

# The City of Bakersfield California



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

# CITY OF BAKERSFIELD, CALIFORNIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2008



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

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**CITY OF BAKERSFIELD**

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Comprehensive Annual Financial Report  
Year Ended June 30, 2008

**Table of Contents**

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<b>INTRODUCTORY SECTION</b>	<u>Page</u>
Table of Contents .....	i
Letter of Transmittal .....	iv
GFOA Certificate of Achievement .....	viii
Organizational Chart .....	ix
Elected and Administrative Officers .....	x
 <b>FINANCIAL SECTION</b>	
Independent Auditors' Report .....	1
Management's Discussion and Analysis (Required Supplementary Information) .....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets .....	20
Statement of Activities .....	22
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet .....	26
Reconciliation of the Governmental Funds Balance Sheet To the Government-Wide Statement of Net Assets .....	28
Statement of Revenues, Expenditures and Changes in Fund Balances .....	30
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets .....	32
Proprietary Funds:	
Statement of Net Assets .....	34
Statement of Revenues, Expenses and Changes in Fund Net Assets .....	36
Statement of Cash Flows .....	38
Fiduciary Funds:	
Statement of Fiduciary Net Assets .....	44
Statement of Changes in Fiduciary Net Assets .....	45
Notes to Basic Financial Statements .....	47

---

**CITY OF BAKERSFIELD**

---

Comprehensive Annual Financial Report  
Year Ended June 30, 2008

---

**Table of Contents**

---

**FINANCIAL SECTION, Continued****Required Supplementary Information:**

Budgetary Information .....	87
Budgetary Comparison Schedule for the General Fund .....	88
Budgetary Comparison Schedule for the Transient Occupancy Tax Fund .....	89
Budgetary Comparison Schedule for the Community Development Block Grant Fund .....	89
Budgetary Comparison Schedule for the Gas Tax & Road Fund .....	90
Defined Pension Plan .....	91
Other Post Employment Benefit (OPEB) Irrevocable Trust.....	92
Defined Benefit Pension Trust .....	92

**Supplementary Information:**

Statement of Changes in Assets and Liabilities – Agency Funds .....	96
Combining Statement of Fiduciary Net Assets .....	97
Combining Statement of Changes in Fiduciary Net Assets .....	98
Non-Major Governmental Funds:	
Combining Balance Sheet .....	100
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	102
Internal Service Funds:	
Combining Statement of Net Assets .....	106
Combining Statement of Activities and Changes in Net Assets .....	107
Combining Statement of Cash Flows .....	108

**Governmental Funds by Fund Type:****General Fund**

Balance Sheet .....	110
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Comparison .....	111
Schedule of Expenditures by Department – Budgetary Level of Control – Budget and Actual Comparison .....	113

**Special Revenue Funds:**

Combining Balance Sheet .....	116
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Comparison .....	120

**Debt Service Funds:**

Combining Balance Sheet .....	126
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	127
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Comparison .....	128

**Capital Projects Funds:**

Combining Balance Sheet .....	132
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	132
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Comparison .....	136

---

**CITY OF BAKERSFIELD**

---

Comprehensive Annual Financial Report  
Year Ended June 30, 2008

**Table of Contents**

---

**STATISTICAL SECTION**

Net Assets by Component – Last Seven Fiscal Years .....	142
Change in Net Assets – Last Seven Fiscal Years .....	144
Fund Balances of Governmental Funds – Last Seven Fiscal Years .....	148
Changes in Fund Balances of Governmental Funds – Last Seven Fiscal Years .....	150
Governmental Activities Tax Revenues By Source – Last Seven Fiscal Years .....	152
Principal Property Taxpayers – Current Year and Seven Years Ago.....	153
Assessed Value and Estimated Actual Value of Taxable Property – Last Seven Fiscal Years .....	154
Property Tax Rates/Direct and Overlapping Governments – Last Seven Fiscal Years .....	156
Property Tax Levies and Collections – Last Seven Fiscal Years.....	158
Direct and Overlapping Sales Tax Rates – Last Seven Fiscal Years.....	159
Taxable Sales by Market Groups – Last Seven Fiscal Years .....	160
Sales Tax Revenue Payers by Industry – Current Year and Seven Years Ago.....	162
Ratio of General Bonded Debt Outstanding – Last Seven Fiscal Years .....	164
Ratio of Outstanding Debt by Type – Last Seven Fiscal Years .....	166
Direct and Overlapping Debt as of June 30.....	168
Computation of Legal Debt Margin .....	169
Pledged Revenue Coverage – Last Seven Fiscal Years .....	170
Demographic and Economic Statistics – Last Seven Fiscal Years .....	171
Principal Employers – Current Year and Seven Years Ago.....	172
Full-time Equivalent City Government Employees by Function – Last Seven Fiscal Years.....	174
Property Value, Construction and Bank Deposits – Last Ten Fiscal Years .....	176
Operating Indicators by Function – Last Seven Fiscal Years .....	178
Capital Asset Statistics by Function – Last Seven Fiscal Years .....	180
Schedule of Insurance in Force .....	182

November 21, 2008

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, 2008. This report was prepared by the City's Finance Department, which assumes responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures.

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

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

## **GENERAL BACKGROUND**

The City of Bakersfield is located approximately one hundred miles north of Los Angeles in the southern San Joaquin Valley. The City maintains an incorporated area of 148.22 square miles and has an estimated population of 328,692 as of January 1, 2008.

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

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

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

## MAJOR INITIATIVES

Major transportation projects such as the Thomas Roads Improvement Program (TRIP) and the Westside Parkway will continue using Transportation Impact Fees, and State and Federal road funds. The 2008-09 budget includes funding for the construction of Mohawk Street between Rosedale Highway and Truxtun Avenue - \$69,400,000; and to construct portions of the Westside Parkway from Mohawk to Calloway - \$93,000,000. Additionally, construction on the Fairfax / Hwy 178 interchange project has been underway for several months and several other TRIP projects have contracts in place for environmental study work.

The expansion of the wastewater treatment plant that services the western half of Bakersfield is about 50% complete. The \$211 million construction project was awarded to Kiewit Construction in August 2007. This project, along with two other wastewater projects, is being funded by a \$245 million Wastewater Revenue Bond issue that was also completed in August 2007. The expansion project will double the size of the Westside plant, taking it from a capacity of 16 million gallons per day (MGD) to 32 MGD. The estimated 30 month construction period targets completion of the project in early 2010. The bonds will be repaid with future sewer connection fees and / or sewer user charges.

The Mill Creek Linear Park project is a joint City / Redevelopment Agency effort to enhance a two mile stretch of an irrigation canal that runs north/south along the eastern edge of the central downtown area. Phase I improvements are nearly complete, which include a large pond within a downtown central park enclosed with decorative fencing and a landscaped walking path along the perimeter of the pond. Future phases of the project will extend the walking path to the north and south and will include additional enhancements to both the canal and the street crossings; thus expanding on the linear park concept. City staff was successful in obtaining a State Infrastructure Bank Loan for \$10,000,000 as a major funding source for the additional project phases.

## FACTORS AFFECTING FINANCIAL CONDITION

**Local Economy and Local Budget issues-** The City of Bakersfield is showing signs of economic slowdown with both property tax and sales tax revenues expected to decline over the next twelve months. New home construction and assessed values of existing homes continue to decline from prior year amounts. The local economic environment also appears to be in decline, following state and national trends. Property tax receipts are expected to be very flat in 2008-09 and projected to decline in fiscal year 2009-10. Sales tax revenues are expected to decline in 2008-09 by 3% to 5% and are projected to be flat in fiscal year 2009-10. Historic growth trends in both sales tax and property taxes have averaged in the 6% range for many years.

The City Council continues to take a conservative approach in adopting our budget for 2008-09. The Council has maintained an \$11,000,000 cash basis reserve fund along with a \$5,000,000 facilities reserve fund to protect the City in times of need. During the 2008-09 budget process the City Council also set aside the Annual Required Contribution of \$8,112,000 for the Retiree Medical Subsidy program in an effort to comply with recent accounting changes regarding Other Post Employment Benefits.

Retirement costs have remained fairly level and are projected to stay fairly flat for the next two years. Based on actuarial estimates provided by CalPERS, the City does not expect any significant changes in retirement rates for current employees in fiscal year 2009-10. The City Council did recently adopt a revised and reduced retirement plan for newly hired miscellaneous employees as part of a labor union settlement with our blue and white collar bargaining units. The impact of this benefit reduction will be long term in nature, but it represents the City's interest in maintaining fiscal responsibility.

**State Budgetary Actions -** The budget problems at the State level continue to be 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 compensated for the negative effects on our cash flow and

interest earnings within the General Fund due to the timing and receipt of “backfill” of monies that come in the form of additional property tax receipts by increasing our cash basis reserve funds during prior budget cycles. The City is aware that the State may again have a significant budget deficit looming on their horizon for 2008-09 and 2009-10 and we will continue to monitor any potential actions they may propose that might have a negative effect on the City’s financial status.

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

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

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

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

**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 2007-08 City of Bakersfield appropriation limit established as required by state statute was \$249,728,547.

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

The City Council has adopted an investment policy in accordance with California government code sections 53607 and 53646, with a goal to minimize credit and market risks while maintaining a competitive yield on its portfolio. The City is also governed by State statutes authorizing the City to invest in bonds or other evidences of indebtedness of the U. S. Government or any of its agencies and instrumentalities, repurchase agreements and

banker's acceptances. The pension trust investments are administered separately under Municipal Code Section 2.92, which is within state guidelines.

## **OTHER INFORMATION**

**Independent Audit** - The City Charter requires an annual audit by independent certified public accountants. The City Council also adopted a policy regarding auditor rotation that limits the tenure of any one audit firm "not to exceed five consecutive years". The accounting firm of Brown Armstrong Paulden McCown Starbuck Thornburgh & Keeter, Accountancy Corporation was selected by the City Council to perform the annual audit for the 2006-07 fiscal year. This 2007-08 audit year is the second year of a contemplated five year agreement with this firm. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984 and related OMB Circular A-133. The auditors report on the basic financial statements, including the notes to the financial statements, but their opinion does not cover the combining and individual fund statements.

**Awards** - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bakersfield for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007, marking the twenty-seventh consecutive year Bakersfield has received the GFOA certificate. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

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

Respectfully,

Nelson K. Smith  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bakersfield  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

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.



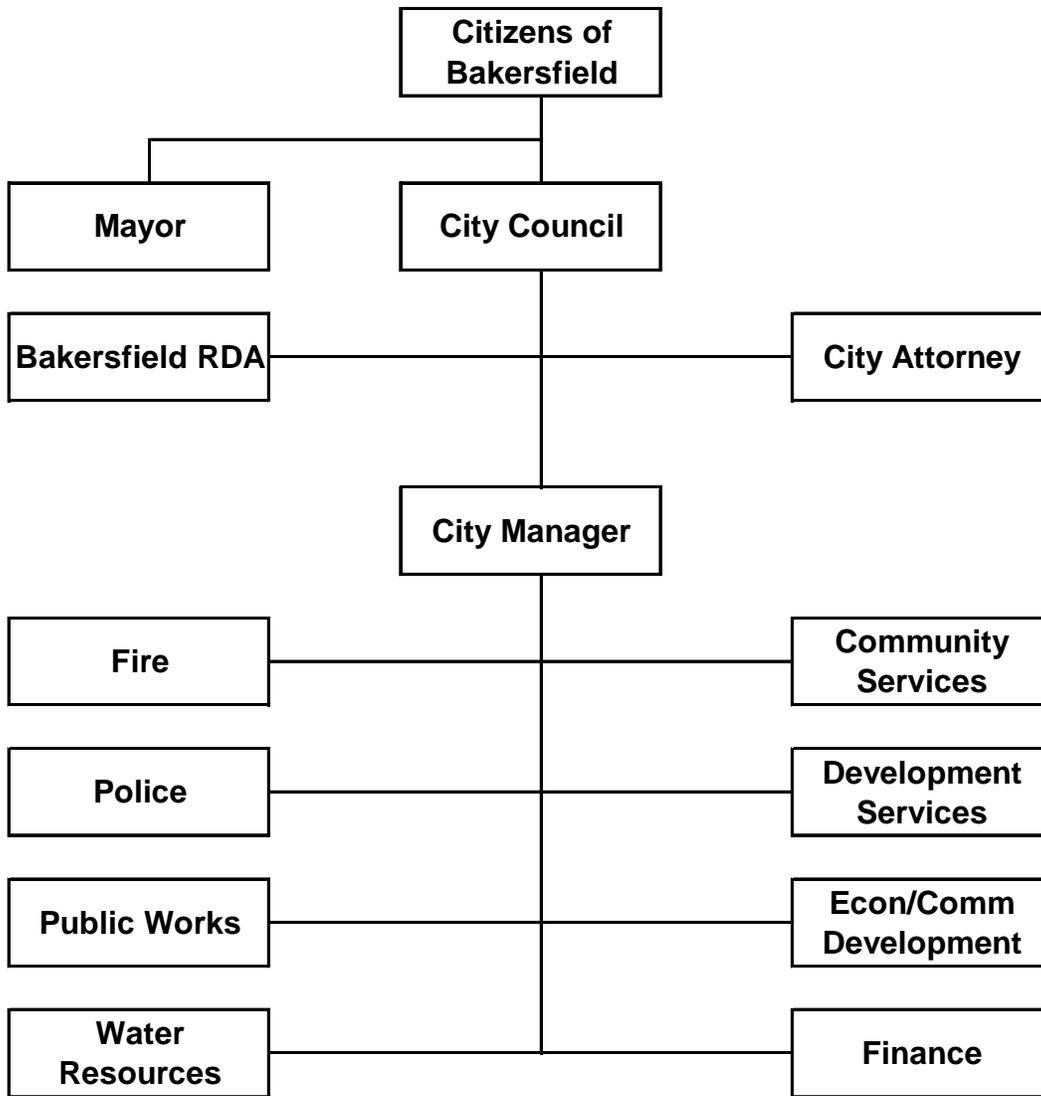
*Charles S. Cox*

President

*Jeffrey R. Emmer*

Executive Director

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



# CITY OF BAKERSFIELD

June 30, 2008

## City Council

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

## Administrative Personnel

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



**BROWN ARMSTRONG**  
**PAULDEN McCOWN STARBUCK THORNBURGH & KEETER**  
CERTIFIED PUBLIC ACCOUNTANTS

**Main Office**  
4200 Truxtun Ave., Suite 300  
Bakersfield, California 93309  
Tel. 661-324-4971 Fax 661-324-4997  
e-mail: info@bacpas.com

**Shafter Office**  
560 Central Avenue  
Shafter, California 93263  
Tel 661-746-2145 Fax 661-746-1218

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

**INDEPENDENT AUDITOR'S REPORT**

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

- Harvey J. McCown, MBA, CPA
- Lynn R. Krausse, CPA, MST
- Rosalva Flores, CPA
- Connie M. Perez, CPA
- Diana H. Branthoover, CPA
- Thomas M. Young, CPA
- Alicia Dias, CPA, MBA
- Matthew R. Gilligan, CPA
- Hanna J. Sheppard, CPA
- Ryan L. Nielsen, CPA
- Jian Ou-Yang, CPA
- Ryan S. Johnson, CPA
- Jialan Su, CPA
- Ariadne S. Prunes, CPA
- Samuel O. Newland, CPA
- Brooke N. DeCuir, CPA
- Kenneth J. Witham, CPA
- Clint W. Baird, CPA

We have audited the accompanying financial statements of governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregated remaining fund information of the City of Bakersfield, California (the City) as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's non-major governmental funds, internal service funds, and fiduciary funds, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the supplementary information section of table of contents. These financial statements are the responsibility of the City of Bakersfield's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

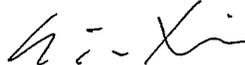
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregated remaining fund information of the City of Bakersfield, California, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each of the City's non-major governmental funds, internal service funds, and fiduciary funds, of the City of Bakersfield as of June 30, 2008, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The *management's discussion and analysis* and *budgetary comparison* information as listed in the required supplementary information section of the accompanying table of contents are not a required part of the City's basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Bakersfield, California's basic financial statements and the financial statements of each of the non-major government funds, internal service funds, and agency funds. The introductory section and the statistical section identified in the table of contents, where applicable, are presented for the purposes of additional analysis and are not a required part to the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the 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 November 21, 2008 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 PAULDEN  
McCOWN STARBUCK THORNBURGH & KEETER  
ACCOUNTANCY CORPORATION

A handwritten signature in black ink, appearing to read "A. X.", is positioned below the printed name of the accounting firm.

Bakersfield, California  
November 21, 2008

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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This discussion and analysis of the City of Bakersfield's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements, and the accompanying notes to those financial statements.

**FINANCIAL HIGHLIGHTS**

- ? The assets of the City of Bakersfield exceeded its liabilities at the close of the most recent fiscal year by \$2.3 billion (net assets). Of this amount, \$351.7 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- ? The government's total net assets increased by \$69.4 million over the prior fiscal year. This increase is attributable to a \$153.9 million increase in unrestricted net asset offset by a \$76.1 million decrease in capital asset investments and an \$8.4 million decrease in restricted net assets for capital improvements.
- ? As of the close of the current fiscal year, the City of Bakersfield's governmental funds reported combined ending fund balances of \$176.1 million, a decrease of \$7.5 million in comparison with the prior year. A total of \$80.1 million of the total fund balance is available for spending at the government's discretion (unreserved fund balance) within the limitations of each specific fund.
- ? At the end of the current fiscal year, unreserved fund balance for the general fund was \$32.5 million or a decrease of \$3.3 million from the prior year.
- ? The City of Bakersfield's total debt showed a net increase of \$231.9 million during the current fiscal year. The increase in debt was a result of over \$230 million in Revenue Bonds issued in the current year for a wastewater treatment plant expansion.

**THE FINANCIAL STATEMENTS**

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

The **Government-Wide Financial Statements** are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. Additionally, certain eliminations have occurred as prescribed by the GASB statements in regards to inter-fund activity, payables and receivables.

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

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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

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

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

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

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

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

**FUND FINANCIAL STATEMENTS**

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

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

**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

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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of Proprietary funds) to report activities that provide supplies and services for the City's other programs and activities--such as the City's Self-Insurance and Equipment Management funds. The Internal Service funds are reported with governmental activities in the Government-Wide financial statements.

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Bakersfield, assets exceeded liabilities by \$2,300,914,271 at the close of the most recent fiscal year.

The largest portion of the City of Bakersfield's net assets (81% of the total) reflects its investment in capital assets of \$1,711,800,514 (e.g., land, buildings, machinery, infrastructure and equipment); less any related debt used to acquire those assets that are still outstanding. The City of Bakersfield uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Bakersfield's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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**City of Bakersfield – Net Assets**

	Governmental activities		Business-type activities		Total	
	2007	2008	2007	2008	2007	2008
<b>Assets</b>						
Current and other assets	\$260,159,921	\$258,984,300	\$114,492,334	\$276,626,329	\$374,652,255	\$535,610,629
Capital assets (net)	<u>1,332,966,643</u>	<u>1,378,812,471</u>	<u>632,213,457</u>	<u>741,309,172</u>	<u>1,965,180,100</u>	<u>2,120,121,643</u>
Total assets	<u>1,593,126,564</u>	<u>1,637,796,771</u>	<u>746,705,791</u>	<u>1,017,935,501</u>	<u>2,339,832,355</u>	<u>2,655,732,272</u>
<b>Liabilities</b>						
Long-term liabilities						
outstanding	33,931,824	24,915,944	23,335,859	253,673,498	57,267,683	278,589,442
Other liabilities	<u>31,206,092</u>	<u>42,423,957</u>	<u>18,958,441</u>	<u>33,804,602</u>	<u>50,164,533</u>	<u>76,228,559</u>
Total liabilities	<u>65,137,916</u>	<u>67,339,901</u>	<u>42,294,300</u>	<u>287,478,100</u>	<u>107,432,216</u>	<u>354,818,001</u>
<b>Net Assets</b>						
Invested in capital assets, net of related Debt	1,322,587,643	1,369,689,471	618,259,426	495,079,403	1,940,847,069	1,864,768,874
Restricted	84,478,351	79,340,245	8,357,453	5,113,759	92,835,804	84,454,004
Unrestricted	<u>120,922,654</u>	<u>121,427,154</u>	<u>76,895,459</u>	<u>230,264,239</u>	<u>197,818,113</u>	<u>351,691,393</u>
<b>Total Net Assets</b>	<u>\$1,527,988,648</u>	<u>\$1,570,456,870</u>	<u>\$703,512,338</u> *	<u>\$730,457,401</u>	<u>\$2,231,500,986</u>	<u>\$2,300,914,271</u>

\* - As restated

An additional portion of the City of Bakersfield's net assets of \$84,454,004, or only 3.7%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$351,691,393 (15.3%) may be used to meet the government's ongoing obligations to citizens and creditors.

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

The government's net assets increased by \$69,413,285 compared to the prior fiscal year. This increase is due primarily to additions to infrastructure and construction in progress throughout the City. The construction in progress increase relates to the ongoing work on a new Wastewater treatment facility and the continuing road improvements throughout the City, including the Westside Parkway and Thomas Road Improvement Program projects.

**Governmental activities** – Governmental activities increased the City of Bakersfield's net assets by \$42,468,222, thereby accounting for 62% of the total growth in the net assets of the City of Bakersfield. Again, the primary cause of this increase is the investment in capital assets.

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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

	Governmental activities		Business-type activities		Total	
	2007	2008	2007	2008	2007	2008
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 60,557,831	\$ 51,248,032	\$ 80,741,325	\$ 88,562,228	\$ 141,299,156	\$ 139,810,260
Operating grants and contributions	14,052,014	14,389,999	15,268,751	8,391,106	29,320,765	22,781,105
Capital grants and contributions	254,881,641	74,434,259	54,024,256	23,514,481	308,905,897	97,948,740
Total Program Revenues	329,491,486	140,072,290	150,034,332	120,467,815	479,525,818	260,540,105
<b>General revenues:</b>						
Taxes:						
Property taxes	62,324,076	71,655,585			62,324,076	71,655,585
Sales taxes	68,367,251	63,415,357			68,367,251	63,415,357
Other taxes	4,047,002	3,193,162			4,047,002	3,193,162
Intergovernmental:						
Intergovt., unrestricted	1,845,520	910,205			1,845,520	910,205
Grants and contributions not restricted to specific programs	16,717,510	16,303,921			16,717,510	16,303,921
Investment earnings	4,470,903	4,019,639	6,020,066	4,894,373	10,490,969	8,914,012
Miscellaneous	13,128	131,121			13,128	131,121
Gain on sale of property	1,140,896	43,215			1,140,896	43,215
Total revenues	488,417,772	299,744,495	156,054,398	125,362,188	644,472,170	425,106,683
<b>Expenses:</b>						
General government	11,680,155	12,738,456			11,680,155	12,738,456
Public safety – Police	64,833,689	71,485,694			64,833,689	71,485,694
Public safety – Fire	28,594,387	32,930,374			28,594,387	32,930,374
Public works	68,985,832	93,674,545			68,985,832	93,674,545
Community services	28,867,399	34,783,064			28,867,399	34,783,064
Development services	10,738,435	10,920,263			10,738,435	10,920,263
Economic/Community dev.	4,074,860	3,917,710			4,074,860	3,917,710
Interest on long term debt	595,412	430,313			595,412	430,313
Subtotal - Governmental	218,370,169	260,880,419	-	-	218,370,169	260,880,419

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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	Governmental activities		Business-type activities		Total	
	2007	2008	2007	2008	2007	2008
Business Type:						
Wastewater treatment			19,660,934	34,006,998	19,660,934	34,006,998
Refuse collection			34,546,899	39,679,394	34,546,899	39,679,394
Agricultural water			4,577,030	5,415,452	4,577,030	5,415,452
Domestic water			15,963,620	16,579,051	15,963,620	16,579,051
General aviation			268,707	563,304	268,707	563,304
Off-street parking			174,531	168,780	174,531	168,780
Subtotal - Business Type	-	-	75,191,721	96,412,979	75,191,721	96,412,979
Total expenses	218,370,169	260,880,419	75,191,721	96,412,979	293,561,890	357,293,398
Change in net assets before transfers & other items	270,047,603	38,864,076	80,862,677	28,949,209	350,910,280	67,813,285
Transfers	3,095,700	2,004,146	(3,095,700)	(2,004,146)	-	-
Contributed Capital		1,600,000				1,600,000
Change in net assets	273,143,303	42,468,222	77,766,977	26,945,063	350,910,280	69,413,285
Net Assets - Beginning of Year (as restated)	1,254,845,345	1,527,988,648	625,745,361	703,512,338 *	1,880,590,706	2,231,500,986
Net assets - End of Year	\$1,527,988,648	\$1,570,456,870	\$703,512,338	\$730,457,401	\$ 2,231,500,986	\$2,300,914,271

\* - see Note Disclosure #20

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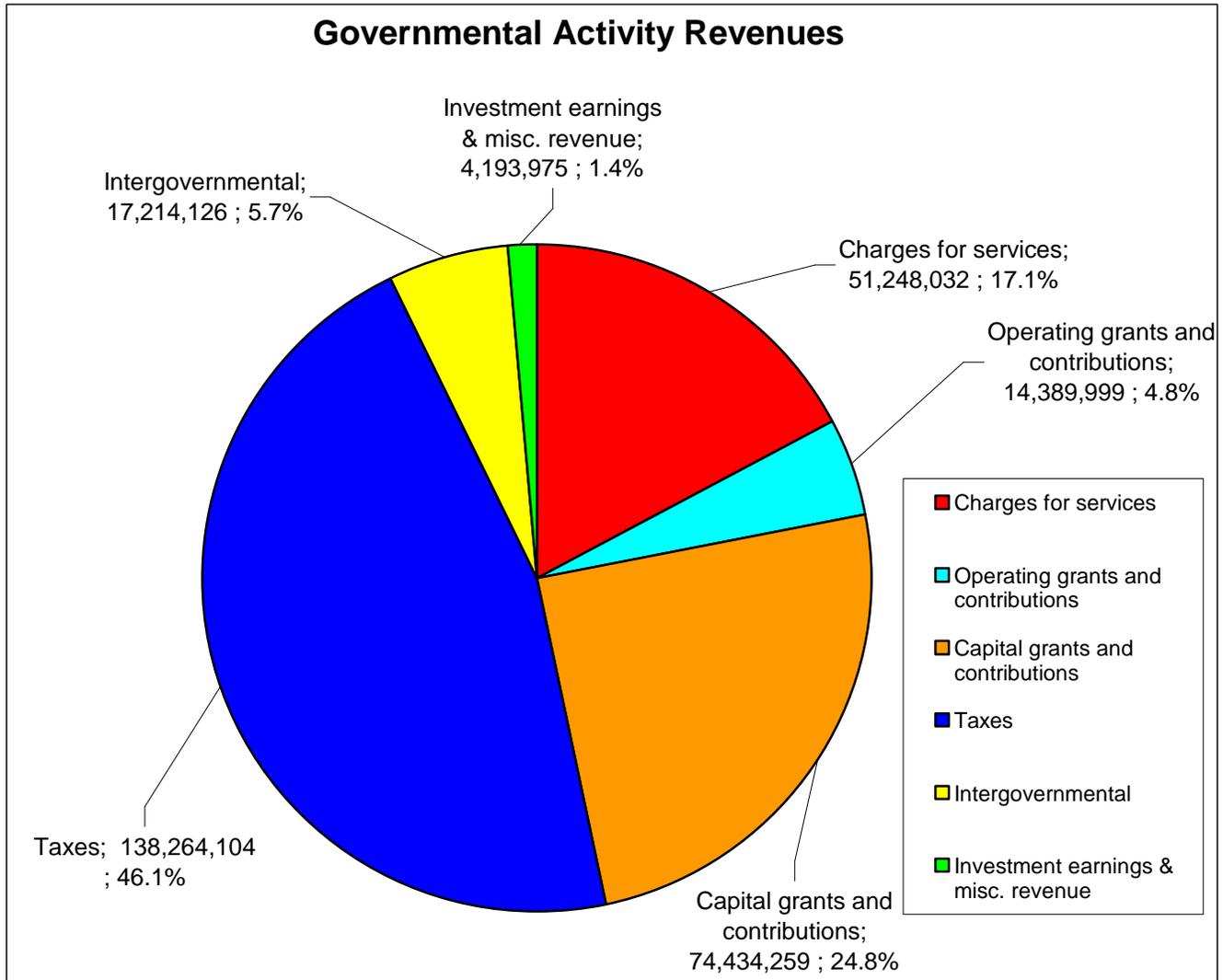
**CITY OF BAKERSFIELD**

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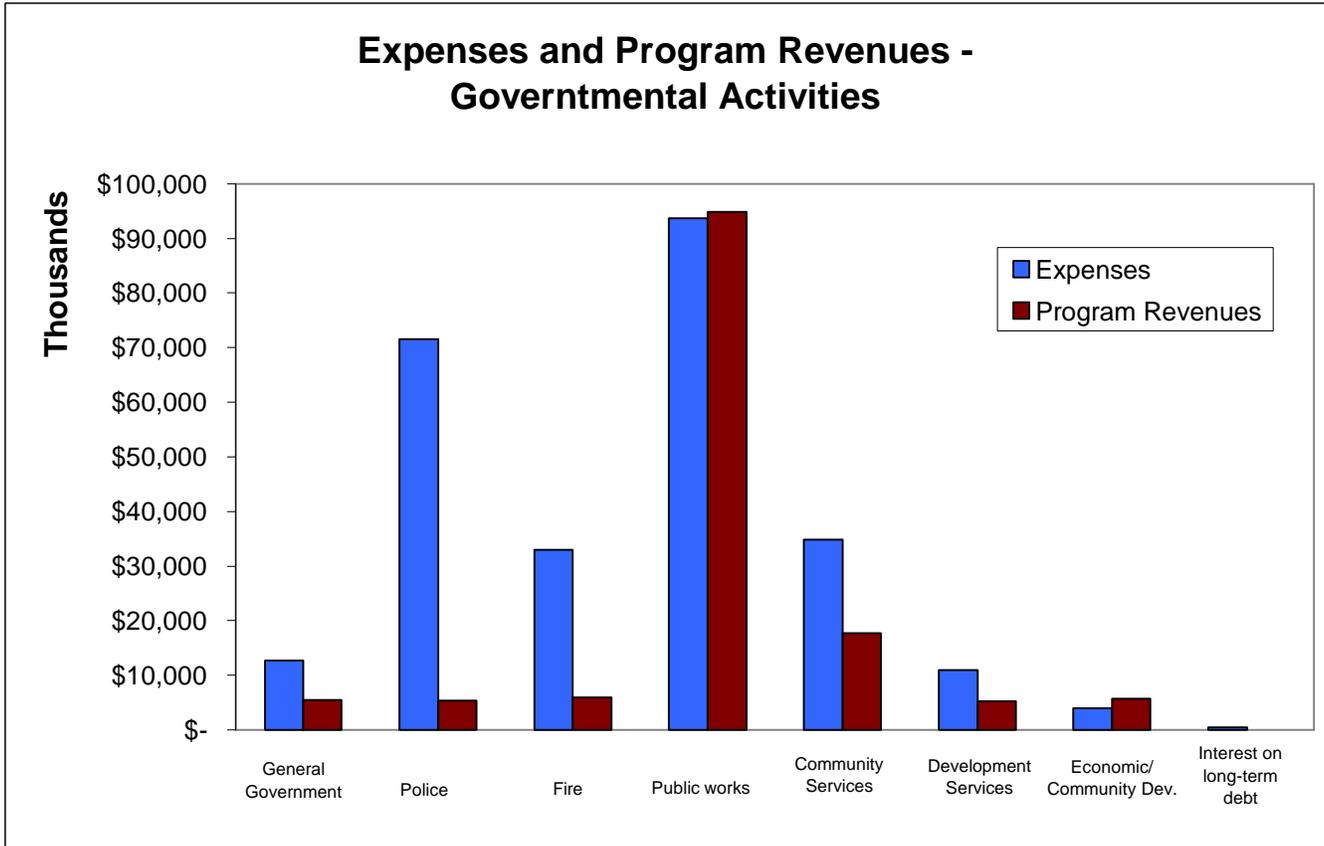
**Management's Discussion and Analysis**

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Revenues decreased in governmental activities due primarily to the decreased capital contributions specifically in Public Works activities for newly completed housing developments. There has been a significant decrease in development activity so contributions for related infrastructure to the City have been reduced as well.

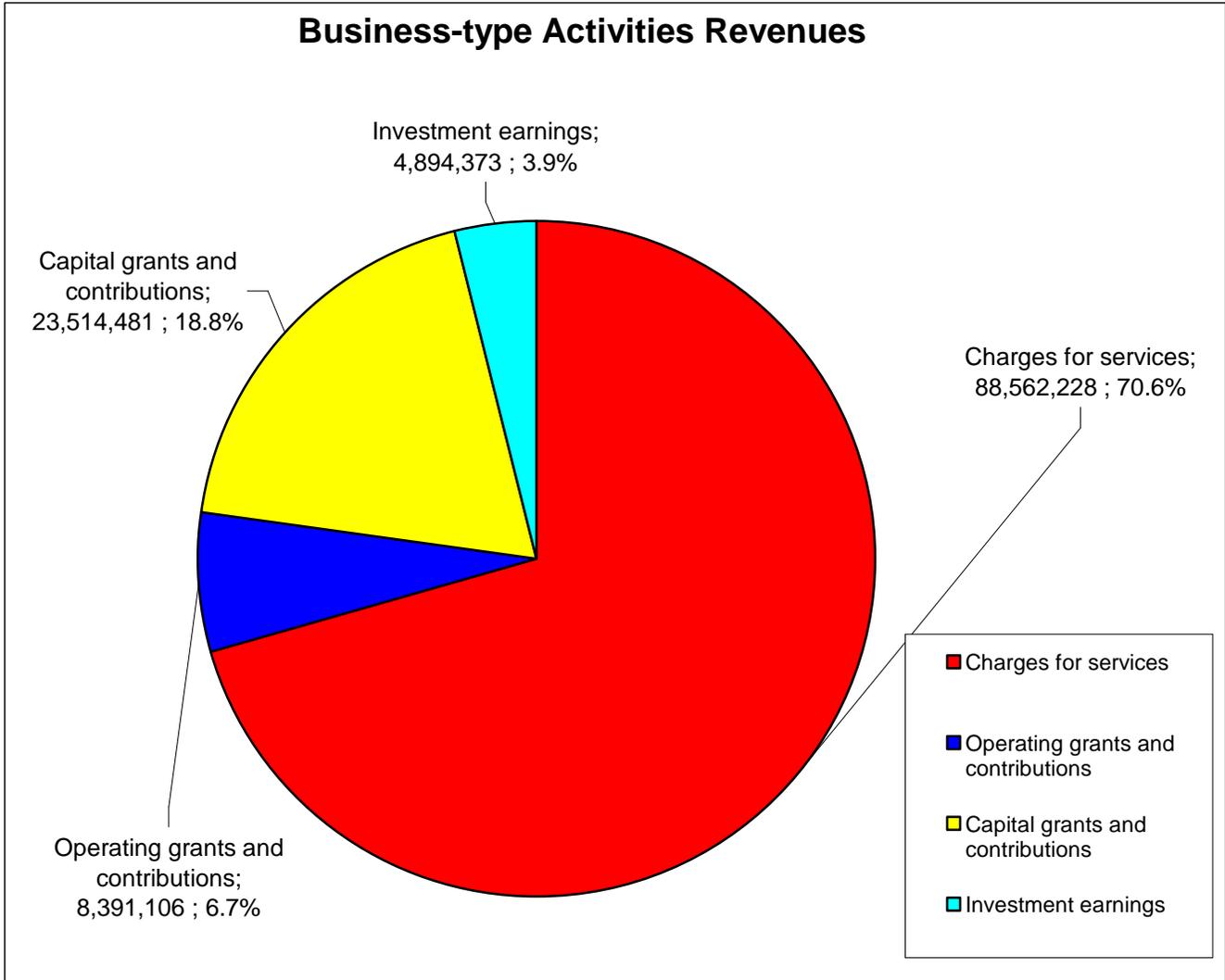


Total expenses in Governmental activities increased from the previous fiscal year for most activities with the largest percentage in Public Works. Of the over \$42.5 million increase in expenses, \$24.6 million was for continued construction of major infrastructure improvements throughout the City. Public Safety – Police and Public Safety – Fire increased by \$6.6 and \$4.3 million respectively, an increase of over 10 % for Police and 15% for Fire. This increase is due primarily to the funding of the liability for Other-Post Employment Benefits and increases in Public Safety salary costs. Community Services expenses increased by over \$5.9 million from the prior year due to the expansion of park facilities and the related costs of maintenance.



**Business-type activities** – Business-type activities increased the City of Bakersfield’s net assets by \$26,945,063, accounting for approximately 38% of the total growth in the government’s net assets. Unlike in prior years, the increase in net assets related to capital asset investments was offset significantly by the increase in related debt. This debt increase is from the bond issued for the new Wastewater treatment facility currently being constructed.

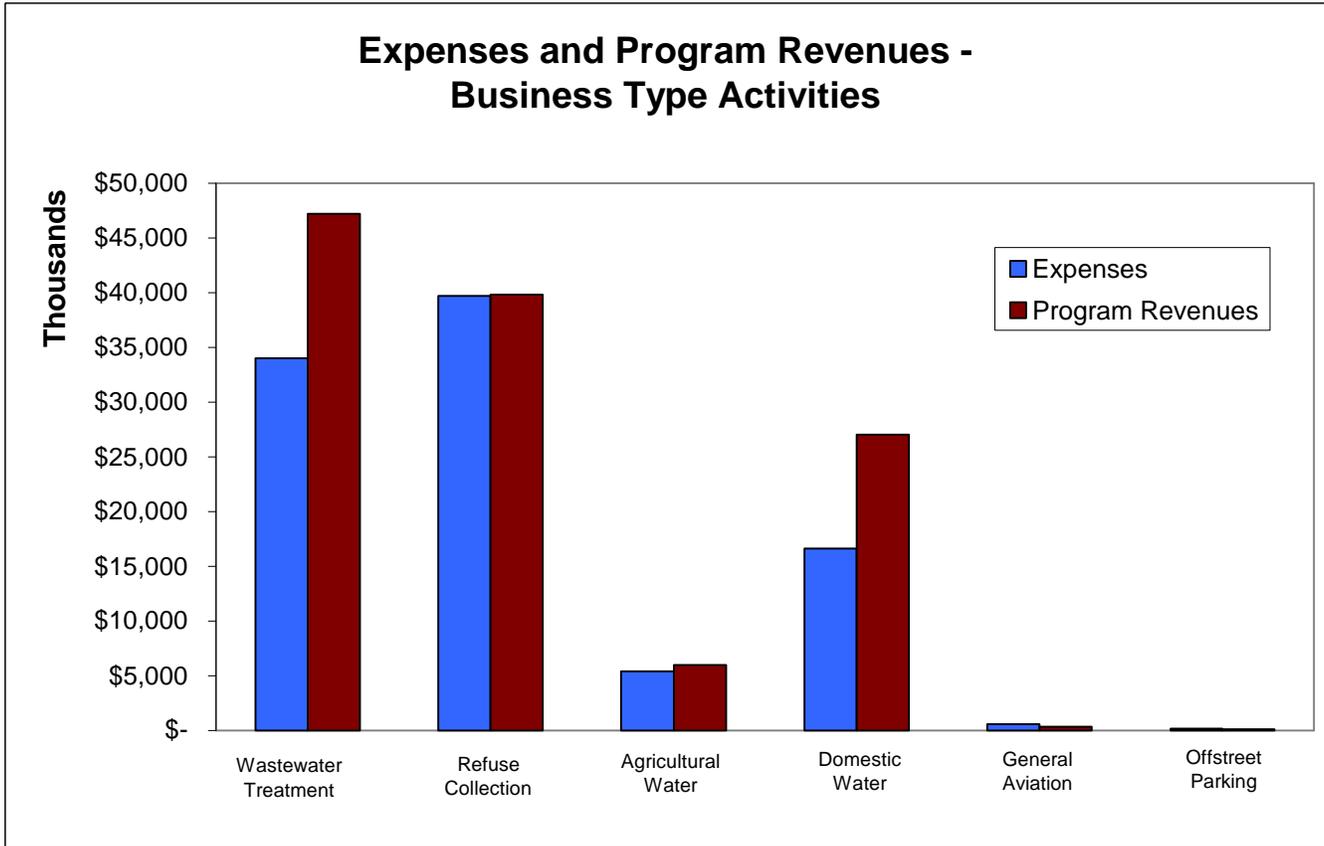
Charges for services in Business-type activities increased by \$7.8 million, which represents a 9.7% increase over the prior fiscal year revenue figures. This increase is due to increases in fees and system usage primarily in the Wastewater and Domestic Water activities. Operating grants and contributions for Business-type activities decreased by approximately \$6.9 million, which is a 45.1% decrease from the prior year revenue figures. This decrease is, again, related to the decrease in development activity that continues to occur. This revenue source is primarily the fees paid by developments for connection to the City’s Water and Sewer systems. The Wastewater Treatment fund and Refuse Collection fund showed the largest increase in expenses over the prior year, with increases of \$14,346,064 and \$5,132,495, respectively. The increase in the Wastewater Fund is due to the increases in interest costs related to the new bond issued for the expanding facility. The increase in the Refuse Fund costs was a result of a combination of additional new customers and increased usage.



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

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

**Governmental funds** - The focus of the City of Bakersfield's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City of Bakersfield's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.



As of the end of the current fiscal year, the City of Bakersfield’s Governmental funds reported combined ending fund balances of \$176,084,350, a decrease of \$7,560,035 in comparison with the prior year. Approximately half of this total amount, \$80,062,711, is available for spending at the government’s discretion (unreserved fund balance) within the limitations of each specific fund. The remainder of fund balance is “reserved” to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$77,087,934); 2) to be set aside as a cash basis reserve (\$11,686,035); 3) to pay debt service (\$2,225,000); 4) for facility replacement set aside (\$5,000,000), or 5) for a variety of other restricted purposes (\$22,670).

The General Fund is the chief operating fund of the City of Bakersfield. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$32,504,935, while total fund balance reached \$46,176,777. It may be useful to compare both unreserved fund balance and total fund balance to total expenditures as a measure of the General Fund’s liquidity. Unreserved fund balance for the General Fund represents approximately 19.0% of General Fund expenditures. Total fund balance for the General Fund represents approximately 28.0% of General Fund expenditures.

The fund balance of the City of Bakersfield’s General Fund is \$3,772,842 lower than the prior fiscal year. The major factors in General Fund activity that resulted in this decrease are as follows:

- ? Operating transfers from other funds decreased by \$1.3 million as a result of a one-time only transfer in the 2006-07 fiscal year. This transfer was made to increase the reserve balances to increase flexibility and ensure adequate cash on hand throughout the year. No such transfer was budgeted in the 2007-08 year.

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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- ? Operating expenses increased in the General Fund by over \$9 million, an increase of 6% from the prior year. The primary cause of this increase is the increases in salary costs in both the Police and Fire departments. In addition, operating costs increased in General Services and Parks due to expansion of City owned facilities and increased salary costs.
- ? Transfers to other funds decreased by \$7,696,658 due to a decrease in construction of capital assets funding requirements from the previous year. This increase in the prior year was primarily a result of the purchase of additional office space.

The Transient Occupancy Tax fund has a total fund balance of \$1,633,439 at the end of the current year. The majority of the fund balance is available for spending at the government's discretion (unreserved fund balance). This fund's total expenditures exceeded revenues by \$366,904. This fund accounts for the local hotel taxes collected by the City. The fund also accounts for the operations, maintenance and capital needs of the Rabobank Arena, Convention Center, the Bakersfield Ice Sports Center and the Convention and Visitor Bureau.

The Community Development Block Grant (CDBG) fund has a reserved fund balance of \$3,483,497 and a deficit of \$446,300 in unreserved fund balance at the end of the current year. Expenditures and uses exceeded revenues resulting in a net decrease in fund balance of \$1,330,461. This decrease is due to the increase in expenditures primarily related to the Mill Creek Linear Park project. The block grant program is almost entirely funded by Housing and Urban Development (HUD) federal block grants and can only be used for specific purposes.

The Gas Tax and Road fund has a reserved fund balance of \$51,808,336 and a deficit of \$47,828,656 in unreserved fund balance that reflected an increase in the deficit of \$36,343,780. Increase is due primarily to the significant amount of contracts entered into for preliminary engineering and environmental studies needed for the Thomas Road Improvement Program. Amounts reported in this fund include gasoline taxes received from the State of California and other federal and state grant proceeds earmarked for street and highway related purposes.

The Special Assessment District capital fund has a total and unreserved fund balance of \$29,496,599, a decrease of \$16,287,246 over the previous fiscal year. The decrease is due to the continued payment of special assessment bonds and a decrease in the issuance of new special assessment bonds. All of these funds are reserved for the construction or acquisition of public improvements that are funded by 1915 act bonds. The bonds are **not** secured by the general taxing power of the City of Bakersfield (City), the County of Kern (County), or the State of California (State) or any political subdivision of the State; and neither the City, the County, nor the State nor any political subdivision of the State has pledged its full faith and credit for the repayment of the bonds.

The Capital Outlay fund has a total fund balance of \$26,594,128 at the end of the current year. Of this amount, \$2,966,509 is reserved for the payment of encumbrances on existing capital projects and \$5,000,000 is reserved for facility replacement set aside. A total of \$17,318,214 is designated for specified capital projects that were in the planning stage as of the end of the current fiscal year. The remaining amount of \$1,309,405 is unreserved and undesignated.

The Park Development fund has a total fund balance of \$11,052,407 at the end of the current year. Of this amount \$437,897 is reserved for the payment of encumbrances on existing capital projects and a total of \$5,909,725 is designated for specified for either acquisition of parkland or construction of new park facilities that were in the planning stage at year-end. The remaining funds of \$4,704,785 are unreserved and undesignated. Revenues exceeded expenditures resulting in a net increase in fund balance of \$1,806,254.

The Transportation Development fund has a total fund balance of \$50,464,199 at the end of the current year. Of this amount, \$16,351,963 is reserved for the payment of encumbrances on existing capital projects and

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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\$24,594,644 is designated for projects that have been identified as necessary to maintain the level of services required for the regional transportation network. The remaining funds of 9,517,592 are unreserved and undesignated. In addition, expenses continue to increase for the new roadway projects (Westside Parkway and projects for the Thomas Road Improvement Program).

**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 \$483,481,486 at the end of the current year, an increase of \$16,105,787 over the prior year. Total net assets include \$284,130,529 invested in capital assets, which are not available to cover current expenses. The remaining net assets of \$199,350,957 are unrestricted and available to cover current operating and capital needs (including plant and equipment replacement) of the fund. This increase is due primarily to the increase in long-term debt related to the Wastewater Plant expansion.

The Refuse Collection fund has total net assets of \$12,505,849 at the end of the current year, a decrease of \$183,955 from the prior year. A portion of net assets of \$5,113,759 are designated for future landfill closure costs. The remaining net assets within the Refuse fund of \$7,392,090 are unrestricted and available to cover current operating and capital needs of the fund.

The Agricultural Water fund has total net assets of \$24,655,581 at the end of the current year, an increase of \$1,598,470 over the prior year. Total net assets include \$22,044,895 invested in capital assets, which are not available to cover current expenses. The remaining net assets of \$2,610,686 are unrestricted and thus there are no unrestricted funds available to cover current operating and capital needs of the fund.

The Domestic Water fund has total net assets of \$192,823,931 at the end of the current year, an increase of \$10,332,953 over the prior year. Total net assets include \$173,361,281 invested in capital assets, which are not available to cover current expenses. The remaining net assets of \$19,462,650 are unrestricted and available to cover current operating and capital needs of the fund.

The General Aviation fund has total net assets of \$9,739,387 at the end of the current year, a decrease of \$213,297 compared to the prior year. Total net assets include \$9,359,483 invested in capital assets, which are not available to cover current expenses. The remaining net assets of \$379,904 are unrestricted and available to cover current operating and capital needs of the fund.

The Offstreet Parking fund has total net assets of \$6,298,874 at the end of the current year, a decrease of \$61,879 compared to the prior year. Total net assets include \$6,183,215 invested in capital assets, which are not available to cover current expenses. The remaining net assets of \$115,659 are unrestricted and available to cover current operating and capital needs of the fund.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** - The City of Bakersfield's investment in capital assets for its governmental and business type activities as of June 30 of the current fiscal year amounts to \$2,120,121,643 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Bakersfield's investment in capital assets for the current fiscal year was \$154,941,543.

The majority of the increase is a result of infrastructure constructed or acquired during the fiscal year. These financial statements include infrastructure assets constructed or acquired through 2007-08 fiscal years.

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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

- ? A variety of street construction projects and rehabilitation of major arterial streets. Construction in progress for governmental activities as of the end of the current fiscal year had reached \$74,383,974. This figure includes over \$60 million towards major street construction, traffic signal, and resurfacing projects throughout the City
- ? The Wastewater Treatment funds have over \$117 million in Construction in Progress in Business-type activities. This includes about \$103 million for the Wastewater Plant #3 expansion project and \$14 million for various sewer line extension projects (over \$12 million).
- ? The City added over \$50 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

	Governmental activities		Business-type activities		Total	
	2007	2008	2007	2008	2007	2008
Land and water storage rights	\$ 404,362,555	\$ 404,362,555	\$ 34,640,957	\$ 33,741,805	\$ 439,003,512	\$ 438,104,360
Depreciable buildings, property, equipment and infrastructure, Net	891,647,048	900,065,942	545,142,568	584,560,808	1,436,789,616	1,484,626,750
Construction in progress	36,957,040	74,383,974	52,429,932	123,006,559	89,386,972	197,390,533
Total Capital Assets	<u>\$ 1,332,966,643</u>	<u>\$ 1,378,812,471</u>	<u>\$ 632,213,457</u>	<u>\$ 741,309,172</u>	<u>\$1,965,180,100</u>	<u>\$ 2,120,121,643</u>

**Long-term debt** - At the end of the current fiscal year, the City of Bakersfield had a total debt outstanding of \$253,752,769. The City of Bakersfield's total debt increased by a net \$231,918,890 during the current fiscal year. This increase relates to the issuance of new bonds to pay for the expansion of facilities in the Wastewater fund totaling over \$234 million.

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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**City of Bakersfield – Outstanding Debt**

	Balance July 1, 2007	Incurred or Issued	Satisfied or Matured	Balance June 30, 2008
<b>Governmental Activities</b>				
Loans payable	\$ 4,394,000	\$ -	\$ 186,000	\$ 4,208,000
Other bonds payable	4,385,000		1,070,000	3,315,000
Total governmental activities	\$ 8,779,000	\$ -	\$ 1,256,000	\$ 7,523,000
<b>Business-Type Activities</b>				
General obligation bonds payable	\$ -	\$ 234,425,000	\$ -	\$ 234,425,000
Loans Payable	13,054,879		1,250,110	11,804,769
Total business-type activities	\$ 13,054,879	\$ 234,425,000	\$ 1,250,110	\$ 246,229,769
Total Debt	\$ 21,833,879	\$ 234,425,000	\$ 2,506,110	\$ 253,752,769

Certificates of Participation issued by the City and the Bakersfield Redevelopment Agency in 2006 carry a Reserve Fund Surety from Ambac Assurance Company. Moody's Investor's service has lowered its rating on Ambac, from "Aaa" to "Aa3". The current underlying rating on the Certificates has not been revised (currently "A2"). Such reduced rating on the Certificates reflects only the view of Moody's, and any desired explanation of the significance of such rating should be obtained from Moody's. There is no assurance that such rating will continue for any given period of time or that such rating will not be revised or withdrawn by Moody's if, in the judgment of Moody's, circumstances so warrant

The Series A and B revenue bonds issued by the City in 2008 to fund the new wastewater treatment plant construction carry a Reserve Fund Surety from Financial Security Assurance Inc. Series A has a "Aaa" rating from Moody's and an underlying "A1" rating from Moody's. The Series B revenue bond has a "Aaa/VMIG1" rating from Moody's and a standby bond purchase agreement with Dexia. The Series B and C bonds of the Public Financing Authority (issued in 1994) are not rated.

More detailed information regarding capital asset and long term debt activity can be found in the related notes to the financial statements. See Note 6 page 62 for capital assets and Note 10 page 68 for long term debt.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget reflect an increase in resources and related appropriations of \$3,410,036. Significant budgetary amendments (changes) are summarized as follows:

- ? \$ 690,512 increase in resources from Intergovernmental revenue. This increase was due in part to additional grant award of \$183,328 in Police activities to purchase technology and equipment and to fund Police Activity League programs. Additional grant revenue for Fire of \$227,000 was added to the budget from the USDA Forrest Service to fund overtime costs incurred for Strike Teams during the 2007/08 fire season. Also, Development Services received grant awards of \$107,517 for education and clean-up related to illegally dumped tires. An increase in appropriations for Police, Fire, and Development

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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Services was also added to the budget to account for the related expenditures associated with these grant funded activities.

- ? \$2,546,336 increase in resources from Other Revenue. This change in the budget was due to additional environmental impact reports (EIR's) required for large developments throughout the City. These cost of these studies are fully reimbursed by the developers when they are completed.

The final amended revenue estimate budget figures in the General Fund were lower than actual revenue by \$4,006,626 and appropriations were higher than actual expenditures by \$14,502,971. Significant differences between budget and actual amounts are as follows:

- ? \$4.8 million positive variance in tax revenue is due to higher than anticipated increases in property values and growth within the City. Though an increase was expected from the prior year's budget, estimates were conservative and increases in property valuations were higher than expected. The positive variance in tax revenue was offset by lower than anticipated revenue related to Development activities. This included a budget shortfall of over \$1.5 million in anticipated revenue from developers for EIR studies. This was due to the continued decline in residential and commercial developments within the City.
- ? \$1.5 million variance in Police charges is due primarily to savings from personnel costs in the department because not all of the new positions budgeted were filled for a full fiscal year. In addition more officers retired during the year and those positions were, for the most part, left vacant creating more savings in salaries compared to budgeted estimates.
- ? \$1.7 million variance of appropriations over actual expenditures in Recreation and Parks. This savings was due primarily to salary savings from unfilled permanent positions and less temporary employees used than anticipated.
- ? \$3.2 million variance in Development service charges is due primarily to budgeted consultant work for EIR's that were contracted for but not completed in the current year. Over \$1 million in EIR's are in process but not completed. Also, Development services realized salary savings because of unfilled positions left vacant due to a decrease in service caused by the slowdown in developments throughout the City.
- ? \$3 million savings was realized in the current year for a reserve that was set aside as a contingency to cover any City shortages that may have occurred as a result of any State of California budgetary actions.

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

The key assumptions in the General-Fund revenue forecast for fiscal year 2008-09 were:

1. Because of the general economic slowdown property tax revenues are projected at a 0% growth in the upcoming year.
2. Sales tax revenues were originally budgeted to increase by only 1.0 % as a result of anticipated slow growth in the retail base. However, due to continued economic slowdown, this estimate is likely to be revised downward.
3. A total decrease of 4.5% in revenue has been budgeted due to the continued slowdown in building and construction activity. This includes reduced budgeted revenues in charges for services, traffic impact fees and permit fees.

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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New items specifically addressed in the 2008-09 budget include the following:

**Public Works** –The total operating budget for the department has decreased from fiscal year 2007-08 by 4.6%, totaling \$100,959,001. The decrease is due to a deferral of some purchases of replacement equipment and no additional equipment being purchased related to new positions.

**Recreation and Parks** – The Recreation and Parks Department continues to manage the growth in the amount of park and landscape acreage it maintains. The current year budget focuses on maintaining the levels of services and meeting growing recreational needs of the City. The department budget has decreased from the prior year by 0.9%, totaling \$18,010,568.

**Domestic Water** – The Domestic Water system's current operating budget has increased by 13.6% from the 2007-08 fiscal year due to an increase in customers. The 2008-09 budget includes an increase in the quantity rate for City customers to \$0.85 per hundred cubic feet (a \$0.06 increase) which will take affect in October 2008.

**Wastewater** – The Wastewater enterprise fund's budget includes a 14.8% increase in residential sewer rates, increasing from \$155 per single family home to \$178. The funds generated by the rate increases will help offset the increased operating costs and be applied to the debt service payments for the Plant 3 expansion.

#### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information can be sent via e-mail to: [finance@bakersfieldcity.us](mailto:finance@bakersfieldcity.us). Formal written requests should be addressed to: City of Bakersfield, Attn: Finance Department, 1501 Truxtun Avenue, Bakersfield, CA 93301.

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## *Government-Wide Financial Statements*

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**CITY OF BAKERSFIELD**

**Statement of Net Assets  
June 30, 2008**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bakersfield Redevelopment Agency
<b>Assets:</b>				
Current assets:				
Cash and investments	\$ 212,602,195	\$ 259,083,264	\$ 471,685,459	\$ 13,654,032
Accounts receivable, net	7,181,360	5,890,540	13,071,900	520,747
Interest receivable	1,783,350	906,833	2,690,183	112,563
Long-term receivable - current			-	1,700,000
Due from other governmental agencies	31,778,962	1,441,282	33,220,244	310,213
Internal balances	(952,293)	952,293	-	
Prepayments and inventories	1,394,692		1,394,692	
Total current assets	253,788,266	268,274,212	522,062,478	16,297,555
Noncurrent assets				
Capital assets:				
Land and water storage rights	404,362,555	33,741,805	438,104,360	
Land held for resale				13,163,797
Depreciable buildings, property, equipment and infrastructure, net	900,065,942	584,560,808	1,484,626,750	
Construction in progress	74,383,974	123,006,559	197,390,533	
Amortizable costs		48,330	48,330	
Note/loan receivable	5,196,034	8,303,787	13,499,821	32,330,000
Total noncurrent assets	1,384,008,505	749,661,289	2,133,669,794	45,493,797
Total assets	1,637,796,771	1,017,935,501	2,655,732,272	61,791,352
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	24,014,701	16,753,760	40,768,461	648,282
Customers' deposits		5,485,475	5,485,475	
Unearned revenue	1,524,524	8,298,759	9,823,283	34,030,000
Noncurrent liabilities:				
Due within one year:				
Long-term debt	3,509,000	1,264,800	4,773,800	2,311,724
Kern River Levee District		105,472	105,472	
Deferred bond premium		331,063	331,063	
Claims and judgements payable	6,605,956		6,605,956	
Compensated absences payable	6,769,776	1,565,173	8,334,949	
Due in more than one year:				
Long-term debt	4,014,000	244,964,969	248,978,969	41,306,334
Deferred bond premium		8,276,570	8,276,570	
Claims and judgements payable	14,379,014		14,379,014	
Compensated absences payable	6,522,930	432,059	6,954,989	
Total liabilities	67,339,901	287,478,100	354,818,001	78,296,340
<b>Net assets:</b>				
Invested in capital assets, net of related debt	1,369,689,471	342,111,043	1,711,800,514	
Restricted:				
Current projects	1,975,111		1,975,111	
Capital improvements	77,319,182	152,968,360	230,287,542	
Debt services	45,952		45,952	8,394
Housing				5,198,999
Sanitation districts		5,113,759	5,113,759	
Unrestricted	121,427,154	230,264,239	351,691,393	(21,712,381)
Total net assets	\$ 1,570,456,870	\$ 730,457,401	\$ 2,300,914,271	\$ (16,504,988)

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



**CITY OF BAKERSFIELD**

**Statement of Activities  
For the Fiscal Year Ended June 30, 2008**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental activities:</b>				
General Government	\$ 12,738,456	\$ 4,770,899	\$ 715,542	\$ -
Public safety - Police	71,485,694	1,165,047	4,134,695	
Public safety - Fire	32,930,374	5,605,740	305,092	
Public works	93,674,545	22,599,790	3,478,045	68,733,854
Community services	34,783,064	11,974,626	10,000	5,700,405
Development services	10,920,263	5,131,522	100,679	
Economic/Community dev.	3,917,710	408	5,645,946	
Interest on long-term debt	430,313			
<b>Total governmental activities</b>	<b>260,880,419</b>	<b>51,248,032</b>	<b>14,389,999</b>	<b>74,434,259</b>
<b>Business-type activities:</b>				
Wastewater treatment	34,006,998	23,793,814	7,471,096	15,936,649
Refuse collection	39,679,394	39,378,891		441,203
Agricultural water	5,415,452	4,972,037		1,006,538
Domestic water	16,579,051	20,103,488	910,010	6,022,672
General aviation	563,304	211,573	10,000	107,419
Offstreet parking	168,780	102,425		
<b>Total business-type activities</b>	<b>96,412,979</b>	<b>88,562,228</b>	<b>8,391,106</b>	<b>23,514,481</b>
<b>Total primary government</b>	<b>\$ 357,293,398</b>	<b>\$ 139,810,260</b>	<b>\$ 22,781,105</b>	<b>\$ 97,948,740</b>
<b>Component unit-</b>				
Bakersfield Redevelopment Agency	\$ 3,662,201	\$ 1,941,150	\$ 60,634	\$ 174,043

**General Revenues:**

Taxes:  
 Property taxes  
 Sales and use tax  
 Other taxes  
 Intergovernmental, unrestricted  
 Unrestricted grants and contributions  
 Investment earnings  
 Miscellaneous  
 Gain of sale of property  
 Transfers  
 Contributed capital to/from

**Total general revenues and transfers**

**Change in net assets**

Net assets - Beginning of year, as restated

Net assets - End of year

Net (Expense) Revenue and Changes in Net Assets				
Total	Governmental Activities	Business-Type Activities	Total	Bakersfield Redevelopment Agency
\$ 5,486,441	\$ (7,252,015)	\$ -	\$ (7,252,015)	\$ -
5,299,742	(66,185,952)		(66,185,952)	
5,910,832	(27,019,542)		(27,019,542)	
94,811,689	1,137,144		1,137,144	
17,685,031	(17,098,033)		(17,098,033)	
5,232,201	(5,688,062)		(5,688,062)	
5,646,354	1,728,644		1,728,644	
	(430,313)		(430,313)	
<u>140,072,290</u>	<u>(120,808,129)</u>	<u>-</u>	<u>(120,808,129)</u>	<u>-</u>
47,201,559		13,194,561	13,194,561	
39,820,094		140,700	140,700	
5,978,575		563,123	563,123	
27,036,170		10,457,119	10,457,119	
328,992		(234,312)	(234,312)	
102,425		(66,355)	(66,355)	
<u>120,467,815</u>	<u>-</u>	<u>24,054,836</u>	<u>24,054,836</u>	<u>-</u>
<u>\$ 260,540,105</u>	<u>(120,808,129)</u>	<u>24,054,836</u>	<u>(96,753,293)</u>	<u>-</u>
<u>\$ 2,175,827</u>				<u>(1,486,374)</u>
	71,655,585		71,655,585	8,010,312
	63,415,357		63,415,357	
	3,193,162		3,193,162	
	910,205		910,205	
	16,303,921		16,303,921	
	4,019,639	4,894,373	8,914,012	376,537
	131,121		131,121	246,808
	43,215		43,215	
	2,004,146	(2,004,146)	-	
	1,600,000		1,600,000	(1,600,000)
	<u>163,276,351</u>	<u>2,890,227</u>	<u>166,166,578</u>	<u>7,033,657</u>
	42,468,222	26,945,063	69,413,285	5,547,283
	<u>1,527,988,648</u>	<u>703,512,338</u>	<u>2,231,500,986</u>	<u>(22,052,271)</u>
	<u>\$ 1,570,456,870</u>	<u>\$ 730,457,401</u>	<u>\$ 2,300,914,271</u>	<u>\$ (16,504,988)</u>



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*Governmental Fund Financial Statements*

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**CITY OF BAKERSFIELD****Balance Sheet  
Governmental Funds  
June 30, 2008**

	General Fund	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road Fund
<b>Assets:</b>				
Cash and investments	\$ 31,575,989	\$ 697,117	\$ 2,790,428	\$ -
Accounts receivable, net	2,071,304	2,975,820	146,894	1,658,274
Interest receivable	299,374	29,562	23,067	52,453
Due from other governmental agencies	11,798,117		1,158,959	18,497,595
Due from other funds	12,442,890			
Loans receivable			4,411,034	-
Prepaid items				
Total assets	<u>\$ 58,187,674</u>	<u>\$ 3,702,499</u>	<u>\$ 8,530,382</u>	<u>\$ 20,208,322</u>
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Accounts payable	\$ 7,424,313	\$ 2,039,060	\$ 942,493	\$ 4,190,854
Due to other governmental agencies	30,366			
Due to other funds				12,015,757
Unearned revenue	1,392,773			
Deferred revenue	3,163,445		4,550,692	22,031
Total liabilities	<u>12,010,897</u>	<u>2,039,060</u>	<u>5,493,185</u>	<u>16,228,642</u>
Fund Balances:				
Reserved for:				
Petty cash	22,545	125		
Encumbrances	1,963,262	70,030	3,483,497	51,808,336
Debt service				
Cash basis	11,686,035			
Facility replacement				
Unreserved:				
Designated for:				
Current projects	1,628,900	346,211		
Capital improvements				
Compensated Absences	6,120,523	66,876		
Debt service - Public Financing Authority				
Undesignated, reported in:				
General fund	24,755,512			
Special revenue funds		1,180,197	(446,300)	(47,828,656)
Capital projects funds				
Total fund balances	<u>46,176,777</u>	<u>1,663,439</u>	<u>3,037,197</u>	<u>3,979,680</u>
Total liabilities and fund balances	<u>\$ 58,187,674</u>	<u>\$ 3,702,499</u>	<u>\$ 8,530,382</u>	<u>\$ 20,208,322</u>

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

Special Assessments Districts	Capital Outlay	Parks Development	Transportation Development	Other Governmental Funds	Total Governmental Funds
\$ 29,496,599	\$ 26,565,693	\$ 16,199,729	\$ 51,292,682	\$ 4,349,169	\$ 162,967,406
	1,259		161,667		7,015,218
	200,274	163,272	488,449	62,147	1,318,598
	116,154		182,487	-	31,753,312
					12,442,890
					4,411,034
					-
<u>\$ 29,496,599</u>	<u>\$ 26,883,380</u>	<u>\$ 16,363,001</u>	<u>\$ 52,125,285</u>	<u>\$ 4,411,316</u>	<u>\$ 219,908,458</u>
\$ -	\$ 289,252	\$ 5,310,594	\$ 1,337,753	\$ 58,753	\$ 21,593,072
				173,755	204,121
				427,133	12,442,890
				131,751	1,524,524
			323,333		8,059,501
<u>-</u>	<u>289,252</u>	<u>5,310,594</u>	<u>1,661,086</u>	<u>791,392</u>	<u>43,824,108</u>
	2,966,509	437,897	16,351,963	6,440	22,670
				2,225,000	77,087,934
	5,000,000				2,225,000
					11,686,035
					5,000,000
29,496,599	17,318,214	5,909,725	24,594,644		1,975,111
				45,952	77,319,182
					6,187,399
					45,952
					24,755,512
	1,309,405	4,704,785	9,517,592	953,140	(46,141,619)
				389,392	15,921,174
<u>29,496,599</u>	<u>26,594,128</u>	<u>11,052,407</u>	<u>50,464,199</u>	<u>3,619,924</u>	<u>176,084,350</u>
<u>\$ 29,496,599</u>	<u>\$ 26,883,380</u>	<u>\$ 16,363,001</u>	<u>\$ 52,125,285</u>	<u>\$ 4,411,316</u>	<u>\$ 219,908,458</u>

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**CITY OF BAKERSFIELD**

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**Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Statement of Net Assets  
June 30, 2008**

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**Total Fund Balances - Total Governmental Funds** \$ 176,084,350

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

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

Capital assets	1,924,101,417	
Ending accumulated depreciation	<u>(545,288,946)</u>	1,378,812,471

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet. (157,499)

Deferred revenue and other resources not available to liquidate liabilities of the current period are not recognized in the funds. 8,059,761

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. 27,854,604

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

Bonds payable	(3,315,000)	
Notes/Contracts/Loans payable	(4,208,000)	
Compensated Absences payable	<u>(12,673,817)</u>	<u>(20,196,817)</u>

**Net Assets of Governmental Activities** \$ 1,570,456,870



**CITY OF BAKERSFIELD****Statement of Revenues, Expenditures and Changes in Fund Balances****Governmental Funds****For the Fiscal Year Ended June 30, 2008**

	General Fund	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road Fund
<b>Revenues:</b>				
Taxes	\$ 146,499,885	\$ 7,749,531	\$ -	\$ -
Licenses and permits	2,613,944			
Intergovernmental	4,243,008		5,209,162	39,690,627
Charges for services	18,272,455	6,580,564		45,600
Fines, forfeitures and assessments	962,363			213,367
Interest income	1,573,297	131,085	147,202	395,769
Loan payments			445,954	
Contributions and donations	40,244	1,200,000		
Other	1,337,381	2,460	9,137	13,487
Total revenues	<u>175,542,577</u>	<u>15,663,640</u>	<u>5,811,455</u>	<u>40,358,850</u>
<b>Expenditures:</b>				
Current:				
General government	10,598,697			
Police	68,109,259			
Fire	31,737,283			
Public works	22,045,163			4,268,363
Community services	16,589,231	7,345,117		
Development services	10,558,195			
Economic/Community development	757,504		2,660,180	
Non departmental	7,165,150	3,409,427		
Capital outlay			4,081,252	37,451,696
Debt service:				
Principal retirement				
Interest and fiscal charges				
Total expenditures	<u>167,560,482</u>	<u>10,754,544</u>	<u>6,741,432</u>	<u>41,720,059</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,982,095</u>	<u>4,909,096</u>	<u>(929,977)</u>	<u>(1,361,209)</u>
<b>Other financing sources (uses):</b>				
Transfers in	880,575			157,308
Transfers out	(12,635,512)	(5,276,000)	(400,484)	
Reserve transfer to agency funds				
Total other financing sources (uses)	<u>(11,754,937)</u>	<u>(5,276,000)</u>	<u>(400,484)</u>	<u>157,308</u>
Net change in fund balances	(3,772,842)	(366,904)	(1,330,461)	(1,203,901)
Fund balances - beginning	<u>49,949,619</u>	<u>2,030,343</u>	<u>4,367,658</u>	<u>5,183,581</u>
Fund balances - ending	<u>\$ 46,176,777</u>	<u>\$ 1,663,439</u>	<u>\$ 3,037,197</u>	<u>\$ 3,979,680</u>

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

Special Assessments Districts	Capital Outlay	Parks Development	Transportation Development	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 154,249,416
	228,536		5,687,129	867,636	2,613,944
	174,799		500,050	1,482,957	55,926,098
4,825,000		5,700,405	12,794,355	1,015,992	27,056,425
	913,030	531,979	2,240,453	224,512	25,511,482
	90,975				6,157,327
1,298,000	684,979		21,856	22,000	445,954
6,123,000	2,092,319	6,232,384	21,243,843	3,613,097	1,331,219
					3,389,300
77,568			129,633	3,921	10,809,819
				744,322	68,853,581
		10,000	1,304,816	143,061	31,737,283
				25,465	27,771,403
232,469		3,059,393			23,959,813
21,614,549	10,820,103	1,356,737	14,035,634	453,235	10,558,195
					3,417,684
					13,866,439
				1,256,000	89,813,206
				491,605	1,256,000
21,924,586	10,820,103	4,426,130	15,470,083	3,117,609	491,605
(15,801,586)	(8,727,784)	1,806,254	5,773,760	495,488	282,535,028
	16,691,000				
(485,660)			(157,308)	1,603,974	19,332,857
				(2,084,065)	(20,553,369)
(485,660)	16,691,000	-	(157,308)	(480,091)	(485,660)
(16,287,246)	7,963,216	1,806,254	5,616,452	15,397	(1,706,172)
45,783,845	18,630,912	9,246,153	44,847,747	3,604,527	(7,560,035)
\$ 29,496,599	\$ 26,594,128	\$ 11,052,407	\$ 50,464,199	\$ 3,619,924	\$ 183,644,385
					\$ 176,084,350

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**CITY OF BAKERSFIELD**

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**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets For the Fiscal Year Ended June 30, 2008**

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**Net Change in Fund Balances - Total Governmental Funds** \$ (7,560,035)

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.	67,588,729
Depreciation expense is deducted from fund balance (net of internal service fund depreciation of \$6,016,034 which has already been allocated to serviced funds.)	(47,114,828)
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.	25,861,351

Long-term compensated absences are reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in Governmental Funds. 37,253

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

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Principal retirements	\$1,256,000	
Transferred to Component unit	<u>1,600,000</u>	2,856,000

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 increase in revenues - unavailable revenues at the end of the year exceed beginning unavailable revenues by this amount. (539,287)

Interest expense on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, interest expense is not reported as expenditures in Governmental Funds. The following amount represents the change in accrued interest from prior year. 61,292

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the Internal Service Funds are reported with Governmental Activities. 1,277,747

**Change in Net Assets of Governmental Activities** \$ 42,468,222

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## *Proprietary Fund Financial Statements*

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

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

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

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

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

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

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

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

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**CITY OF BAKERSFIELD**

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**Statement of Net Assets****Proprietary Funds****June 30, 2008**

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	Wastewater Treatment	Refuse Collection	Agricultural Water
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 220,273,848	\$ 14,067,753	\$ 1,749,618
Accounts receivable, net	1,382,018	796,443	1,483,681
Interest receivable	533,380	130,919	19,993
Due from other governmental agencies	279,571	1,158,972	2,739
Prepayments and inventories			
Total current assets	<u>222,468,817</u>	<u>16,154,087</u>	<u>3,256,031</u>
Noncurrent assets:			
Capital assets:			
Land and water storage rights	10,427,782		10,315,406
Depreciable buildings, property, equipment and infrastructure, net	400,665,971		10,713,551
Construction in progress	117,239,416		1,015,938
Amortizable costs			
Note/loan receivable			
Other long term receivable	6,043,423		52,275
Total noncurrent assets	<u>534,376,592</u>	<u>-</u>	<u>22,097,170</u>
Total assets	<u>756,845,409</u>	<u>16,154,087</u>	<u>25,353,201</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	12,712,444	2,374,513	200,560
Claims payable			
Workers compensation claims			
Compensated absences payable	450,875	734,402	261,159
Deferred bond premium	331,063		
Long-term debt - due within one year	752,126		
Total current liabilities	<u>14,246,508</u>	<u>3,108,915</u>	<u>461,719</u>
Noncurrent liabilities:			
Long-term debt - due in more than one year	243,450,514		
Kern River Levee District/Buena Vista			105,472
Customers' deposits	1,171,053	302,348	88,007
Workers compensation claims			
Compensated absences payable	175,855	189,728	42,422
Deferred bond premium	8,276,570		
Unearned revenue	6,043,423	47,247	
Total noncurrent liabilities	<u>259,117,415</u>	<u>539,323</u>	<u>235,901</u>
Total liabilities	<u>273,363,923</u>	<u>3,648,238</u>	<u>697,620</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	131,162,169		22,044,895
Restricted	152,968,360	5,113,759	
Unrestricted	199,350,957	7,392,090	2,610,686
Total net assets	<u>\$ 483,481,486</u>	<u>\$ 12,505,849</u>	<u>\$ 24,655,581</u>

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

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>
\$ 22,444,060	\$ 450,617	\$ 97,368	\$ 259,083,264	\$ 49,634,789
2,204,317	2,809	21,272	5,890,540	166,142
217,212	4,369	960	906,833	464,752
			1,441,282	25,650
			-	1,394,692
<u>24,865,589</u>	<u>457,795</u>	<u>119,600</u>	<u>267,321,919</u>	<u>51,686,025</u>
547,102	7,464,254	4,987,261	33,741,805	
170,090,103	1,895,229	1,195,954	584,560,808	27,081,937
4,751,205			123,006,559	
48,330			48,330	
			-	785,000
2,208,089			8,303,787	
<u>177,644,829</u>	<u>9,359,483</u>	<u>6,183,215</u>	<u>749,661,289</u>	<u>27,866,937</u>
<u>202,510,418</u>	<u>9,817,278</u>	<u>6,302,815</u>	<u>1,016,983,208</u>	<u>79,552,962</u>
1,396,685	65,617	3,941	16,753,760	2,060,009
			-	2,706,258
113,668	5,069		-	3,899,698
			1,565,173	509,143
			331,063	
512,674			1,264,800	
<u>2,023,027</u>	<u>70,686</u>	<u>3,941</u>	<u>19,914,796</u>	<u>9,175,108</u>
1,514,455			244,964,969	
			105,472	
3,921,667	2,400		5,485,475	
			-	14,379,014
19,249	4,805		432,059	109,746
			8,276,570	
2,208,089			8,298,759	260
<u>7,663,460</u>	<u>7,205</u>	<u>-</u>	<u>267,563,304</u>	<u>14,489,020</u>
<u>9,686,487</u>	<u>77,891</u>	<u>3,941</u>	<u>287,478,100</u>	<u>23,664,128</u>
173,361,281	9,359,483	6,183,215	342,111,043	27,081,937
			158,082,119	
19,462,650	379,904	115,659	229,311,946	28,806,897
<u>\$ 192,823,931</u>	<u>\$ 9,739,387</u>	<u>\$ 6,298,874</u>	<u>729,505,108</u>	<u>\$ 55,888,834</u>
			<u>952,293</u>	
			<u>\$ 730,457,401</u>	

**CITY OF BAKERSFIELD****Statement of Revenues, Expenses and Changes in Fund Net Assets****Proprietary Funds****For the Fiscal Year Ended June 30, 2008**

	Wastewater Treatment	Refuse Collection	Agricultural Water
<b>Operating revenues:</b>			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	21,944,050	36,667,766	3,056,797
Fines, forfeitures and assessments	1,492,127		
Cost recoveries	(24,055)	2,673,302	253,779
Rental income	364,952		64,318
Other sales or services	10,000	32,613	1,566,033
Miscellaneous	6,740	5,210	31,110
Total operating revenues	<u>23,793,814</u>	<u>39,378,891</u>	<u>4,972,037</u>
<b>Operating expenses:</b>			
General and administrative	12,567,292	37,087,346	4,816,948
Transmission and distribution	55,576	1,857,104	42,791
Workers' compensation payments			
Claims paid			
Depreciation and amortization	9,765,824		497,108
Compensated absences		33,680	18,368
Total operating expenses	<u>22,388,692</u>	<u>38,978,130</u>	<u>5,375,215</u>
Operating income (loss)	<u>1,405,122</u>	<u>400,761</u>	<u>(403,178)</u>
<b>Nonoperating revenues (expenses):</b>			
Interest income	2,980,144	798,227	95,110
Interest revenue on debt	9,352,357		
Federal/State grants		128,246	
Revenue bond premium	331,063		
Connection fees	7,471,096		
Interest expense	(11,687,224)		(40,000)
County/developer project share			306,006
Gain/loss on sale of real property		17,957	457,442
Total nonoperating revenues	<u>8,447,436</u>	<u>944,430</u>	<u>818,558</u>
Income (loss) before transfers and capital contributions	9,852,558	1,345,191	415,380
Capital contributions	6,253,229	295,000	243,090
Transfers in			1,040,000
Transfers out		(1,824,146)	(100,000)
Change in net assets	16,105,787	(183,955)	1,598,470
<b>Total Net Assets - Beginning of Year - as restated</b>	<u>467,375,699</u>	<u>12,689,804</u>	<u>23,057,111</u>
<b>Total Net Assets - End of Year</b>	<u>\$ 483,481,486</u>	<u>\$ 12,505,849</u>	<u>\$ 24,655,581</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.

<u>Domestic Water</u>	<u>General Aviation</u>	<u>Offstreet Parking</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$ -	\$ 10,000	\$ -	\$ 10,000	\$ -
18,343,111	201,264	102,425	80,315,413	32,672,649
9,630	10,309		1,492,127	711,423
1,750,747			2,922,965	
			429,270	
			3,359,393	54,133
			43,060	
<u>20,103,488</u>	<u>221,573</u>	<u>102,425</u>	<u>88,572,228</u>	<u>33,438,205</u>
12,637,981	168,951	93,050	67,371,568	29,079,776
104,735	258,963		2,319,169	
			-	1,531,147
			-	1,580,383
3,738,379	135,390	75,730	14,212,431	6,016,034
15,918			67,966	-
<u>16,497,013</u>	<u>563,304</u>	<u>168,780</u>	<u>83,971,134</u>	<u>38,207,340</u>
<u>3,606,475</u>	<u>(341,731)</u>	<u>(66,355)</u>	<u>4,601,094</u>	<u>(4,769,135)</u>
995,401	21,015	4,476	4,894,373	2,146,859
	107,419		9,352,357	
			235,665	
910,010			331,063	
(81,605)			8,381,106	
10,000			(11,808,829)	
182,460			316,006	
			657,859	16,235
<u>2,016,266</u>	<u>128,434</u>	<u>4,476</u>	<u>12,359,600</u>	<u>2,163,094</u>
5,622,741	(213,297)	(61,879)	16,960,694	(2,606,041)
5,830,212			12,621,531	26,116
(1,120,000)			1,040,000	3,224,658
			(3,044,146)	
<u>10,332,953</u>	<u>(213,297)</u>	<u>(61,879)</u>	<u>27,578,079</u>	<u>644,733</u>
182,490,978	9,952,684	6,360,753	-	55,244,101
<u>\$ 192,823,931</u>	<u>\$ 9,739,387</u>	<u>\$ 6,298,874</u>		<u>\$ 55,888,834</u>
			(633,016)	
			<u>\$ 26,945,063</u>	

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**CITY OF BAKERSFIELD**

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**Statement of Cash Flows (continued)****Proprietary Funds****For the Fiscal Year Ended June 30, 2008**

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	<u>Wastewater Treatment</u>	<u>Refuse Collection</u>	<u>Agricultural Water</u>
<b>Cash flows from operating activities:</b>			
Cash received from:			
Customers, including cash deposits	\$ 23,150,178	\$ 40,055,776	\$ 4,654,019
Prior year reimbursements and cost recoveries	(24,055)		
Cash paid to:			
Suppliers	300,905	(29,370,953)	(3,066,835)
Employees	(4,691,487)	(9,477,321)	(1,799,288)
Cash deposits returned to customers			
Net cash provided (used) by operating activities	<u>18,735,541</u>	<u>1,207,502</u>	<u>(212,104)</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash received from federal and state grants		128,246	
Cash transferred from other funds			1,040,000
Cash transferred to other funds		(1,824,146)	(100,000)
Contributions		295,000	
Connection fees	7,471,096		
Developer share/project			306,006
Net cash provided (used) by noncapital financing activities	<u>7,471,096</u>	<u>(1,400,900)</u>	<u>1,246,006</u>
<b>Cash flows from capital and related financing activities:</b>			
Principal payments:			
Notes/Loans	(752,126)		
Principal repayment on interfund loan	1,000,000		(1,000,000)
Revenue bond proceeds	234,425,000		
Original issue premium	8,607,633		
Interest on construction fund	9,352,357		
Interest paid	(11,687,224)		(40,000)
Purchase of capital assets			(1,244,842)
Proceeds from sale of capital assets		17,957	475,686
Construction	(106,520,332)		
Net cash provided (used) by capital and related financing activities	<u>134,425,308</u>	<u>17,957</u>	<u>(1,809,156)</u>
<b>Cash flows from investing activities:</b>			
Interest received	3,115,430	807,077	109,714
Net increase (decrease) in the fair value of investments	189,471	44,502	9,234
Net cash provided (used) by investing activities	<u>3,304,901</u>	<u>851,579</u>	<u>118,948</u>
Net increase (decrease) in cash	163,936,846	676,138	(656,306)
Cash and cash equivalents - Beginning of year	<u>56,337,002</u>	<u>13,391,615</u>	<u>2,405,924</u>
Cash and cash equivalents - End of year	<u>\$ 220,273,848</u>	<u>\$ 14,067,753</u>	<u>\$ 1,749,618</u>

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

<u>Domestic Water</u>	<u>General Aviation</u>	<u>Offstreet Parking</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 20,146,073 9,630	\$ 198,638 10,309	\$ 85,202	\$ 88,289,886 (4,116)	\$ 33,593,671 122,764
(12,634,723) (395,021) (439,131)	(332,788) (36,128)	(90,909)	(45,195,303) (16,399,245) (439,131)	(23,321,683) (6,012,255)
<u>6,686,828</u>	<u>(159,969)</u>	<u>(5,707)</u>	<u>26,252,091</u>	<u>4,382,497</u>
	117,419		245,665 1,040,000 (3,044,146) 295,000 8,299,044 316,006	3,627,710 (403,052)
(1,120,000)				
827,948 10,000				
<u>(282,052)</u>	<u>117,419</u>	<u>-</u>	<u>7,151,569</u>	<u>3,224,658</u>
(497,984)			(1,250,110) - 234,425,000 8,607,633 9,352,357 (11,812,382) (1,244,842) 676,104 (110,782,575)	(5,895,698) 411,439
(85,158)				
182,461 (4,262,243)				
<u>(4,662,924)</u>	<u>-</u>	<u>-</u>	<u>127,971,185</u>	<u>(5,484,259)</u>
921,862 62,408	21,150 1,651	4,528 354	4,979,761 307,620	2,104,992 145,253
<u>984,270</u>	<u>22,801</u>	<u>4,882</u>	<u>5,287,381</u>	<u>2,250,245</u>
2,726,122	(19,749)	(825)	166,662,226	4,373,141
<u>19,717,938</u>	<u>470,366</u>	<u>98,193</u>	<u>92,421,038</u>	<u>45,261,648</u>
<u>\$ 22,444,060</u>	<u>\$ 450,617</u>	<u>\$ 97,368</u>	<u>\$ 259,083,264</u>	<u>\$ 49,634,789</u>

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**CITY OF BAKERSFIELD**

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**Statement of Cash Flows (concluded)****Proprietary Funds****For the Fiscal Year Ended June 30, 2008**

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	<u>Wastewater Treatment</u>	<u>Refuse Collection</u>	<u>Agricultural Water</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 1,405,122	\$ 400,761	\$ (403,178)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	9,765,824		497,108
Amortization expense			
(Increase) decrease in accounts receivable	637,605	676,886	(74,224)
Decrease in inventories			
(Increase) decrease in prepaid items			
Increase (decrease) in accounts payable	7,908,074	97,939	(6,385)
Increase in workers compensation claims			
Increase (decrease) in deferred revenue		(1,764)	
Increase (decrease) in deferred bond premium	331,063		
Increase (decrease) in customers' deposits	(1,305,298)		(243,793)
Increase (decrease) in compensated absences	(6,849)	33,680	18,368
Increase in meter deposits			
Net cash provided (used) by operating activities	<u>\$ 18,735,541</u>	<u>\$ 1,207,502</u>	<u>\$ (212,104)</u>

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

Contribution of equipment from other departments			
Contributions of infrastructure and improvements by Developers	6,253,229	295,000	243,090

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>
\$ 3,606,475	\$ (341,731)	\$ (66,355)	\$ 4,601,094	\$ (4,769,135)
3,728,712	135,390	75,730	14,202,764	6,016,034
9,667			9,667	
(446,508)	(2,626)	(17,224)	773,909	284,687
			-	(97,860)
	5,425		5,425	13,000
(287,028)	65,871	2,142	7,780,613	472,803
			-	2,485,749
			(1,764)	(46,204)
			331,063	
63,846			(1,485,245)	
15,918	(12,298)		48,819	23,423
(4,254)			(4,254)	
<u>\$ 6,686,828</u>	<u>\$ (149,969)</u>	<u>\$ (5,707)</u>	<u>\$ 26,262,091</u>	<u>\$ 4,382,497</u>

26,116

5,830,212



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## *Fiduciary Fund Financial Statements*

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

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

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

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

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

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

### **Agency Funds**

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

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

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**CITY OF BAKERSFIELD**

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**Statement of Fiduciary Net Assets****Fiduciary Funds****June 30, 2008**

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	<u>Private Purpose Trust Fund</u>	<u>Pension and Other Employee Benefit Trust Funds</u>	<u>Agency Funds</u>
<b>Assets:</b>			
Cash and investments	\$ 23,695,011	\$ 10,228,975	\$ 28,052,524
Retirement system investments-			
Federal agency coupons		1,559,183	
Interest receivable	239,111	12,198	142,427
Due from other governmental agencies			138,043
	<hr/>	<hr/>	<hr/>
Total assets	23,934,122	11,800,356	28,332,994
	<hr/>	<hr/>	<hr/>
<b>Liabilities -</b>			
Payables:			
Accounts	726		
Deposits			18,988,447
Accrued bond interest			2,324,547
Bonds			7,020,000
	<hr/>	<hr/>	<hr/>
Total liabilities	726	-	28,332,994
	<hr/>	<hr/>	<hr/>
<b>Net Assets -</b>			
Held in trust for:			
Individuals, organizations and other governments	23,933,396		
Pension benefits and other purposes		11,800,356	
	<hr/>	<hr/>	<hr/>
	\$ 23,933,396	\$ 11,800,356	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

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**CITY OF BAKERSFIELD**

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**Statement of Changes in Fiduciary Net Assets****Fiduciary Funds****For the Fiscal Year Ended June 30, 2008**

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	<u>Private Purpose Trust Funds</u>	<u>Pension and Other Employee Benefit Trust Funds</u>
<b>Additions -</b>		
Investment income:		
Contributions to pooled investments	\$ -	\$ 5,560,000
Developers fees	2,771,495	
Interest and investment income, net	<u>1,027,055</u>	<u>(86,137)</u>
 Total additions	 <u>3,798,550</u>	 <u>5,473,863</u>
<b>Deductions:</b>		
Benefits		133,888
Purchase of unihabitated land	2,323,474	
Administrative expense		<u>33,174</u>
 Total deductions	 <u>2,323,474</u>	 <u>167,062</u>
 Change in net assets	 1,475,076	 5,306,801
 Beginning of year	 <u>22,458,320</u>	 <u>6,493,555</u>
 End of year	 <u>\$ 23,933,396</u>	 <u>\$ 11,800,356</u>

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



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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements

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

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

New Accounting Pronouncements*Government Accounting Standards Board Statement No. 45*

For the fiscal year ended June 30, 2008, the City implemented Government Accounting Standards Board (GASB) Statement No. 45, “*Accounting and Financial reporting by Employers for Postemployment Benefits Other Than Pension.*” This statement is effective for the City for fiscal periods beginning after June 30, 2007.

This statement requires that governments account for, and report, the annual cost of other postemployment benefits (OPEB) and the outstanding obligations and commitments related to OPEB in the same manner as they currently do for pensions. The Statement does not require that government’s fund their OPEB plans, only that they account for them and report them. OPEB generally consists of health insurance and dental, vision, prescription, or other healthcare benefits provided to eligible retirees, including their beneficiaries in some cases. The City’s OPEB plan is administered by Public Agency Retirement Services (PARS) and consists of a postretirement medical program for eligible retired members and their eligible dependents.

Implementation required additional note disclosure (see Note 17) and required supplemental information (see Required Supplementary Information – Other Post Employment Benefit (OPEB) Irrevocable Trust – Schedule of Funding Progress).

*Government Accounting Standards Board Statement No. 50*

For the fiscal year ended June 30, 2008, the City implemented GASB Statement No. 50, “*Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27.*” This statement is effective for the city for fiscal periods beginning after June 15, 2007.

GASB Statement No. 50 amends GASB Statement No. 27 to require employers participating in a cost-sharing plan to include the following in the note disclosure: the required contribution rates and the employer(s) in dollars and the percentage of that amount contributed for the current year and each of the two preceding years, and how the contractually required contribution rate is determined (for example, by statute or by contract, or on an actuarially determined basis) or that the cost-sharing plan is financed on a pay-as-you-go basis (See note 13).

GASB Statement No. 50 also amends GASB Statement No. 27 to require that if a cost-sharing plan does not issue a publicly available stand-alone plan financial report prepared in accordance with the requirements of GASB Statement No. 25, as amended, and the plan is not included in the financial report of another entity, each employer in that plan should present, as required supplementary information (RSI), the schedules of funding progress and employer contributions for the plan (and notes to these schedules). Each employer also should disclose that the information presented relates to the cost-sharing plan as a whole, of which the employer is one participating employer, and should provide information helpful for understanding the scale of the information presented relative to the employer (see Required Supplementary Information – Defined Pension Plan – Schedule of Funding Progress).

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**A. Description of Reporting Entity**

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

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

**Discretely Presented Component Unit**

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

**Blended Component Unit**

The Bakersfield Public Financing Authority (the Authority) is a joint exercise of powers authority formed on July 7, 1993 by and between the City of Bakersfield, California (the City) and the Bakersfield Redevelopment Agency of the City of Bakersfield (the Agency). The Authority was created to assist the City, the Agency and other local public agencies in financing and refinancing, through the issuance of bonds or other instruments of indebtedness, public capital improvements and working capital pursuant to the Marks-Roos Local Bond Pooling Act of 1985. The Authority is authorized to make and enter into Bond Purchase Agreements and to purchase Obligations of any local public agency.

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

Complete financial statements for each of the individual component units may be obtained at the City's Finance Department at 1501 Truxtun Avenue.

**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 nonfiduciary 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. 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.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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

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

*Governmental Fund Financial Statements*

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

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

The City reports the following major governmental funds:

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

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

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

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

Special Assessment Districts Fund - The Special Assessment Districts Fund is used to account for the

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

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

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

The City reports the following additional fund types:

Internal Service Funds - The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit on a cost-

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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reimbursement basis. The City accounts for its self insurance and equipment management activities as internal service funds.

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

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

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

**C. Basis of Accounting**

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

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

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

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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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 Equity, and Other Financial Statement Items****Cash and Investments**

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

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

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

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

The LAIF has oversight by the Local Investment Advisory Board. The LAIF Board consists of five members as designated by Statute. The Chairman is the State Treasurer, or his designated representative. Two members qualified by training and experience in the field of investment of finance, and two members who are Treasurer's, finance or fiscal officers or business managers employed by any County, City or local district or municipal corporation of this state, are appointed by the State Treasurer. The term of each appointment is two years, or at the pleasure of the appointing authority.

**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

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Receivables

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

Inventory and Prepaid Items

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

Capital Assets

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

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

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

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

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

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

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

benefits. All vacation and sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A designation of fund balance for all accrued vacation and a portion of accrued sick leave amounts are reported in governmental funds for current employees that are eligible for retirement.

Long-term Obligations

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

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

Net Assets/Fund Equity

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

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

As of June 30, 2008, net assets are as follows:

	Primary Government			Discretely Presented	Total
	Governmental Activities	Business-Type Activities	Total	Component Unit	Reporting Entity
Invested in capital assets, net of related debt	\$ 1,369,689,471	\$ 342,111,043	\$ 1,711,800,514	\$ -	\$ 1,711,800,514
Restricted	79,340,245	158,082,119	237,422,364	5,207,393	242,629,757
Unrestricted	121,427,154	230,264,239	351,691,393	(21,712,381)	329,979,012
<b>Total net assets</b>	<b>\$ 1,570,456,870</b>	<b>\$ 730,457,401</b>	<b>\$ 2,300,914,271</b>	<b>\$ (16,504,988)</b>	<b>\$ 2,284,409,283</b>

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

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

Reserved fund balances for June 30, 2008 are as follows:

	Community										Total	
	General	Transient	Development	Gas Tax	Capital	Parks	Transportation	Non-major	Fiduciary			
	Fund	Occupancy	Block Grant	& Road	Outlay	Development	Development	Governmental	Funds	Funds		
Petty cash	\$ 22,545	\$ 125	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	22,670
Encumbrances	1,963,262	70,030	3,483,497	51,808,336	2,966,509	437,897	16,351,963	6,440				77,087,934
Debt services								2,225,000				2,225,000
Cash basis	11,686,035											11,686,035
Facilities					5,000,000							5,000,000
Pension/OPEB										23,933,396		23,933,396
	\$ 13,671,842	\$ 70,155	\$ 3,483,497	\$ 51,808,336	\$ 7,966,509	\$ 437,897	\$ 16,351,963	\$ 2,231,440	\$ 23,933,396	\$	\$	119,955,035

Petty cash reserve

The City maintains a petty cash fund - \$22,670 at June 30, 2008 - to facilitate the processing of small transactions. The balance of petty cash is equally offset by a reservation of fund balance to indicate that the petty cash balance does not constitute an "available spendable resource" even though it is a component of total assets.

Reserve for encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded as encumbrances in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at June 30, 2008 - \$77,354,843 - are reported as reservations of fund balances since these resources are not available for appropriation for expenditure in subsequent periods.

Cash basis reserve

The City budget provides for a cash basis reserve - \$11,686,035 at June 30, 2008 - in order to finance operations between July 1 and the date of receipt of the first installment of property taxes. The cash basis reserve also provides short-term interfund loans for funds on a reimbursable basis.

Designations of unreserved fund balance

Portions of unreserved fund balance may be designated to indicate tentative plans for financial resource utilization in a future period, such as for current projects or capital projects. Such plans are subject to change at the City's discretion and may not ultimately result in expenditures for the purposes indicated. Designated unreserved fund balances as of June 30, 2008 are as follows:

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

	General Fund	Transient Occupancy Taxes Fund	Special Assessments Districts Fund	Capital Outlay Fund	Parks Development Fund	Transportation Development Fund	Non-major Governmental Funds	Total
Current projects	\$ 1,628,900	\$ 346,211	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,975,111
Capital improvements			29,496,599	17,318,214	5,909,725	24,594,644		77,319,182
Compensated Absences	6,120,523	66,876						6,187,399
Debt services							45,952	45,952
	\$ 7,749,423	\$ 413,087	\$ 29,496,599	\$ 17,318,214	\$ 5,909,725	\$ 24,594,644	\$ 45,952	\$ 85,527,644

Designations of fund balance for anticipated currently budgeted, but not started or completed, multi-year non-capital projects and capital projects are denoted “Current projects” and “Capital Improvements,” respectively. The unreserved fund balance in the Public Finance Authority Debt Service fund is entirely designated for debt service purposes.

Property Taxes

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

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

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

Cash Flow Statements

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

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.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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

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

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

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

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

Budgeted amounts are as originally adopted, or as amended by the City Council. During the fiscal year ended June 30, 2008 the City Council approved \$72,231,921 of increases to the originally adopted budget, excluding carryovers of prior year encumbered balances and selected capital appropriations.

**Excess of Expenditures over Appropriations**

<u>Major Governmental Funds</u>	<u>Final Budgeted Amount</u>	<u>Actual</u>	<u>Excess of Expenditures over Appropriations</u>
Transient Occupancy Taxes- Community services	\$ 6,891,016	\$ 7,345,117	\$ (454,101)
Special Assessment Districts Non departmental	199,791	232,469	(32,678)

**Deficit Fund Equity**

No City fund reported a deficit in its equity accounts as of June 30, 2008

**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

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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external transactions. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once - in the function in which they are allocated.

**NOTE 2 - CASH AND INVESTMENTS**

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$485,339,491
Fiduciary funds:	
Cash and investments	61,976,510
Retirement system investments-	<u>1,559,183</u>
Total cash and investments	<u>\$548,875,184</u>

Cash and investments as of June 30, 2008 consist of the following:

Cash on hand	\$ 3,243,403
Deposits with financial institutions	2,558,461
Investments	543,629,990
GASB 31 Market Value Adjustment	<u>(556,670)</u>
Total cash and investments	<u>\$548,875,184</u>

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

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

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

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**Investment Authorized by Debt Agreements**

The City and its Component Units have \$165,172,027 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:

<u>Investment Type</u>		<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More than 60 Months</u>
U.S. Government Agency Obligations:					
Federal Farm Credit Bank	\$31,000,000	\$ -	\$2,000,000	\$29,000,000	\$ -
Federal Home Loan Bank	53,000,000	-	20,000,000	33,000,000	-
Federal Home Loan Mortgage Corp.	58,997,000	-	11,000,000	47,997,000	-
Federal National Mortgage Assn.	44,000,000	-	7,000,000	37,000,000	-
Commercial Paper	29,792,000	29,792,000	-	-	-
Time Certificates of Deposit	30,000,000	30,000,000	-	-	-
U.S. Treasury Bills, Notes, and Bonds	349,209	349,209	-	-	-
Local Agency Investment Fund	87,559,183	87,559,183	-	-	-
Mutual Funds (1)	43,760,571	43,760,571	-	-	-
Investment Contracts	165,172,027	-	-	-	165,172,027
Total	\$543,629,990	\$191,460,963	\$40,000,000	\$146,997,000	\$165,172,027

(1) See Note 16 for Other Post Employment Benefits

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

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

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, or the City’s investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Ratings as of the Year End</u>		
			<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
U.S. Government Agency Obligations:					
Federal Farm Credit Bank	\$31,000,000	N/A	\$31,000,000	-	-
Federal Home Loan Bank	53,000,000	N/A	53,000,000	-	-
Federal Home Loan Mortgage Corp.	58,997,000	N/A	58,997,000	-	-
Federal National Mortgage Assn.	44,000,000	N/A	44,000,000	-	-
Commercial Paper	29,792,000	A-1 P-1	29,792,000	-	-
Time Certificates of Deposit	30,000,000	N/A	-	-	30,000,000
U.S. Treasury Bills, Notes, and Bonds	349,209	N/A	349,209	-	-
Local Agency Investment Fund	87,559,183	N/A	-	-	87,559,183
Mutual Funds (1)	43,760,571	N/A	43,760,571	-	-
Investment Contracts	165,172,027	N/A	-	-	165,172,027
<b>Total</b>	<b>\$543,629,990</b>		<b>\$260,898,780</b>		<b>\$282,731,210</b>

(1) See Note 16 for Other Post Employment Benefits

**Concentration of Credit Risk**

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Investment Percentage</u>
Federal Farm Credit Bank	Federal Agency Securities	\$31,000,000	6%
Federal Home Loan Bank	Federal Agency Securities	53,000,000	10%
Federal Home Loan Mortgage Corp.	Federal Agency Securities	58,997,000	11%
Federal National Mortgage Assn.	Federal Agency Securities	44,000,000	8%

**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

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

*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, 2008, 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, 2008, all of the City’s investments were held by the City itself or by a broker-dealer (counterparty) other than the broker-dealer used by the City to purchase the securities in the City’s name.

**Investment in State Investment Pool**

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

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

Accounts receivable at June 30, 2008 of the City’s major individual funds and non-major and internal service funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

<b>Accounts Receivable - Governmental Funds:</b>	General	Transient Occupancy	Community Development	Gas Tax & Road	Capital Outlay	Transportation Development	Internal Service	Total
	Fund	Taxes Fund	Block Grant Fund	Fund	Fund	Funds	Funds	Governmental Activities
Taxes	\$ -	\$ 2,975,820	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,975,820
Accounts	2,071,304		146,894	1,658,274	1,259	161,667	315,174	4,354,572
Gross Receivables	2,071,304	2,975,820	146,894	1,658,274	1,259	161,667	315,174	7,330,392
Less: Allowance for Uncollectible	-	-	-	-	-	-	(149,032)	(149,032)
Total Accounts Receivable - Net	\$ 2,071,304	\$ 2,975,820	\$ 146,894	\$ 1,658,274	\$ 1,259	\$ 161,667	\$ 166,142	\$ 7,181,360

<b>Accounts Receivable - Proprietary Funds:</b>	Wastewater	Refuse	Agricultural	Domestic	General	Offstreet	Total
	Treatment Fund	Collection Fund	Water Fund	Water Fund	Aviation Fund	Parking Fund	Business-Type Activities
Accounts	\$ 1,382,018	\$ 796,443	\$ 1,483,681	\$ 2,204,317	\$ 2,809	\$ 21,272	\$ 5,890,540
Gross Receivables	1,382,018	796,443	1,483,681	2,204,317	2,809	21,272	5,890,540
Less: Allowance for Uncollectible							
Total Accounts Receivable - Net	\$ 1,382,018	\$ 796,443	\$ 1,483,681	\$ 2,204,317	\$ 2,809	\$ 21,272	\$ 5,890,540

# CITY OF BAKERSFIELD

## Notes to the Basic Financial Statements (continued)

Accounts payable and accrued liabilities at June 30, 2008 are composed of the following:

Accounts Payable and Accrued Liabilities - Governmental Activities:	General Fund	Transient	Community	Gas Tax & Road Fund	Capital Outlay Fund	Parks Development Fund	Transportation Development Fund	Non-major Governmental Funds	Internal Service Funds	Total Governmental Activities
		Occupancy Taxes Fund	Development Block Grant Fund							
Accounts	\$ 6,071,713	\$ 2,039,060	\$ 942,493	\$ 4,190,854	\$ 289,252	\$ 5,310,594	\$ 1,337,753	\$ 58,753	\$ 2,060,009	\$ 22,300,481
Accrued Interest			88,217					69,282		157,499
Due to federal government								173,755		173,755
Due to other governments	30,366									30,366
Deposits	1,352,600									1,352,600
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>\$ 7,454,679</b>	<b>\$ 2,039,060</b>	<b>\$ 1,030,710</b>	<b>\$ 4,190,854</b>	<b>\$ 289,252</b>	<b>\$ 5,310,594</b>	<b>\$ 1,337,753</b>	<b>\$ 301,790</b>	<b>\$ 2,060,009</b>	<b>\$ 24,014,701</b>

Accounts Payable and Accrued Liabilities - Business Activities:	Wastewater Treatment Fund	Refuse Collection Fund	Agricultural Water Fund	Domestic Water Fund	General Aviation Fund	Off-street Parking Fund	Total Business-Type Activities
Accrued interest	2,868,905			18,611			2,887,516
Meter deposit				17,905			17,905
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>\$ 12,712,444</b>	<b>\$ 2,374,513</b>	<b>\$ 200,560</b>	<b>\$ 1,396,685</b>	<b>\$ 65,617</b>	<b>\$ 3,941</b>	<b>\$ 16,753,760</b>

### NOTE 4 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2008 are comprised of the following:

	Federal Government	State of California	County Agencies	Total Governmental Activities	Business Activities	Discretely Presented Component Unit	Total Reporting Entity
SB90 Claims	\$ -	\$ 1,992,756	\$ -	\$ 1,992,756	\$ -	\$ -	\$ 1,992,756
Sales Tax		7,913,700		7,913,700			7,913,700
Sales Tax Extension			348,866	348,866			348,866
Property Tax			1,440,128	1,440,128	556,717	310,213	2,307,058
Kern Co. Public Works			1,009	1,009			1,009
Kern Co. Planning			116,154	116,154			116,154
Fire Services			73,000	73,000			73,000
Auto Theft (AB 183)			28,658	28,658			28,658
Economic & Community Development		1,158,959		1,158,959			1,158,959
Department of Transportation		4,674,030	13,844,385	18,518,415			18,518,415
East Niles Comm. Serv. Dist.			161,667	161,667			161,667
Cycle 9 Used Oil Program					13,961		13,961
Green Waste Facility					870,604		870,604
PERS Retirement		25,650		25,650			25,650
<b>Totals</b>	<b>\$ 5,832,989</b>	<b>\$ 23,776,491</b>	<b>\$ 2,169,482</b>	<b>\$ 31,778,962</b>	<b>\$ 1,441,282</b>	<b>\$ 310,213</b>	<b>\$ 33,530,457</b>

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**NOTE 5 – LAND HELD FOR RESALE**

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

Component unit	Balance at			Balance at
	June 30, 2007	Additions	Deletions	June 30, 2008
Land held for resale	\$ 6,106,150	\$ 2,922,978	\$ -	\$ 9,029,128
Construction in progress	-	4,134,669	-	4,134,669
	<u>\$ 6,106,150</u>	<u>\$ 7,057,647</u>	<u>\$ -</u>	<u>\$ 13,163,797</u>

**NOTE 6 - CAPITAL ASSETS**

In accordance with GASB 34 the City has selected to restate the beginning balances for capital assets related to infrastructure to include infrastructure and depreciation related to infrastructure not previously included in the financial statements.

Capital asset activities for the year ended June 30, 2008 were as follows:

	Balance				Balance
	June 30, 2007	Adjustments	Addition	Retirement	June 30, 2008
<b>Governmental Activities</b>					
Capital assets, not being depreciated					
Land	\$ 404,362,555	\$ -	\$ -	\$ -	\$ 404,362,555
Construction in progress	36,957,040	-	50,430,065	13,003,131	74,383,974
Total capital assets, not being depreciated	<u>441,319,595</u>	<u>-</u>	<u>50,430,065</u>	<u>13,003,131</u>	<u>478,746,529</u>
Capital assets, being depreciated					
Buildings	126,913,169	-	790,026	-	127,703,195
Infrastructure	1,180,995,646	-	52,806,016	-	1,233,801,662
Rolling equipment	55,075,377	-	5,801,882	3,794,027	57,083,232
Furniture and other equipment	24,241,552	-	2,535,329	10,082	26,766,799
Total capital assets, being depreciated	<u>1,387,225,744</u>	<u>-</u>	<u>61,933,253</u>	<u>3,804,109</u>	<u>1,445,354,888</u>
Less accumulated depreciated for					
Buildings	(37,513,415)	-	(3,571,326)	-	(41,084,741)
Infrastructure	(412,314,517)	-	(42,419,048)	-	(454,733,565)
Rolling equipment	(31,260,845)	-	(5,639,279)	(3,408,904)	(33,491,220)
Furniture and other equipment	(14,489,919)	-	(1,501,209)	(11,708)	(15,979,420)
	<u>(495,578,696)</u>	<u>-</u>	<u>(53,130,862)</u>	<u>(3,420,612)</u>	<u>(545,288,946)</u>
Total capital assets, being depreciated, net	<u>891,647,048</u>	<u>-</u>	<u>8,802,391</u>	<u>383,497</u>	<u>900,065,942</u>
Governmental activities capital assets, net	<u>\$ 1,332,966,643</u>	<u>\$ -</u>	<u>\$ 59,232,456</u>	<u>\$ 13,386,628</u>	<u>\$ 1,378,812,471</u>

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

	Balance June 30, 2007	Adjustments	Addition	Retirement	Balance June 30, 2008
<b>Business-type activities</b>					
Capital assets, not being depreciated					
Land	\$ 34,640,958	\$ (899,153)	\$ -	\$ -	\$ 33,741,805
Construction in progress	52,429,932		103,360,192	32,783,565	123,006,559
Total capital assets, not being depreciated	<u>87,070,890</u>	<u>(899,153)</u>	<u>103,360,192</u>	<u>32,783,565</u>	<u>156,748,364</u>
Capital assets, being depreciated					
Buildings structures and improvements	118,373,124		-		118,373,124
Infrastructure	620,042,302		53,639,246	182,483	673,499,065
Equipment	9,787,385		-		9,787,385
Total capital assets, being depreciated	<u>748,202,811</u>	<u>-</u>	<u>53,639,246</u>	<u>182,483</u>	<u>801,659,574</u>
Less accumulated depreciation for					
Buildings structures and improvements	(52,282,844)		(66,403)		(52,349,247)
Infrastructure	(145,620,167)		(13,579,092)	(164,240)	(159,035,019)
Equipment	(5,157,232)		(557,268)		(5,714,500)
Total accumulated depreciation	<u>(203,060,243)</u>	<u>-</u>	<u>(14,202,763)</u>	<u>(164,240)</u>	<u>(217,098,766)</u>
Total capital assets, being depreciated, net	<u>545,142,568</u>	<u>-</u>	<u>39,436,483</u>	<u>18,243</u>	<u>584,560,808</u>
Business-type activities capital assets, net	<u>\$ 632,213,458</u>	<u>\$ (899,153)</u>	<u>\$ 142,796,675</u>	<u>\$ 32,801,808</u>	<u>\$ 741,309,172</u>

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

	Amortization	Depreciation	Total
<b>Governmental functions:</b>			
General government	\$ -	\$ 343,059	\$ 343,059
Public safety - Police		913,371	913,371
Public safety - Fire		729,728	729,728
Public works		48,700,260	48,700,260
Community services		2,358,268	2,358,268
Development services		51,390	51,390
Economic and Community Development		34,787	34,787
Total	<u>\$ -</u>	<u>\$ 53,130,863</u>	<u>\$53,130,863</u>
<b>Business-type functions:</b>			
Wastewater treatment		\$ 9,765,824	\$ 9,765,824
Agricultural water		497,108	497,108
Domestic water	9,667	3,728,712	3,738,379
General aviation		135,390	135,390
Off-street parking		75,730	75,730
Total	<u>\$ 9,667</u>	<u>\$ 14,202,764</u>	<u>\$14,212,431</u>

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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

Other long-term receivables consist of the following:

Governmental Activities

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

\$ 785,000

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

4,411,034

Face value of loans

5,196,034

Less: current portion

-

Long-term portion

\$ 5,196,034Business-Type Activities

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

These loans are non-interest bearing.

\$ 52,275

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

1,896,200

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

4,147,223

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.

2,208,089

Total Business-type noncurrent receivables

\$ 8,303,787

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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Component Unit

Golden Empire Affordable Housing, Inc., principal due and payable on July 12, 2054. Interest at 1.5%. The interest payment will be deferred for first ten years until the year 2010.	\$ 800,000
Canyon Hills Senior Housing, Inc., principal due and payable by July 30, 2031. Interest at 0%.	310,000
Capital Vision Equities Development, Inc., principal due and payable by March 2036. Interest at 3%. The interest payment will start on January 1, 2004.	990,000
Lease receivable from City of Bakersfield for the Convention Center Arena. Principal due and payable semi-annually by April 1 and October 1 until April 1, 2022. Interest at 5.5%.	<u>31,930,000</u>
Face value of loans	34,030,000
Less current portion	<u>1,700,000</u>
Long-term portion	<u><u>\$ 32,330,000</u></u>

**NOTE 8 - INTERFUND TRANSACTIONS**

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

Interfund receivable and payable balances at June 30, 2008 were:

Fund	Due from Other Funds	Due to Other Funds
Governmental Funds:		
Major Funds:		
General Fund	\$ 12,442,890	\$ -
Gas Tax and Road Fund		12,015,757
Non-Major Fund -		
Public Financing Authority Debt Fund		427,133
	<u>\$ 12,442,890</u>	<u>\$ 12,442,890</u>

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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Interfund transfers at June 30, 2008 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds:</u>		
Major Funds:		
General Fund	\$ 880,575	\$ 12,635,512
Transient Occupancy Tax Fund		5,276,000
Community Development Block Grant Fund		400,484
Gas Tax & Road Fund	157,308	
Capital Outlay Fund	16,691,000	
Transportation Development Fund		157,308
Non-Major Funds:		
State Safety Fund		880,575
General Obligation Debt	400,484	
Public Financing Authority Debt Service Fund	1,203,490	
Public Financing Authority Capital Project Fund		1,203,490
<u>Proprietary Funds:</u>		
Major Funds:		
Refuse Collection Fund		1,824,146
Agricultural Water Fund	1,040,000	100,000
Domestic Water Fund		1,120,000
Internal Service Funds	3,627,710	403,052
	<u>\$ 24,000,567</u>	<u>\$ 24,000,567</u>

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

- ? The \$880,575 transfer in to the General fund is a transfer from the State Safety Fund to subsidize cost of the traffic division of the police department for parking fine violations.
- ? The \$157,308 is a transfer to the Gas Tax & Road fund for costs incurred for construction of highway projects.
- ? The \$14,691,000 transfer in to the Capital Outlay fund is made up of a combination of transfers from several funds to facilitate construction of various capital assets of the City. The remaining \$2,000,000 is a transfer from the Transient Occupancy Tax Fund to increase the cash basis reserve fund.
- ? The \$400,484 transfer in to the General Obligation Debt fund is a transfer from the Community Development Block Grant (CDBG) fund for repayment of a Section 108 loan.
- ? The \$1,203,490 transfer in to the Public Finance Authority (PFA) Debt fund is a transfer from the PFA Operating fund to be used for debt service.
- ? The \$1,040,000 transfer in to the Agricultural Water fund is a transfer from the Domestic Water Fund to facilitate early re-payment of remaining inter-fund loan balance originally made from the Sewer Fund in 2003 for emergency canal repairs.
- ? The \$3,627,710 is a transfer in to Internal Service funds. This item is from various funds to the Equipment fund to purchase additional vehicles and equipment.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**NOTE 9 – DEFERRED/UNEARNED REVENUE**

The following table summarizes deferred revenue for the Reporting Entity at June 30, 2008:  
The Governmental Activities is broken out by unearned revenue and deferred revenue (unavailable).

<b>Governmental activities:</b>	<u>Unearned</u>	<u>Unavailable</u>
Dog License	\$ 87,987	\$ -
Governmental Activities:		
General Fund		
California Water Receivable		181,342
Collection Agency Receivable		854,525
Police Service Receivable		134,822
State Agencies (SB90)		1,992,756
Developer's Share (EIRs)	1,304,786	
General Fund	<u>1,392,773</u>	<u>3,163,445</u>
Community Development Block Grant Fund - Deferred loans		4,550,692
Gas Tax & Road Fund - Developer Receivables		22,031
Transportation Development Fund		323,333
Non-major fund: State Transportation -- Grants advanced	131,751	
Total Governmental Funds	<u>1,524,524</u>	<u>8,059,501</u>
Self Insurance Internal Service Fund		260
Total Governmental Activities	<u>\$ 1,524,524</u>	<u>\$ 8,059,761</u>
<b>Business-type activities:</b>	<u>Unavailable</u>	
Wastewater Treatment	\$ 6,043,423	
Refuse Collection	47,247	
Domestic Water	2,208,089	
Total Business-Type Activities	<u>\$ 8,298,759</u>	
<b>Discretely Presented Component Unit:</b>		
Lease Receivable	\$ 31,930,000	
Notes Receivable	2,100,000	
Total Discretely Presented Component Unit	<u>\$ 34,030,000</u>	

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**NOTE 10 - LONG-TERM DEBT**

Long-term debt transactions for the fiscal year ending June 30, 2008 are summarized below:

	Governmental Activities	Business-Type Activities			Total Primary Government	Discretely Presented Component Unit	Total Reporting Entity
		General Obligations	Revenue Obligations	Total			
Payable at June 30, 2007:							
Bonds	\$ 4,385,000	\$ -	\$ -	\$ -	\$ 4,385,000	\$ -	\$ 4,385,000
Certificates of Participation						33,560,000	33,560,000
Notes	4,394,000	13,054,879		13,054,879	17,448,879		17,448,879
Contracts/Loans	1,600,000				1,600,000	4,927,570	6,527,570
Claims and Judgments Payable	18,499,221				18,499,221		18,499,221
Compensated Absences	13,407,687	1,943,344		1,943,344	15,351,031		15,351,031
Subtotal	42,285,908	14,998,223		14,998,223	57,284,131	38,487,570	95,771,701
New debt incurred:							
Bonds			234,425,000	234,425,000	234,425,000		234,425,000
Contracts/Loans					-	7,204,087	7,204,087
Claims and Judgments Payable	2,485,749				2,485,749		2,485,749
Compensated Absences	8,471,240	1,343,970		1,343,970	9,815,210		9,815,210
Subtotal	10,956,989	1,343,970	234,425,000	235,768,970	246,725,959	7,204,087	253,930,046
Principal reductions:							
Bonds	1,070,000				1,070,000		1,070,000
Certificates of Participation						1,630,000	1,630,000
Notes	186,000	1,250,110		1,250,110	1,436,110		1,436,110
Contracts/Loans	1,600,000			-	1,600,000	443,599	2,043,599
Compensated Absences	8,586,221	1,290,082		1,290,082	9,876,303		9,876,303
Subtotal	11,442,221	2,540,192		2,540,192	13,982,413	2,073,599	16,056,012
Payable at June 30, 2008:							
Bonds	3,315,000		234,425,000	234,425,000	237,740,000		237,740,000
Certificates of Participation						31,930,000	31,930,000
Notes	4,208,000	11,804,769		11,804,769	16,012,769		16,012,769
Contracts/Loans	-			-	-	11,688,058	11,688,058
Claims and Judgments Payable	20,984,970				20,984,970		20,984,970
Compensated Absences	13,292,706	1,997,232		1,997,232	15,289,938		15,289,938
Total Payables	\$ 41,800,676	\$ 13,802,001	\$ 234,425,000	\$ 248,227,001	\$ 290,027,677	\$ 43,618,058	\$ 333,645,735

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

	Governmental Activities	Business-Type Activities			Total Primary Government	Discretely Presented Component Unit	Total Reporting Entity
		General Obligations	Revenue Obligations	Total			
<b>Due Within One Year</b>							
Bonds	\$ 3,315,000	\$ -	\$ -	\$ -	\$ 3,315,000	\$ -	\$ 3,315,000
Certificates of Participation					-	1,700,000	1,700,000
Notes	194,000	1,264,800		1,264,800	1,458,800		1,458,800
Contracts/Loans				-	-	611,724	611,724
Claims and Judgments Payable	6,605,956			-	6,605,956		6,605,956
Compensated Absences	6,769,776	1,565,173		1,565,173	8,334,949		8,334,949
<b>Total Due Within One Year</b>	<b>\$ 16,884,732</b>	<b>\$ 2,829,973</b>	<b>\$ -</b>	<b>\$ 2,829,973</b>	<b>\$ 19,714,705</b>	<b>\$ 2,311,724</b>	<b>\$ 22,026,429</b>
<b>Due in More Than One Year</b>							
Bonds	\$ -	\$ -	\$ 234,425,000	\$ 234,425,000	\$ 234,425,000	\$ -	\$ 234,425,000
Certificates of Participation				-	-	30,230,000	30,230,000
Notes	4,014,000	1,514,455		1,514,455	5,528,455		5,528,455
Contracts/Loans		9,025,514		9,025,514	9,025,514	11,076,334	20,101,848
Claims and Judgments Payable	14,379,014			-	14,379,014		14,379,014
Compensated Absences	6,522,930	432,059		432,059	6,954,989		6,954,989
<b>Total Due in More Than One Year</b>	<b>\$ 24,915,944</b>	<b>\$ 10,972,028</b>	<b>\$ 234,425,000</b>	<b>\$ 245,397,028</b>	<b>\$ 270,312,972</b>	<b>\$ 41,306,334</b>	<b>\$ 311,619,306</b>

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

Long-term debt payable at June 30, 2008 was comprised of the following individual issues:

Bonds:

\$22,285,000 Public Financing Authority Revenue Bonds Series 1994B - due in annual principal installments of \$765,000 to \$3,230,000 commencing September 15, 1995 through 2010; interest ranging from 4.25% to 6.90%. (This issue is serviced by the Public Financing Authority Debt Service Fund and has a \$2,225,000 Debt Service Reserve.) \$ 3,135,000

\$2,325,000 Public Financing Authority Revenue Bonds Series 1994C - due in annual principal installments of \$65,900 to \$295,000 commencing September 15, 1995 through 2010; taxable interest ranging from 6.25% to 9.5%. (This issue is serviced by the Public Financing Authority Debt Service Fund) 180,000

General obligation bonds serviced by business-type activities:

\$190,695,000 Wastewater Revenue Bonds Series A - due in annual principal installments of \$1,100,000 to \$14,465,000 commencing September 15, 2008 through 2034; interest ranging from 4.125% to 5.000%. (This issue is serviced by the issue is serviced by the Wastewater Treatment Fund). 190,695,000

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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

43,730,000

Total Bonds – Primary Government/Reporting Entity \$ 237,740,000

**Certificates of Participation:**

Certificates of participation serviced by Discretely Presented

Component Unit:

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

\$ 23,245,000

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

8,685,000

Total Certificates of Participation -- Discretely Presented Component Unit \$ 31,930,000

**Notes/Loans:**

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

\$ 3,512,000

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

696,000

General obligation notes serviced by Business-Type Activities:

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

9,777,640

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

806,709

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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\$3,045,000 note payable made in 1997 in favor of the State of California Department of Water Resources - thirty semi-annual principal and interest payments due from April 1, 1998 through October 1, 2013 from the <u>Domestic Water Fund.</u>	1,220,420
Total general obligation notes/loans payable - Primary government	<u>\$ 16,012,769</u>

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

\$1,200,000 Bakersfield Redevelopment Agency Loan with the California Housing Finance Agency for the purchase of land for the Cottages Project. Repayment of the loan is deferred to October 2012, with 3% simple interest.	\$ 946,753
\$500,000 Bakersfield Redevelopment Agency Loan with the California Housing Finance Agency for the purpose of affordable housing program. Repayment of the loan is deferred to February 2013, with 3% simple interest.	500,000
\$44,460 Bakersfield Redevelopment Agency Ownership Participation Agreement 1997 - tax rebates due in annual principal installments of approximately \$2,200 to \$4,400 commencing January 31, 2000 through July 31, 2009 without interest.	4,317
\$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.	3,934
\$785,000 Bakersfield Redevelopment Inter-Agency Lown with the City of Bakersfield Equipment fund to provide the balance required for settlement of eminent domain litigation entitled Bakersfield Redevelopment Agency vs. H.W. Lakeshore Pines Joint Venture. Funds were disbursed May 2006. The loan was a 4% interest rate and an eight year payment period with the payments being deferred for the first four years.	785,000
\$1,000,000 HUD Section 108 Loan, 2003 (Agency Agreement #RA 03-016) – due in annual principal installments of \$27,000 to \$82,000 commencing August 1, 2004; interest ranging from 1.61% to 4.76%.	881,000
\$30,000 Bakersfield Redevelopment Agency Ownership Participation Agreement 2002 - due in annual principal installments of \$5,000 commencing July 31, 2005 without interest.	29,936

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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\$1,750,000 Bakersfield Redevelopment Loan with the California Housing Finance Agency for purchase of land and development of multifamily housing units. Repayment of the loan is deferred until September 2006 with 3% simple interest.	1,333,031
\$1,600,000 HUD Section 108 Loan, 2005 (Agency Agreement #RA 06-020) for construction of Fire Station No. 5 – due in annual principal installments of \$58,000 to \$137,000 commencing August 1, 2009; interest ranging from 4.96% to 5.77%.	1,600,000
\$1,000,000 Bakersfield Redevelopment Loan with the California Housing Finance Agency for predevelopment costs related to the development of an 84 unit owner subdivision. Repayment of the loan is deferred until September 2016 with 3% simple interest.	813,595
\$3,750,000 HUD Section 108 Loan, 2007 (Agency Agreement # RA 06-022) Loan proceeds are dedicated to the Mill Creek South Mixed-Use project and will go toward the acquisition and clean-up of a six acre parcel. - due in annual principal installments of \$136,000 to \$321,000 commencing August 1, 2008; interest ranging from 2.62% to 5.42%.	3,750,000
\$3,000,000 Bakersfield Redevelopment Loan with the California Housing Finance Agency for the development of Creek View Villas, a 35-unit condominium complex. Repayment of the loan is deferred until September 2014 with 3% simple interest.	1,000,000
\$10,000,000 Bakersfield Redevelopment Loan with IBank for the Mill Creek Linear Park and Canal Refurishment Project - due in annual principal installments of \$217,383 to \$512,466 commencing August 1, 2009; with 3.11% fixed interest.	<u>40,492</u>
Total Contracts Payable -- Discretely Presented Component Unit	<u>\$ 11,688,058</u>
<u>Compensated Absences:</u>	
Governmental Activities	13,292,706
Business-type Activities	<u>1,997,232</u>
Total compensated absences - Primary Government/Reporting Entity	<u>\$ 15,289,938</u>

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

A summary of the reporting entity's debt service requirements outstanding at June 30, 2008 is as follows:

	Primary Government	Component Unit	Reporting Entity
Principal:			
Governmental Activities	\$ 43,797,908	\$ 43,618,058	\$ 87,415,966
Business-Type Activities:			
General Obligations	11,804,769		11,804,769
Revenue Obligations	234,425,000		234,425,000
Subtotal - Principal	<u>290,027,677</u>	<u>43,618,058</u>	<u>333,645,735</u>
Less: Claims and Judgments Payable included above that bear no interest and have no schedule repayment terms	20,984,970		20,984,970
Less: compensated absences included above that bear no interest and have no schedule repayment terms	<u>15,289,938</u>		<u>15,289,938</u>
Total principal with scheduled repayment terms	253,752,769	43,618,058	297,370,827
Interest on Obligations	<u>203,179,998</u>	<u>16,431,660</u>	<u>219,611,658</u>
Total debt service requirements	<u>\$ 456,932,767</u>	<u>\$ 60,049,718</u>	<u>\$ 516,982,485</u>

The annual requirement to amortize the principal and interest on long-term debt at June 30, 2008 is as follows:

Year ending	Government-Type Activities			Government-Type Activities		
	Principal			Interest		
	Bonds	Notes/Loans	Total	Bonds	Notes/Loans	Total
2009	\$ 3,315,000	\$ 194,000	\$ 3,509,000	\$ 116,545	\$ 208,317	\$ 324,862
2010	-	203,000	203,000	-	201,034	201,034
2011	-	214,000	214,000	-	192,717	192,717
2012	-	223,000	223,000	-	183,327	183,327
2013	-	235,000	235,000	-	172,900	172,900
2014-2018	-	1,356,000	1,356,000	-	674,919	674,919
2019-2023	-	1,722,000	1,722,000	-	266,426	266,426
2024-2028	-	61,000	61,000	-	1,735	1,735
Totals	<u>\$ 3,315,000</u>	<u>\$ 4,208,000</u>	<u>\$ 7,523,000</u>	<u>\$ 116,545</u>	<u>\$ 1,901,375</u>	<u>\$ 2,017,920</u>

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

Year ending	Business-Type Activities			Business-Type Activities		
	Principal			Interest		
	Bonds	Notes	Total	Bonds	Notes	Total
2009		\$ 1,264,616	\$ 1,264,616	\$ 10,988,868	\$ 247,000	\$ 11,235,868
2010	1,100,000	1,279,586	2,379,586	10,964,118	223,302	11,187,420
2011	1,945,000	1,295,585	3,240,585	10,894,899	198,694	11,093,593
2012	2,930,000	1,043,675	3,973,675	10,783,524	173,096	10,956,620
2013	2,845,000	904,297	3,749,297	10,651,618	155,072	10,806,690
2014-2018	25,125,000	3,760,630	28,885,630	50,329,382	752,145	51,081,527
2019-2023	37,135,000	2,256,380	39,391,380	42,736,400	451,285	43,187,685
2024-2028	50,525,000		50,525,000	31,720,775		31,720,775
2029-2033	65,605,000		65,605,000	17,271,275		17,271,275
2034-2038	47,215,000		47,215,000	2,620,625		2,620,625
Totals	\$ 234,425,000	\$ 11,804,769	\$ 246,229,769	\$ 198,961,484	\$ 2,200,594	\$ 201,162,078

Year ending	Discretely Presented Component Unit			Discretely Presented Component Unit		
	Principal			Interest		
	COP	Notes/Contracts	Total	COP	Notes/Contracts	Total
2009	\$ 1,700,000	\$ 611,724	\$ 2,311,724	\$ 1,445,950	\$ 392,653	\$ 1,838,603
2010	1,765,000	1,071,792	2,836,792	1,377,950	561,653	1,939,603
2011	1,845,000	1,666,962	3,511,962	1,307,350	575,001	1,882,351
2012	1,910,000	1,205,628	3,115,628	1,233,550	385,258	1,618,808
2013	1,985,000	1,240,299	3,225,299	1,154,576	343,432	1,498,008
2014-2018	11,450,000	2,372,653	13,822,653	4,243,600	1,263,924	5,507,524
2019-2023	11,275,000	2,029,000	13,304,000	1,261,775	739,239	2,001,014
2024-2028		1,490,000	1,490,000		145,749	145,749
Totals	\$ 31,930,000	\$ 11,688,058	\$ 43,618,058	\$ 12,024,751	\$ 4,406,909	\$ 16,431,660

Year Ending	Reporting Entity			Reporting Entity		
	Principal			Interest		
	Bonds/COP	Notes/Cont./Loans	Total	Bonds/COP	Notes/Cont/Loan	Total
2009	\$ 5,015,000	\$ 2,070,340	\$ 7,085,340	\$ 12,551,363	\$ 847,970	\$ 13,399,333
2010	2,865,000	2,554,378	5,419,378	12,342,068	985,989	13,328,057
2011	3,790,000	3,176,547	6,966,547	12,202,249	966,412	13,168,661
2012	4,840,000	2,472,303	7,312,303	12,017,074	741,681	12,758,755
2013	4,830,000	2,379,596	7,209,596	11,806,194	671,404	12,477,598
2014-2018	36,575,000	7,489,283	44,064,283	54,572,982	2,690,988	57,263,970
2019-2023	48,410,000	6,007,380	54,417,380	43,998,175	1,456,950	45,455,125
2024-2028	50,525,000	1,551,000	52,076,000	31,720,775	147,484	31,868,259
2029-2033	65,605,000	-	65,605,000	17,271,275	-	17,271,275
2034-2038	47,215,000	-	47,215,000	2,620,625	-	2,620,625
Totals	\$ 269,670,000	\$ 27,700,827	\$ 297,370,827	\$ 211,102,780	\$ 8,508,878	\$ 219,611,658

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**NOTE 11 – PLEGGED REVENUES**

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

**NOTE 12 - REIMBURSABLE DEVELOPER COSTS**

Reimbursable developer costs of \$3,847,495 at June 30, 2008 represent amounts due to developers for construction of water mainline extensions and certain other water facilities. For mainline extensions which had been transferred to the City prior to July 1, 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 the developers an amount equal to 10% of the water sales on a yearly basis with the total amount to be reimbursed within 20 years. Generally, no interest is incurred on these liabilities.

For mainline extensions transferred to the City after June 30, 1982, the City is required to reimburse 2.5% of the cost of the extension on a yearly basis with the total amount to be reimbursed within 40 years.

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

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

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

**CalPERS**

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

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from their Executive Office - 400 P Street - Sacramento CA 95814.

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 2007/08 was 13.823%. 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.

Annual Pension Cost: For the year ended June 30, 2008, the City's annual pension cost of \$6,840,851 for CalPERS was equal to the City's required and actual contributions. The required contribution for fiscal year 2007/08 was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.25% to 14.45%, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 3%. The actuarial value of the Miscellaneous Plan's assets was determined using techniques that smoothed the effects of short-term volatility in the market value of investments over a three year period depending on the size of investment gains and/or losses. The Miscellaneous Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at June 30, 2007 was twenty-six years.

THREE-YEAR TREND INFORMATION FOR THE MISCELLANEOUS PLAN

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	\$ 6,359,212	100%	\$ -
6/30/2007	\$ 6,687,551	100%	\$ -
6/30/2008	\$ 6,840,851	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 $\frac{\{(B)-(A)\}}{(E)}$
Actuarial Valuation Date	Actuarial Asset Value					
6/30/2005	\$ 208,030,836	\$ 237,796,477	\$ 29,765,641	87.50%	\$ 40,150,566	74.10%
6/30/2006	\$ 226,451,746	\$ 255,095,541	\$ 28,643,795	88.80%	\$ 43,527,124	65.80%
6/30/2007	\$ 248,242,670	\$ 276,470,476	\$ 28,227,806	89.80%	\$ 48,981,407	57.60%

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

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employee’s Retirement Law. The City of Bakersfield selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issue a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from their Executive Office - 400 P Street - Sacramento CA 95814.

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 2007/08 was 21.237%. 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.

Annual Pension Cost: For the year ended June 30, 2008, the City’s annual pension cost of \$3,285,452 for CalPERS was equal to the City’s required and actual contributions. The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.25% to 13.15%, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 3%. The actuarial value of the Safety Fire Plan’s assets was determined using techniques that smoothed the effects of short-term volatility in the market value of investments over a three year period depending on the size of investment gains and/or losses. The Safety Fire Plan’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at June 30, 2007, was thirty-two years.

THREE-YEAR TREND INFORMATION FOR THE SAFETY FIRE PLAN

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	\$ 3,879,961	100%	\$ -
6/30/2007	\$ 3,327,360	100%	\$ -
6/30/2008	\$ 3,285,452	100%	\$ -

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

	(A)	(B)	(C)	(D)	(E)	(F)
		Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio [(A)/(B)]	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll $\frac{[(B)-(A)]}{(E)}$
Actuarial Valuation Date	Actuarial Asset Value					
6/30/05	\$ 129,535,660	\$145,627,905	\$ 16,092,245	88.90%	\$13,717,142	117.3%
6/30/06	\$ 139,944,092	\$156,354,757	\$ 16,410,665	89.50%	\$14,362,096	114.3%
6/30/07	\$ 151,385,127	\$166,571,394	\$ 15,186,267	90.90%	\$15,134,819	100.3%

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

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

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 2007/08 was 28.707%. The contribution requirements of the plan members are established and may be amended by CalPERS.

Annual Pension Cost: For the year ended June 30, 2008, the City’s annual pension cost of \$7,874,625 for CalPERS was equal to the City’s required and actual contributions. The required contribution for fiscal year 2007/08 was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.25% to 13.15%, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 3%. The actuarial value of the Safety Police Plan’s assets was determined using techniques that smoothed the effects of short-term volatility in the market value of investments over a three year period depending on the size of investment gains and/or losses. The Safety Police Plan’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at June 30, 2007, was thirty-two years.

THREE-YEAR TREND INFORMATION FOR THE SAFETY POLICE PLAN

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/06	\$ 8,285,073	100	\$ -
6/30/07	\$ 7,465,785	100	\$ -
6/30/08	\$ 7,874,625	100	\$ -

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

	(A)	(B)	(C)	(D)	(E)	(F)
		Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio [(A)/(B)]	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll $\frac{\{(B)-(A)\}}{(E)}$
Actuarial Valuation Date	Actuarial Asset Value					
6/30/2005	\$ 160,921,545	\$ 208,572,116	\$ 47,650,571	77.20%	\$ 22,543,104	211.40%
6/30/2006	\$ 175,933,055	\$ 228,096,765	\$ 52,163,710	77.10%	\$ 24,796,549	210.40%
6/30/2007	\$ 192,579,453	\$ 247,804,969	\$ 55,225,516	77.70%	\$ 26,707,658	206.80%

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**Fireman's Relief and Pension Fund****A. Plan Description**

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

The FRPF carried the following investments at June 30, 2008 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	\$ 1,559,543
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**C. Actuarial Methods and Assumptions**

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

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

**NOTE 14 - SPECIAL ASSESSMENT DISTRICTS**

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

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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property owners for the collection and repayment of Special Assessment Debt.

		Outstanding at 06/30/2008
Assessment District	86-2 (Bakersfield PFA Series B)	\$ 535,000
	86-2A	
	86-2B	
	86-2D	
Assessment District	86-2 (Bakersfield PFA Series C)	180,000
	86-2C	
Assessment District	93-1 (Bakersfield PFA Series B)	375,000
	93-1A	
Assessment District	93-2 (Stine/Harris)	530,000
Assessment District	93-3 (Cal/Oak)	570,000
Assessment District	94-1 (Renfro-Hughes)	415,000
Assessment District	94-2 (Gosford/White)	430,000
Assessment District	94-3 (Silver Creek-Brimhall, North Seven Oaks, South Laurelglen)	3,505,000
Assessment District	96-1 (Brimhall II/Spring Meadows/Fairways/Campus Park)	575,000
Assessment District	97-1 (Spring Meadows II/Stockdale Highway Commercial)	835,000
Assessment District	98-1 (Brimhall IV/Stockdale Commercial/Gosford Industrial)	3,430,000
Assessment District	99-1 (Polo Greens/Riveroaks)	1,455,000
Assessment District	99-2 (Seven Oaks West)	2,655,000
Assessment District	01-1 (Ming at Allen/Mountain Vista; Hampton Place)	1,715,000
Assessment District	01-2 (Seven Oaks West II/Riverwalk/Southern Oaks)	6,260,000
Assessment District	01-3 (Mountain Vista/San Lauren)	3,955,000
Assessment District	02-1 (Avalon/Belsera/Montara/The Woods)	1,555,000
Assessment District	03-1 (Brighton Place /Silver Creek II)	2,620,000
Assessment District	03-2 (Buena Vista Ranch/Belsera II/ Montera II/ Olive Park II)	2,705,000
Assessment District	03-3 (Seven Oaks West III/Brighton Place)	5,825,000
Assessment District	04-1 (Countryside/The Homestead)	3,880,000
Assessment District	04-2 (BP/BV/ST@Allen Com)	4,580,000
Assessment District	04-3 (Solera/Rio Vista)	3,185,000
Assessment District	05-1 (City in the Hills)	15,065,000
Assessment District	05-3 (Liberty II/Village Green/Tesoro/Encanto)	8,430,000
Assessment District	06-1 (Etcheverry/Lin II/University Park)	5,010,000
Assessment District	07-2 (Sydney Harbour)	4,825,000
		<u>\$ 85,100,000</u>

**NOTE 15 - RISK MANAGEMENT****Self Insurance**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City established a Self Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Self Insurance Fund provides coverage for up to \$500,000 for each worker's compensation claim and \$1,000,000 for each liability claim. The City participates in a joint powers authority for worker's compensation claims in excess of coverage provided by the Fund up to statutory limits and participates in a joint powers authority for any excess liability claims. All funds of the City participate in the program and are charged for their share of claim expenditures. The claims liability of \$20,984,970 at June 30, 2008 is based on the requirements of Governmental Accounting Standards Board No. 10 (GASB 10), which requires that a liability for claims be

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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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
2005-2006	\$ 17,001,387	\$ 1,666,667	\$ --	\$ 18,668,054
2006-2007	\$ 18,668,054	\$ 2,231,711	\$ 2,400,544	\$ 18,499,221
2007-2008	\$ 18,499,221	\$ 6,595,956	\$ 4,110,207	\$ 20,984,970

**Joint Powers Authority**

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

In order to provide funds to pay claims, or purchase excess insurance, ACCEL collects a deposit from each member. The deposits will be credited with investment income at the rate earned on the Authority's investments. Based on information received from ACCEL as of June 30, 2008 the City had \$493,091 on deposit with ACCEL out of a total of approximately \$13,680,902.

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

A summary of the financial information for ACCEL at June 30, 2008 is as follows:

Total assets	\$ 29,960,046
Total liabilities	<u>29,760,045</u>
Total members' equity	<u>\$ 200,001</u>
Total revenues	13,278,766
Total expenses	<u>13,175,304</u>
Net increase in members' equity	<u>\$ 103,462</u>

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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As of June 30, 2008 ACCEL had no long-term debt.

Included in total liabilities is an estimated retrospectively rated refund of \$16,726,690. Complete financial statements of ACCEL can be obtained at the City's Finance Department.

**NOTE 16 - 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 State of California has required environmental closure of the City's former sanitary landfill and remediation of the adjacent burn dump. Although these two waste disposal areas are adjacent to each other, the City completed the remediation of the burn dump separately, through the State's Expedited Remedial Action Program, in 1998. The cost of remediation for the burn dump of \$1.8 million was funded by the City's Refuse Service Fund and was expensed in prior fiscal years. The entire capacity of the former sanitary landfill has been used.

The closure and capping of the sanitary landfill is planned for the 2008-09 fiscal year, pending final approval by the Central Valley District of the California Regional Water Quality Control Board (RWQCB). Although the City's final landfill closure plan has received state of California approval construction cannot proceed until the RWQCB issues the WDR. Estimated final closure costs are about \$7 million with the City and Kern County each funding one-half except for landfill gas system costs, which will be paid solely by the City. The City's share of the total costs is estimated to be about \$4.3 million. The Refuse Service fund currently has approximately \$5 million in restricted assets for this purpose.

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

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

In addition to the employee retirement benefits described in Note 13, the City provides a Retiree Medical Insurance Program 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 to be eligible for participation, and employees hired after April 1, 1996 must have twenty years of accumulated service upon retirement to participate. The service requirement for participation is waived for safety employees who retire with a job related disability. At June 30, 2008, 70 pre-1985 employees and 386 post-1985 employees are participating in the plans.

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

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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mentioned above. In lieu, the City will match up to one percent (1%) of the employee's mandatory contributions to their Retirement Health Savings account commencing the beginning of their sixth (6<sup>th</sup>) year of employment.

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

The current City's retirees' contribution formula is three percent (3%) (of the lower of the HMO or indemnity plans, of the single-party rate under age 65) for each year of service and up to a maximum of ninety percent (90%). In addition, the City is continuing to contribute forty-two percent (42%) of the total indemnity premium for all retirees participating in the indemnity program.

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 postretirement 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.

**B. Funding Policy**

The actuarially determined postretirement benefit obligations for eligible members have not been funded since the City's plan was on a pay-as-you-go basis with no dedicated assets or funding scheme. Upon the setup of the irrevocable trust, the City has transferred approximately \$10.36 million to Union Bank of California as plan assets.

Based on the actuarial study using a valuation date of May 29, 2007, the Unfunded Actuarial Accrued Liability (UAAL) is \$108,595,000 at June 30, 2007 and the Annual Required Contribution for fiscal year 2007-08 was estimated at \$7,787,000 including normal cost of \$4,167,000 and 30 year amortization of UAAL of \$3,620,000.

**C. Funded Status and Funding Progress**

As of May 29, 2007, the most recent actuarial valuation date, the post-employment healthcare plan was approximately 4 percent funded. The actuarial accrued liability for benefits was \$113 million, and the actuarial value of assets was \$4.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$108 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$86 million, and the ratio of the UAAL to the covered payroll was 127 percent.

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 employer 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, present 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.

**D. 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

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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point. The actuarial 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. It also includes items such as expected turnover rates, retirement rate, future trend rates, and mortality rates.

In the May 29, 2007 actuarial valuation, the entry age actuarial cost method was used.

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

Valuation Date:	May 29, 2007
Discount Rate:	5.75%
Mortality:	1994 GAM mortality table for males and females
Withdrawal and Retirement Rates:	Based on CalPERS Assumptions
New Entrants:	None assumed
Dependent Assumptions:	For active employees, 70% are assumed to be married at retirement. Female spouses are assumed to be three years younger than their husbands.
Participation Assumption:	100% of all future retirees eligible under the plan are expected to elect medical coverage.
Health Care Cost and Expense Trend:	12% initially

**NOTE 18 - CONDUIT DEBT OBLIGATIONS**

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

Hospital Revenue Refunding Bonds, Series 1993 in the amount of \$22,220,000, with final maturity in March 2019, were issued to refinance \$18,500,000 issued July 1, 1988 to finance an ownership interest in San Joaquin Community Hospital.

Certificate of Participation, 1991 Subordinate Series B Deferred Interest Certificates in the amount of \$801,960, with final maturity in April 2021, were issued for construction and start up costs for the Bakersfield Assisted Living Center.

Refunding Certificates of Participation, Series 1993A in the amount of \$6,600,300, with final maturity in July 2020, were issued to refund \$4,695,562 of 1991 Series A and provide working capital for Bakersfield Assisted Living Center.

Historical Rehabilitation Refunding Revenue Bonds, Series 1998 in the amount of \$1,570,000, with final maturity in November 2011, were issued to refinance \$3,000,000 issued in 1981 to finance the rehabilitation of Old Church Plaza.

Multifamily Housing Revenue Bonds, Series 2006 GGG in the amount of \$3,867,794, with final maturity in May 2043, were issued to rehabilitate a 79-unit low income-senior rental housing project located at 900 4th Street.

Multifamily Housing Revenue Bonds, Series 2007 M in the amount of \$5,280,000, with final maturity in December 2039, were issued to acquire, rehabilitate, and develop an 88-unit multifamily rental housing

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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development located at 3101 Coventry Place.

Insured Health Facility Revenue Bonds, Series 2007 A through L in the amount of \$676,250,000, with final maturity in July 2041, were issued to finance/refinance the acquisition, construction, improvement and equipping of certain medical facilities known as Bakersfield Memorial Hospital, Mercy Hospital (Truxtun Campus) and Mercy Southwest Hospital, and other related health care facilities owned and operated by Catholic Healthcare West and located in the City of Bakersfield.

The aggregate amount of all these conduit debt obligations outstanding at June 30, 2008 was approximately \$339,141,000.

**NOTE 19 – SUBSEQUENT EVENTS****Recent Market Events****Fannie Mae and Freddie Mac Exposure**

On September 7, 2008, the U.S. government announced they were placing government-sponsored enterprises Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corp. (FHLMC) under conservatorship. The share prices of the two mortgage companies dropped steeply in response to the announcement. The City of Bakersfield holds only primary debt securities with these agencies and these notes are implicitly guaranteed by the federal government. The following table displays the City of Bakersfield's holdings in FNMA and FHLMC prior to and post the government's announcement.

	September 6, 2008	October 8, 2008
Federal National Mortgage Association	\$49,000,000	\$44,000,000
Federal Home Loan Mortgage Corp.	\$50,997,000	\$48,997,000

**NOTE 20– PRIOR PERIOD ADJUSTMENTS**

During the fiscal year 2007-08, the City made the following prior period adjustments to restate the indicated business-type activity funds' equity to decrease infrastructure.

Fund	Fund Balance Accounts		
	July 1, 2007, as previously reported	Adjustment	July 1, 2007, as restated
Offstreet Parking	\$ 7,259,906	\$ (899,153)	\$ 6,360,753

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**CITY OF BAKERSFIELD**

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Required Supplementary Information

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**BUDGETARY INFORMATION**

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

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

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

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

- Governmental Activities
- Business-Type Activities

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

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

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

The amounts carried forward from fiscal year 2006-07 to fiscal year 2007-08 totaled \$441,099,379.

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

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**CITY OF BAKERSFIELD**

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Required Supplementary Information (continued)

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**Budgetary Comparison Schedule, General Fund  
For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1</b>	\$ 32,060,000	\$ 41,231,657	\$ 49,949,619	\$ 8,717,962
<b>Resources (inflows):</b>				
Taxes	141,724,200	141,724,200	146,499,885	4,775,685
Licenses and permits	2,968,900	2,968,900	2,613,944	(354,956)
Intergovernmental	3,317,955	4,008,467	4,243,008	234,541
Charges for services	19,190,860	19,200,860	18,272,455	(928,405)
Fines, forfeitures and assessments	486,000	489,800	962,363	472,563
Interest income	400,000	400,000	1,573,297	1,173,297
Contributions and donations	1,000	160,388	40,244	(120,144)
Other	37,000	2,583,336	1,337,381	(1,245,955)
Transfers from other funds	880,575	880,575	880,575	-
Amount available for appropriation	\$ 169,006,490	\$ 172,416,526	\$ 176,423,152	\$ 4,006,626
<b>Charges to appropriations (outflows):</b>				
General government	\$ 12,347,616	\$ 12,647,436	\$ 10,598,697	\$ 2,048,739
Police	69,177,155	69,662,020	68,109,259	1,552,761
Fire	31,538,349	32,029,831	31,737,283	292,548
Public works	23,407,353	23,697,549	22,045,163	1,652,386
Community services	18,140,772	18,296,895	16,589,231	1,707,664
Development services	10,597,697	13,802,646	10,558,195	3,244,451
Economic development	855,122	857,852	757,504	100,348
Non-departmental	10,834,724	10,933,076	7,165,150	3,767,926
Contingency	243,500	136,148		136,148
Transfers to other funds	12,635,512	12,635,512	12,635,512	-
Total charges to appropriations	189,777,800	194,698,965	180,195,994	14,502,971
Amount of resources over (under) charges to appropriations	(20,771,310)	(22,282,439)	(3,772,842)	18,509,597
<b>Fund balance, June 30</b>	\$ 11,288,690	\$ 18,949,218	\$ 46,176,777	\$ 27,227,559

**CITY OF BAKERSFIELD**

Required Supplementary Information (continued)

**Budgetary Comparison Schedule, Transient Occupancy Taxes  
For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1</b>	\$ 2,030,343	\$ 2,030,343	\$ 2,030,343	\$ -
<b>Resources (inflows):</b>				
Taxes	8,450,000	8,450,000	7,749,531	(700,469)
Charges for services	5,993,451	5,993,451	6,580,564	587,113
Interest income			131,085	131,085
Contributions and donations	1,200,000	1,200,000	1,200,000	-
Other			2,460	2,460
Amount available for appropriation	\$ 15,643,451	\$ 15,643,451	\$ 15,663,640	\$ 20,189
<b>Charges to appropriations (outflows):</b>				
Community services	\$ 6,447,004	\$ 6,891,016	\$ 7,345,117	\$ (454,101)
Non-departmental	4,366,072	3,859,216	3,409,427	449,789
Transfers to other funds	5,229,000	5,276,000	5,276,000	-
Total charges to appropriations	16,042,076	16,026,232	16,030,544	(4,312)
Amount of resources over (under) charges to appropriations	(398,625)	(382,781)	(366,904)	15,877
<b>Fund balance, June 30</b>	\$ 1,631,718	\$ 1,647,562	\$ 1,663,439	\$ 15,877

**Budgetary Comparison Schedule, Community Development Block Grant  
For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1</b>	\$ 2,163,871	\$ 4,367,658	\$ 4,367,658	\$ -
<b>Resources (inflows):</b>				
Intergovernmental	5,144,518	19,698,473	5,209,162	(14,489,311)
Charges for services			-	-
Interest income	25,000	25,000	147,202	122,202
Loan payments	340,000	340,000	445,954	105,954
Note/certificate proceeds			-	-
Other	15,000	15,000	9,137	(5,863)
Amount available for appropriation	\$ 5,524,518	\$ 20,078,473	\$ 5,811,455	\$ (14,267,018)
<b>Charges to appropriations (outflows):</b>				
Development and conservation	\$ 3,594,987	\$ 13,188,770	2,660,180	\$ 10,528,590
Capital outlay	1,599,048	8,290,990	4,081,252	4,209,738
Transfer to other funds	400,484	400,484	400,484	-
Total charges to appropriations	5,594,519	21,880,244	7,141,916	14,738,328
Amount of resources over (under) charges to appropriations	(70,001)	(1,801,771)	(1,330,461)	471,310
<b>Fund balance, June 30</b>	\$ 2,093,870	\$ 2,565,887	\$ 3,037,197	\$ 471,310

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**CITY OF BAKERSFIELD**

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Required Supplementary Information (continued)

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**Budgetary Comparison Schedule, Gas Tax & Road Funds  
For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1</b>	\$ 7,284,068	\$ 5,183,581	\$ 5,183,581	\$ -
<b>Resources (inflows):</b>				
Intergovernmental	107,294,549	206,474,080	39,690,627	(166,783,453)
Charges for services		-	45,600	45,600
Fines, forfeitures and assessments	30,000	30,000	213,367	183,367
Interest income	40,000	40,000	395,769	355,769
Other	10,000	10,000	13,487	3,487
Transfers from other funds		157,308	157,308	-
Amount available for appropriation	\$ 107,374,549	\$ 206,711,388	\$ 40,516,158	\$ (166,195,230)
<b>Charges to appropriations (outflows):</b>				
Public works	\$ 4,729,466	\$ 4,732,337	\$ 4,268,363	\$ 463,974
Capital outlay	103,552,300	206,471,160	37,451,696	169,019,464
Total charges to appropriations	108,281,766	211,203,497	41,720,059	169,483,438
Amount of resources over (under) charges to appropriations	(907,217)	(4,492,109)	(1,203,901)	3,288,208
<b>Fund balance, June 30</b>	\$ 6,376,851	\$ 691,472	\$ 3,979,680	\$ 3,288,208

Excess of Expenditures Over Appropriations

For the year ended June 30, 2008, expenditures over appropriations for major governmental funds were as follows:

Major Governmental Funds	Final Budgeted Amount	Actual	Expenditures over Appropriations
Transient Occupancy Taxes-			
Community services	\$ 6,891,016	\$ 7,345,117	\$ (454,101)
Special Assessment Districts			
Non departmental	199,791	232,469	(32,678)

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

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**CITY OF BAKERSFIELD**

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Required Supplementary Information (continued)

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**DEFINED PENSION PLAN**

A schedule of funding progress for the year ended June 30, 2007 (most recent actuarial dated information) including the past nine actuarial valuations is presented below.

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

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**CITY OF BAKERSFIELD**

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Required Supplementary Information (continued)

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

## I. Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u> (a)	<u>Actuarial Accrued Liability (AAL) Unit Credit</u> (b)	<u>Unfunded AAL (UAAL)</u> (b-a)	<u>Funded Ratio</u> (a/b)	<u>Covered Payroll</u> (c)	<u>UAAL as a Percentage Of covered Payroll</u> ((b-a)/c)
05/29/2007	4,800,000	113,395,000	108,595,000	4.2%	85,689,000	126.7%

## II. Schedule of Employer Contributions

<u>Fiscal Year</u>	<u>Actual Annual Contribution</u>	<u>Annual Required Contribution</u>	<u>Percentage Contribution</u>
2007	6,675,563	6,808,000	98.1%
2008	7,949,235	7,947,000	100.3%

**DEFINED BENEFIT PENSION TRUST**

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Unit Credit</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage Of covered Payroll</u>
06/30/98	2,667,128	2,601,952	(65,176)	103%	-0-	N/A
06/30/99	2,667,128	2,601,952	(65,176)	103%	-0-	N/A
06/30/00	2,414,689	2,383,884	(30,805)	101%	-0-	N/A
06/30/01	2,414,689	2,383,884	(30,805)	101%	-0-	N/A
06/30/02	2,271,247	2,453,467	182,220	93%	-0-	N/A
06/30/03	2,271,247	2,453,467	182,220	93%	-0-	N/A
06/30/04	1,937,190	2,119,131	181,941	91%	-0-	N/A
06/30/05	1,937,190	2,119,131	181,941	91%	-0-	N/A
06/30/06	1,686,712	1,493,173	(193,539)	113%	-0-	N/A
06/30/07	1,686,712	1,493,173	(193,539)	113%	-0-	N/A
06/30/08	1,559,543	1,233,149	(326,394)	126%	-0-	N/A

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**CITY OF BAKERSFIELD**

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Required Supplementary Information (concluded)

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## II. Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Percentage of ARC Contributed	Net Pension Obligation (NPO)
1998	-0-	N/A	-0-
1999	-0-	N/A	-0-
2000	-0-	N/A	-0-
2001	-0-	N/A	-0-
2002	19,123	N/A	-0-
2003	19,123	N/A	38,675
2004	17,746	N/A	55,362
2005	17,746	N/A	70,403
2006	(22,429)	N/A	45,795
2007	(22,429)	N/A	21,537
2008	(37,826)	N/A	(18,581)



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*Supplementary Information*

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**CITY OF BAKERSFIELD**

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**Statement of Changes in Assets and Liabilities****Fiduciary Funds (Agency)****For the Fiscal Year Ended June 30, 2008**

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	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<u>Special Deposits Fund</u>				
<b>Assets</b>				
Cash and investments	\$ 20,633,751	\$ 96,443,492	\$ 100,380,562	\$ 16,696,681
Interest receivable	104,802	206,872	209,605	102,069
Due from other governmental agencies	42,726	44,921	42,725	44,922
Total assets	<u>\$ 20,781,279</u>	<u>\$ 96,695,285</u>	<u>\$ 100,632,892</u>	<u>\$ 16,843,672</u>
<b>Liabilities</b>				
Payables:				
Deposits	<u>\$ 20,781,279</u>	<u>\$ 96,695,285</u>	<u>\$ 100,632,892</u>	<u>\$ 16,843,672</u>
Total liabilities	<u>\$ 20,781,279</u>	<u>\$ 96,695,285</u>	<u>\$ 100,632,892</u>	<u>\$ 16,843,672</u>
<u>Improvement Districts Fund</u>				
<b>Assets</b>				
Cash and investments	\$ 8,997,771	\$ 2,816,619	\$ 458,547	\$ 11,355,843
Accounts receivable		503		503
Interest receivable	56,199	3,668	19,509	40,358
Due from other governmental agencies	102,492	14,452	24,326	92,618
Total assets	<u>\$ 9,156,462</u>	<u>\$ 2,835,242</u>	<u>\$ 502,382</u>	<u>\$ 11,489,322</u>
<b>Liabilities</b>				
Payables:				
Accounts	\$ 5,454	\$ 1,617,575	\$ 5,454	\$ 1,617,575
Deposits	2,295,069	851,437	2,619,306	527,200
Accrued bond interest	2,290,939	2,324,547	2,290,939	2,324,547
Bonds	4,565,000	7,020,000	4,565,000	7,020,000
Total liabilities	<u>\$ 9,156,462</u>	<u>\$ 11,813,559</u>	<u>\$ 9,480,699</u>	<u>\$ 11,489,322</u>
<u>Totals - All Agency Funds</u>				
<b>Assets</b>				
Cash and investments	\$ 29,631,522	\$ 99,260,111	\$ 100,839,109	\$ 28,052,524
Accounts receivable	-	503	-	503
Interest receivable	161,001	210,540	229,114	142,427
Due from other governmental agencies	145,218	59,373	67,051	137,540
Total assets	<u>\$ 29,937,741</u>	<u>\$ 99,530,527</u>	<u>\$ 101,135,274</u>	<u>\$ 28,332,994</u>
<b>Liabilities</b>				
Payables:				
Accounts	\$ 5,454	\$ 1,617,575	\$ 5,454	\$ 1,617,575
Deposits	23,076,348	97,546,722	103,252,198	17,370,872
Accrued bond interest	2,290,939	2,324,547	2,290,939	2,324,547
Bonds	4,565,000	7,020,000	4,565,000	7,020,000
Total liabilities	<u>\$ 29,937,741</u>	<u>\$ 108,508,844</u>	<u>\$ 110,113,591</u>	<u>\$ 28,332,994</u>

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**CITY OF BAKERSFIELD**

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**Combining Statement of Fiduciary Net Assets  
Pension and Other Employee Benefit Trust Funds  
June 30, 2008**

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	OPEB Irrevocable Trust	Fire Relief and Pension Trust	Total Pension and Other Employee Benefit Trust Funds
<b>Assets:</b>			
Cash and investments	\$ 10,228,616	\$ 359	\$ 10,228,975
Retirement system investments-			
Federal agency coupons		1,559,183	1,559,183
Interest receivable		12,198	12,198
Total assets	<u>10,228,616</u>	<u>1,571,740</u>	<u>11,800,356</u>
<b>Net Assets -</b>			
Held in trust for-			
Pension benefits and other purposes	<u>10,228,616</u>	<u>1,571,740</u>	
	<u>\$ 10,228,616</u>	<u>\$ 1,571,740</u>	<u>\$ 11,800,356</u>

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**CITY OF BAKERSFIELD**

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**Combining Statement of Changes in Fiduciary Net Assets  
Pension and Other Employee Benefit Trust Funds  
For the Fiscal Year Ended June 30, 2008**

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	<u>OPEB Irrevocable Trust</u>	<u>Fire Relief and Pension Trust</u>	<u>Total Pension and Other Employee Benefit Trust Funds</u>
<b>Additions -</b>			
Investment income:			
Contributions to pooled investments	\$ 7,949,235	\$ -	\$ 7,949,235
Interest and investment income, net	<u>(151,905)</u>	<u>65,768</u>	<u>(86,137)</u>
Total additions	<u>7,797,330</u>	<u>65,768</u>	<u>7,863,098</u>
<b>Deductions:</b>			
Benefits	2,389,235	133,888	2,523,123
Administrative expense	<u>33,174</u>	<u></u>	<u>33,174</u>
Total deductions	<u>2,422,409</u>	<u>133,888</u>	<u>2,556,297</u>
Change in net assets	5,374,921	(68,120)	5,306,801
Beginning of year	<u>4,853,695</u>	<u>1,639,860</u>	<u>6,493,555</u>
End of year	<u>\$ 10,228,616</u>	<u>\$ 1,571,740</u>	<u>\$ 11,800,356</u>

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*Non-Major Governmental Funds*

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**CITY OF BAKERSFIELD**

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**Combining Balance Sheet****Nonmajor Governmental Funds****June 30, 2008**

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	Special Revenue Funds		Debt Service Funds	
	State (TDA) Transportation	State Safety	General Obligation Debt	Public Financing Authority
<b>Assets:</b>				
Cash and investments	\$ 146,187	\$ 1,163,714	\$ -	\$ 2,649,876
Interest receivable	1,831	12,107		48,209
Total assets	<u>\$ 148,018</u>	<u>\$ 1,175,821</u>	<u>\$ -</u>	<u>\$ 2,698,085</u>
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Accounts payable	\$ 16,267	\$ 42,486	\$ -	\$ -
Due to other governmental agencies		173,755		
Due to other funds				427,133
Unearned revenue	131,751			
Total liabilities	<u>148,018</u>	<u>216,241</u>	<u>-</u>	<u>427,133</u>
Fund Balances:				
Reserved for:				
Encumbrances	6,440			
Debt service				2,225,000
Unreserved:				
Designated for -				
Debt service				45,952
Undesignated	(6,440)	959,580		
Total fund balances	<u>-</u>	<u>959,580</u>	<u>-</u>	<u>2,270,952</u>
Total liabilities and fund balances	<u>\$ 148,018</u>	<u>\$ 1,175,821</u>	<u>\$ -</u>	<u>\$ 2,698,085</u>

<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Public Financing Authority</u>	
\$ 389,392	\$ 4,349,169 62,147
<u>\$ 389,392</u>	<u>\$ 4,411,316</u>
\$ -	\$ 58,753 173,755 427,133 131,751
<u>-</u>	<u>791,392</u>
	6,440 2,225,000
<u>389,392</u>	45,952 <u>1,342,532</u>
<u>389,392</u>	<u>3,619,924</u>
<u>\$ 389,392</u>	<u>\$ 4,411,316</u>

**CITY OF BAKERSFIELD****Combining Statement of Revenues, Expenditures and Changes in Fund Balances****Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2008**

	Special Revenue Funds		Debt Service Fund	
	State (TDA) Transportation	State Safety	General Obligation Debt	Public Financing Authority
<b>Revenues:</b>				
Intergovernmental	\$ 160,102	\$ 707,534	\$ -	\$ -
Charges for services		276,960		
Fines, forfeitures and assessments		1,015,992		
Interest income	8,424	55,035		145,438
Contributions and donations				
Other		22,000		
Total revenues	<u>168,526</u>	<u>2,077,521</u>	<u>-</u>	<u>145,438</u>
<b>Expenditures:</b>				
Current:				
General government				
Public safety - Police		744,322		
Public works	143,061			
Community Services	25,465			
Non departmental				
Capital outlay		453,235		
Debt service:				
Principal retirement			186,000	1,070,000
Interest and fiscal charges			214,484	277,121
Total expenditures	<u>168,526</u>	<u>1,197,557</u>	<u>400,484</u>	<u>1,347,121</u>
Excess (deficiency) of revenues over (under) expenditures		879,964	(400,484)	(1,201,683)
<b>Other financing sources (uses):</b>				
Transfers in			400,484	1,203,490
Transfers out		(880,575)		
Total other financing sources (uses)	<u>-</u>	<u>(880,575)</u>	<u>400,484</u>	<u>1,203,490</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses		(611)		1,807
Fund balances - July 1		960,191		2,269,145
Fund balances - June 30	<u>\$ -</u>	<u>\$ 959,580</u>	<u>\$ -</u>	<u>\$ 2,270,952</u>

<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Public Financing Authority</u>	
\$ -	\$ 867,636
1,205,997	1,482,957
15,615	1,015,992
	224,512
	-
	<u>22,000</u>
<u>1,221,612</u>	<u>3,613,097</u>
3,921	3,921
	744,322
	143,061
	25,465
	453,235
	1,256,000
	<u>491,605</u>
<u>3,921</u>	<u>3,117,609</u>
1,217,691	495,488
(1,203,490)	1,603,974
<u>(1,203,490)</u>	<u>(2,084,065)</u>
<u>(1,203,490)</u>	<u>(480,091)</u>
14,201	15,397
<u>375,191</u>	<u>3,604,527</u>
<u>\$ 389,392</u>	<u>\$ 3,619,924</u>



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## *Internal Service Funds*

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

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

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

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

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

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**CITY OF BAKERSFIELD**

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**Combining Statement of Net Assets****All Internal Service Funds****June 30, 2008**

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	Self- Insurance	Equipment Management	Totals
<b>Assets:</b>			
Current assets			
Cash and investments	\$ 29,066,079	\$ 20,568,710	\$ 49,634,789
Accounts receivable, net	130,988	35,154	166,142
Interest receivable	270,825	193,927	464,752
Loans			-
Due from other governmental agencies	25,650		25,650
Prepayments and inventories		1,394,692	1,394,692
Total current assets	<u>29,493,542</u>	<u>22,192,483</u>	<u>51,686,025</u>
Noncurrent assets			
Capital assets:			
Depreciable buildings, property, equipment and infrastructure, net		27,081,937	27,081,937
Note/loan receivable		785,000	785,000
Total noncurrent assets	<u>-</u>	<u>27,866,937</u>	<u>27,866,937</u>
Total assets	<u>29,493,542</u>	<u>50,059,420</u>	<u>79,552,962</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	1,180,912	879,097	2,060,009
Claims payable	2,706,258		2,706,258
Workers compensation claims	3,899,698		3,899,698
Compensated absences payable		509,143	509,143
Total current liabilities	<u>7,786,868</u>	<u>1,388,240</u>	<u>9,175,108</u>
Noncurrent liabilities:			
Workers compensation claims	14,379,014		14,379,014
Compensated absences payable	3,074	106,672	109,746
Deferred revenue	260		260
Total noncurrent liabilities	<u>14,382,348</u>	<u>106,672</u>	<u>14,489,020</u>
Total liabilities	<u>22,169,216</u>	<u>1,494,912</u>	<u>23,664,128</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt		27,081,937	27,081,937
Unrestricted	7,324,326	21,482,571	28,806,897
Total net assets	<u>\$ 7,324,326</u>	<u>\$ 48,564,508</u>	<u>\$ 55,888,834</u>

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**CITY OF BAKERSFIELD**

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**Combining Statement of Activities and Changes in Net Assets  
All Internal Service Funds  
For the Fiscal Year Ended June 30, 2008**

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	Self- Insurance	Equipment Management	Totals
<b>Operating revenues:</b>			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	10,279,802	22,392,847	32,672,649
Cost recoveries	588,659	122,764	711,423
Miscellaneous	8,012	46,121	54,133
	<hr/>	<hr/>	<hr/>
Total operating revenues	10,876,473	22,561,732	33,438,205
<b>Operating expenses:</b>			
General and administrative	5,413,527	8,030,846	13,444,373
Fuel, oil and lubricants		4,661,805	4,661,805
Equipment parts and supplies		8,137,813	8,137,813
Insurance and bonds	2,265,410		2,265,410
Workers' compensation payments	1,531,147		1,531,147
Claims paid	1,580,383		1,580,383
Contractual services	570,375		570,375
Depreciation		6,016,034	6,016,034
	<hr/>	<hr/>	<hr/>
Total operating expenses	11,360,842	26,846,498	38,207,340
Operating income (loss)	<hr/> (484,369)	<hr/> (4,284,766)	<hr/> (4,769,135)
<b>Nonoperating revenues (expenses):</b>			
Interest income	1,163,274	838,332	2,001,606
Net increase (decrease) in the fair value of investments	77,814	67,439	145,253
Contributions		26,116	26,116
Loss on sale of property		(395,204)	(395,204)
Sales of equipment		411,439	411,439
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues	1,241,088	948,122	2,189,210
Income before operating transfers	756,719	(3,336,644)	(2,579,925)
Operating transfers in	<hr/> (403,052)	<hr/> 3,627,710	<hr/> 3,224,658
Change in net assets	353,667	291,066	644,733
<b>Total Net Assets - Beginning of Year</b>	<hr/> 6,970,659	<hr/> 48,273,442	<hr/> 55,244,101
<b>Total Net Assets - End of Year</b>	<hr/> \$ 7,324,326	<hr/> \$ 48,564,508	<hr/> \$ 55,888,834

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**CITY OF BAKERSFIELD**

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**Combining Statement of Cash Flows****All Internal Service Funds****For the Fiscal Year Ended June 30, 2008**

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	Self- Insurance	Equipment Management	Totals
<b>Cash flows from operating activities:</b>			
Cash received from:			
Customers	\$ 11,026,123	\$ 22,567,548	\$ 33,593,671
Prior year reimbursements and cost recoveries		122,764	122,764
Cash paid to:			
Suppliers	(6,195,849)	(17,125,834)	(23,321,683)
Employees	(1,780,131)	(4,232,124)	(6,012,255)
Net cash provided by operating activities	<u>3,050,143</u>	<u>1,332,354</u>	<u>4,382,497</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash transferred from other funds		3,627,710	3,627,710
Cash transferred to other funds	(403,052)		(403,052)
Net cash provided by noncapital financing activities	<u>(403,052)</u>	<u>3,627,710</u>	<u>3,224,658</u>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets		(5,895,698)	(5,895,698)
Proceeds from sale of capital assets		411,439	411,439
Net cash used by capital and related financing activities	<u>-</u>	<u>(5,484,259)</u>	<u>(5,484,259)</u>
<b>Cash flows from investing activities:</b>			
Decrease in long term receivable			-
Loan from RiverWalk Park			-
Interest received	1,203,357	901,635	2,104,992
Net increase in the fair value of investments	77,814	67,439	145,253
Net cash provided by investing activities	<u>1,281,171</u>	<u>969,074</u>	<u>2,250,245</u>
Net increase (decrease) in cash	3,928,262	444,879	4,373,141
Cash and cash equivalents - Beginning of year	25,137,817	20,123,831	45,261,648
Cash and cash equivalents - End of year	<u>\$ 29,066,079</u>	<u>\$ 20,568,710</u>	<u>\$ 49,634,789</u>

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

Operating income (loss)	\$ (484,369)	\$ (4,284,766)	\$ (4,769,135)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense		6,016,034	6,016,034
(Increase) decrease in accounts/notes receivable	136,650	148,037	284,687
(Increase) decrease in inventories		(97,860)	(97,860)
Decrease in prepaid items	13,000		13,000
Increase (decrease) in accounts payable	946,372	(473,569)	472,803
Increase in workers compensation claims	2,485,749		2,485,749
Increase (decrease) in deferred revenue	(46,204)		(46,204)
Increase (decrease) in compensated absences	(1,055)	24,478	23,423
Net cash provided by operating activities	<u>\$ 3,050,143</u>	<u>\$ 1,332,354</u>	<u>\$ 4,382,497</u>

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## *General Fund*

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

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

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

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**CITY OF BAKERSFIELD**

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**Balance Sheet  
General Fund  
June 30, 2008**

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	<u>General Fund</u>
<b>Assets:</b>	
Cash and investments	\$ 31,575,989
Accounts receivable, net	2,071,304
Interest receivable	299,374
Due from other governmental agencies	11,798,117
Due from other funds	12,442,890
Prepaid items	
	<hr/>
Total assets	<u>\$ 58,187,674</u>
<b>Liabilities and Fund Balances:</b>	
Liabilities:	
Accounts payable	\$ 7,424,313
Due to other governmental agencies	30,366
Unearned revenue	1,392,773
Deferred revenue	<u>3,163,445</u>
	<hr/>
Total liabilities	12,010,897
Fund Balances:	
Reserved for:	
Petty cash	22,545
Prepaid items	
Encumbrances	1,963,262
Cash basis	11,686,035
Unreserved:	
Designated for current projects	1,628,900
Designated for compensated absences	6,120,523
Undesignated	<u>24,755,512</u>
	<hr/>
Total fund balances	46,176,777
	<hr/>
Total liabilities and fund balances	<u>\$ 58,187,674</u>

**CITY OF BAKERSFIELD****Schedule of Revenues, Expenditures and Changes in Fund Balances (continued)****General Fund - Budget and Actual****For the Fiscal Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>			
Taxes:			
Property taxes	\$ 63,443,700	\$ 71,655,585	\$ 8,211,885
Sales and use taxes	66,055,500	63,415,357	(2,640,143)
Property transfer tax	1,800,000	953,162	(846,838)
Utility franchise tax	4,950,000	4,904,717	(45,283)
Business license tax	3,235,000	3,331,064	96,064
In lieu and other taxes	2,240,000	2,240,000	-
Total taxes	<u>141,724,200</u>	<u>146,499,885</u>	<u>4,775,685</u>
Licenses and permits:			
Building permits	2,000,000	1,394,386	(605,614)
Planning permits	87,000	118,221	31,221
Public works permits	227,400	479,769	252,369
Police permits	152,500	138,499	(14,001)
Fire permits	250,000	271,031	21,031
Other licenses and permits	252,000	212,038	(39,962)
Total licenses and permits	<u>2,968,900</u>	<u>2,613,944</u>	<u>(354,956)</u>
Intergovernmental:			
Federal grants	457,324	666,736	209,412
State of California	3,281,143	2,948,211	(332,932)
Other grants	270,000	628,061	358,061
Total intergovernmental	<u>4,008,467</u>	<u>4,243,008</u>	<u>234,541</u>
Charges for services:			
Building	2,215,000	1,789,427	(425,573)
Planning	998,400	509,018	(489,382)
Public works	2,496,750	1,288,403	(1,208,347)
Police	706,200	712,539	6,339
Fire	4,756,800	5,187,421	430,621
Recreation and parks	584,700	938,707	354,007
Interfund charges	6,750,000	7,169,206	419,206
Other charges	693,010	677,734	(15,276)
Total charges for services	<u>19,200,860</u>	<u>18,272,455</u>	<u>(928,405)</u>
Fines, forfeitures and assessments	<u>489,800</u>	<u>962,363</u>	<u>472,563</u>
Miscellaneous:			
Interest income	400,000	1,287,086	887,086
Net decrease in the fair value of investments		286,211	286,211
Contributions and donations	160,388	40,244	(120,144)
Other	2,583,336	1,337,381	(1,245,955)
Total miscellaneous	<u>3,143,724</u>	<u>2,950,922</u>	<u>(192,802)</u>
Total revenues	<u>171,535,951</u>	<u>175,542,577</u>	<u>4,006,626</u>

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**CITY OF BAKERSFIELD**

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**Schedule of Revenues, Expenditures and Changes in Fund Balances (concluded)****General Fund - Budget and Actual****For the Fiscal Year Ended June 30, 2008**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Expenditures:</b>			
Current:			
General government	12,647,436	10,598,697	2,048,739
Police	69,662,020	68,109,259	1,552,761
Fire	32,029,831	31,737,283	292,548
Public works	23,697,549	22,045,163	1,652,386
Community services	18,296,895	16,589,231	1,707,664
Development services	13,802,646	10,558,195	3,244,451
Economic/Community development	857,852	757,504	100,348
Non departmental	10,933,076	7,165,150	3,767,926
Contingency	136,148	-	136,148
	<u>182,063,453</u>	<u>167,560,482</u>	<u>14,502,971</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,527,502)</u>	<u>7,982,095</u>	<u>18,509,597</u>
<b>Other financing sources (uses):</b>			
Transfers in	880,575	880,575	-
Transfers out	<u>(12,635,512)</u>	<u>(12,635,512)</u>	-
	<u>(11,754,937)</u>	<u>(11,754,937)</u>	-
Total other financing sources (uses)	<u>(11,754,937)</u>	<u>(11,754,937)</u>	-
Net change in fund balances	(22,282,439)	(3,772,842)	18,509,597
Fund balances - beginning	<u>41,231,657</u>	<u>49,949,619</u>	<u>8,717,962</u>
Fund balances - ending	<u>\$ 18,949,218</u>	<u>\$ 46,176,777</u>	<u>\$ 27,227,559</u>

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**CITY OF BAKERSFIELD**

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**Schedule of Expenditures by Department - General Fund  
Budgetary Level of Control-Budget and Actual  
For the Fiscal Year Ended June 30, 2008**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>General Government:</b>			
Mayor	\$ 161,682	\$ 133,718	\$ 27,964
Council	290,701	293,327	(2,626)
City manager	1,040,444	924,476	115,968
City clerk	748,443	730,105	18,338
Human resources	1,624,322	1,331,459	292,863
Information technology	4,006,765	3,337,921	668,844
Financial services	2,777,553	2,490,781	286,772
City attorney	1,997,526	1,356,910	640,616
	<u>12,647,436</u>	<u>10,598,697</u>	<u>2,048,739</u>
Total general government			
	<u>12,647,436</u>	<u>10,598,697</u>	<u>2,048,739</u>
<b>Public Safety:</b>			
Police	69,662,020	68,109,259	1,552,761
Fire	32,029,831	31,737,283	292,548
	<u>101,691,851</u>	<u>99,846,542</u>	<u>1,845,309</u>
Total public safety			
	<u>101,691,851</u>	<u>99,846,542</u>	<u>1,845,309</u>
<b>Public Works:</b>			
Administration	610,796	642,169	(31,373)
Engineering	7,513,179	6,345,063	1,168,116
General services	8,250,302	8,152,299	98,003
Streets and roads	7,323,272	6,905,632	417,640
	<u>23,697,549</u>	<u>22,045,163</u>	<u>1,652,386</u>
Total public works			
	<u>23,697,549</u>	<u>22,045,163</u>	<u>1,652,386</u>
<b>Community Services:</b>			
Administration	1,373,692	1,261,317	112,375
Recreation	3,552,218	2,870,021	682,197
Parks	13,370,985	12,457,893	913,092
	<u>18,296,895</u>	<u>16,589,231</u>	<u>1,707,664</u>
Total community services			
	<u>18,296,895</u>	<u>16,589,231</u>	<u>1,707,664</u>
<b>Development Services:</b>			
Planning	5,788,011	4,111,182	1,676,829
Building	8,014,635	6,447,013	1,567,622
	<u>13,802,646</u>	<u>10,558,195</u>	<u>3,244,451</u>
Total development services			
	<u>13,802,646</u>	<u>10,558,195</u>	<u>3,244,451</u>
<b>Economic/Community Development</b>	<u>857,852</u>	<u>757,504</u>	<u>100,348</u>
<b>Non departmental</b>	<u>10,933,076</u>	<u>7,165,150</u>	<u>3,767,926</u>
<b>Contingency</b>	<u>136,148</u>	<u>136,148</u>	<u>136,148</u>
<b>Total General Fund Expenditures</b>	<u>\$ 182,063,453</u>	<u>\$ 167,560,482</u>	<u>\$ 14,502,971</u>



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## *Special Revenue Funds*

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

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

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

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

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

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

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**CITY OF BAKERSFIELD**

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**Combining Balance Sheet  
All Special Revenue Funds  
June 30, 2008**

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	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road Fund	State (TDA) Transportation
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets:</b>				
Cash and investments	\$ 697,117	\$ 2,790,428	\$	\$ 146,187
Accounts receivable, net	2,975,820	146,894	1,658,274	
Interest receivable	29,562	23,067	52,453	1,831
Due from other governmental agencies		1,158,959	18,497,595	
Loans receivable		4,411,034		
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 3,702,499</u>	<u>\$ 8,530,382</u>	<u>\$ 20,208,322</u>	<u>\$ 148,018</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,039,060	\$ 942,493	\$ 4,190,854	\$ 16,267
Due to other governmental agencies				
Due to other funds			12,015,757	
Compensated absences payable				
Convention center/arena trust	-			
Unearned revenue				131,751
Deferred revenue		4,550,692	22,031	
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>2,039,060</u>	<u>5,493,185</u>	<u>16,228,642</u>	<u>148,018</u>
<b>Fund Balances:</b>				
Reserved for:				
Petty Cash	125			
Encumbrances	70,030	3,483,497	51,808,336	6,440
Unreserved:				
Designated for current projects	346,211			
Designated for compensated absences	66,876			
Undesignated	1,180,197	(446,300)	(47,828,656)	(6,440)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>1,663,439</u>	<u>3,037,197</u>	<u>3,979,680</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 3,702,499</u>	<u>\$ 8,530,382</u>	<u>\$ 20,208,322</u>	<u>\$ 148,018</u>

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State Safety	Total
\$ 1,163,714	\$ 4,797,446
	4,780,988
12,107	119,020
	19,656,554
	4,411,034
<u>\$ 1,175,821</u>	<u>\$ 33,765,042</u>

\$ 42,486	\$ 7,231,160
173,755	173,755
	12,015,757
	-
	-
	131,751
	4,572,723
<u>216,241</u>	<u>24,125,146</u>

	125
	55,368,303
	346,211
	66,876
<u>959,580</u>	<u>(46,141,619)</u>
<u>959,580</u>	<u>9,639,896</u>
<u>\$ 1,175,821</u>	<u>\$ 33,765,042</u>

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**CITY OF BAKERSFIELD**

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**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances****All Special Revenue Funds****Year Ended June 30, 2008**

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	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road Fund	State (TDA) Transportation
<b>Revenues:</b>				
Taxes	\$ 7,749,531	\$ -	\$ -	\$ -
Intergovernmental		5,209,162	39,690,627	160,102
Charges for services	6,580,564		45,600	
Fines, forfeitures and assessments			213,367	
Interest income	131,085	147,202	395,769	8,424
Loan payments		445,954		
Contributions and donations	1,200,000			
Other	2,460	9,137	13,487	
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	15,663,640	5,811,455	40,358,850	168,526
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>				
Current:				
Public safety - Police				
Public works			4,268,363	143,061
Community services	7,345,117			25,465
Economic/Community development		2,660,180		
Non departmental	3,409,427			
Capital outlay:				
Transportation		1,896,230	37,451,696	
Public facilities		2,185,022		
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	10,754,544	6,741,432	41,720,059	168,526
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	4,909,096	(929,977)	(1,361,209)	-
<b>Other financing sources (uses):</b>				
Operating transfers in			157,308	
Operating transfers out	(5,276,000)	(400,484)		
	<hr/>	<hr/>	<hr/>	
Total other financing uses	(5,276,000)	(400,484)	157,308	
	<hr/>	<hr/>	<hr/>	
Excess (deficiency) of revenues over (under) expenditures and other uses	(366,904)	(1,330,461)	(1,203,901)	
Fund balances - July 1	\$ 2,030,343	\$ 4,367,658	\$ 5,183,581	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - June 30	\$ 1,663,439	\$ 3,037,197	\$ 3,979,680	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>

State Safety	Total
\$ -	\$ 7,749,531
707,534	45,767,425
276,960	6,903,124
1,015,992	1,229,359
55,035	737,515
	445,954
	1,200,000
22,000	47,084
<u>2,077,521</u>	<u>64,079,992</u>
744,322	744,322
	4,411,424
	7,370,582
	2,660,180
	3,409,427
	39,347,926
<u>453,235</u>	<u>2,638,257</u>
<u>1,197,557</u>	<u>60,582,118</u>
879,964	3,497,874
	157,308
<u>(880,575)</u>	<u>(6,557,059)</u>
<u>(880,575)</u>	<u>(6,399,751)</u>
(611)	(2,901,877)
<u>\$ 960,191</u>	<u>12,541,773</u>
<u>\$ 959,580</u>	<u>\$ 9,639,896</u>

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**CITY OF BAKERSFIELD**

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**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (continued)****Budget and Actual - All Special Revenue Funds****Year Ended June 30, 2008**

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	Transient Occupancy Taxes		Variance with Final Budget
	Budget	Actual	
<b>Revenues:</b>			
Taxes	\$ 8,450,000	\$ 7,749,531	\$ (700,469)
Intergovernmental			
Charges for services	5,993,451	6,580,564	587,113
Fines, forfeitures and assessments			
Interest income		131,085	131,085
Loan payments			
Contributions and donations	1,200,000	1,200,000	
Other		2,460	2,460
	<hr/>	<hr/>	<hr/>
Total revenues	15,643,451	15,663,640	20,189
<b>Expenditures:</b>			
Current:			
Public safety - Police			
Public works			
Community services	6,891,016	7,345,117	(454,101)
Development and conservation			
Non departmental	3,859,216	3,409,427	449,789
Capital outlay:			
Transportation:			
Traffic control			
Bridges			
Curbs, gutters and sidewalks			
Streets/Freeways			
Public facilities:			
Buildings			
Parks and landscaping			
Land acquisition			
Other improvements			
Equipment:			
Computers			
Non-automotive			
	<hr/>	<hr/>	<hr/>
Total expenditures	10,750,232	10,754,544	(4,312)
Excess (deficiency) of revenues over (under) expenditures	<hr/>	<hr/>	<hr/>
	4,893,219	4,909,096	15,877
<b>Other financing sources (uses):</b>			
Note/certificate proceeds			
Transfers in			
Transfers out	(5,276,000)	(5,276,000)	
	<hr/>	<hr/>	<hr/>
Total other financing uses	(5,276,000)	(5,276,000)	-
Excess (deficiency) of revenues over (under) expenditures and other uses	<hr/>	<hr/>	<hr/>
	(382,781)	(366,904)	15,877
Fund balances - July 1	<hr/>	<hr/>	<hr/>
	2,030,343	2,030,343	
Fund balances - June 30	<hr/>	<hr/>	<hr/>
	\$ 1,647,562	\$ 1,663,439	\$ 15,877

Community Development Block Grant			Gas Tax & Road Fund		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19,698,473	5,209,162	(14,489,311)	206,474,080	39,690,627	(166,783,453)
				45,600	45,600
			30,000	213,367	183,367
25,000	147,202	122,202	40,000	395,769	355,769
340,000	445,954	105,954			
15,000	9,137	(5,863)	10,000	13,487	3,487
20,078,473	5,811,455	(14,267,018)	206,554,080	40,358,850	(166,195,230)
			4,732,337	4,268,363	463,974
13,188,770	2,660,180	10,528,590			
			5,310,615	2,084,288	3,226,327
			1,087,429	247,040	840,389
3,215,756	1,896,230	1,319,526	198,643,148	35,120,368	163,522,780
2,541,290	2,185,022	356,268			
1,658,944		1,658,944			
875,000		875,000			
			1,429,968		1,429,968
21,479,760	6,741,432	14,738,328	211,203,497	41,720,059	169,483,438
(1,401,287)	(929,977)	471,310	(4,649,417)	(1,361,209)	3,288,208
(400,484)	(400,484)		157,308	157,308	
(400,484)	(400,484)	-	157,308	157,308	-
(1,801,771)	(1,330,461)	471,310	(4,492,109)	(1,203,901)	3,288,208
4,367,658	4,367,658		5,183,581	5,183,581	
\$ 2,565,887	\$ 3,037,197	\$ 471,310	\$ 691,472	\$ 3,979,680	\$ 3,288,208

**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, 2008**

	State (TDA) Transportation		
	Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	572,294	160,102	(412,192)
Charges for services			
Fines, forfeitures and assessments			
Interest income	3,000	8,424	5,424
Loan payments			
Contributions and donations			
Other			
Total revenues	<u>575,294</u>	<u>168,526</u>	<u>(406,768)</u>
<b>Expenditures:</b>			
Current:			
Public safety			
Public works	251,447	143,061	108,386
Community services	33,800	25,465	8,335
Development services			
Non departmental			
Capital outlay:			
Transportation:			
Traffic control			
Streets/Freeways			
Bridges			
Public facilities:			
Buildings			
Parks and landscaping			
Land acquisition			
Other improvements	291,494		291,494
Equipment:			
Computers			
Non-automotive			
Total expenditures	<u>576,741</u>	<u>168,526</u>	<u>408,215</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,447)</u>	<u>-</u>	<u>1,447</u>
<b>Other financing sources (uses):</b>			
Note/certificate proceeds			
Operating transfers in			
Operating transfers out			
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	<u>(1,447)</u>	<u>-</u>	<u>1,447</u>
Fund balances - July 1 as restated (Note 19)	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - June 30	<u>\$ (1,447)</u>	<u>\$ -</u>	<u>\$ 1,447</u>

State Safety			Totals		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ 8,450,000	\$ 7,749,531	\$ (700,469)
1,253,859	707,534	(546,325)	227,998,706	45,767,425	(182,231,281)
200,000	276,960	76,960	6,193,451	6,903,124	709,673
1,441,355	1,015,992	(425,363)	1,471,355	1,229,359	(241,996)
	55,035	55,035	68,000	737,515	669,515
			340,000	445,954	105,954
			1,200,000	1,200,000	-
	22,000	22,000	25,000	47,084	22,084
<u>2,895,214</u>	<u>2,077,521</u>	<u>(817,693)</u>	<u>245,746,512</u>	<u>64,079,992</u>	<u>(181,666,520)</u>
2,032,062	744,322	1,287,740	2,032,062	744,322	1,287,740
			4,983,784	4,411,424	572,360
			6,924,816	7,370,582	(445,766)
			13,188,770	2,660,180	10,528,590
			3,859,216	3,409,427	449,789
			5,310,615	2,084,288	3,226,327
			201,858,904	37,016,598	164,842,306
			1,087,429	247,040	840,389
473,154	453,235	19,919	3,014,444	2,638,257	376,187
			1,658,944	-	1,658,944
			-	-	-
			1,166,494	-	1,166,494
27,629		27,629	27,629	-	27,629
136,060		136,060	1,566,028	-	1,566,028
<u>2,668,905</u>	<u>1,197,557</u>	<u>1,471,348</u>	<u>246,679,135</u>	<u>60,582,118</u>	<u>186,097,017</u>
<u>226,309</u>	<u>879,964</u>	<u>653,655</u>	<u>(932,623)</u>	<u>3,497,874</u>	<u>4,430,497</u>
			-	-	-
			-	157,308	157,308
<u>(880,575)</u>	<u>(880,575)</u>		<u>(6,557,059)</u>	<u>(6,557,059)</u>	<u>-</u>
<u>(880,575)</u>	<u>(880,575)</u>	<u>-</u>	<u>(6,557,059)</u>	<u>(6,399,751)</u>	<u>157,308</u>
(654,266)	(611)	653,655	(7,489,682)	(2,901,877)	4,587,805
<u>960,191</u>	<u>960,191</u>	<u>-</u>	<u>12,541,773</u>	<u>12,541,773</u>	<u>-</u>
<u>\$ 305,925</u>	<u>\$ 959,580</u>	<u>\$ 653,655</u>	<u>\$ 5,052,091</u>	<u>\$ 9,639,896</u>	<u>\$ 4,587,805</u>



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## ***Debt Service Funds***

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These funds account for the accumulation of resources and payment of general long-term debt principal and interest not serviced by Proprietary Funds.

**Public Financing Authority Debt Service Fund** is used to accumulate monies for the payment of the Bakersfield Public Financing Authority Revenue Bonds of 1994. The Bonds were issued to purchase local obligations of the City of Bakersfield in Series A, B and C and fund a debt service reserve (\$5,865,000). Series A bonds were used to purchase local obligations for the Convention Center Ballroom project (\$2,125,000) and two road and bridge projects within the City (\$10,345,000). Series B bonds were used to purchase local obligations for the Convention Center Meeting Room project (\$625,000), the refinance of Assessment District 86-2A, B and D (\$9,660,000), and the construction and installation of the Northeast Sewer system improvements with Assessment District 93-1A (\$9,775,000). Series C Bonds were used to purchase local obligations for the refinance of Assessment District 86-2C (\$1,520,000) and the construction and installation of the Northeast Gas transmission facilities with Assessment District 93-1B (\$805,000).

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

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**CITY OF BAKERSFIELD**

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**Combining Balance Sheet****All Debt Service Funds****June 30, 2008**

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	Public Financing Authority	General Obligation Debt	Total
<b>Assets:</b>			
Cash and investments	\$ 2,649,876	\$ -	\$ 2,649,876
Interest receivable	48,209		48,209
Total assets	<u>\$ 2,698,085</u>	<u>\$ -</u>	<u>\$ 2,698,085</u>
<b>Liabilities and Fund Balances:</b>			
Liabilities:			
Due to other funds	\$ 427,133	\$ -	\$ 427,133
Fund Balances:			
Reserved for-			
Debt service	2,225,000		2,225,000
Unreserved-			
Debt service	45,952		45,952
Total fund balances	<u>2,270,952</u>	<u>-</u>	<u>2,270,952</u>
Total liabilities and fund balances	<u>\$ 2,698,085</u>	<u>\$ -</u>	<u>\$ 2,698,085</u>

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**CITY OF BAKERSFIELD**

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**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances****All Debt Service Funds****For the Fiscal Year Ended June 30, 2008**

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	Public Financing Authority	General Obligation Debt	Total
<b>Revenues:</b>			
RDA Reimbursement	\$ -	\$ -	\$ -
Interest income	145,438		145,438
	<hr/>	<hr/>	<hr/>
Total revenues	145,438	-	145,438
	<hr/>	<hr/>	<hr/>
<b>Expenditures-</b>			
Debt service:			
Principal retirement	1,070,000	186,000	1,256,000
Interest and fiscal charges	277,121	214,484	491,605
	<hr/>	<hr/>	<hr/>
Total expenditures	1,347,121	400,484	1,747,605
	<hr/>	<hr/>	<hr/>
Deficiency of revenues under expenditures	(1,201,683)	(400,484)	(1,602,167)
	<hr/>	<hr/>	<hr/>
<b>Other financing sources-</b>			
Operating transfers in	1,203,490	400,484	1,603,974
	<hr/>	<hr/>	<hr/>
Total other financing sources	1,203,490	400,484	1,603,974
	<hr/>	<hr/>	<hr/>
Deficiency of revenues and other sources over expenditures	1,807		1,807
	<hr/>	<hr/>	<hr/>
Fund balances - July 1	2,269,145	-	2,269,145
	<hr/>	<hr/>	<hr/>
Fund balances - June 30	\$ 2,270,952	\$ -	\$ 2,270,952
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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**CITY OF BAKERSFIELD**

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**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances****Budget and Actual - All Debt Service Funds****For the Fiscal Year Ended June 30, 2008**

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	Public Financing Authority		
	Budget	Actual	Variance with Final Budget
<b>Revenues-</b>			
RDA Reimbursement	\$ -	\$ -	\$ -
Interest income	144,625	145,438	813
Total revenues	144,625	145,438	813
<b>Expenditures-</b>			
Debt service:			
Principal retirement	1,070,000	1,070,000	
Interest and fiscal charges	277,755	277,121	634
Total expenditures	1,347,755	1,347,121	634
Deficiency of revenues under expenditures	(1,203,130)	(1,201,683)	1,447
<b>Other financing sources-</b>			
Operating transfers in	1,203,490	1,203,490	
Total other financing sources	1,203,490	1,203,490	-
Deficiency of revenues and other sources under expenditures	360	1,807	1,447
Fund balances - July 1	2,269,145	2,269,145	
Fund balances - June 30	\$ 2,269,505	\$ 2,270,952	\$ 1,447

General Obligation Debt			Totals		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ 77,488	\$	\$ (77,488)	\$ 77,488	\$ -	\$ (77,488)
			144,625	145,438	813
<u>77,488</u>	<u>-</u>	<u>(77,488)</u>	<u>222,113</u>	<u>145,438</u>	<u>(76,675)</u>
218,000	186,000	32,000	1,288,000	1,256,000	32,000
259,972	214,484	45,488	537,727	491,605	46,122
<u>477,972</u>	<u>400,484</u>	<u>77,488</u>	<u>1,825,727</u>	<u>1,747,605</u>	<u>78,122</u>
(400,484)	(400,484)	-	(1,603,614)	(1,602,167)	1,447
<u>400,484</u>	<u>400,484</u>		<u>1,603,974</u>	<u>1,603,974</u>	
<u>400,484</u>	<u>400,484</u>	<u>-</u>	<u>1,603,974</u>	<u>1,603,974</u>	<u>-</u>
			360	1,807	1,447
			<u>2,269,145</u>	<u>2,269,145</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,269,505</u>	<u>\$ 2,270,952</u>	<u>\$ 1,447</u>



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## ***Capital Projects Funds***

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

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

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

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

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

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

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**CITY OF BAKERSFIELD**

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**Combining Balance Sheet****All Capital Projects Funds****June 30, 2008**

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	Special Assessment Districts	Capital Outlay	Parks Development	Transportation Development
<b>Assets:</b>				
Cash and investments	\$ 29,496,599	\$ 26,565,693	\$ 16,199,729	\$ 51,292,682
Accounts receivable, net		1,259		161,667
Interest receivable		200,274	163,272	488,449
Due from other governmental agencies		116,154		182,487
Total assets	<u>\$ 29,496,599</u>	<u>\$ 26,883,380</u>	<u>\$ 16,363,001</u>	<u>\$ 52,125,285</u>
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Accounts payable	\$ -	\$ 289,252	\$ 5,310,594	\$ 1,337,753
Unearned revenue				323,333
Deferred revenue				323,333
Total liabilities	<u>-</u>	<u>289,252</u>	<u>5,310,594</u>	<u>1,661,086</u>
Fund Balances:				
Reserved for-				
Encumbrances		2,966,509	437,897	16,351,963
Facility replacement		5,000,000		
Unreserved:				
Designated for-				
Capital improvements	29,496,599	17,318,214	5,909,725	24,594,644
Undesignated		1,309,405	4,704,785	9,517,592
Total fund balances	<u>29,496,599</u>	<u>26,594,128</u>	<u>11,052,407</u>	<u>50,464,199</u>
Total liabilities and fund balances	<u>\$ 29,496,599</u>	<u>\$ 26,883,380</u>	<u>\$ 16,363,001</u>	<u>\$ 52,125,285</u>

Public Financing Authority	Total
\$ 389,392	\$ 123,944,095
	162,926
	851,995
	298,641
<u>\$ 389,392</u>	<u>\$ 125,257,657</u>
\$ -	\$ 6,937,599
	-
	323,333
<u>-</u>	<u>7,260,932</u>
	19,756,369
	5,000,000
<u>389,392</u>	<u>77,319,182</u>
	15,921,174
<u>389,392</u>	<u>117,996,725</u>
<u>\$ 389,392</u>	<u>\$ 125,257,657</u>

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**CITY OF BAKERSFIELD**

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**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances****All Capital Projects Funds****For the Fiscal Year Ended June 30, 2008**

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	Special Assessment Districts	Capital Outlay	Parks Development	Transportation Development
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 228,536	\$ -	\$ 5,687,129
Charges for services		174,799		500,050
Fines, forfeitures and assessments	4,825,000		5,700,405	12,794,355
Interest income		913,030	531,979	2,240,453
Contributions and donations		90,975		
Other	1,298,000	684,979		21,856
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	6,123,000	2,092,319	6,232,384	21,243,843
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>				
Current:				
General government	77,568			129,633
Public works			10,000	1,304,816
Non departmental	232,469		3,059,393	
Capital outlay:				
Environmental		635,000		
Transportation	21,614,549	3,769,449		14,035,634
Public facilities		6,022,804	1,356,737	
Equipment		392,850		
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	21,924,586	10,820,103	4,426,130	15,470,083
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(15,801,586)	(8,727,784)	1,806,254	5,773,760
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other financing sources (uses):</b>				
Transfers in		16,691,000		
Transfers out				(157,308)
Reserve transfer to agency funds	(485,660)			
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(485,660)	16,691,000		(157,308)
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(16,287,246)	7,963,216	1,806,254	5,616,452
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - July 1	45,783,845	18,630,912	9,246,153	44,847,747
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - June 30	\$ 29,496,599	\$ 26,594,128	\$ 11,052,407	\$ 50,464,199
	<hr/>	<hr/>	<hr/>	<hr/>

Public Financing Authority	Total
\$ -	\$ 5,915,665
1,205,997	1,880,846
	23,319,760
15,615	3,701,077
	90,975
	2,004,835
<u>1,221,612</u>	<u>36,913,158</u>
3,921	211,122
	1,314,816
	3,291,862
	635,000
	39,419,632
	7,379,541
	392,850
<u>3,921</u>	<u>52,644,823</u>
<u>1,217,691</u>	<u>(15,731,665)</u>
(1,203,490)	16,691,000
	(1,360,798)
	(485,660)
<u>(1,203,490)</u>	<u>14,844,542</u>
14,201	(887,123)
<u>375,191</u>	<u>118,883,848</u>
<u>\$ 389,392</u>	<u>\$ 117,996,725</u>

**CITY OF BAKERSFIELD****Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (continued)****Budget and Actual - All Capital Projects Funds****For the Fiscal Year Ended June 30, 2008**

	Special Assessment Districts		
	Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services			
Fines, forfeitures and assessments	4,825,000	4,825,000	
Interest income			
Contributions and donations			
Other	865,000	1,298,000	433,000
Total revenues	5,690,000	6,123,000	433,000
<b>Expenditures:</b>			
Current:			
General government	159,381	77,568	81,813
Public works			
Non departmental	199,791	232,469	(32,678)
Capital outlay:			
Environmental-			
Storm drain			
Transportation:			
Traffic control			
Streets	37,746,565	21,614,549	16,132,016
Bridges			
Streets/Freeways			
Public facilities:			
Buildings			
Parks and landscaping			
Land acquisition			
Other improvements			
Equipment:			
Computers			
Non-automotive			
Furniture			
Total expenditures	38,105,737	21,924,586	16,181,151
Excess (deficiency) of revenues over (under) expenditures	(32,415,737)	(15,801,586)	16,614,151
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
Reserve transfer to agency funds		(485,660)	(485,660)
Total other financing sources (uses)	-	(485,660)	(485,660)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(32,415,737)	(16,287,246)	16,128,491
Fund balances - July 1	45,783,845	45,783,845	-
Fund balances - June 30	\$ 13,368,108	\$ 29,496,599	\$ 16,128,491

Capital Outlay			Parks Development		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ 4,378,070	\$ 228,536	\$ (4,149,534)	\$ -	\$ -	\$ -
449,423	174,799	(274,624)			
100,000	913,030	813,030	11,433,502	5,700,405	(5,733,097)
108,975	90,975	(18,000)	150,000	531,979	381,979
635,000	684,979	49,979			-
<u>5,671,468</u>	<u>2,092,319</u>	<u>(3,579,149)</u>	<u>11,583,502</u>	<u>6,232,384</u>	<u>(5,351,118)</u>
			15,000	10,000	5,000
			7,996,502	3,059,393	4,937,109
635,000	635,000				
600,000	47,060	552,940			
5,183,986	3,722,389	1,461,597			
10,739,289	2,576,076	8,163,213			
5,772,778	1,028,596	4,744,182	1,868,666	129,832	1,738,834
			7,577,534	1,098,499	6,479,035
7,496,176	2,418,132	5,078,044	1,615,413	128,406	1,487,007
420,000	162,338	257,662			
3,878,975	230,512	3,648,463			
<u>34,726,204</u>	<u>10,820,103</u>	<u>23,906,101</u>	<u>19,073,115</u>	<u>4,426,130</u>	<u>14,646,985</u>
<u>(29,054,736)</u>	<u>(8,727,784)</u>	<u>20,326,952</u>	<u>(7,489,613)</u>	<u>1,806,254</u>	<u>9,295,867</u>
16,691,000	16,691,000	-			
<u>16,691,000</u>	<u>16,691,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(12,363,736)	7,963,216	20,326,952	(7,489,613)	1,806,254	9,295,867
18,630,912	18,630,912	-	9,246,153	9,246,153	-
<u>\$ 6,267,176</u>	<u>\$ 26,594,128</u>	<u>\$ 20,326,952</u>	<u>\$ 1,756,540</u>	<u>\$ 11,052,407</u>	<u>\$ 9,295,867</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, 2008**

	Transportation Development		
	Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Intergovernmental	\$ 5,453,826	\$ 5,687,129	\$ 233,303
Charges for services	228,705	500,050	271,345
Fines, forfeitures and assessments	15,050,000	12,794,355	(2,255,645)
Interest income	450,000	2,240,453	1,790,453
Contributions and donations			
Other		21,856	21,856
Total revenues	21,182,531	21,243,843	61,312
<b>Expenditures:</b>			
Current:			
General government	156,517	129,633	26,884
Public works	1,602,911	1,304,816	298,095
Non departmental			
Capital outlay:			
Environmental-			
Storm drain			
Transportation:			
Traffic control	2,894,962	1,225,173	1,669,789
Streets	29,574,817	9,608,051	19,966,766
Bridges	7,873,820	1,857,191	6,016,629
Streets/Freeways	15,288,965	1,345,219	13,943,746
Public facilities:			
Buildings			
Parks and landscaping			
Land acquisition			
Other improvements			
Equipment:			
Vehicles			
Non-automotive			
Total expenditures	57,391,992	15,470,083	41,921,909
Excess (deficiency) of revenues over (under) expenditures	(36,209,461)	5,773,760	41,983,221
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out	(157,308)	(157,308)	
Reserve transfer to agency funds			
Total other financing sources (uses)	(157,308)	(157,308)	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(36,366,769)	5,616,452	41,983,221
Fund balances - July 1	44,847,747	44,847,747	-
Fund balances - June 30	\$ 8,480,978	\$ 50,464,199	\$ 41,983,221

Public Financing Authority			Totals		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ 9,831,896	\$ 5,915,665	\$ (3,916,231)
1,205,997	1,205,997	-	1,884,125	1,880,846	(3,279)
1,000	15,615	14,615	31,308,502	23,319,760	(7,988,742)
			701,000	3,701,077	3,000,077
				90,975	90,975
			1,500,000	2,004,835	504,835
1,206,997	1,221,612	14,615	45,225,523	36,913,158	(8,312,365)
14,250	3,921	10,329	330,148	211,122	119,026
			1,617,911	1,314,816	303,095
			8,196,293	3,291,862	4,904,431
			635,000	635,000	-
			3,494,962	1,272,233	2,222,729
			72,505,368	34,944,989	37,560,379
			7,873,820	1,857,191	6,016,629
			15,288,965	1,345,219	13,943,746
			10,739,289	2,576,076	8,163,213
			7,641,444	1,158,428	6,483,016
			7,577,534	1,098,499	6,479,035
			9,111,589	2,546,538	6,565,051
			420,000	162,338	
			3,878,975	230,512	3,648,463
14,250	3,921	10,329	149,311,298	52,644,823	96,408,813
1,192,747	1,217,691	24,944	(104,085,775)	(15,731,665)	88,354,110
(1,203,490)	(1,203,490)		16,691,000	16,691,000	
			(1,360,798)	(1,360,798)	
				(485,660)	(485,660)
(1,203,490)	(1,203,490)	-	15,330,202	14,844,542	(485,660)
(10,743)	14,201	24,944	(88,755,573)	(887,123)	87,868,450
375,191	375,191		118,883,848	118,883,848	-
\$ 364,448	\$ 389,392	\$ 24,944	\$ 30,128,275	\$ 117,996,725	\$ 87,868,450



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## *Statistical Section*

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**City of Bakersfield  
Statistical Section  
For the year ended June 30, 2008**

The statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, notes disclosure and required supplementary information say about the City's overall financial health.

<b>Contents</b>	<b>Pages</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	140-151
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sale tax revenues.	152-163
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	164-170
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	171-177
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	178-183

## CITY OF BAKERSFIELD

### Net Assets by Component (1) Last Seven Fiscal Years (2)

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

Notes:

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

Source: City Finance Department

Fiscal Year		
2006 (3)	2007	2008
\$ 939,282,573	\$ 1,300,533,136	\$ 1,369,689,471
620,618	298,110	1,975,111
87,336,669	84,146,096	77,319,182
48,209	44,145	45,952
<u>144,677,516</u>	<u>142,977,161</u>	<u>121,427,154</u>
<u>1,171,965,585</u>	<u>1,527,998,648</u>	<u>1,570,456,870</u>
213%	30%	3%
521,824,277	566,728,647	342,111,043
		152,968,360
8,318,774	8,357,453	5,113,759
<u>96,501,463</u>	<u>129,325,391</u>	<u>230,264,239</u>
<u>626,644,514</u>	<u>704,411,491</u>	<u>730,457,401</u>
162%	12%	4%
1,461,106,850	1,867,261,783	1,711,800,514
620,618	298,110	1,975,111
87,336,669	84,136,096	230,287,542
48,209	44,145	45,952
8,318,774	8,357,453	5,113,759
<u>241,178,979</u>	<u>272,302,552</u>	<u>351,691,393</u>
<u>\$ 1,798,610,099</u>	<u>\$ 2,232,400,139</u>	<u>\$ 2,300,914,271</u>
193%	24%	3%

**CITY OF BAKERSFIELD**

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

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

Notes:

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

Fiscal Year		
2006 (3)	2007	2008
\$ 16,387,448	\$ 22,376,302	\$ 12,738,456
59,217,664	62,681,714	71,485,694
29,124,399	27,697,731	32,930,374
53,935,339	66,939,234	93,674,545
14,678,060	23,360,416	34,783,064
9,551,861	10,738,435	10,920,263
2,846,210	3,980,925	3,917,710
678,238	595,412	430,313
<u>186,419,219</u>	<u>218,370,169</u>	<u>260,880,419</u>
18,476,617	19,660,934	34,006,998
32,147,482	34,546,899	39,679,394
4,269,889	4,577,030	5,415,452
13,516,193	15,963,620	16,579,051
286,651	268,707	563,304
174,258	174,531	168,780
<u>68,871,090</u>	<u>75,191,721</u>	<u>96,412,979</u>
<u>255,290,309</u>	<u>293,561,890</u>	<u>357,293,398</u>
3,923,612	4,262,137	4,770,899
1,121,545	1,055,577	1,165,047
3,535,136	4,961,943	5,605,740
61,378,381	32,389,571	22,599,790
10,577,088	11,521,373	11,974,626
8,658,762	6,052,621	5,131,522
-	314,609	408
13,699,627	14,052,014	14,389,999
18,987,290	254,881,641	74,434,259
<u>\$ 121,881,441</u>	<u>\$ 329,491,486</u>	<u>\$ 140,072,290</u>

## CITY OF BAKERSFIELD

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

	Fiscal Year			
	2002	2003	2004	2005
Business-type activities:				
Charges for services				
Wastewater treatment	\$ 17,924,450	\$ 13,977,132	\$ 18,534,135	\$ 17,154,209
Refuse collection	24,280,782	25,642,724	27,249,735	30,291,605
Agricultural water	3,403,931	3,479,324	3,343,104	6,717,939
Domestic water	10,087,632	10,975,653	12,268,089	13,188,040
General aviation	397,792	122,692	122,132	125,747
Off-street parking	84,876	85,727	88,665	93,713
Operating Grants and Contributions	6,628,775	8,433,833	10,713,532	14,343,274
Capital Grants and Contributions	16,453	260,759	1,208,811	1,410,465
Total business-type activities program revenues	<u>62,824,691</u>	<u>62,977,844</u>	<u>73,528,203</u>	<u>83,324,992</u>
Total primary government program revenues	<u>128,730,345</u>	<u>136,178,723</u>	<u>162,406,059</u>	<u>188,269,915</u>
Net (Expenses) Revenues				
Governmental activities	(65,535,072)	(63,915,974)	(75,384,331)	(48,799,997)
Business-type activities	<u>14,697,156</u>	<u>11,416,881</u>	<u>18,711,204</u>	<u>25,298,500</u>
Total primary government Net (Expenses)	<u>(50,837,916)</u>	<u>(52,499,093)</u>	<u>(56,673,127)</u>	<u>(23,501,497)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes:				
Property taxes	20,675,415	23,523,106	23,926,768	39,464,262
Sales and use tax	43,227,389	45,375,035	49,237,400	58,465,636
Other taxes	2,826,230	3,035,464	3,696,091	4,268,501
Motor vehicle in lieu	13,926,501	15,100,959	13,281,356 (5)	5,981,308
Grants and contributions not restricted to specific program	21,688,392	26,325,555	32,531,179	20,776,276
Investment earnings	4,814,801	2,252,054	714,434	1,416,716
Miscellaneous	89,517	142,679	137,346	232,035
Gain on sale of property	163,877	895,768	18,640	83,939
Loss on sale of capital asset	(5,282)			
Transfers*	(307,430)	311,392	269,316	2,168,098
Reserve transfer to Agency				(3,571,055)
Total governmental activities	<u>107,099,410</u>	<u>116,962,012</u>	<u>123,812,530</u>	<u>129,285,716</u>
Business-type activities:				
Investment earnings	3,130,492	2,172,138	930,304	2,496,861
Miscellaneous		332,562		
Transfers	307,430	(311,392)	(769,552) (4)	(2,168,098)
Total business-type activities	<u>3,437,922</u>	<u>2,193,308</u>	<u>160,752</u>	<u>328,763</u>
Total primary government	<u>110,537,332</u>	<u>119,155,320</u>	<u>123,973,282</u>	<u>129,614,479</u>
<b>Change in Net Assets</b>				
Governmental activities	41,564,338	53,046,038	48,428,199	80,485,719
Business-type activities	<u>18,135,078</u>	<u>13,610,189</u>	<u>18,871,956</u>	<u>25,627,263</u>
Total primary government	<u>\$ 59,699,416</u>	<u>\$ 66,656,227</u>	<u>\$ 67,300,155</u>	<u>\$ 106,112,982</u>

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

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

Source: City Finance Department

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

Fiscal Year		
2006	2007	2008
\$ 16,742,598	\$ 19,146,468	\$ 23,793,814
33,174,727	36,415,700	39,378,891
5,426,547	6,523,342	4,972,037
15,209,139	18,414,655	20,103,488
135,383	142,520	211,573
104,636	98,640	102,425
17,016,789	15,268,751	8,391,106
449,969	54,024,256	23,514,481
<u>88,259,788</u>	<u>150,034,332</u>	<u>120,467,815</u>
<u>210,141,229</u>	<u>479,525,818</u>	<u>260,540,105</u>
(64,537,778)	111,121,317	(120,808,129)
<u>19,388,698</u>	<u>74,842,611</u>	<u>24,054,836</u>
<u>(45,149,080)</u>	<u>185,963,928</u>	<u>(96,753,293)</u>
49,135,641	62,324,076	71,655,585
66,495,453	68,367,251	63,415,357
5,074,460	4,047,002	3,193,162
2,176,967	1,845,520	910,205
15,184,443	16,717,510	16,303,921
1,332,755	4,470,903	4,019,639
85,279	13,128	131,121
673,947	1,140,896	43,215
1,370,202	3,095,700	3,604,146
<u>141,529,147</u>	<u>162,021,986</u>	<u>163,276,351</u>
3,140,800	6,020,066	4,894,373
(1,370,202)	(3,095,700)	(2,004,146)
<u>1,770,598</u>	<u>2,924,366</u>	<u>2,890,227</u>
<u>143,299,745</u>	<u>164,946,352</u>	<u>166,166,578</u>
76,991,369	273,143,303	42,468,222
21,159,296	77,766,977	26,945,063
<u>\$ 98,150,665</u>	<u>\$ 350,910,280</u>	<u>\$ 69,413,285</u>

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**CITY OF BAKERSFIELD**

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

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

Fiscal Year		
2006	2007	2008
\$ 22,095	\$ 22,545	\$ 22,545
-	-	
-	-	
1,850,208	2,933,414	1,963,262
9,265,797	11,159,944	11,686,035
620,618	298,110	1,628,900
5,554,097	5,928,547	6,120,523
32,648,415	29,607,059	24,755,512
49,961,230	49,949,619	46,176,777
32,340,825	41,592,473	82,349,797
(3,729,699)	(10,814,841)	(46,141,619)
12,481,455	18,602,700	15,921,174
87,503,135	84,314,434	77,778,221
<u>\$ 128,595,716</u>	<u>\$ 133,694,766</u>	<u>\$ 129,907,573</u>

**CITY OF BAKERSFIELD**

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

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

Source: City Finance Department

2006	2007	2008
\$ 135,540,591	\$ 151,067,427	\$ 154,249,416
4,279,532	3,029,719	2,613,944
24,965,724	36,774,497	55,926,098
30,604,785	28,299,553	27,056,425
60,485,776	30,450,784	25,511,482
3,936,649	9,327,675	6,157,327
5,155,640	4,668,437	5,166,473
<u>264,968,697</u>	<u>263,618,092</u>	<u>276,681,165</u>
10,758,950	10,807,970	10,809,819
59,716,106	64,936,013	68,853,581
28,878,953	30,349,754	31,737,283
21,500,679	25,634,650	27,771,403
19,204,779	22,047,595	23,959,813
9,143,519	10,787,216	10,558,195
3,022,308	3,939,418	3,417,684
5,486,829	11,584,563	13,866,439
35,744,826	75,443,460	89,813,206
1,258,000	1,957,000	1,256,000
702,386	598,067	491,605
<u>195,417,335</u>	<u>258,085,706</u>	<u>282,535,028</u>
69,551,362	5,532,386	(5,853,863)
21,908,333	1,600,000	19,332,857
(23,022,073)	(2,044,947)	21,039,029
<u>(1,113,740)</u>	<u>(444,947)</u>	<u>40,371,886</u>
\$ 68,437,622	\$ 5,087,439	\$ 34,518,023
1.2%	1.4%	0.9%

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**CITY OF BAKERSFIELD**

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

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

## Notes:

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

(2) Includes VLF Triple Flip tax revenue.

Source: City Finance Department

## ***CITY OF BAKERSFIELD***

### **Principal Property Taxpayers Current Year and Seven Years Ago**

Taxpayer	2002			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Dreyers Grand Ice Cream Inc.	62,752,151	3	0.58%	\$ 224,148,272	1	0.94%
Bakersfield Mall LLC	113,649,671	1	1.05%	152,546,451	2	0.64%
Chevron USA Inc.	27,363,468	9	0.25%	127,934,094	3	0.54%
Bakersfield Memorial Hospital				111,362,310	4	0.47%
Castle & Cooke Comm. Inc.	92,367,104	2	0.86%	105,502,839	5	0.44%
Donahue Schriber Realty Group LLP				82,549,777	6	0.35%
California Water Service Company				79,570,655	7	0.33%
BLC Glenwood Gardens LLP				76,285,375	8	0.32%
Lennar Home of California				65,098,219	9	0.27%
State Farm Insurance Company	57,276,775	4	0.53%	57,700,000	10	0.24%
Bear Mountain Limited	37,312,000	5	0.35%			
AEW Careage	30,110,058	6	0.28%			
Sun Easton Corporation	28,158,077	7	0.26%			
Dayton Hudson Corporation	27,993,515	8	0.26%			
Wal Mart Stores, Inc.	24,469,904	10	0.23%			
Total taxable assessed value of ten (10) Largest taxpayers	\$ 501,452,723		2.44%	\$ 1,082,697,992		4.55%
Total taxable assessed value of other taxpayers	10,277,353,868		97.56%	23,571,366,308		95.45%
Total taxable assessed value of all taxpayers	<u>\$ 10,778,806,591</u>		<u>100.00%</u>	<u>\$ 24,654,064,300</u>		<u>100.00%</u>

**Note:**

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

Source: HdL Coren & Cone, K.C. Assessor 2007-08 Combined Tax Rolls

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**CITY OF BAKERSFIELD**

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

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

(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 2006-07 Combined Tax Rolls.

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

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**CITY OF BAKERSFIELD**

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

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	2002	2003	2004	2005
<b>City Direct Rate</b>	0.2270	0.1840	0.1840	0.1840
<b>Overlapping Rates:</b>				
Bakersfield School	0.2030	0.2030	0.2030	0.2030
Kern High School	0.1920	0.1920	0.1920	0.1920
Kern County	0.2780	0.1700	0.1700	0.1700
Education Revenue Augmentation Fund	0.0000	0.1585	0.1585	0.1585
Kern Community College	0.0580	0.0580	0.0580	0.0580
Education	0.0190	0.0187	0.0187	0.0187
Kern Mosquito Abatement	0.0124	0.0077	0.0077	0.0077
Kern County Water Agency	0.0068	0.0061	0.0061	0.0061
Bakersfield Sep Gr	0.0024	0.0008	0.0008	0.0008
Kern River Levee <sup>2</sup>	0.0007	0.0006	0.0006	0.0006
County Advertising	0.0009	0.0006	0.0006	0.0006
<b>Total Direct Rate</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>

(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.

(2) RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) indebtedness adopted prior to 1989 per California State statute. During 2002-2006, this area was 001-001. The largest RDA TRA in 2007 was 001-003.

Kern River Levee taxes are not collected in this area.

Source: HdL Coren & Cone, Kern County Assessor 2007-08 Combined Tax Rolls.

2006	2007	2008
0.1840	0.1850	0.1850
0.2030	0.2030	0.2030
0.1920	0.1920	0.1920
0.1700	0.1701	0.1700
0.1585	0.1580	0.1580
0.0580	0.0580	0.0580
0.0187	0.0187	0.0187
0.0077	0.0077	0.0077
0.0061	0.0061	0.0061
0.0008	0.0008	0.0008
0.0006	0.0000	0.0000
0.0006	0.0006	0.0006
1.0000	1.0000	1.0000

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**CITY OF BAKERSFIELD**

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

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Fiscal Year Ended June 30	Tax Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 20,121,528	\$ 19,994,799	99.4%	\$ 553,887	\$ 20,675,415	102.8%
2003	21,301,453	22,888,265	107.4%	2,221,653	23,523,106	110.4%
2004	22,792,274	23,186,177	101.7%	1,134,494	23,926,768	105.0%
2005	25,401,358	26,877,424	105.8%	2,291,051	27,692,409	109.0%
2006	29,296,719	31,697,289	108.2%	3,334,705	32,631,424	111.4%
2007	35,419,513	38,390,507	108.4%	3,887,442	39,306,956	111.0%
2008	40,762,499	42,792,719	105.0%	3,963,150	44,725,649	109.7%

## Notes:

(1) Excludes Redevelopment property tax increment.

Source: City Finance Department

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**CITY OF BAKERSFIELD**

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

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

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

Source: California State Board of Equalization

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**CITY OF BAKERSFIELD**

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

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

Note: Fiscal years 2001 to 2007 are the most current years for which a seven year history can be shown.

Source: California State Board of Equalization

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<u>2006</u>	<u>2007</u>
44,882,615	43,965,080
1,505,922	1,312,047
3,071,729	2,979,402
2,364,714	1,839,151
<u>5,744,221</u>	<u>5,715,484</u>
<u>57,569,201</u>	<u>55,811,164</u>

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**CITY OF BAKERSFIELD**

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**Sales Tax Revenue Payers By Industry  
Current Year and Seven Years Ago**

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

\*Data Not Available

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue. The amounts shown are gross collections prior to refunds and collections of amounts due from prior year. Fiscal years 2001 and 2007 are the most current years for which a seven year history can be shown.

Source: California State Board of Equalization

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2007			
<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Tax Liability</u>	<u>Percent of Total \$</u>
36	0.49%	\$ 8,633,934	15.47%
33	0.45%	6,142,324	11.01%
108	1.46%	3,838,334	6.88%
72	0.97%	2,567,128	4.60%
512	6.91%	2,631,706	4.72%
38	0.51%	2,440,543	4.37%
38	0.51%	1,887,652	3.38%
199	2.68%	1,839,151	3.30%
1076	14.52%	1,530,523	2.74%
1076	14.52%	1,368,301	2.45%
4224	56.99%	22,931,569	41.09%
<u>7412</u>	<u>100.00%</u>	<u>\$ 55,811,165</u>	<u>100.00%</u>

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**CITY OF BAKERSFIELD**

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

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

## Notes:

Includes all long-term general obligation bonded debt.

(1) State Department of Finance

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

Source: City Finance Department



**CITY OF BAKERSFIELD**

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

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

Notes:

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

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

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

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

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

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

## CITY OF BAKERSFIELD

### Direct and Overlapping Debt As of June 30, 2008

2007-08 Assessed Valuation	\$ 24,609,723,720
Redevelopment Incremental Valuation	796,147,375
Adjusted Assessed Valuation	\$ 23,813,576,345

	Debt Outstanding (2)	Estimated Percentage Applicable (3)	Estimated Share of Overlapping Debt
<u>Overlapping Tax and Assessment Debt</u>			
Kern Community College District Safety			
School Facilities Improvement District	\$ 118,671,213	34.840%	\$ 41,345,051
Kern High School District	240,740,000	51.532	124,058,137
Bakersfield City School District	52,090,027	68.759	35,816,582
Beardsley School District	16,519,898	22.287	3,681,790
Fairfax School District	3,744,857	27.782	1,040,396
Fruitvale School District	19,635,000	80.308	15,768,476
Greenfield Union School District	19,343,406	83.754	16,200,876
Lamont School District	3,859,775	0.019	733
Norris School District	2,836,405	62.036	1,759,592
Panama-Buena Vista Union School District	3,730,000	96.587	3,602,695
Rio Bravo Greeley Union School District	11,420,383	0.008	914
Rosedale Union School District	1,575,000	59.488	936,936
Olcese Water District	550,000	100	550,000
Standard School District	11,590,000	1.267	146,845
Vine School District	3,999,982	0.004	160
Kern Delta Water District	1,915,000	77.923	1,492,225
Kern Community College District			
Assessment District	5,560,000	37.589	2,089,948
RNR School Financing Authority	59,240,000	56.917	33,717,631
Total Overlapping Tax and Assessment Debt	\$ 577,020,946		\$ 282,208,987

#### Overlapping General Fund Debt

Kern County Certificates of Participation	\$ 50,040,000	31.951%	\$ 15,988,280
Kern County Pension Obligations	480,101,067	31.951	153,397,092
Rio Bravo-Greeley Union School District			
General Fund Obligation	1,440,000	0.008	115
Certificates of Participation:			
Kern County Board of Education	55,955,000	31.951	17,878,182
Kern County Community College District	86,675,000	31.105	26,960,259
Kern High School District	117,190,000	51.532	60,390,351
Bakersfield City School District	2,005,000	68.759	1,378,618
Lakeside Union School District	12,065,000	44.625	5,384,006
Panama-Buena Vista Unified School District	33,880,000	96.365	32,648,462
Standard School District	3,435,000	1.267	43,521
Total Overlapping General Fund Debt	\$ 842,786,067		\$ 314,068,886

#### Direct Debt

City of Bakersfield			
Public Financing Authority Revenue Bonds			1,044,048
Total Direct and Overlapping Debt			\$ 597,321,921

#### Notes:

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

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

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***CITY OF BAKERSFIELD***

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**Computation of Legal Debt Margin  
June 30, 2008**

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

**CITY OF BAKERSFIELD**

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

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

Notes:

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

Operating expenses do not include interest or depreciation expenses.

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

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

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

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

Source: City Finance Department

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**CITY OF BAKERSFIELD**

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

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

## Notes:

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

\* Preliminary number

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**CITY OF BAKERSFIELD**

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

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Employer	2002			2008		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Bakersfield Memorial Hospital	N/A		N/A	1000-4999	1	N/A
Kern County Human Service Department				1000-4999	2	
Kern County Superintendent of Schools				1000-4999	3	
Kern Medical Center				1000-4999	4	
Mercy Hospital				1000-4999	5	
San Joaquin Community Hospital				1000-4999	6	
State Farm Insurance				1000-4999	7	
William Bolthouse Farms Inc				1000-4999	8	
7th Standard Ranch Co				500-999	9	
KHTY Radio				500-999	10	
Total	<u>N/A</u>		<u>N/A</u>	<u>N/A</u>		<u>N/A</u>

Note: Number of employees reflect an average range based on California Employment Development Department data.  
Only current data is available.



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**CITY OF BAKERSFIELD**

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

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

Source: City Finance Department

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2008

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241

373

145

183

29

68

213

174

53

110

25

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1,614

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**CITY OF BAKERSFIELD**

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

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Fiscal Year	Commercial Construction		Residential Construction		Other Construction
	No. of Units	Value	No. of Units	Value	Value
1998-99	213	78,199	2,088	223,576	36,958
1999-00	140	51,251	1,890	218,656	34,438
2000-01	123	38,113	2,012	261,522	48,067
2001-02	143	70,874	2,445	311,639	57,983
2002-03	141	56,694	2,981	428,534	62,112
2003-04	130	82,003	3,677	568,413	65,878
2004-05	103	62,202	4,291	675,804	115,348
2005-06(3)	76	36,008	5,314	870,190	94,661
2006-07	151	69,002	3,532	564,588	101,835
2007-08	153	78,506	1,922	296,788	104,710

## Notes:

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

(2) Federal Deposit Insurance Corporation

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

Source: City Finance Department

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Total Construction		Bank Deposits (2)
No. of Units	Value	
2,301	338,733	2,464,202
2,030	304,345	2,454,280
2,135	347,702	2,730,107
2,588	440,496	2,865,985
3,122	547,340	3,179,623
3,807	716,294	3,357,220
4,394	853,354	4,027,043
5,390	1,000,859	4,376,691
3,683	735,425	4,432,920
2,075	480,004	4,315,921

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**CITY OF BAKERSFIELD**

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

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

Source: City Finance Department

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

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**CITY OF BAKERSFIELD**

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

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

1) Reported in square miles

Source: City Finance Department

Fiscal Year		
2006	2007	2008
120.85	135.48	148.22
4	4	4
13	13	13
44	55	56
1,069	1,178	1,236
14,101	14,965	15,474
302	314	326
432	447	454
46	48	49
6	6	
11	11	11
3	3	3
589	710	842
9,040	9,600	9,765
962	1028	1,055
204	244	259
41 MGD	41 MGD	41 MGD

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**CITY OF BAKERSFIELD**

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**Schedule of Insurance in Force  
June 30, 2008**

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## 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 \$10,000 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 \$5,000,000 extended benefits of 90% after \$350 deductible for medical or Group dental (Blue Cross) (\$50 deductible for Blue Cross).

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

<b>Insurance Company</b>	<b>Policy Number</b>	<b>Expiration Date</b>	<b>Annual Premium</b>
CSAC- EIA	EWC7-1-06	07/01/08	\$ 282,866
Insurance Company of the State of Pennsylvania	ACC0506BAK71	07/01/08	714,690
Ace Property and Casualty Insurance Company.	AAPN00984504	07/19/08	5,705
X. L. Specialty	NAC3034914	07/01/08	13,000
Fort Dearborn Life	F001334	01/01/09	\$3.96 per thousand dollar of salary, Management & Supervisory annual plus \$2,000.
Fort Dearborn Life	F001334	01/01/09	\$47.58 each permanent employee for \$12,000 coverage
Fort Dearborn Life	F001334	01/01/09	\$118.82 each permanent employee for \$30,000 coverage
Blue Cross Blue Cross Blue Cross/Calif. Care Dedicated Dental System Pacific Union Dental, Inc. Kaiser Health	Dental 97039S Health 97039M Health 59E69A Dental 05658 Dental 95054 132733-1003		Bi-weekly rate range from \$160.02 to \$594.18 per employee for medical based upon Individual's Plan coverage and Plan combination and \$9.70 to 60.30 for Dental.

