable	90,165
Due from other governmental agencies	18,743,157
Due from other funds	19,170,277
Prepaid items	10,975
	<hr/>
Total assets	\$ 73,800,316
	<hr/> <hr/>
Liabilities and Fund Balance:	
Liabilities:	
Accounts payable	\$ 6,067,138
Due to other governmental agencies	11,858
Unearned revenue	1,667,310
Deferred revenue	10,644,369
	<hr/>
Total liabilities	18,390,675
	<hr/>
Fund Balance:	
Nonspendable	11,975
Committed	
Cash basis reserve	12,548,286
Contractual obligations	266,596
Appropriations for new year budget	22,124,477
Appropriations for CalPERS increases	2,700,000
Assigned	
Petty cash	21,870
Non-contractual encumbrances	356,209
Compensated absences	6,903,711
Unassigned	10,476,517
	<hr/>
Total fund balance	55,409,641
	<hr/>
Total liabilities and fund balance	\$ 73,800,316
	<hr/> <hr/>

CITY OF BAKERSFIELD**Schedule of Revenue by Function - General Fund
Budgetary Level of Control - Budget and Actual
For the Fiscal Year Ended June 30, 2012**

	Budget	Actual	Variance with Final Budget
Revenues:			
Taxes:			
Property taxes	\$ 60,117,200	\$ 60,717,717	\$ 600,517
Sales and use taxes	54,246,000	67,642,795	13,396,795
Property transfer tax	900,000	889,373	(10,627)
Utility franchise tax	10,875,000	10,371,830	(503,170)
Business license tax	3,200,000	3,312,485	112,485
Total taxes	129,338,200	142,934,200	13,596,000
Licenses and permits:			
Building permits	1,215,000	1,030,441	(184,559)
Planning permits	74,750	55,615	(19,135)
Public works permits	310,000	513,555	203,555
Police permits	183,500	246,874	63,374
Other licenses and permits	201,400	279,749	78,349
Total licenses and permits	1,984,650	2,126,234	141,584
Intergovernmental:			
Federal grants	2,416,854	1,273,993	(1,142,861)
State of California	3,024,355	2,106,345	(918,010)
Other grants	305,322	466,190	160,868
Total intergovernmental	5,746,531	3,846,528	(1,900,003)
Charges for services:			
Building	1,380,000	1,339,127	(40,873)
Planning	127,915	153,779	25,864
Public works	135,800	206,320	70,520
Police	560,000	482,847	(77,153)
Fire	3,700,000	3,925,130	225,130
Recreation and parks	717,600	959,474	241,874
Interfund charges	9,130,000	9,673,649	543,649
Other charges	66,685	45,745	(20,940)
Total charges for services	15,818,000	16,786,071	968,071
Fines, forfeitures and assessments	599,140	1,024,449	425,309
Miscellaneous:			
Interest income	251,000	483,845	232,845
Net decrease in the fair value of investments		(72,079)	(72,079)
Contributions and donations	25,018	143,993	118,975
Other	3,433,005	3,907,044	474,039
Total miscellaneous	3,709,023	4,462,803	753,780
Total revenues	\$ 157,195,544	\$ 171,180,285	\$ 13,984,741

CITY OF BAKERSFIELD**Schedule of Expenditures by Department - General Fund
Budgetary Level of Control-Budget and Actual
For the Fiscal Year Ended June 30, 2012**

	Budget	Actual	Variance with Final Budget
General Government:			
Mayor	\$ 128,917	\$ 120,314	\$ 8,603
Council	271,216	263,054	8,162
City manager	868,432	844,327	24,105
City clerk	754,125	657,029	97,096
Human resources	1,101,631	1,023,509	78,122
Information technology	3,343,770	3,255,358	88,412
Financial services	2,665,803	2,583,501	82,302
City attorney	1,908,780	1,377,149	531,631
Total general government	11,042,674	10,124,241	918,433
Public Safety:			
Police	70,056,870	65,877,513	4,179,357
Fire	31,308,528	30,494,387	814,141
Total public safety	101,365,398	96,371,900	4,993,498
Public Works:			
Administration	586,397	583,983	2,414
Engineering	4,984,617	4,882,756	101,861
General services	8,361,350	8,054,989	306,361
Streets and roads	5,082,463	4,918,296	164,167
Total public works	19,014,827	18,440,024	574,803
Community Services:			
Administration	1,094,055	1,090,033	4,022
Recreation	2,791,328	2,577,014	214,314
Parks	12,820,154	12,599,218	220,936
Total community services	16,705,537	16,266,265	439,272
Development Services:			
Planning	1,959,319	1,771,721	187,598
Building	5,047,026	4,458,215	588,811
Total development services	7,006,345	6,229,936	776,409
Non departmental	21,580,250	15,570,647	6,009,603
Contingency	7,000		7,000
Total General Fund Expenditures	\$ 176,722,031	\$ 163,003,013	\$ 13,719,018

Special Revenue Funds

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 expenses are recorded in this fund. This fund is also used to account for duties performed by the Greater Bakersfield Convention and Visitors Bureau.

Community Development Block Grant Fund 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 funds (CMAQ) are used in the metropolitan Bakersfield area to fund transportation projects in the Transportation Improvement Program. Regional Surface Transportation Program (STP) is funded by Federal -aid functionally classified higher than local road or rural minor collector. Transportation Enhancement Activities (TEA) Program projects have a direct relationship to the intermodal transportation system by function, proximity, or impact. Last, the Bridge Replacement and Rehabilitation Program (HBRR) allows each local agency two bridge replacement projects and two miscellaneous projects per year.

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

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

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.

CITY OF BAKERSFIELD**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - All Special Revenue Funds
Year Ended June 30, 2012**

	Transient Occupancy Taxes		
	Budget	Actual	Variance with Final Budget
Revenues:			
Taxes	\$ 6,450,000	\$ 7,827,792	\$ 1,377,792
Licenses and permits			
Intergovernmental			
Charges for services	5,410,209	6,073,607	663,398
Fines, forfeitures and assessments			
Interest income	24,000	42,424	18,424
Loan payments			
Contributions and donations	1,700,000	1,700,000	-
Other			-
Total revenues	<u>13,584,209</u>	<u>15,643,823</u>	<u>2,059,614</u>
Expenditures:			
Current:			
Public safety - Police			
Public safety - Fire			
Public works			
Community services	7,149,975	7,306,632	(156,657)
Economic/Community development			
Non departmental	3,150,550	3,143,550	7,000
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>10,300,525</u>	<u>10,450,182</u>	<u>(149,657)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,283,684</u>	<u>5,193,641</u>	<u>1,909,957</u>
Other financing sources (uses):			
Transfers out	<u>(3,500,000)</u>	<u>(3,500,000)</u>	<u>-</u>
Total other financing uses	<u>(3,500,000)</u>	<u>(3,500,000)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other uses before extraordinary item	<u>(216,316)</u>	<u>1,693,641</u>	<u>1,909,957</u>
Extraordinary item:			
Redevelopment agency dissolution			
Excess (deficiency) of revenues over (under) expenditures and other uses	<u>(216,316)</u>	<u>1,693,641</u>	<u>1,909,957</u>
Fund balances - July 1	<u>3,249,927</u>	<u>3,249,927</u>	<u>-</u>
Fund balances - June 30	<u>\$ 3,033,611</u>	<u>\$ 4,943,568</u>	<u>\$ 1,909,957</u>

Community Development Block Grant			National Stabilization		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12,235,778	5,137,494	(7,098,284)	3,357,130	36,203	(3,320,927)
-	3	3			
-	2,277	2,277			
205,868	308,919	103,051			
-	88,917	88,917			
12,441,646	5,537,610	(6,904,036)	3,357,130	36,203	(3,320,927)
6,640,503	3,252,913	3,387,590	3,357,130	36,203	3,320,927
18,131	18,131	-			
2,198,336	1,174,245	1,024,091			
180,779	2,483	178,296			
458,772	6,828	451,944			
1,371,327	71,328	1,299,999			
637,901	471,957	165,944			
11,505,749	4,997,885	6,507,864	3,357,130	36,203	3,320,927
935,897	539,725	(396,172)	-	-	-
(592,866)	(585,865)	7,001	-	-	-
(592,866)	(585,865)	7,001	-	-	-
343,031	(46,140)	(389,171)	-	-	-
343,031	(46,140)	(389,171)	-	-	-
291,492	291,492	-	-	-	-
\$ 634,523	\$ 245,352	\$ (389,171)	\$ -	\$ -	\$ -

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, 2012**

	American Recovery & Reinvestment Act		
	Budget	Actual	Variance with Final Budget
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits			
Intergovernmental	1,950,909	1,847,057	(103,852)
Charges for services			
Fines, forfeitures and assessments			
Interest income			
Loan payments			
Contributions and donations			
Other			
Total revenues	1,950,909	1,847,057	(103,852)
Expenditures:			
Current:			
Public safety - Police	1,748,578	1,698,937	49,641
Public safety - Fire			
Public works			
Community services			
Economic/Community development	202,331	148,120	54,211
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	1,950,909	1,847,057	103,852
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Other financing sources (uses):			
Transfers out			
Total other financing uses	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other uses before extraordinary item	-	-	-
Extraordinary item:			
Redevelopment agency dissolution			
Excess (deficiency) of revenues over (under) expenditures and other uses	-	-	-
Fund balances - July 1	-	-	-
Fund balances - June 30	\$ -	\$ -	\$ -

CITY OF BAKERSFIELD**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (concluded)****Budget and Actual - All Special Revenue Funds****Year Ended June 30, 2012**

	State Safety		
	Budget	Actual	Variance with Final Budget
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	181,000	194,860	13,860
Intergovernmental	698,036	360,961	(337,075)
Charges for services	936,885	1,062,401	125,516
Fines, forfeitures and assessments	1,100,000	1,251,992	151,992
Interest income	10,000	13,120	3,120
Loan payments			
Contributions and donations			
Other			
Total revenues	<u>2,925,921</u>	<u>2,883,334</u>	<u>(42,587)</u>
Expenditures:			
Current:			
Public safety - Police	1,021,255	912,726	108,529
Public safety - Fire	1,085,740	896,349	189,391
Public works			
Community services			
Economic/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>2,106,995</u>	<u>1,809,075</u>	<u>297,920</u>
Excess (deficiency) of revenues over (under) expenditures	<u>818,926</u>	<u>1,074,259</u>	<u>255,333</u>
Other financing sources (uses):			
Transfers out	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>-</u>
Total other financing uses	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other uses before extraordinary item	<u>(681,074)</u>	<u>(425,741)</u>	<u>255,333</u>
Extraordinary item:			
Redevelopment agency dissolution			
Excess (deficiency) of revenues over (under) expenditures and other uses	<u>(681,074)</u>	<u>(425,741)</u>	<u>255,333</u>
Fund balances - July 1	<u>1,825,286</u>	<u>1,825,286</u>	<u>-</u>
Fund balances - June 30	<u>\$ 1,144,212</u>	<u>\$ 1,399,545</u>	<u>\$ 255,333</u>

Redevelopment Successor Agency - Housing			Totals		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ 6,450,000	\$ 7,827,792	\$ 1,377,792
			181,000	194,860	13,860
			194,478,596	78,650,527	(115,828,069)
			6,347,094	7,136,011	788,917
			1,100,000	1,322,486	222,486
			84,500	144,996	60,496
			205,868	308,919	103,051
			1,700,000	1,700,000	-
-	90,038	90,038	-	277,787	277,787
-	90,038	90,038	210,547,058	97,563,378	(112,983,680)
			2,769,833	2,611,663	158,170
			1,085,740	896,349	189,391
			6,475,126	6,203,620	271,506
			7,180,275	7,333,404	(153,129)
3,859,551	208,908	(3,650,643)	14,059,515	3,646,144	10,413,371
			3,150,550	3,143,550	7,000
			3,621,967	1,506,044	2,115,923
			172,122,579	63,125,156	108,997,423
			1,083,699	19,107	1,064,592
			2,549,393	1,279,128	1,270,265
			180,779	2,483	178,296
			458,772	6,828	451,944
			1,371,327	71,328	1,299,999
			820,881	523,975	296,906
3,859,551	208,908	(3,650,643)	216,930,436	90,368,779	126,561,657
(3,859,551)	(118,870)	3,740,681	(6,383,378)	7,194,599	13,577,977
			(5,592,866)	(5,585,865)	7,001
-	-	-	(5,592,866)	(5,585,865)	7,001
(3,859,551)	(118,870)	3,740,681	(11,976,244)	1,608,734	13,584,978
-	4,664,568	4,664,568	-	4,664,568	4,664,568
(3,859,551)	4,545,698	8,405,249	(11,976,244)	6,273,302	18,249,546
-	-	-	15,126,396	15,126,396	-
\$ (3,859,551)	\$ 4,545,698	\$ 8,405,249	\$ 3,150,152	\$ 21,399,698	\$ 18,249,546

CITY OF BAKERSFIELD

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Debt Service Fund
For the Fiscal Year Ended June 30, 2012**

	General Obligation Debt		
	Budget	Actual	Variance with Final Budget
Revenues-			
Interest income	\$ -	\$ -	\$ -
Total revenues	-	-	-
Expenditures-			
Debt service:			
Principal retirement	366,000	366,000	-
Interest and fiscal charges	226,866	219,865	7,001
Total expenditures	592,866	585,865	7,001
Deficiency of revenues under expenditures	(592,866)	(585,865)	7,001
Other financing sources-			
Operating transfers in	592,866	585,865	7,001
Total other financing sources	592,866	585,865	7,001
Deficiency of revenues and other sources under expenditures	-	-	-
Fund balance - July 1			
Fund balance - June 30	\$ -	\$ -	\$ -

Capital Projects Funds

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

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

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

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

Transportation Development Fund is used to account for funds collected from fees paid to mitigate the traffic impacts to the regional circulation system caused by a development project. The fees are paid when a building permit for the development project is obtained, and are based upon the amount of traffic the development will generate. With these fees, the City constructs projects that have been identified as necessary to maintain the level of services required by the 2010 General Plan for the regional transportation network. This is a joint City and County program which affects the entire metropolitan area. Fees are collected with the building permit and are based on the relative impact each land use has on the transportation network. The fee schedule was adopted with Ordinance No. 3513 and will be periodically evaluated by the City Council and revised to reflect updated costs and growth projections. Revenue from fees collected may also be used to service bonded debt incurred in Capital Improvement Construction.

CITY OF BAKERSFIELD**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances****Budget and Actual - All Capital Projects Funds****For the Fiscal Year Ended June 30, 2012**

	Special Assessment Districts		
	Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services			
Fines, forfeitures and assessments			
Interest income			
Contributions and donations			
Other	-	4,703	4,703
Total revenues	-	4,703	4,703
Expenditures:			
Current:			
General government			
Public works			
Non departmental	751,900	749,900	2,000
Capital outlay:			
Transportation:			
Traffic control			
Streets	2,796,007	359,712	2,436,295
Bridges			
Streets/Freeways			
Public facilities:			
Buildings			
Parks and landscaping			
Land acquisition			
Other improvements			
Equipment:			
Computers			
Non-automotive			
Total expenditures	3,547,907	1,109,612	2,438,295
Excess (deficiency) of revenues over (under) expenditures	(3,547,907)	(1,104,909)	2,442,998
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(3,547,907)	(1,104,909)	2,442,998
Fund balances - July 1 - as restated	7,901,709	7,901,709	-
Fund balances - June 30	\$ 4,353,802	\$ 6,796,800	\$ 2,442,998

Capital Outlay			Park Improvement		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ 4,464,420	\$ 1,100,594	\$ (3,363,826)	\$ -	\$ -	\$ -
	140,783	140,783			
936,000		(936,000)	1,439,024	1,687,630	248,606
100,000	98,132	(1,868)	100,000	60,925	(39,075)
620,000	518,597	(101,403)			
297,038	459,205	162,167		2,000	2,000
<u>6,417,458</u>	<u>2,317,311</u>	<u>(4,100,147)</u>	<u>1,539,024</u>	<u>1,750,555</u>	<u>211,531</u>
			919,024	819,024	100,000
23,667,064	12,129,030	11,538,034			
634,413	178,234	456,179			
3,147,412	1,231,424	1,915,988			
3,852	1,249	2,603	181,431	136,759	44,672
			1,901,233	-	1,901,233
2,212,812	288,582	1,924,230	4,136,698	687,730	3,448,968
48,000	24,000	24,000			
692,450	314,671	377,779			
<u>30,406,003</u>	<u>14,167,190</u>	<u>16,238,813</u>	<u>7,138,386</u>	<u>1,643,513</u>	<u>5,494,873</u>
<u>(23,988,545)</u>	<u>(11,849,879)</u>	<u>12,138,666</u>	<u>(5,599,362)</u>	<u>107,042</u>	<u>5,706,404</u>
9,501,630	9,501,630	-			
(201,630)	(201,630)	-			
<u>9,300,000</u>	<u>9,300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(14,688,545)	(2,549,879)	12,138,666	(5,599,362)	107,042	5,706,404
19,434,268	19,434,268	-	6,828,613	6,828,613	-
<u>\$ 4,745,723</u>	<u>\$ 16,884,389</u>	<u>\$ 12,138,666</u>	<u>\$ 1,229,251</u>	<u>\$ 6,935,655</u>	<u>\$ 5,706,404</u>

CITY OF BAKERSFIELD**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (concluded)****Budget and Actual - All Capital Projects Funds****For the Fiscal Year Ended June 30, 2012**

	Transportation Development		
	Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	6,500,000	10,455,647	3,955,647
Fines, forfeitures and assessments	-	-	-
Interest income	35,000	149,253	114,253
Contributions and donations	-	-	-
Other	3,356,180	23,976	(3,332,204)
Total revenues	9,891,180	10,628,876	737,696
Expenditures:			
Current:			
General government	269,117	259,271	9,846
Public works	1,268,620	1,205,852	62,768
Non departmental	-	-	-
Capital outlay:			
Transportation:			
Traffic control	1,873,510	1,018,723	854,787
Streets	12,461,855	1,760,875	10,700,980
Bridges	2,945,215	2,627,308	317,907
Streets/Freeways	28,418,136	7,274,747	21,143,389
Public facilities:			
Buildings	-	-	-
Parks and landscaping	-	-	-
Land acquisition	-	-	-
Other improvements	-	-	-
Equipment:			
Computers	-	-	-
Non-automotive	-	-	-
Total expenditures	47,236,453	14,146,776	33,089,677
Excess (deficiency) of revenues over (under) expenditures	(37,345,273)	(3,517,900)	33,827,373
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(37,345,273)	(3,517,900)	33,827,373
Fund balances - July 1 - as restated	42,860,634	42,860,634	-
Fund balances - June 30	\$ 5,515,361	\$ 39,342,734	\$ 33,827,373

Totals		
Budget	Actual	Variance with Final Budget
\$ 4,464,420	\$ 1,100,594	\$ (3,363,826)
6,500,000	10,596,430	4,096,430
2,375,024	1,687,630	(687,394)
235,000	308,310	73,310
620,000	518,597	(101,403)
<u>3,653,218</u>	<u>489,884</u>	<u>(3,163,334)</u>
17,847,662	14,701,445	(3,146,217)
269,117	259,271	9,846
1,268,620	1,205,852	62,768
1,670,924	1,568,924	102,000
1,873,510	1,018,723	854,787
38,924,926	14,249,617	24,675,309
3,579,628	2,805,542	774,086
28,418,136	7,274,747	21,143,389
3,147,412	1,231,424	1,915,988
185,283	138,008	47,275
1,901,233	-	1,901,233
6,349,510	976,312	5,373,198
48,000	24,000	24,000
<u>692,450</u>	<u>314,671</u>	<u>377,779</u>
88,328,749	31,067,091	57,261,658
<u>(70,481,087)</u>	<u>(16,365,646)</u>	<u>54,115,441</u>
9,501,630	9,501,630	-
<u>(201,630)</u>	<u>(201,630)</u>	<u>-</u>
9,300,000	9,300,000	-
(61,181,087)	(7,065,646)	54,115,441
<u>77,025,224</u>	<u>77,025,224</u>	<u>-</u>
<u>\$ 15,844,137</u>	<u>\$ 69,959,578</u>	<u>\$ 54,115,441</u>

Internal Service Funds

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

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

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

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

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

CITY OF BAKERSFIELD

Combining Statement of Net Assets**All Internal Service Funds****June 30, 2012**

	Self- Insurance	Equipment Management	Totals
Assets:			
Current assets			
Cash and investments	\$ 27,418,294	\$ 24,031,807	\$ 51,450,101
Accounts receivable, net	53,921	39,067	92,988
Interest receivable	51,259	44,334	95,593
Loans	100,447		100,447
Due from other governmental agencies	74,589		74,589
Prepayments and inventories	3,075	1,362,304	1,365,379
Total current assets	<u>27,701,585</u>	<u>25,477,512</u>	<u>53,179,097</u>
Noncurrent assets			
Capital assets:			
Depreciable buildings, property, equipment and infrastructure, net		22,772,131	22,772,131
Notes/loans receivable	1,021,674	2,102,959	3,124,633
Total noncurrent assets	<u>1,021,674</u>	<u>24,875,090</u>	<u>25,896,764</u>
Total assets	<u>28,723,259</u>	<u>50,352,602</u>	<u>79,075,861</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	301,697	2,024,253	2,325,950
Claims payable	3,852,433		3,852,433
Workers' compensation claims	4,923,000		4,923,000
Compensated absences payable	643	598,037	598,680
Total current liabilities	<u>9,077,773</u>	<u>2,622,290</u>	<u>11,700,063</u>
Noncurrent liabilities:			
Workers' compensation claims	19,708,000		19,708,000
Compensated absences payable	7,792	136,119	143,911
Total noncurrent liabilities	<u>19,715,792</u>	<u>136,119</u>	<u>19,851,911</u>
Total liabilities	<u>28,793,565</u>	<u>2,758,409</u>	<u>31,551,974</u>
Net assets:			
Invested in capital assets, net of related debt		22,772,131	22,772,131
Unrestricted	(70,306)	24,822,062	24,751,756
Total net assets	<u>\$ (70,306)</u>	<u>\$ 47,594,193</u>	<u>\$ 47,523,887</u>

CITY OF BAKERSFIELD**Combining Statement of Activities and Changes in Net Assets****All Internal Service Funds****For the Fiscal Year Ended June 30, 2012**

	Self- Insurance	Equipment Management	Totals
Operating revenues:			
Intergovernmental	\$ -	\$ 4,035	\$ 4,035
Charges for services	8,749,849	20,656,265	29,406,114
Cost recoveries	1,213,660	40,976	1,254,636
Miscellaneous	4,319	18,456	22,775
Total operating revenues	<u>9,967,828</u>	<u>20,719,732</u>	<u>30,687,560</u>
Operating expenses:			
General and administrative	9,294,708	16,876,371	26,171,079
Workers' compensation payments	2,497,782		2,497,782
Claims paid	1,000,636		1,000,636
Depreciation		5,557,500	5,557,500
Compensated absences	4,092	73,817	77,909
Total operating expenses	<u>12,797,218</u>	<u>22,507,688</u>	<u>35,304,906</u>
Operating income (loss)	<u>(2,829,390)</u>	<u>(1,787,956)</u>	<u>(4,617,346)</u>
Nonoperating revenues (expenses):			
Interest income	272,917	316,231	589,148
Gain on sale of real property		304,931	304,931
Income (loss) before transfers and capital contributions	<u>(2,556,473)</u>	<u>(1,166,794)</u>	<u>(3,723,267)</u>
Capital contributions		402,753	402,753
Transfers in	800,000	351,060	1,151,060
Change in net assets	<u>(1,756,473)</u>	<u>(412,981)</u>	<u>(2,169,454)</u>
Total Net Assets - Beginning of Year	<u>1,686,167</u>	<u>48,007,174</u>	<u>49,693,341</u>
Total Net Assets - End of Year	<u>\$ (70,306)</u>	<u>\$ 47,594,193</u>	<u>\$ 47,523,887</u>

CITY OF BAKERSFIELD**Combining Statement of Cash Flows****All Internal Service Funds****For the Fiscal Year Ended June 30, 2012**

	Self- Insurance	Equipment Management	Totals
Cash flows from operating activities:			
Cash received from:			
Customers	\$ 10,067,449	\$ 21,321,318	\$ 31,388,767
Prior year reimbursements and cost recoveries		40,976	40,976
Cash paid to:			
Suppliers	(8,965,415)	(13,513,888)	(22,479,303)
Employees	(2,767,055)	(4,148,162)	(6,915,217)
Net cash provided (used) by operating activities	<u>(1,665,021)</u>	<u>3,700,244</u>	<u>2,035,223</u>
Cash flows from noncapital financing activities:			
Cash transferred from other funds	<u>800,000</u>	<u>351,060</u>	<u>1,151,060</u>
Net cash provided by noncapital financing activities	<u>800,000</u>	<u>351,060</u>	<u>1,151,060</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets		(4,658,061)	(4,658,061)
Proceeds from sale of capital assets		<u>380,529</u>	<u>380,529</u>
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(4,277,532)</u>	<u>(4,277,532)</u>
Cash flows from investing activities:			
Interest received	323,720	357,444	681,164
Net (decrease) in the fair value of investments	<u>(23,561)</u>	<u>(19,724)</u>	<u>(43,285)</u>
Net cash provided (used) by investing activities	<u>300,159</u>	<u>337,720</u>	<u>637,879</u>
Net increase (decrease) in cash and investments	(564,862)	111,492	(453,370)
Cash and investments - Beginning of year - as restated	<u>27,983,156</u>	<u>23,920,315</u>	<u>51,903,471</u>
Cash and investments - End of year	<u>\$ 27,418,294</u>	<u>\$ 24,031,807</u>	<u>\$ 51,450,101</u>

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

Operating income (loss)	\$ (2,829,390)	\$ (1,787,956)	\$ (4,617,346)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense		5,557,500	5,557,500
(Increase) decrease in accounts/notes receivable	99,615	645,890	745,505
(Increase) decrease in inventories		31,312	31,312
Decrease in prepaid items	6		6
Increase (decrease) in accounts payable	(100,497)	(743,827)	(844,324)
Increase (decrease) in workers' compensation claims	1,161,153		1,161,153
Increase (decrease) in compensated absences	4,092	(2,675)	1,417
Net cash provided (used) by operating activities	<u>\$ (1,665,021)</u>	<u>\$ 3,700,244</u>	<u>\$ 2,035,223</u>

Noncash investing, capital, and financing activities:

Contribution of equipment from other departments		402,753	402,753
--	--	---------	---------

CITY OF BAKERSFIELD**Statement of Changes in Assets and Liabilities****Fiduciary Funds (Agency)****For the Fiscal Year Ended June 30, 2012**

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Special Deposits Fund				
Assets				
Cash and investments	\$ 13,622,175	\$ 89,756,185	\$ 88,765,468	\$ 14,612,892
Interest receivable	30,298	20,395	30,298	20,395
Due from other governmental agencies	9,978	89,983	9,978	89,983
Total assets	<u>\$ 13,662,451</u>	<u>\$ 89,866,563</u>	<u>\$ 88,805,744</u>	<u>\$ 14,723,270</u>
Liabilities				
Payables:				
Deposits	\$ 13,662,451	\$ 89,866,563	\$ 88,805,744	\$ 14,723,270
Total liabilities	<u>\$ 13,662,451</u>	<u>\$ 89,866,563</u>	<u>\$ 88,805,744</u>	<u>\$ 14,723,270</u>
Improvement Districts Fund				
Assets				
Cash and investments	\$ 12,099,485	\$ 723,785	\$ 1,444,392	\$ 11,378,878
Interest receivable	12,384	191	6,222	6,353
Due from other governmental agencies	14,904	4,906	10,173	9,637
Total assets	<u>\$ 12,126,773</u>	<u>\$ 728,882</u>	<u>\$ 1,460,787</u>	<u>\$ 11,394,868</u>
Liabilities				
Payables:				
Accounts	\$ 58,168	\$ 4,945	\$ 58,168	\$ 4,945
Deposits	4,463,420	1,665,526	365,703	5,763,243
Accrued bond interest	1,820,185	1,666,680	1,820,185	1,666,680
Bonds	5,785,000	3,960,000	5,785,000	3,960,000
Total liabilities	<u>\$ 12,126,773</u>	<u>\$ 7,297,151</u>	<u>\$ 8,029,056</u>	<u>\$ 11,394,868</u>
Totals - All Agency Funds				
Assets				
Cash and investments	\$ 25,721,660	\$ 90,479,970	\$ 90,209,860	\$ 25,991,770
Interest receivable	42,682	20,586	36,520	26,748
Due from other governmental agencies	24,882	94,889	20,151	99,620
Total assets	<u>\$ 25,789,224</u>	<u>\$ 90,595,445</u>	<u>\$ 90,266,531</u>	<u>\$ 26,118,138</u>
Liabilities				
Payables:				
Accounts	\$ 58,168	\$ 4,945	\$ 58,168	\$ 4,945
Deposits	18,125,871	91,532,089	89,171,447	20,486,513
Accrued bond interest	1,820,185	1,666,680	1,820,185	1,666,680
Bonds	5,785,000	3,960,000	5,785,000	3,960,000
Total liabilities	<u>\$ 25,789,224</u>	<u>\$ 97,163,714</u>	<u>\$ 96,834,800</u>	<u>\$ 26,118,138</u>

CITY OF BAKERSFIELD

Combining Statement of Fiduciary Net Assets**Private Purpose Trust Funds****June 30, 2012**

	Redevelopment Successor Agency	Planning Habitat Trust Fund	Total Private Purpose Trust Funds
Assets:			
Current assets:			
Cash and investments	\$ 165,931	\$ 13,648,537	\$ 13,814,468
Interest receivable	1,513	28,727	30,240
Due from other governmental agencies	3,166,141		3,166,141
Total current assets	<u>3,333,585</u>	<u>13,677,264</u>	<u>17,010,849</u>
Noncurrent assets:			
Other long-term receivables	1,000,001		1,000,001
Total noncurrent assets	<u>1,000,001</u>	<u>-</u>	<u>1,000,001</u>
Total assets	<u>4,333,586</u>	<u>13,677,264</u>	<u>18,010,850</u>
Liabilities:			
Payables:			
Accounts	503,541	6,200	509,741
Due to other governments	731,012		731,012
Unearned revenue	1,964,966		1,964,966
Bonds	3,170,000		3,170,000
Loans and Contracts	37,394,250		37,394,250
Total liabilities	<u>43,763,769</u>	<u>6,200</u>	<u>43,769,969</u>
Net Assets:			
Held in trust for:			
Individuals, organizations and other governments	<u>(39,430,183)</u>	<u>13,671,064</u>	<u>(25,759,119)</u>
Total Net Assets	<u>\$ (39,430,183)</u>	<u>\$ 13,671,064</u>	<u>\$ (25,759,119)</u>

CITY OF BAKERSFIELD

**Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
June 30, 2012**

	<u>OPEB Irrevocable Trust</u>	<u>Fire Relief and Pension Trust</u>	<u>Total Pension and Other Employee Benefit Trust Funds</u>
Assets:			
Cash and investments	\$ 34,383,140	\$ 315,394	\$ 34,698,534
Retirement system investments-			
Federal agency coupons		1,026,520	1,026,520
Interest receivable		12,831	12,831
	<hr/>	<hr/>	<hr/>
Total assets	34,383,140	1,354,745	35,737,885
	<hr/>	<hr/>	<hr/>
Net Assets:			
Held in trust for-			
Pension benefits and other purposes	34,383,140	1,354,745	35,737,885
	<hr/>	<hr/>	<hr/>
Total Net Assets	<u>\$ 34,383,140</u>	<u>\$ 1,354,745</u>	<u>\$ 35,737,885</u>

CITY OF BAKERSFIELD

Combining Statement of Changes in Fiduciary Net Assets**Private Purpose Trust Funds****For the Fiscal Year Ended June 30, 2012**

	Redevelopment Successor Agency	Planning Habitat Trust Fund	Total Private Purpose Trust Funds
Additions:			
Developer fees	\$	\$ 673,686	\$ 673,686
Successor Agency property tax deposits	1,343,525		1,343,525
Intergovernmental	3,120,087		3,120,087
Charges for service/capital lease revenue	1,676,775		1,676,775
Other Income	6,922		6,922
Interest and investment income, net		149,060	149,060
Total additions	<u>6,147,309</u>	<u>822,746</u>	<u>6,970,055</u>
Deductions:			
Purchase of uninhabited land		6,833,569	6,833,569
Obligation Retirement	<u>3,779,827</u>		<u>3,779,827</u>
Total deductions	<u>3,779,827</u>	<u>6,833,569</u>	<u>10,613,396</u>
Change in net assets before extraordinary items	<u>2,367,482</u>	<u>(6,010,823)</u>	<u>(3,643,341)</u>
Extraordinary items:			
Extraordinary loss on dissolution of redevelopment agency	<u>(41,797,665)</u>		<u>(41,797,665)</u>
Total extraordinary items	<u>(41,797,665)</u>	<u>-</u>	<u>(41,797,665)</u>
Change in net assets	<u>(39,430,183)</u>	<u>(6,010,823)</u>	<u>(45,441,006)</u>
Net assets - beginning of year	<u>-</u>	<u>19,681,887</u>	<u>19,681,887</u>
Net assets - end of year	<u>\$ (39,430,183)</u>	<u>\$ 13,671,064</u>	<u>\$ (25,759,119)</u>

CITY OF BAKERSFIELD

**Combining Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2012**

	OPEB Irrevocable Trust	Fire Relief and Pension Trust	Total Pension and Other Employee Benefit Trust Funds
Additions:			
Contributions to pooled investments	\$ 16,358,494	\$ -	\$ 16,358,494
Interest and investment income, net	1,294,621	7,254	1,301,875
Total additions	17,653,115	7,254	17,660,369
Deductions:			
Benefits	3,265,894	119,514	3,385,408
Administrative expense	105,317		105,317
Total deductions	3,371,211	119,514	3,490,725
Change in net assets	14,281,904	(112,260)	14,169,644
Beginning of year	20,101,236	1,467,005	21,568,241
End of year	\$ 34,383,140	\$ 1,354,745	\$ 35,737,885



CITY OF BAKERSFIELD**Combining Balance Sheet****Non-Major Governmental Funds****June 30, 2012**

	Special Revenue Funds		
	National Stabilization	American Recovery & Reinvestment Act	State (TDA) Transportation
Assets:			
Cash and investments	\$ -	\$ -	\$ 86,204
Accounts receivable, net	8,386,159		
Interest receivable			255
Due from other governmental agencies		444,665	11,018
Notes/Loans receivable			
Total assets	\$ 8,386,159	\$ 444,665	\$ 97,477
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ 61,949	\$ 9,378
Due to other governmental agencies		9,352	
Due to other funds		373,364	
Unearned revenue			88,099
Deferred revenue	8,386,159		
Total liabilities	8,386,159	444,665	97,477
Fund Balances:			
Restricted			-
Total fund balances	-	-	-
Total liabilities and fund balances	\$ 8,386,159	\$ 444,665	\$ 97,477

		Debt Service Fund	Capital Projects Fund	Total Non-Major Governmental Funds
State Safety	Redevelopment Successor Agency - Housing	General Obligation Debt	Special Assessment Districts	
\$ 1,395,068	\$ 4,548,293	\$ -	\$ 6,796,800	\$ 12,826,365
84,551	56,825			8,527,535
2,875	6,721			9,851
59,409				515,092
	7,497,748			7,497,748
<u>\$ 1,541,903</u>	<u>\$ 12,109,587</u>	<u>\$ -</u>	<u>\$ 6,796,800</u>	<u>\$ 29,376,591</u>
\$ 142,358	66,141	\$ -	\$ -	\$ 279,826
-				9,352
	7,497,748			373,364
				7,585,847
				8,386,159
<u>142,358</u>	<u>7,563,889</u>	<u>-</u>	<u>-</u>	<u>16,634,548</u>
<u>1,399,545</u>	<u>4,545,698</u>		<u>6,796,800</u>	<u>12,742,043</u>
<u>1,399,545</u>	<u>4,545,698</u>	<u>-</u>	<u>6,796,800</u>	<u>12,742,043</u>
<u>\$ 1,541,903</u>	<u>\$ 12,109,587</u>	<u>\$ -</u>	<u>\$ 6,796,800</u>	<u>\$ 29,376,591</u>

CITY OF BAKERSFIELD**Combining Statement of Revenues, Expenditures and Changes in Fund Balances****Non-Major Governmental Funds****For the Fiscal Year Ended June 30, 2012**

	Special Revenue Funds		
	National Stabilization	American Recovery & Reinvestment Act	State (TDA) Transportation
Revenues:			
Licenses and permits	\$ -	\$ -	\$ -
Intergovernmental	36,203	1,847,057	247,453
Charges for services			
Fines, forfeitures and assessments			
Interest income			1,225
Other			
Total revenues	<u>36,203</u>	<u>1,847,057</u>	<u>248,678</u>
Expenditures:			
Current:			
Public safety - Police		1,698,937	
Public safety - Fire			
Public works			169,888
Community Services			26,772
Economic/Community development	36,203	148,120	
Non departmental			
Capital outlay		-	52,018
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>36,203</u>	<u>1,847,057</u>	<u>248,678</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses before extraordinary item	-	-	-
Extraordinary item:			
Redevelopment agency dissolution			
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	-
Fund balances - July 1 - as restated	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

		Debt Service Fund	Capital Projects Fund	Total Non-Major Governmental Funds
State Safety	Redevelopment Successor Agency - Housing	General Obligation Debt	Special Assessment Districts	
\$ 194,860	\$	\$ -	\$ -	\$ 194,860
360,961			-	2,491,674
1,062,401				1,062,401
1,251,992				1,251,992
13,120				14,345
-	90,038		4,703	94,741
<u>2,883,334</u>	<u>90,038</u>	<u>-</u>	<u>4,703</u>	<u>5,110,013</u>
912,726				2,611,663
896,349				896,349
				169,888
				26,772
	208,908			393,231
			749,900	749,900
			359,712	411,730
		366,000		366,000
		219,865		219,865
<u>1,809,075</u>	<u>208,908</u>	<u>585,865</u>	<u>1,109,612</u>	<u>5,845,398</u>
1,074,259	(118,870)	(585,865)	(1,104,909)	(735,385)
		585,865		585,865
<u>(1,500,000)</u>				<u>(1,500,000)</u>
<u>(1,500,000)</u>		<u>585,865</u>	<u>-</u>	<u>(914,135)</u>
(425,741)	(118,870)		(1,104,909)	(1,649,520)
	4,664,568			4,664,568
(425,741)	4,545,698	-	(1,104,909)	3,015,048
<u>1,825,286</u>	<u>-</u>	<u>-</u>	<u>7,901,709</u>	<u>9,726,995</u>
<u>\$ 1,399,545</u>	<u>\$ 4,545,698</u>	<u>\$ -</u>	<u>\$ 6,796,800</u>	<u>\$ 12,742,043</u>

CITY OF BAKERSFIELD

Long-term debt recorded in Private Purpose Trust Fund

REDEVELOPMENT SUCCESSOR AGENCYTax Allocation Bonds:

\$2,090,000 Tax Allocation Bond to be used for construction of public improvements for new developments on 18th and 19th St, and improvements to the 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. \$ 1,990,000

\$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. 1,180,000

Total Bonds \$ 3,170,000

Loans/Contracts:

\$1,200,000 Bakersfield Redevelopment Agency Loan with the California Housing Finance Agency for the purchase of land for the Cottages Project. Repayment of the loan is deferred to October 2012, with 3% simple interest. \$ 200,226

\$10,000 Bakersfield Redevelopment Agency Ownership Participation Agreement 2001 - tax rebates due in annual principal installments of approximately \$1,000 commencing July 31, 2002 through July 31, 2011 without interest. 2,633

\$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%. 732,000

\$30,000 Bakersfield Redevelopment Agency Ownership Participation Agreement 2002 - tax rebates due in annual principal installments of approximately \$4,200 to \$5,000 commencing January 31, 2004 without interest. 29,936

\$1,750,000 Bakersfield Redevelopment Loan with the California Housing Finance Agency for site acquisition of land and development of multifamily housing units. Repayment of the loan is deferred until September 2006 with 3% simple interest. 277,429

\$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%. 1,420,000

\$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%. 3,474,000

\$3,000,000 Bakersfield Redevelopment Loan with the California Housing Finance Agency for the development of Creek View Villas, a 35-unit condominium complex, of which, only \$1,000,000 of the loan was dispersed through fiscal year 2009. Repayment of the loan is deferred until September 2014 with 3% simple	1,097,822
\$10,000,000 Bakersfield Redevelopment Agency Loan with I-Bank to help finance the Mill Creek Linear Park and Canal Refurbishment Project. Only \$6,933,445 of the loan was dispersed through fiscal year 2009. Annual principal installments of \$217,383 to \$512,446 commencing on August 1, 2009 through August 2037; interest rate at 3.11%.	9,327,358
\$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.	1,342,959
\$950,000 Loan with the City of Bakersfield Equipment Fund to prepurchase 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.	760,000
\$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 a seven year payment period.	1,122,121
\$17,000,000 Reimbursement to the City for (a) refunding of 1993 Tax Allocation Bonds, (b) 1987 COP Convention Center 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	<u>17,000,000</u>
Total Loans/Contracts Payable	<u>\$ 37,394,250</u>
Total Successor Agency	<u>\$ 40,564,250</u>

Annual requirement to amortize the principal and interest on long-term debt of Successor agency at June 30, 2011 is as follows:

Year ending	Redevelopment Successor Agency (Private Purpose Trust Fund)					
	Principal			Interest		
	Bonds	Loans/Contracts	Total	Bonds	Loans/Contracts	Total
2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2014	185,000	7,799,222	7,984,222	456,086	1,520,851	1,976,937
2015	105,000	3,121,729	3,226,729	217,212	636,954	854,166
2016	110,000	3,174,885	3,284,885	209,250	577,163	786,413
2017	120,000	2,505,022	2,625,022	200,732	516,245	716,977
2018-2022	735,000	11,775,785	12,510,785	853,843	2,155,046	3,008,889
2023-2027	1,075,000	3,837,326	4,912,326	521,313	1,354,759	1,876,072
2028-2032	840,000	2,328,333	3,168,333	96,300	673,219	769,519
2033-2037		2,339,502	2,339,502		295,210	295,210
2038-2041		512,446	512,446		9,505	9,505
Totals	\$ 3,170,000	\$ 37,394,250	\$ 40,564,250	\$ 2,554,736	\$ 7,738,952	\$ 10,293,688



Statistical Section

**City of Bakersfield
Statistical Section
For the year ended June 30, 2012**

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

Contents	Pages
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	140-149
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sale tax revenues.	150-161
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	162-168
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	169-175
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	176-181

CITY OF BAKERSFIELD

Net Assets by Component (1) Last Ten Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006 (2)
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	\$ 170,569,678	\$ 204,064,183	\$ 240,757,766	\$ 939,282,572
Restricted for:				
Current projects	112,430	615,400	247,828	620,618
Capital improvements	41,128,820	34,881,765	47,942,901	87,336,669
Debt service	121,746	52,236	48,515	48,209
Unrestricted	<u>34,054,800</u>	<u>54,802,089</u>	<u>85,904,382</u>	<u>144,677,514</u>
Total governmental activities net assets:	<u>245,987,474</u>	<u>294,415,673</u>	<u>374,901,392</u>	<u>1,171,965,582</u>
% change from prior year	24%	20%	27%	213%
Business-type Activities:				
Invested in Capital Assets, Net of Related Debt	126,242,501	152,050,836	160,979,364	521,824,277
Restricted for:				
Capital improvements				
Sanitation Districts	3,039,678	3,108,624	8,233,452	8,318,774
Unrestricted	<u>65,092,489</u>	<u>58,087,164</u>	<u>69,661,071</u>	<u>96,501,463</u>
Total business-type activities net assets:	<u>194,374,668</u>	<u>213,246,624</u>	<u>238,873,887</u>	<u>626,644,514</u>
% change from prior year	8%	10%	12%	162%
Primary Government:				
Invested in Capital Assets, Net of Related Debt	296,812,179	356,115,019	401,737,130	1,461,106,849
Restricted for:				
Current projects	112,430	615,400	247,828	620,618
Capital improvements	41,128,820	34,881,765	47,942,901	87,336,669
Debt service	121,746	52,236	48,515	48,209
Sanitation Districts	3,039,678	3,108,624	8,233,452	8,318,774
Unrestricted	<u>99,147,289</u>	<u>112,889,253</u>	<u>155,565,453</u>	<u>241,178,977</u>
Total primary government net assets	<u>\$ 440,362,142</u>	<u>\$ 507,662,297</u>	<u>\$ 613,775,279</u>	<u>\$ 1,798,610,096</u>
Total primary government net assets after restatement				<u>1,700,459,431</u>
% change from prior year	16%	15%	21%	177%

Notes:

- (1) This schedule reports using the accrual basis of accounting.
- (2) In fiscal year 2005-2006, the City made a prior period adjustment to capitalize infrastructure in accordance with GASB 34. Restatement shown in bottom total.
- (3) There was a change in the distribution of net assets in the Business-type Activities and a prior period adjustment in the Airpark Fund for fiscal year 2007-2008. Restatement shown in bottom total.
- (4) There was a prior period adjustment in Governmental and Business-type Activities for 2008-2009 and the fiscal year numbers have been changed to reflect the restatement.
- (5) There was a prior period adjustment in Governmental Activities for 2010-2011 and the fiscal year numbers have been changed to reflect the restatement.

Source: City Finance Department

Fiscal Year					
2007	2008 (3)	2009 (4)	2010	2011 (5)	2012
\$ 1,322,587,643	\$ 1,369,689,471	\$ 1,412,593,899	\$ 1,403,412,018	\$ 1,307,753,604	\$ 1,259,429,698
298,110	1,975,111	4,646,968	-	-	-
84,146,096	77,319,182	56,379,296	39,139,625	19,778,178	23,252,930
44,145	45,952	-	-	-	-
<u>120,922,654</u>	<u>121,427,154</u>	<u>127,843,285</u>	<u>135,621,596</u>	<u>155,889,382</u>	<u>165,661,544</u>
<u>1,527,998,648</u>	<u>1,570,456,870</u>	<u>1,601,463,448</u>	<u>1,578,173,239</u>	<u>1,483,421,164</u>	<u>1,448,344,172</u>
30%	3%	2%	-1%	-6%	-2%
566,728,647	342,111,043	588,467,081	634,479,891	632,719,226	650,440,273
	152,968,360	83,715,993	29,803,093	19,570,180	20,237,839
8,357,453	5,113,759	5,167,516	4,926,779	4,008,890	2,645,932
<u>129,325,391</u>	<u>230,264,239</u>	<u>73,947,580</u>	<u>104,096,319</u>	<u>115,321,423</u>	<u>100,529,044</u>
<u>704,411,491</u>	<u>730,457,401</u>	<u>751,298,170</u>	<u>773,306,082</u>	<u>771,619,719</u>	<u>773,853,088</u>
12%	4%	3%	3%	-0.2%	0.3%
1,867,261,783	1,711,800,514	2,001,060,980	2,037,891,909	1,940,472,830	1,909,869,971
298,110	1,975,111	4,646,968	-	-	-
84,136,096	230,287,542	140,095,289	68,942,718	39,348,358	43,490,769
44,145	45,952	-	-	-	-
8,357,453	5,113,759	5,167,516	4,926,779	4,008,890	2,645,932
<u>272,302,552</u>	<u>351,691,393</u>	<u>201,790,865</u>	<u>239,717,915</u>	<u>271,210,805</u>	<u>266,190,588</u>
<u>\$ 2,232,400,139</u>	<u>\$ 2,300,914,271</u>	<u>\$ 2,352,761,618</u>	<u>\$ 2,351,479,321</u>	<u>\$ 2,255,040,883</u>	<u>\$ 2,222,197,260</u>
	<u>2,301,082,391</u>				
31%	3%	2%	-0.1%	-4%	-1%

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

	Fiscal Year			
	2003	2004	2005	2006 (2)
Expenses				
Governmental activities:				
General government	\$ 18,202,526	\$ 18,683,743	\$ 16,258,160	\$ 16,387,448
Public safety:				
Police	44,782,890	48,189,574	53,133,158	59,217,664
Fire	22,844,140	24,238,425	28,274,641	29,124,399
Public works	21,982,599	45,548,570	26,874,096	53,935,339
Community services	16,788,597	16,169,163	17,285,798	14,678,060
Development services	6,241,494	6,217,528	7,609,292	9,551,861
Economic/Community development	4,756,038	3,859,176	3,539,604	2,846,210
Interest on long-term debt	1,518,569	1,356,008	770,171	678,238
Total governmental activities expenses	<u>137,116,853</u>	<u>164,262,187</u>	<u>153,744,920</u>	<u>186,419,219</u>
Business-type activities:				
Wastewater treatment	12,968,565	13,425,848	13,364,173	18,476,617
Refuse collection	24,136,505	25,889,554	28,423,051	32,147,482
Agricultural water	3,881,162	3,901,437	4,016,718	4,269,889
Domestic water	10,096,232	11,149,998	11,755,936	13,516,193
General aviation	289,914	262,052	282,180	286,651
Offstreet parking	188,585	188,110	184,434	174,258
Total business-type activities expenses	<u>51,560,963</u>	<u>54,816,999</u>	<u>58,026,492</u>	<u>68,871,090</u>
Total primary government expenses	<u>188,677,816</u>	<u>219,079,186</u>	<u>211,771,412</u>	<u>255,290,309</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	3,347,636	3,557,776	6,213,032	3,923,612
Public safety:				
Police	1,080,696	898,132	2,077,127	1,121,545
Fire	1,880,705	2,075,028	4,313,192	3,535,136
Public works	21,728,972	32,692,425	34,714,601	61,378,381
Community services	8,194,610	8,033,785	8,925,298	10,577,088
Development services	4,654,840	6,589,533	8,547,411	8,658,762
Economic/Community development	29,857	23,178	5,000,509	
Operating grants and contributions	9,770,441	11,778,497	11,389,303	13,699,627
Capital grants and contributions	22,513,122	23,229,502	23,764,450	18,987,290
Total governmental activities program revenues	<u>\$ 73,200,879</u>	<u>\$ 88,877,856</u>	<u>\$ 104,944,923</u>	<u>\$ 121,881,441</u>

Notes:

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

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

		Fiscal Year				
2007	2008	2009	2010	2011	2012	
\$ 22,376,302	\$ 12,738,456	\$ 15,624,497	\$ 13,169,300	\$ 12,110,455	\$ 12,388,099	
62,681,714	71,485,694	68,830,802	66,819,611	70,381,783	72,574,972	
27,697,731	32,930,374	32,844,159	32,901,818	31,657,823	33,319,982	
66,939,234	93,674,545	98,187,688	138,345,249	137,057,195	142,228,353	
23,360,416	34,783,064	31,186,962	32,640,571	34,682,672	31,737,121	
10,738,435	10,920,263	10,111,034	8,231,893	6,862,213	5,856,850	
3,980,925	3,917,710	6,930,730	12,935,695	9,303,951	28,228,468	
595,412	430,313	252,743	201,442	233,606	215,411	
<u>218,370,169</u>	<u>260,880,419</u>	<u>263,968,615</u>	<u>305,245,579</u>	<u>302,289,698</u>	<u>326,549,256</u>	
19,660,934	34,006,998	32,009,889	31,978,755	42,333,794	41,550,942	
34,546,899	39,679,394	37,590,048	35,237,306	38,469,544	39,340,795	
4,577,030	5,415,452	5,014,733	4,901,463	4,603,236	5,727,962	
15,963,620	16,579,051	20,089,704	21,951,835	22,068,640	22,157,529	
268,707	563,304	296,653	372,089	407,687	404,648	
174,531	168,780	192,011	177,485	165,935	128,070	
<u>75,191,721</u>	<u>96,412,979</u>	<u>95,193,038</u>	<u>94,618,933</u>	<u>108,048,836</u>	<u>109,309,946</u>	
<u>293,561,890</u>	<u>357,293,398</u>	<u>359,161,653</u>	<u>399,864,512</u>	<u>410,338,534</u>	<u>435,859,202</u>	
4,262,137	4,770,899	4,534,243	4,451,944	5,406,095	5,392,724	
1,055,577	1,165,047	4,411,906	3,347,806	3,210,604	2,649,132	
4,961,943	5,605,740	3,230,597	4,601,976	4,577,004	4,866,355	
32,389,571	22,599,790	16,598,877	10,561,651	8,462,168	11,651,452	
11,521,373	11,974,626	13,423,547	13,530,535	13,172,982	14,153,899	
6,052,621	5,131,522	5,245,507	3,492,359	2,621,537	2,907,300	
314,609	408	(76,449)	85,180	1,101	870	
14,052,014	14,389,999	18,940,149	26,063,320	22,993,743	20,178,086	
254,881,641	74,434,259	75,921,404	76,021,617	82,831,043	68,415,443	
<u>\$ 329,491,486</u>	<u>\$ 140,072,290</u>	<u>\$ 142,229,781</u>	<u>\$ 142,156,388</u>	<u>\$ 143,276,277</u>	<u>\$ 130,215,261</u>	

CITY OF BAKERSFIELD

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

	Fiscal Year			
	2003	2004	2005	2006
Business-type activities:				
Charges for services				
Wastewater treatment	\$ 13,977,132	\$ 18,534,135	\$ 17,154,209	\$ 16,742,598
Refuse collection	25,642,724	27,249,735	30,291,605	33,174,727
Agricultural water	3,479,324	3,343,104	6,717,939	5,426,547
Domestic water	10,975,653	12,268,089	13,188,040	15,209,139
General aviation	122,692	122,132	125,747	135,383
Offstreet parking	85,727	88,665	93,713	104,636
Operating grants and contributions	8,433,833	10,713,532	14,343,274	17,016,789
Capital grants and contributions	260,759	1,208,811	1,410,465	449,969
Total business-type activities				
program revenues	62,977,844	73,528,203	83,324,992	88,259,788
Total primary government				
program revenues	136,178,723	162,406,059	188,269,915	210,141,229
Net (Expenses) Revenues				
Governmental activities	(63,915,974)	(75,384,331)	(48,799,997)	(64,537,778)
Business-type activities	11,416,881	18,711,204	25,298,500	19,388,698
Total primary government				
Net (Expenses)	(52,499,093)	(56,673,127)	(23,501,497)	(45,149,080)
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes:				
Property taxes	23,523,106	23,926,768	39,464,262	49,135,641
Sales and use tax	45,375,035	49,237,400	58,465,636	66,495,453
Other taxes	3,035,464	3,696,091	4,268,501	5,074,460
Intergovernmental, unrestricted	15,100,959	13,281,356 (4)	5,981,308	2,176,967
Unrestricted grants and contributions	26,325,555	32,531,179	20,776,276	15,184,443
Investment earnings	2,252,054	714,434	1,416,716	1,332,755
Miscellaneous	142,679	137,346	232,035	85,279
Gain on sale of property	895,768	18,640	83,939	673,947
Transfers*	311,392	269,316	2,168,098	1,370,202
Reserve transfer to				
Redevelopment Agency			(3,571,055)	-
Total governmental activities	116,962,012	123,812,530	129,285,716	141,529,147
Business-type activities:				
Investment earnings	2,172,138	930,304	2,496,861	3,140,800
Gain on sale of property				
Miscellaneous	332,562			
Transfers	(311,392)	(769,552) (3)	(2,168,098)	(1,370,202)
Total business-type activities	2,193,308	160,752	328,763	1,770,598
Total primary government	119,155,320	123,973,282	129,614,479	143,299,745
Extraordinary Gain				
Change in Net Assets				
Governmental activities	53,046,038	48,428,199	80,485,719	76,991,369
Business-type activities	13,610,189	18,871,956	25,627,263	19,388,698
Total primary government	\$ 66,656,227	\$ 67,300,155	\$ 106,112,982	\$ 96,380,067

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

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

Source: City Finance Department

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

		Fiscal Year				
2007	2008	2009	2010	2011	2012	
\$ 19,146,468	\$ 23,793,814	\$ 26,836,539	\$ 29,617,486	\$ 30,752,515	\$ 30,743,840	
36,415,700	39,378,891	39,814,200	39,533,488	39,568,011	41,198,715	
6,523,342	4,972,037	6,619,487	5,206,010	6,891,203	4,162,253	
18,414,655	20,103,488	21,160,388	21,773,880	22,223,640	23,140,865	
142,520	211,573	243,923	258,353	253,868	285,461	
98,640	102,425	77,122	63,383	63,120	72,094	
15,268,751	8,391,106	5,228,837	7,121,598	4,018,963	4,935,165	
54,024,256	23,514,481	12,174,540	10,189,981	1,599,202	5,011,908	
<u>150,034,332</u>	<u>120,467,815</u>	<u>112,155,036</u>	<u>113,764,179</u>	<u>105,370,522</u>	<u>109,550,301</u>	
<u>479,525,818</u>	<u>260,540,105</u>	<u>254,384,817</u>	<u>255,920,567</u>	<u>248,646,799</u>	<u>239,765,562</u>	
111,121,317	(120,808,129)	(121,738,834)	(163,089,191)	(159,013,421)	(196,333,995)	
74,842,611	24,054,836	16,961,998	19,145,246	(2,678,314)	109,550,301	
<u>185,963,928</u>	<u>(96,753,293)</u>	<u>(104,776,836)</u>	<u>(143,943,945)</u>	<u>(161,691,735)</u>	<u>(86,783,694)</u>	
62,324,076	71,655,585	70,869,285	63,923,865	62,889,341	60,717,716	
68,367,251	63,415,357	56,615,428	50,664,334	55,281,897	67,642,794	
4,047,002	3,193,162	3,136,193	1,910,719	728,715	889,373	
1,845,520	910,205	962,870	1,026,116	1,144,659	876,617	
16,717,510	16,303,921	16,767,713	19,229,234	20,701,642	21,793,292	
4,470,903	4,019,639	2,879,700	1,103,532	73,834	282,170	
13,128	131,121	1,408,497	1,776,536	1,567,489	4,223,807	
1,140,896	43,215	58,726	14,646	17,300	132,666	
3,095,700	3,604,146	47,000	150,000	1,998,260	34,000	
<u>162,021,986</u>	<u>163,276,351</u>	<u>152,745,412</u>	<u>139,798,982</u>	<u>144,403,137</u>	<u>156,592,435</u>	
6,020,066	4,894,373	3,757,651	3,012,666	2,136,427	1,988,022	
					38,992	
(3,095,700)	(2,004,146)	(47,000)	(150,000)	(1,998,260)	(34,000)	
<u>2,924,366</u>	<u>2,890,227</u>	<u>3,710,651</u>	<u>2,862,666</u>	<u>138,167</u>	<u>1,993,014</u>	
<u>164,946,352</u>	<u>166,166,578</u>	<u>156,456,063</u>	<u>142,661,648</u>	<u>144,541,304</u>	<u>158,585,449</u>	
					<u>4,664,568</u>	
273,143,303	42,468,222	31,006,578	(23,290,209)	(14,610,284)	(35,076,992)	
77,766,977	26,945,063	20,672,649	22,007,912	(2,540,147)	2,233,369	
<u>\$ 350,910,280</u>	<u>\$ 69,413,285</u>	<u>\$ 51,679,227</u>	<u>\$ (1,282,297)</u>	<u>\$ (17,150,431)</u>	<u>\$ (32,843,623)</u>	

CITY OF BAKERSFIELD

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

	Fiscal Year			
	2003	2004	2005	2006
General Fund				
Reserved				
Petty cash	\$ 19,375	\$ 19,625	\$ 21,825	\$ 22,095
Inventory	-	-	-	-
Prepaid items	445,248	472,566	537,812	-
Encumbrances	2,900,665	1,860,674	1,665,099	1,850,208
Cash basis	7,010,963	7,067,661	7,673,578	9,265,797
Unreserved				
Designated for current projects / contingency	112,430	615,400	247,828	620,618
Designated for compensated absences	-	-	4,854,216	5,554,097
Undesignated	8,972,901	15,611,812	19,032,319	32,648,415
Total general fund	<u>19,461,582</u>	<u>25,647,738</u>	<u>34,032,677</u>	<u>49,961,230</u>
All other governmental funds				
Reserved	19,360,697	43,805,667	16,918,396	32,340,825
Unreserved, reported in:				
Special revenue funds	(1,978,226)	6,695,504	3,418,829	(3,729,699)
Capital projects funds	8,499,121	10,352,393	7,647,901	12,481,455
Permanent funds	41,250,566	52,236	48,101,521	87,503,135
Total all other government funds	<u>\$ 67,132,158</u>	<u>\$ 60,905,800</u>	<u>\$ 76,086,647</u>	<u>\$ 128,595,716</u>

Notes:

- (1) Includes all governmental funds as shown in the Fund Financial Statements.
- (2) In FY 2010-11, the City implemented GASB 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned. FY 2009-10 fund balances have been recharacterized to comply with GASB 54 in order to facilitate year-to-year comparisons.

Source: City Finance Department

Fiscal Year			
2007	2008	2009	
\$ 22,545	\$ 22,545	\$ 22,620	
-			
-			
2,933,414	1,963,262	923,381	
11,159,944	11,686,035	12,001,989	
298,110	1,628,900	4,646,968	
5,928,547	6,120,523	6,714,368	
29,607,059	24,755,512	26,765,142	
<u>49,949,619</u>	<u>46,176,777</u>	<u>51,074,468</u>	
41,592,473	82,349,797	81,360,385	
(10,814,841)	(46,141,619)	(52,326,452)	
18,602,700	15,921,174	30,294,286	
84,314,434	77,778,221	56,430,221	
<u>\$ 133,694,766</u>	<u>\$ 129,907,573</u>	<u>\$ 115,758,440</u>	
	2010	2011	2012
General Fund (2)			
Nonspendable	\$ -	\$ 13,000	\$ 11,975
Restricted	-	-	-
Committed	28,408,926	36,613,273	37,639,359
Assigned	6,902,114	6,891,881	7,281,790
Unassigned	10,637,121	9,131,275	10,476,517
Subtotal general fund	<u>45,948,161</u>	<u>52,649,429</u>	<u>55,409,641</u>
All Other Governmental Funds			
Nonspendable	-	-	-
Restricted	8,253,366	10,051,183	23,252,930
Committed	61,058,527	58,304,744	57,014,597
Assigned	26,469,632	18,649,279	11,091,749
Unassigned	-	-	-
Subtotal all other governmental funds	<u>95,781,525</u>	<u>87,005,206</u>	<u>91,359,276</u>
Total governmental fund balance	<u>\$ 141,729,686</u>	<u>\$ 139,654,635</u>	<u>\$ 146,768,917</u>

CITY OF BAKERSFIELD

Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
Revenues				
Taxes	\$ 84,514,309	\$ 89,363,833	\$ 115,631,300	\$ 135,540,591
Licenses and permits	2,675,401	3,607,543	3,853,451	4,279,532
Intergovernmental	39,841,785	35,973,313	34,255,270	24,965,724
Charges for services	23,451,366	34,924,030	26,675,781	30,604,785
Fines, forfeitures & assessments	16,071,148	17,949,056	31,499,007	60,485,776
Interest income	2,008,420	676,118	2,828,081	3,936,649
Miscellaneous	6,029,978	9,935,221	4,825,205	5,155,640
Total Revenues	174,592,407	192,429,114	219,568,095	264,968,697
Expenditures				
General government	8,686,836	9,712,947	8,473,071	10,758,950
Police	43,162,556	47,283,348	53,536,030	59,716,106
Fire	22,379,272	24,144,074	28,115,025	28,878,953
Public works	18,002,954	15,465,572	19,199,433	21,500,679
Community services	15,527,136	14,877,855	16,046,083	19,204,779
Development services	6,127,284	6,164,000	7,607,299	9,143,519
Economic/Community development	4,691,066	3,818,640	3,541,200	3,022,308
Non departmental	9,281,777	8,888,063	7,726,250	5,486,829
Capital outlay	35,515,109	41,568,039	41,691,554	35,744,826
Debt service				
Principal	4,350,000	17,150,000	2,026,000	1,258,000
Interest	1,871,844	1,305,966	811,755	702,386
Total Expenditures	169,595,834	190,378,504	188,773,700	195,417,335
Excess (deficiency) of revenues over (under) expenditures	4,996,573	2,050,610	30,794,395	69,551,362
Other financing sources (uses)				
Notes/certificate proceeds				
Transfers in	15,704,214	18,817,358	15,171,629	21,908,333
Transfers out	(18,240,995)	(20,908,170)	(27,063,316)	(23,022,073)
Reserve transfer to agency funds	-	-	-	-
Extraordinary gain				
Total other financing sources (uses)	(2,536,781)	(2,090,812)	(11,891,687)	(1,113,740)
Net change in fund balances	\$ 2,459,792	\$ (40,202)	\$ 18,902,708	\$ 68,437,622
Debt service as a percentage of non capital expenditures	5.2% (1)	13.5% (1)	2.0% (1)	1.2% (1)

Notes:

(1) As restated.

Source: City Finance Department

		Fiscal Year									
		2007	2008	2009	2010	2011	2012				
\$	151,067,427	\$	154,249,416	\$	147,153,335	\$	128,716,315	\$	139,250,878	\$	150,761,992
	3,029,719		2,613,944		2,576,755		2,192,594		1,757,045		2,321,094
	36,774,497		55,926,098		82,994,989		90,926,017		87,577,120		83,597,649
	28,299,553		27,056,425		26,850,501		24,488,013		23,982,350		34,518,512
	30,450,784		25,511,482		18,207,527		13,601,153		14,359,150		4,034,565
	9,327,675		6,157,327		3,455,207		2,193,269		804,910		865,072
	4,668,437		5,166,473		4,097,040		5,830,575		4,662,521		7,346,224
	<u>263,618,092</u>		<u>276,681,165</u>		<u>285,335,354</u>		<u>267,947,936</u>		<u>272,393,974</u>		<u>283,445,108</u>
	10,807,970		10,809,819		11,509,310		11,070,305		9,944,217		10,383,512
	64,936,013		68,853,581		65,824,506		63,789,358		65,985,764		68,489,176
	30,349,754		31,737,283		31,338,492		30,921,380		29,450,014		31,390,736
	25,634,650		27,771,403		27,594,508		24,023,808		21,967,831		25,849,496
	22,047,595		23,959,813		23,702,177		22,281,910		22,620,636		23,599,669
	10,787,216		10,558,195		9,619,973		7,811,683		6,486,573		6,229,936
	3,939,418		3,417,684		5,567,930		11,322,095		8,147,683		3,646,144
	11,584,563		13,866,439		11,111,355		17,103,372		12,517,816		20,283,121
	75,443,460		89,813,206		104,472,583		107,556,933		97,915,227		94,567,093
	1,957,000		1,256,000		3,509,000		203,000		444,000		366,000
	598,067		491,605		324,862		204,673		221,920		219,865
	<u>258,085,706</u>		<u>282,535,028</u>		<u>294,574,696</u>		<u>296,288,517</u>		<u>275,701,681</u>		<u>285,024,748</u>
	<u>5,532,386</u>		<u>(5,853,863)</u>		<u>(9,239,342)</u>		<u>(28,340,581)</u>		<u>(3,307,707)</u>		<u>(1,579,640)</u>
	1,600,000		26,562,537		12,740,413		1,800,000		-		-
	(2,044,947)		(28,268,709)		(12,752,513)		(8,813,765)		9,580,944		11,587,495
	-		-		-		-		(8,358,944)		(12,704,555)
	-		-		-		-		10,656		-
	-		-		-		-		-		4,664,568
	<u>(444,947)</u>		<u>(1,706,172)</u>		<u>(12,100)</u>		<u>1,800,000</u>		<u>1,232,656</u>		<u>3,547,508</u>
\$	<u>5,087,439</u>	\$	<u>(7,560,035)</u>	\$	<u>(9,251,442)</u>	\$	<u>(26,540,581)</u>	\$	<u>(2,075,051)</u>	\$	<u>1,967,868</u>

-10.5% (1)

0.8% (1)

1.8% (1)

0.2% (1)

0.3% (1)

0.2%

CITY OF BAKERSFIELD

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

<u>Fiscal Year</u>	<u>General Property Taxes</u>	<u>Sales and Use Taxes</u>	<u>Transient Occupancy Taxes</u>	<u>Business License Taxes</u>	<u>Utility Franchise Taxes</u>	<u>In-Lieu and Other Taxes</u>	<u>Total Taxes</u>
2003	23,523,106	46,283,126	5,747,849	2,244,126	3,680,638	3,035,464	84,514,309
2004	23,926,768	49,237,400	6,069,043	2,459,889	3,974,642	3,696,091	89,363,833
2005	39,464,262 (2)	58,465,636	6,594,845	2,646,990	4,191,066	4,268,501	115,631,300
2006	49,135,641 (2)	66,495,453	7,456,838	2,995,555	4,382,644	5,074,460	135,540,591
2007	62,324,076 (2)	68,367,251	7,954,228	3,404,712	4,970,158	4,047,002	151,067,427
2008	71,655,585 (2)	63,415,357	7,749,531	3,331,064	4,904,717	3,193,162	154,249,416
2009	70,869,285 (2)	56,615,428	7,144,718	3,899,841	5,487,871	3,136,192	147,153,335
2010	57,185,433 (2)	50,664,333	6,493,702	3,173,514	9,288,614 (3)	1,910,719	128,716,315
2011	62,889,341 (2)	55,281,897	6,851,869	3,415,351	10,083,705 (3)	728,715	139,250,878
2012	60,117,200 (2)	54,246,000	7,827,792	3,200,000	10,875,000 (3)	900,000	137,165,992

Notes:

- (1) Includes all governmental funds as shown in the Fund Financial Statements.
(2) Includes VLF Triple Flip tax revenue.
(3) Includes PG & E Utility Surcharge revenues.

Source: City Finance Department

CITY OF BAKERSFIELD

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

Taxpayer	2003			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Nestle Holdings Inc				\$ 217,750,894	1	1.02%
Bakersfield Mall LLC	\$ 114,341,670	1	0.99%	146,294,597	3	0.69%
Chevron USA Inc.				156,676,917	2	0.73%
California Water Service Company	42,566,556	6	0.37%	103,568,501	4	0.49%
Donahue Schriber Realty Group LLP	31,009,658	9	0.27%	56,095,000	7	0.26%
WalMart Real Estate BSNS Trust				79,265,916	5	0.37%
Castle & Cook Comm. Inc.	105,508,124	2	0.92%			
Bright House Networks, LLC				55,326,601	8	0.26%
State Farm Insurance Company	61,079,800	4	0.53%			
Kaiser Foundation Health Plan Inc.				52,229,964	10	0.24%
Ice Cream Partners USA	63,873,500	3	0.55%			
Bear Mountain Limited	55,727,020	5	0.48%			
Heart Hospital of Bakersfield	36,484,082	7	0.32%			
Aew Careage LLC	33,236,871	8	0.29%			
Dayton Hudson Corporation	30,312,070	10	0.26%			
BLC Glenwood Gardens AL LP				78,688,329	6	0.37%
Kern Schools F C U				52,936,572	9	0.25%
Total taxable assessed value of ten (10) largest taxpayers	\$ 574,139,351		4.98%	\$ 998,833,291		4.68%
Total taxable assessed value of other taxpayers	10,956,355,886		95.02%	20,354,849,988		95.32%
Total taxable assessed value of all taxpayers	\$ 11,530,495,237		100.00%	\$ 21,353,683,279		100.00%

Note:

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

CITY OF BAKERSFIELD

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

Fiscal Year Ended June 30	Secured			Unsecured	Less: Tax Exempt Real Property
	Residential Property	Commercial Property	Other		
2003	7,713,303	2,117,283	1,809,671	532,842	645,761
2004	8,760,686	2,341,932	1,879,013	546,353	694,115
2005	9,966,804	2,463,503	1,943,657	565,311	680,115
2006	12,110,090	2,727,174	2,200,212	582,995	731,597
2007	15,371,291	3,104,110	2,655,402	631,452	816,684
2008	18,353,070	3,401,625	3,122,004	659,048	881,683
2009	17,705,933	3,785,022	3,495,239	751,790	957,674
2010	15,577,372	4,030,198	3,311,171	878,216	1,080,957
2011	14,950,744	4,053,184	3,134,829	834,158	1,063,302
2012	14,521,636	3,832,880	3,245,619	850,899	1,104,081

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

Source: HdL Coren & Cone, Kern County Assessor 2011-12 Combined Tax Rolls.

Total Taxable Assessed Value	Total Direct Rate	Estimated Actual Taxable Value (1)
11,527,338	0.1554	Unavailable
12,833,869	0.2029	Unavailable
14,259,160	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

CITY OF BAKERSFIELD

Property Tax Rates Direct and Overlapping Governments Last Ten Fiscal Years

	2003	2004	2005	2006
Basic County-Wide Levy (1)	1.0000	1.0000	1.0000	1.0000
Overlapping Rates:				
Bakersfield School	0.0779	0.0503	0.0477	0.0416
Beardsley School	0.0747	0.0359	0.0429	0.0406
Edison School Bond	0.0000	0.0000	0.0000	0.0000
Fairfax 10A	0.0000	0.0000	0.0000	0.0000
Fairfax School	0.0742	0.0348	0.0466	0.0403
Fruitvale Dbt Ec	0.1209	0.1225	0.0000	0.0000
Fruitvale School Bonds	0.0746	0.0556	0.0581	0.0490
Greenfield School	0.0946	0.0918	0.0775	0.0650
Kern Community College District	0.0000	0.0118	0.0092	0.0096
Kern County Water Agency	0.0681	0.0705	0.0696	0.0504
Kern High School District	0.0219	0.0206	0.0300	0.0321
Lakeside School 2008-A	0.0000	0.0000	0.0000	0.0000
Lamont School	0.0832	0.0318	0.0607	0.0567
Norris School	0.0396	0.0371	0.0271	0.0208
Panama School	0.0314	0.0322	0.0292	0.0250
Rio Bravo School	0.0465	0.0501	0.0674	0.0378
Rosedale	0.0681	0.0162	0.0146	0.0129
Standard Bond 06A	0.0000	0.0000	0.0000	0.0000
Vineland School 07-A	0.0000	0.0000	0.0000	0.0000
Total Direct & Overlapping Tax Rates (2)	<u>1.8757</u>	<u>1.6612</u>	<u>1.5806</u>	<u>1.4818</u>
City Share of 1% Levy (3)	<u>0.1841</u>	<u>0.1844</u>	<u>0.1844</u>	<u>0.1844</u>
Total Direct Rate (4)	<u>0.1554</u>	<u>0.2029</u>	<u>0.2034</u>	<u>0.2281</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% 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 general fund tax shifts may not be included in tax ratio figures.

(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)

2007	2008	2009	2010	2011	2012
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.0388	0.0577	0.0568	0.0676	0.0663	0.0710
0.0627	0.0490	0.0485	0.0548	0.0574	0.0599
0.0000	0.0000	0.0000	0.0000	0.0720	0.0664
0.0000	0.0000	0.0000	0.0000	0.0000	0.0280
0.0299	0.0249	0.0296	0.0330	0.0401	0.0408
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0799	0.0557	0.0537	0.0610	0.0695	0.0759
0.0480	0.0540	0.0615	0.0835	0.0783	0.0804
0.0053	0.0080	0.0091	0.0094	0.0101	0.0091
0.0376	0.0533	0.0495	0.0601	0.0553	0.0748
0.0405	0.0382	0.0358	0.0431	0.0447	0.0363
0.0000	0.0000	0.0000	0.0216	0.0188	0.0224
0.0462	0.0463	0.0466	0.0652	0.0694	0.0693
0.0151	0.0147	0.0250	0.0330	0.0298	0.0327
0.0211	0.0191	0.0088	0.0099	0.0116	0.0115
0.0367	0.0378	0.0681	0.0690	0.0741	0.0737
0.0097	0.0013	0.0025	0.0046	0.0000	0.0000
0.0239	0.0210	0.0240	0.0258	0.0206	0.0191
0.0000	0.0000	0.0397	0.0424	0.0414	0.0423
<u>1.4954</u>	<u>1.4810</u>	<u>1.5592</u>	<u>1.6840</u>	<u>1.7594</u>	<u>1.8136</u>
<u>0.1846</u>	<u>0.1847</u>	<u>0.1847</u>	<u>0.1846</u>	<u>0.1852</u>	<u>0.1851</u>
<u>0.2160</u>	<u>0.1931</u>	<u>0.1961</u>	<u>0.1981</u>	<u>0.1969</u>	<u>0.1956</u>

CITY OF BAKERSFIELD

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

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)
2003	21,923,330	21,508,264	98.1%	370,646	21,878,910	99.8%
2004	23,538,692	23,132,897	98.3%	461,432	23,594,329	100.2%
2005	27,352,808	26,799,037	98.0%	462,268	27,261,305	99.7%
2006	32,367,859	31,572,839	97.5%	534,541	32,107,380	99.2%
2007	42,437,947	38,167,345	89.9%	579,684	38,747,029	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%

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.

Source: City Finance Department

CITY OF BAKERSFIELD

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

<u>Year</u>	<u>State of California</u>	<u>Total Rate</u>
2003	7.25%	7.25%
2004	7.25%	7.25%
2005	7.25%	7.25%
2006	7.25%	7.25%
2007	7.25%	7.25%
2008	7.25%	7.25%
2009	8.25%	8.25%
2010	8.25%	8.25%
2011	8.25%	8.25%
2012	7.25%	7.25%

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

Source: California State Board of Equalization

CITY OF BAKERSFIELD

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Retail Trade Groups	31,523,004	33,993,987	38,114,349	43,933,276	44,882,615
Non-Store Retailers	933,959	1,058,215	1,206,858	1,379,182	1,505,922
Service Groups	2,386,102	2,645,201	2,527,542	2,939,384	3,071,729
Construction Contractor Groups	823,322	1,009,244	1,318,508	1,800,092	2,364,714
Producers, Manufacturers and Wholesalers Group	<u>2,893,009</u>	<u>3,426,901</u>	<u>3,590,789</u>	<u>5,109,920</u>	<u>5,744,221</u>
Total	<u>38,559,396</u>	<u>42,133,548</u>	<u>46,758,046</u>	<u>55,161,854</u>	<u>57,569,201</u>

Note: 2011 data is the most recent information available

Source: California State Board of Equalization

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
43,965,080	40,428,261	34,939,802	36,129,898	40,605,395
1,312,047	991,106	728,190	714,709	922,257
2,979,402	3,149,366	2,809,311	3,279,903	4,056,208
1,839,151	1,615,488	628,808	612,563	807,930
<u>5,715,484</u>	<u>7,711,908</u>	<u>5,682,497</u>	<u>6,119,199</u>	<u>8,620,630</u>
<u><u>55,811,164</u></u>	<u><u>53,896,129</u></u>	<u><u>44,788,608</u></u>	<u><u>46,856,272</u></u>	<u><u>55,012,420</u></u>

CITY OF BAKERSFIELD

**Sales Tax Revenue Payers By Industry
2011 and Nine Years Ago**

	2002			
	Number of Filers	Percent of Total	Tax Liability Paid	Percent of Total \$
Department Stores	19	0.30%	\$ 3,343,734	8.67%
New Car Dealers	33	0.51%	7,671,858	19.90%
Service Stations	44	0.68%	1,659,088	4.30%
Eating/Drinking Places without Alcohol	347	5.40%	1,716,559	4.45%
Eating/Drinking Places w/General on-sale Lic	106	1.65%	897,765	2.33%
Building Materials	29	0.45%	2,040,362	5.29%
Heavy Industrial Equipment & Misc Machinery	159	2.47%	823,322	2.14%
Grocery Stores w/General Liquor Lic 21	36	0.56%	1,083,169	2.81%
Petroleum, Petroleum Products, Oil Well, Refining, and Service Station Equipment	75	1.17%	1,174,398	3.05%
Business Service Concerns	207	3.22%	258,988	0.67%
All Other	5,375	83.59%	17,890,154	46.39%
Total	6,430	100.00%	\$ 38,559,397	100.00%

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 2002 and 2011 are the most current years for which a nine year history can be shown.

Source: California State Board of Equalization

2011			
<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Tax Liability Paid</u>	<u>Percent of Total \$</u>
25	0.38%	\$ 8,393,158	15.26%
22	0.33%	6,791,822	12.35%
87	1.32%	5,643,991	10.26%
384	5.81%	2,726,319	4.96%
318	4.81%	2,515,757	4.57%
18	0.27%	2,177,944	3.96%
171	2.59%	3,145,109	5.72%
114	1.73%	1,741,293	3.17%
31	0.47%	2,680,951	4.87%
304	4.60%	1,234,882	2.24%
<u>5134</u>	<u>77.69%</u>	<u>17,961,194</u>	<u>32.64%</u>
<u>6608</u>	<u>100.00%</u>	<u>\$ 55,012,420</u>	<u>100.00%</u>

CITY OF BAKERSFIELD

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Net Bonded Debt</u>	<u>Total</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Population (1)</u>	<u>Total Debt Per Capita</u>
2003	4,000,000	-	4,000,000	0.00%	266,784	14.99
2004	3,050,000	-	3,050,000	0.00%	279,672	10.91
2005	2,070,000	-	2,070,000	0.00%	295,893	7.00
2006	1,055,000	-	1,055,000	0.00%	311,824	3.38
2007(2)	-	-	-	-	323,213	0.00
2008	-	-	-	-	328,692	0.00
2009	-	-	-	-	333,719	0.00
2010	-	-	-	-	338,952	0.00
2011	-	-	-	-	351,443	0.00
2012	-	-	-	-	354,480	0.00

Notes:

Includes all long-term general obligation bonded debt.

(1) State Department of Finance

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

Source: City Finance Department



CITY OF BAKERSFIELD

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

Fiscal Year	Governmental Activities		Total Governmental Activities (3)
	Revenue Bonds	Notes	
2003	13,705,000	-	13,705,000
2004	9,120,000	5,732,640	14,852,640
2005	7,255,000	4,739,000	11,994,000
2006	6,165,000	4,571,000	10,736,000
2007	4,385,000	4,394,000	8,779,000
2008	3,315,000	4,208,000	7,523,000
2009	-	4,014,000	4,014,000
2010	-	5,611,000	5,611,000
2011	-	5,167,000	5,167,000
2012	-	4,801,000	4,801,000

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.

Source: City Finance Department

Revenue Bonds	Business-Type Activities		Total Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (2)
	General Obligation					
	Bonds	Notes				
19,235,000	4,000,000	15,778,619	39,013,619	52,718,619	0.32%	198
5,110,000	3,050,000	14,846,492	23,006,492	37,859,132	0.21%	135
-	2,070,000	13,902,687	15,972,687	27,966,687	0.15%	95
-	1,055,000	12,947,272	14,002,272	24,738,272	0.12%	79
-	-	13,054,738	13,054,738	21,833,738	0.10%	68
243,032,633	-	11,804,769	254,837,402	262,360,402	1.18%	798
242,701,570	-	10,614,878	253,316,448	257,330,448	1.06%	771
241,270,507	-	8,991,701	250,262,208	255,873,208	1.03%	755
238,994,444	-	7,521,262	246,515,706	251,682,706	0.00%	716
217,003,381	-	6,769,136	223,772,517	228,573,517	0.00%	645

CITY OF BAKERSFIELD

Direct and Overlapping Debt (1)

As of June 30, 2012

2011-12 Assessed Valuation	\$ 21,348,232,919		
Redevelopment Incremental Valuation	(711,587,021)		
Adjusted Assessed Valuation	<u>\$ 20,636,645,898</u>		
	<u>Debt Outstanding (2)</u>	<u>Estimated Percentage Applicable (3)</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Tax and Assessment Debt			
Kern Community College District Safety School Facilities Improvement District	\$ 104,142,372	29.739%	\$ 30,970,900
Kern High School District	226,471,209	47.094	106,654,351
Bakersfield City School District	36,530,027	67.820	24,774,664
Beardsley School District	15,139,898	21.570	3,265,676
Edison School District	5,514,942	0.023	1,268
Fairfax School District	7,840,032	21.056	1,650,797
Fruitvale School District	23,425,145	78.443	18,375,386
Greenfield Union School District	16,208,406	85.405	13,842,789
Lakeside Union School District	10,764,054	33.787	3,636,851
Lamont School District	3,289,775	0.023	757
Norris School District	1,971,813	58.298	1,149,528
Panama-Buena Vista Union School District	825,000	96.722	797,957
Rio Bravo-Greeley Union School District	11,710,475	0.047	5,504
Rosedale Union School District	300,000	56.187	168,561
Olcese Water District	220,000	100.000	220,000
Standard School District	10,075,000	1.375	138,531
Vineland School District	3,999,982	0.004	160
Kern Delta Water District	1,385,000	74.253	1,028,404
Kern Community College District Assessment District	3,305,000	32.219	1,064,838
Greenfield Union School District CFD No. 1 & 3	5,055,000	100.000	5,055,000
RNR School Financing Authority	67,140,000	70.840	47,561,976
Total Overlapping Tax and Assessment Debt	<u>\$ 555,313,130</u>		<u>\$ 260,363,898</u>
Overlapping General Fund Debt			
Kern County Certificates of Participation	\$ 127,655,000	25.940%	\$ 33,113,707
Kern County Pension Obligations	399,105,506	25.940	103,527,968
Rio Bravo-Greeley Union School District General Fund Obligation	1,105,000	0.047	519
Certificates of Participation:			
Kern County Board of Education	42,755,000	25.940	11,090,647
Kern County Community College District	93,485,000	26.362	24,644,516
Kern County Community College District Benefit	83,685,000	26.362	22,061,040
Kern High School District	121,540,000	47.094	57,238,048
Fairfax School District	4,500,000	21.056	947,520
Panama-Buena Vista Unified School District	31,370,000	97.074	30,452,114
Standard School District	775,000	1.375	10,656
Total Overlapping General Fund Debt	<u>\$ 905,975,506</u>		<u>\$ 283,086,735</u>
Direct Debt			
City of Bakersfield			
City of Bakersfield General Fund Obligations			\$ 24,710,000
Public Financing Authority Revenue Bonds			-
Total Direct and Overlapping Debt			<u>\$ 568,160,633</u>

Notes:

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

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

CITY OF BAKERSFIELD

Computation of Legal Debt Margin
June 30, 2012

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					
	Sewer Charges and Other Revenue (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service (3)(4)		Coverage (5)
				Principal	Interest	
2002-03	23,088,901	7,494,423	15,594,478	2,660,000	1,213,556	4.03
2003-04	28,832,948	8,703,477	20,129,471	14,125,000	426,663	1.38
2004-05	30,227,439	8,931,127	21,296,312	5,110,000	79,838	4.10
2005-06	34,088,363	9,836,368	24,251,995	-	-	N/A
2006-07	33,382,155	10,743,656	22,638,499	-	-	N/A
2007-08	34,245,054	12,622,868	21,622,186	-	3,872,689	5.58
2008-09	33,776,649	11,447,963	22,328,686	-	10,361,705	2.15
2009-10	38,115,751	11,928,571	26,187,180	1,100,000	9,597,489	2.45
2010-11 (6)	36,073,819	14,144,051	21,929,768	1,945,000	9,451,151	1.92
2011-12	36,769,858	12,913,038	23,856,820	2,930,000 (7)	9,959,591	1.85

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 has 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.

Source: City Finance Department

CITY OF BAKERSFIELD

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (2) (millions)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (3)</u>	<u>Education Level in Years of Formal Schooling (3) (4)</u>	<u>Elementary School Enrollment (5)</u>	<u>Estimated Unemployment Rate (%) (6)</u>
2002-03	266,784	16,558	23,215	30.5	72.1%	28,179	12.0%
2003-04	279,672	17,660	24,067	30.1	72.8%	28,315	12.6%
2004-05	295,893	18,804	25,050	29.8	72.2%	28,234	8.3%
2005-06	311,824	20,042	25,938	30.0	71.9%	27,890	7.3%
2006-07	323,213	21,409	27,076	29.8	70.1%	27,403	8.0%
2007-08	328,692	22,183	27,713	30.0	70.2%	27,085	9.5%
2008-09	333,719	24,174	29,940	30.3	71.5%	27,263	14.7%
2009-10	338,952	24,955	29,609	30.9	71.3%	27,267	15.8%
2010-11	351,443	-	-	30.7	72.8%	27,590	15.3%
2011-12	354,480	-	-	-	-	-	10.5%

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).

CITY OF BAKERSFIELD

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

Employer	2003			2012		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
County of Kern (1)	N/A		N/A	7475	1	5.10%
Grimmway Farms				3500	2	2.39%
Wm. Bolthouse Farms				2000	3	1.37%
City of Bakersfield				1474	4	1.01%
Bakersfield Memorial Hospital				1400	5	0.96%
Mercy Hospital				1200	6	0.82%
ARB, Inc.				1200	7	0.82%
Kern Medical Center				1200	8	0.82%
State Farm Insurance				1045	9	0.71%
Sun World, Inc.				1025	10	0.70%
Others				124,970		85.30%
Total	N/A		N/A	146,489		100.00%

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

Source: Top 10 employers provided by the Greater Bakersfield Chamber of Commerce.

Total number employed persons in Bakersfield provided by U.S. Dept of Labor.

Note: Only current data is available



CITY OF BAKERSFIELD

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

Function	2003	2004	2005	2006	2007	2008
<u>Governmental activities:</u>						
General government	98	82	96	139	123	125
Public safety						
Police						
Officers	319	321	345	346	373	373
Civilians	116	115	120	132	144	145
Fire						
Firefighters and officers	176	175	180	180	183	183
Civilians	22	22	21	27	29	29
Public works	239	226	255	271	281	281
Community services	119	108	119	129	175	174
Development services	64	69	67	81	98	94
Economic/Community devel.	19	18	17	17	17	22
<u>Business-type activities:</u>						
Wastewater treatment	29	29	29	29	55	53
Refuse collection	91	84	91	133	110	110
Domestic/agricultural water	23	23	23	23	25	25
General aviation	-	-	-	-	-	-
Offstreet parking	-	-	-	-	-	-
Total	<u>1,315</u>	<u>1,272</u>	<u>1,363</u>	<u>1,507</u>	<u>1,613</u>	<u>1,614</u>

Source: City Finance Department

2009	2010	2011	2012
88	98	106	109
344	358	380	385
127	127	123	131
181	179	176	177
19	19	19	19
248	244	244	247
155	147	151	153
91	69	57	55
22	20	12	11
49	55	54	56
102	102	102	103
26	28	28	28
-	-	-	-
-	-	-	-
<u>1,452</u>	<u>1,446</u>	<u>1,452</u>	<u>1,474</u>

CITY OF BAKERSFIELD

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

Fiscal Year (4)	Commercial Construction		Residential Construction		Other Construction
	No. of Units	Value	No. of Units	Value	Value
2002-03	141	56,694	2,981	428,534	62,112
2003-04	130	82,003	3,677	568,413	65,878
2004-05	103	62,202	4,291	675,804	115,348
2005-06(3)	76	36,008	5,314	870,190	94,661
2006-07	151	69,002	3,532	564,588	101,835
2007-08	153	78,506	1,922	296,788	104,710
2008-09	95	60,840	1,090	237,091	93,314
2009-10(3)	83	62,088	1,097	232,275	86,668
2010-11(3)	40	13,425	848	197,380	98,057
2011-12	40	41,482	422	92,313	81,984

Notes:

- (1) Property value and bank deposits reported in thousands.
- (2) Federal Deposit Insurance Corporation
- (3) Previous report stated 6 months of data. Numbers have been corrected to represent a full year.
- (4) Construction units and values are based on a 12 month calendar year. 2010-11 data reflect the 2010 calendar year.

Total Construction		Bank Deposits (2)
No. of Units	Value	
3,122	547,340	3,179,623
3,807	716,294	3,357,220
4,394	853,354	4,027,043
5,390	1,000,859	4,376,691
3,683	735,425	4,432,920
2,075	480,004	4,315,921
1,185	391,245	4,485,261
1,180	381,031	4,728,745
888	308,862	5,172,880
462	215,779	5,280,515

CITY OF BAKERSFIELD

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

Function	Fiscal Year			
	2003	2004	2005	2006
Public safety - Police				
Physical arrests		14,380	14,567	16,677
Parking violations	10,407	10,139	9,992	10,572
Traffic violations	35,813	32,475	22,833	
Public safety - Fire				
Number of calls answered	21,727	23,101	24,348	25,735
Inspections	3,496	2,555	3,610	3,906
Public works				
Street resurfacing (lane miles)	55	18	22	73
Refuse collection				
Refuse collected (tons/day)	74,400	80,246	85,332	91,110
Recyclables collected (tons/day)	24,808	28,032	31,155	34,588
Community services				
Athletic field permits issued	2,940	3,036	3,396	3,528
Community center, aquatics/sports admissions	74,060	61,216	59,962	89,478
Domestic/agricultural water				
New connections	1,739	1,518	2,056	2,109
Water main breaks	47	15	42	43
Average daily consumption (thousands of gallons)	29,011	31,691	31,790	32,139
Wastewater treatment				
Average daily sewage treatment (millions of gallons)	28.72 MGD	30.05 MGD	29.95 MGD	30.54 MGD

Source: City Finance Department

Fiscal Year					
2007	2008	2009	2010	2011	2012
18,210	17,272	18,531	17,023	22,028	29,623
9,146	11,094	7,985	5,522	5,433	4,708
17,950	10,681	11,365	12,018	10,043	9,172
22,505	27,390	28,605	26,885	27,392	28,870
5,996	3,616	2,444	2,896	3,355	3,276
55	76	84	49	83	128.75
101,800	94,750	100,750	112,000	111,500	108,200
33,100	35,300	39,200	42,000	47,000	48,215
2,463	6,902	6,849	6,219	5,685	10,156
124,465	301,198	323,661	379,286	440,101	473,530
1,862	2,542	1,293	954	493	301
87	35	14	5	7	10
31,894	38,028	41,542	36,370	27,008	27,568
31.12 MGD	31.18 MGD	31.49 MGD	31.49 MGD	32.3 MGD	31.28 MGD

CITY OF BAKERSFIELD

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

Function	Fiscal Year			
	2003	2004	2005	2006
Land (1)				
Area (2)	116.44	117.42	118.51	120.85
Public safety				
Police Stations/Substations	3	4	4	4
Fire Stations	12	13	13	13
Refuse collection				
Collection trucks	35	38	42	44
Public works				
Streets (miles)	942	983	1,028	1,069
Streetlights	12,056	12,756	13,316	14,101
Traffic signals	268	280	293	302
Community services				
Parks acreage	399	398	432	432
Parks	46	45	46	46
Swimming pools	9	7	6	6
Tennis courts	11	11	11	11
Community centers	3	3	3	3
Domestic/agricultural water				
Water mains (miles) (3)			466	469
Fire hydrants	7,933	8,365	8,518	9,040
Wastewater treatment				
Sanitary sewers (miles)	857	889	921	962
Storm sewers (miles)	159	173	189	204
Maximum daily treatment capacity (millions of gallons)	35 MGD	35 MGD	41 MGD	41 MGD

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					
2007	2008	2009	2010	2011	2012
135.48	139.91	143.46	144.40	149.75	149.80
4	4	4	4	4	4
13	13	13	14	14	14
55	56	57	57	57	53
1,178	1,236	1,242	1,379	1,465	1,477
14,965	15,474	15,809	15,923	16,092	16,160
314	326	343	359	366	394
447	454	484	494	558	595
48	49	55	55	59	59
6	6	6	4	4	4
11	11	11	11	11	12
3	3	3	3	3	3
470	478	491	493	501	502
9,600	9,765	10,041	10,220	10,301	13,576
1028	1,055	1,059	1,059	1,061	1,061
244	259	261	262	263	263
41 MGD	41 MGD	41 MGD	57 MGD	57 MGD	57 MGD

CITY OF BAKERSFIELD

**Schedule of Insurance in Force
June 30, 2012**

Type of Coverage

Liability:	Limits	
Excess Workers' Compensation	Statutory	Limit with a \$500,000 self-insured retention.
Excess Liability	50,000,000	Limit with a \$1,000,000 self-insured retention.
Combination Crime	2,000,000	Coverage limit, \$25,000 deductible.
Airport Operations	10,000,000	Coverage limit.
Aircraft	10,000,000	Coverage limit.
Physical Loss:		
All Risk Property and Boiler Machinery	600,000,000	Coverage on buildings and contents subject to \$5,000 deductible with various sublimits.
Auto-Physical Damage		Coverage for high value vehicles over \$100,000, subject to a \$10,000 deductible.
Life and Medical:		
Life and Accident	2,000	Supervisory & Management employees. Each employee (basic coverage) and additional insurance equal to annual salary to nearest \$1,000.
	12,000	Safety employees, each employee (basic coverage).
	30,000	Miscellaneous employees, each employee (basic coverage).
Medical and Dental		Basic coverage plus (no lifetime maximum) extended benefits of 90% after \$350 deductible for medical (Anthem Blue Cross) or Group dental (\$50 deductible for Met Life).

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

Insurance Company	Policy Number	Expiration Date	Annual Premium
CSAC- EIA		07/10/13	\$ 411,156
ACCEL		06/30/13	768,617
CSAC	00FA023805312	07/01/13	14,640
Pik West	AP3791956-04	07/01/13	3,075
XL Specialty	NAC4019043	07/01/13	10,975
CSAC		03/31/13	289,794

