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**CITY OF BAKERSFIELD**

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Comprehensive Annual Financial Report  
Year Ended June 30, 2005

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October 18, 2005

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, 2005. 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.

This report is presented in three sections consisting of:

- 1) an **Introductory Section** including a list of City Officials, a table of contents, a transmittal letter, reproductions of the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting, the California Society of Municipal Finance Officers Certificate of Award for Outstanding Financial Reporting and the City's organizational chart;
- 2) the **Financial Section** consisting of a report from our independent certified public accountants' annual audit of the City's financial statements as required by the City Charter, Management Discussion and Analysis, Government Wide Financial Statements, Fund Financial Statements, Notes to the Financial Statements, and Required Supplementary Information. These are the City's basic financial statements and provide an overview for users who require less detailed information about our City's finances. The remainder of the financial section presents combining and individual fund statements providing supplemental information for the 2004-05 fiscal year; and
- 3) a **Statistical Section** which provides pertinent financial and general information indicating trends for comparative fiscal periods.

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). In June 1999 the GASB issued Statement 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The Statement establishes new financial reporting requirements for state and local governments throughout the United States. It requires new information and restructures much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected. The City was required to implement GASB Statement 34 for the fiscal year ending June 30, 2002. The City is required to be in full compliance with the implementation of GASB Statement 34, regarding retroactive reporting of governmental fixed assets and infrastructure, no later than the fiscal year ending June 30, 2006. The current year statements do not reflect the retroactive reporting of governmental assets. The City has entered into a contract with the firm of Berryman & Henigar to assist us with the timely completion of this infrastructure and asset valuation project.

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 118 square miles and has an estimated population of 295,893 as of January 1, 2005.

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**

The City continues to make progress on the Westside Parkway project, which will be an at grade, separated access controlled freeway from Heath Road to State Rout 99. Funding for the project is a combination of Federal Transportation funds and local transportation dollars. To date the City has spent over \$17 million for preliminary engineering work and acquisition of right-of-way. Additional federal funds of over \$25 million are budgeted in fiscal year 2005-06 for planning, design and construction of the freeway project. It is anticipated that construction could begin on this project in the 2006-07 fiscal year.

The City received major funding for several new freeway projects as a result of the 2005 Federal Transportation Bill approved earlier this year by the Federal Government. The congressional action will provide approximately \$630 million of federal funds to the City over the next ten years for design and construction of a freeway / beltway system and other major transportation corridors within the metro Bakersfield area.

The plan to expand the Wastewater Treatment Plant that services the western half of Bakersfield is also moving forward. Over \$6 million has already been budgeted for consulting and design work on the plant expansion, which will likely double the size of the Westside plant, taking it from a capacity of 16 million gallons per day (MGD) to 32 MGD. Projections of the expansion costs are estimated in the \$80 - \$110 million dollar range, which will most likely be funded with Sewer Revenue Bonds and repaid with future sewer connection fees and / or sewer user charges. The project bid process is expected to begin in 2006.

There are several bridge construction projects planned for in the budget for the 2005-06 fiscal year. Some of the larger project budgets include the following:

- ? Bridge Construction Fairfax Road and State Route 178 - \$15,000,000
- ? Bridge Construction Allen Road at Kern River - \$8,000,000
- ? Bridge Improvements State Route 99 at 7<sup>th</sup> Standard Road - \$3,000,000

The City is near completion of a large 32 acre park in west Bakersfield using a combination of Park Development Fees and State Grant funds. This park, named “The Park at River Walk”, is located just south of the Kern River at Stockdale Highway and will both enhance the recreational opportunities in the area as well as provide a mechanism for recharging ground water via two small lakes located on the park site. The park also includes a large open air amphitheater suitable for medium to large concerts and other public events.

## **FACTORS AFFECTING FINANCIAL CONDITION**

**Local Economy and Local Budget issues-** The City of Bakersfield currently enjoys a stable economic environment and local indicators point to continued stability. The area continues to show strong growth in both new housing starts and increased commercial development. The City transferred over \$7 million into the Self Insurance fund during the 2004-05 fiscal year to offset the effects of rising workers compensation and liability costs. These additional funding efforts have significantly reduced the unfunded liability that was being carried in our Self Insurance fund as of the prior fiscal year.

Retirement costs are beginning to level out after two years of significant increases, which was caused by the combined effects of increased level of benefits and lower than projected rates of return regarding investments held by California Public Employees Retirement System (CalPERS). Based on actuarial estimates provided by CalPERS, the City is projecting no increase in retirement rates for current employees in fiscal year 2006-07 and the City is projecting a slight decrease in rates for fiscal year 2007-08.

The combined effects of a strong local economy offset against the increasing costs to the City of Bakersfield have basically offset each other, but the general outlook regarding the future is one of stable growth.

**State Budget Crisis -** The budget problems at the state level continue to be a major concern for the City of Bakersfield. The City is beginning to recover from 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). These actions have had a negative effect 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. The City has budgeted in the 2005-06 fiscal year to increase the cash basis reserve funds within the General Fund by \$1.25 million in an effort to offset some of the negative impacts that have resulted from the prior State actions.

**Long Term Financial Planning -** The City of Bakersfield continues to monitor the potential need to move the public works corporation yard to a new location. This potential move is in conjunction with the construction plans of future phases of the Westside Freeway project. The existing corporation yard sits in the path of one of the proposed freeway alignments. The City also continues to monitor issues regarding space needs of several City departments. In addition to our City Hall complex (owned), which is used for general government functions and Public Works Engineering, we are currently leasing office space at two separate buildings in the downtown area to house our Parks & Recreation staff, our Economic Development staff, our fire prevention investigators, and most of our Information Technology staff. The City would like to consolidate these operations under one roof. We believe this action would both improve customer service to the citizens of Bakersfield and provide opportunities for improved operational efficiency.

**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 2004-05 City of Bakersfield appropriation limit established as required by state statute was \$189,173,478.

**Cash Management** - The City maintains a cash and investment pool that is available for use by all funds, except the pension trust fund and the deferred compensation 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 pension trust fund and the deferred compensation 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 prior audit firm of Brown, Armstrong, Paulden, McCown, Starbuck & Keeter had recently completed their fifth year of a five-year contract and, in accordance with the Council policy, they were not allowed to bid on the 2004-05 audit contract. The accounting firm of M. Green and Company was selected this year by the City Council to perform the annual audit for the 2004-05 fiscal year. This is the first year of a contemplated five year agreement with this firm. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984 and related OMB Circular A-133. The 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, 2004, marking the twenty-fourth 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.

The California Society of Municipal Finance Officers (CSMFO) awarded a Certificate of Award of Outstanding Financial Reporting to the City of Bakersfield for the annual financial report for the fiscal year ended June 30, 2004. We also believe the current report continues to conform to the CSMFO California Award Program requirements.

**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.

We would also like to express a special thank you to retired Finance Director, Gregory J. Klimko, for his 23 + years of dedicated service to the City of Bakersfield. Mr. Klimko retired from the City on July 8, 2005.

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, 2004

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.



*Nancy L. Zjelke*

President

*Jeffrey R. Emor*

Executive Director

# California Society of Municipal Finance Officers

Certificate of Award

***Outstanding Financial Reporting 2003-04***

Presented to the

***City of Bakersfield***



*This certificate is issued in recognition of meeting professional standards and criteria in reporting which reflect a high level of quality in the annual financial statements and in the underlying accounting system from which the reports were prepared.*

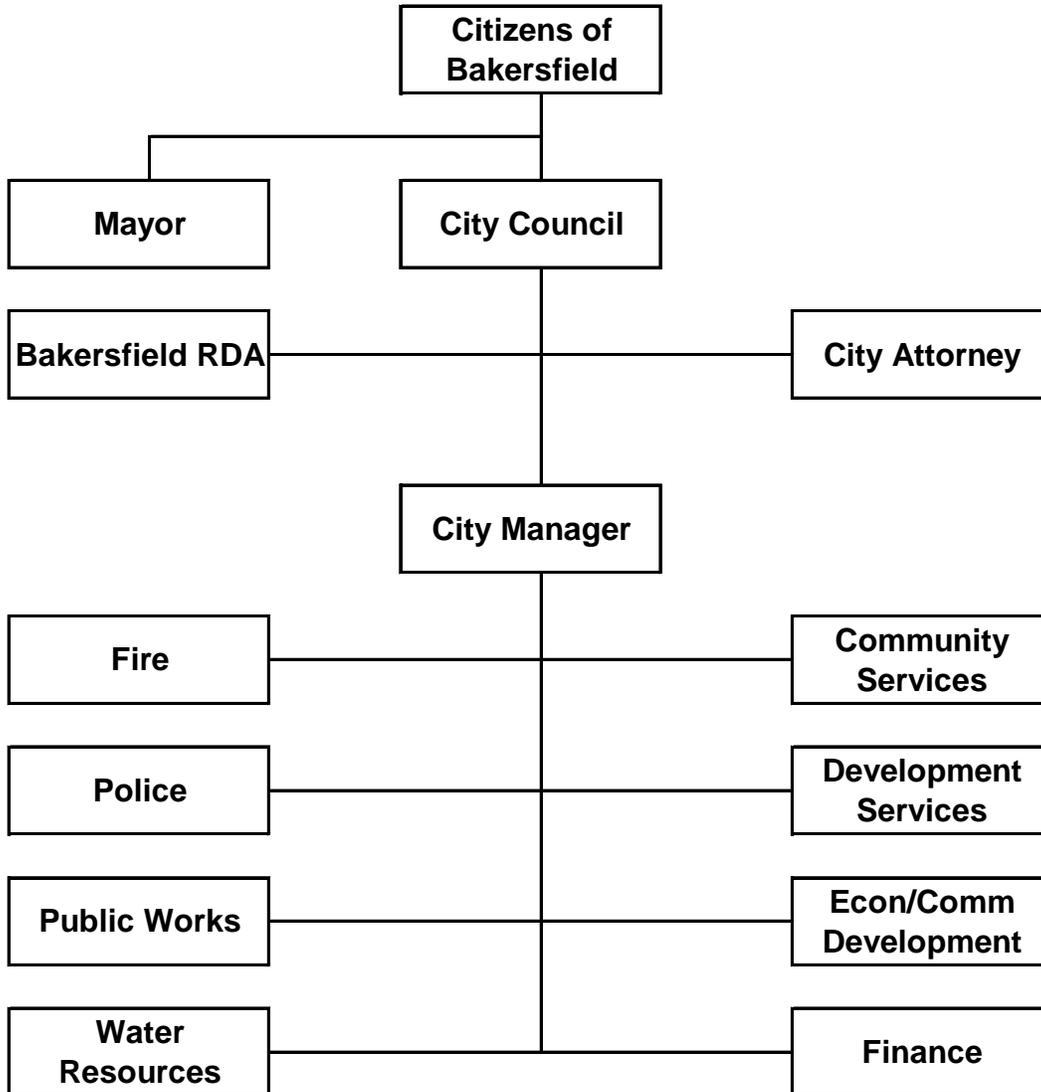
***February 24, 2005***

*William A. Skampf*

Bill Thomas, Chair  
Professional & Technical Standards Committee

***Dedicated to Excellence in Municipal Financial Management***

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



# CITY OF BAKERSFIELD

June 30, 2005

## City Council

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

## Administrative Personnel

Alan Tandy .....	City Manager
John W. Stinson .....	Assistant City Manager
Alan Christensen .....	Assistant City Manager
Virginia Gennaro.....	City Attorney
Donna Kunz .....	Economic Development Director
Gregory J. Klimko .....	Finance Director, Retired
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





# M. Green and Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

LARRY W. AYERS, C.P.A.  
MARLA D. BORGES, C.P.A.  
KEVIN M. GREEN, C.P.A.  
WM. KENT JENSEN, C.P.A.  
KATHLEEN M. LAMPE, C.P.A.  
LYNN M. LAMPE, C.P.A.  
ALAN S. MOORE, C.P.A.  
JUSTIN MORALES, JR., C.P.A.  
KENNETH B. NUNES, C.P.A.  
GIUSEPPE SCALIA, C.P.A.  
KENNETH W. WHITE, JR., C.P.A.  
  
REBECCA AGREDANO, C.P.A.  
LYNDA S. ANDERSON, C.P.A.  
DAVID A. BEKEDAM, C.P.A.  
DAWN M. PERKINS, C.P.A.  
ELAINE D. SEULE, C.P.A.  
NANCY R. TUTSCHULTE, C.P.A.  
  
ROBERT L. BANDY, C.P.A.  
*Consultant*  
JAMES G. DWYER, C.P.A.  
*Consultant*  
DONALD O. GORDON, C.P.A.  
*Consultant*  
MAURICE M. GREEN, C.P.A.  
*Consultant*  
JAMES R. JOHNSON, C.P.A.  
*Consultant*  
FOREST A. MCQUEEN, C.P.A.  
*Consultant*  
CHARLES L. SOUTHARD, C.P.A.  
*Consultant*  
KENT A. WOOLLEY, C.P.A.  
*Consultant*

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

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregated remaining fund information of the City of Bakersfield, California (the City), as of and for the year ended June 30, 2005, 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 agency funds, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2005, as listed in the supplementary information section of table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregated remaining fund information of the City, as of June 30, 2005, 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 agency funds, of the City as of June 30, 2005, 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.

*Tulare  
Visalia  
Hanford  
Dinuba*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2005, 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.

As described in Note 1 to the basic financial statements, the City adopted Statement of the Governmental Accounting Standards Board No. 40, *Deposit and Investment Risk Disclosure*.

The management's discussion and analysis, budgetary comparison and pension funding progress information as listed in the required supplementary information section of the accompanying table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City'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 of 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.

*M. Green and Company, LLP*

October 18, 2005  
Visalia, California

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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, 2005. 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 \$613,775,279 (net assets). Of this amount, \$155,565,453 (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 \$106,112,982 over the prior fiscal year. Approximately 43% of this increase is attributable to an increase in capital assets.
- ? As of the close of the current fiscal year, the City of Bakersfield's governmental funds reported combined ending fund balances of \$110,119,324, an increase of \$23,565,786 in comparison with the prior year. Approximately three-fourths of this total amount, \$83,302,614, 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 \$24,134,363, or 19.3 % of total general fund expenditures.
- ? The City of Bakersfield's total debt showed a net decrease of \$9,892,444 (26%) during the current fiscal year. The largest factor was a November 2004 bond call of \$5,110,000 related to 1997 Sewer Revenue Bonds. The remainder of the decrease in debt was a result of normal maturity on existing debt.

**THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the City of Bakersfield (City) and its component units, using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The City is still in the process of fully complying with GASB 34 infrastructure reporting requirements. The current year financial statements include only infrastructure assets for governmental activities constructed or acquired during the 2001-02 through the 2004-05 fiscal years. GASB 34 requires that the City fully comply with historical infrastructure reporting no later than the 2005-06 fiscal years. The City will incorporate the prior year's infrastructure asset information in future financial statements.

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

**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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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 \$613,775,279 at the close of the most recent fiscal year.

The largest portion of the City of Bakersfield's net assets (65% of the total) reflects its investment in capital assets of \$401,737,130 (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 – Net Assets**

	Governmental activities		Business-type activities		Total	
	2004	2005	2004	2005	2004	2005
<b>Assets</b>						
Current and other assets	\$144,832,832	\$172,091,995	\$74,595,476	\$88,423,260	\$219,428,308	\$260,515,255
Capital assets	<u>218,714,450</u>	<u>256,774,700</u>	<u>181,578,098</u>	<u>182,668,477</u>	<u>400,292,548</u>	<u>439,443,177</u>
Total assets	<u>363,547,282</u>	<u>428,866,695</u>	<u>256,173,574</u>	<u>271,091,737</u>	<u>619,720,856</u>	<u>699,958,432</u>
<b>Liabilities</b>						
Long-term liabilities						
outstanding	44,345,001	29,752,150	29,388,914	20,770,523	73,733,915	50,522,673
Other liabilities	<u>24,786,608</u>	<u>24,213,153</u>	<u>13,538,036</u>	<u>11,447,327</u>	<u>38,324,644</u>	<u>35,660,480</u>
Total liabilities	<u>69,131,609</u>	<u>53,965,303</u>	<u>42,926,950</u>	<u>32,217,850</u>	<u>112,058,559</u>	<u>86,183,153</u>
<b>Net assets</b>						
Invested in capital assts, net of related Debt	204,064,183	240,757,766	152,050,836	160,979,364	356,115,019	401,737,130
Restricted	35,549,401	48,239,244	3,108,624	8,233,452	38,658,025	56,472,696
Unrestricted	<u>54,802,089</u>	<u>85,904,382</u>	<u>58,087,164</u>	<u>69,661,071</u>	<u>112,889,253</u>	<u>155,565,453</u>
<b>Total Net Assets</b>	<u>\$294,415,673</u>	<u>\$374,901,392</u>	<u>\$213,246,624</u>	<u>\$238,873,887</u>	<u>\$507,662,297</u>	<u>\$613,775,279</u>

An additional portion of the City of Bakersfield's net assets (\$56,472,696) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$155,565,453) 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 \$106,112,982 compared to the prior fiscal year. The vast majority of this increase (43%) is the result of additional investments in capital assets. The remainder of the growth in net assets reflects increases in tax revenues and charges for services. Investment earnings during the current fiscal year increased by \$2,268,839 compared to the prior year, which represents a 138% increase in investment earnings. This is a result of the general economic upturn and related market rate fluctuations.

**Governmental activities** – Governmental activities increased the City of Bakersfield's net assets by \$80,485,719, thereby accounting for the vast majority of the total growth in the net assets of the City of Bakersfield. Again, the main contributor to this increase is the investment in capital assets.

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

	Governmental activities		Business-type activities		Total	
	2004	2005	2004	2005	2004	2005
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 53,869,857	\$ 69,791,170	\$ 61,605,860	\$ 67,571,253	\$ 115,475,717	\$ 137,362,423
Operating grants and contributions	11,778,497	11,389,303	10,713,532	14,343,274	22,492,029	25,732,577
Capital grants and contributions	23,229,502	23,764,450	1,208,811	1,410,465	24,438,313	25,174,915
Total Program Revenues	88,877,856	104,944,923	73,528,203	83,324,992	162,406,059	188,269,915
<b>General revenues:</b>						
Taxes:						
Property taxes	23,926,768	39,464,262			23,926,768	39,464,262
Sales taxes	49,237,400	58,465,636			49,237,400	58,465,636
Other taxes	3,696,091	4,268,501			3,696,091	4,268,501
Intergovernmental vehicle in lieu	13,281,356	5,981,308			13,281,356	5,981,308
Grants and contributions not restricted to specific programs	32,531,179	20,776,276			32,531,179	20,776,276
Investment earnings	714,434	1,416,716	930,304	2,496,861	1,644,738	3,913,577
Miscellaneous	137,346	232,035			137,346	232,035
Gain on sale of property	18,640	83,939			18,640	83,939
Total revenues	212,421,070	235,633,596	74,458,507	85,821,853	286,879,577	321,455,449
<b>Expenses:</b>						
General government	18,683,743	16,258,160			18,683,743	16,258,160
Public safety – Police	48,189,574	53,133,158			48,189,574	53,133,158
Public safety – Fire	24,238,425	28,274,641			24,238,425	28,274,641
Public works	45,548,570	26,874,096			45,548,570	26,874,096
Community services	16,169,163	17,285,798			16,169,163	17,285,798
Development services	6,217,528	7,609,292			6,217,528	7,609,292
Economic/Community dev	3,859,176	3,539,604			3,859,176	3,539,604
Interest on long term debt	1,356,008	770,171			1,356,008	770,171
Subtotal - Governmental	164,262,187	153,744,920	-	-	164,262,187	153,744,920

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	Governmental activities		Business-type activities		Total	
	2004	2005	2004	2005	2004	2005
Business Type:						
Wastewater treatment			13,425,848	13,364,173	13,425,848	13,364,173
Refuse collection			25,889,554	28,423,051	25,889,554	28,423,051
Agricultural water			3,901,437	4,016,718	3,901,437	4,016,718
Domestic water			11,149,998	11,755,936	11,149,998	11,755,936
General aviation			262,052	282,180	262,052	282,180
Off-street parking			188,110	184,434	188,110	184,434
Subtotal - Business Type			54,816,999	58,026,492	54,816,999	58,026,492
Total expenses	164,262,187	153,744,920	54,816,999	58,026,492	219,079,186	211,771,412
Change in net assets before transfers & other items	48,158,883	81,888,676	19,641,508	27,795,361	67,800,391	109,684,037
Loss on sale of capital assets					-	-
Transfers	269,316	(1,402,957)	(769,552)	(2,168,098)	(500,236)	(3,571,055)
Change in net assets	48,428,199	80,485,719	18,871,956	25,627,263	67,300,155	106,112,982
Net Assets - Beginning of Year (as restated)	245,987,474	294,415,673	194,374,668	213,246,624	440,362,142	507,662,297
Net assets - End of Year	\$294,415,673	\$374,901,392	\$213,246,624	\$238,873,887	\$ 507,662,297	\$ 613,775,279

Public works expenses decreased by \$18,674,474 compared to the prior fiscal year. The majority of this decrease was related to the Public Financing Authority (PFA) Series A bond call of \$16,205,000 in 2003-04 fiscal year. Charges for Services for Governmental activities showed a significant increase over the prior fiscal year of \$15,921,313. The majority of this increase is associated with revenue recognition also related to the PFA bond call in the prior year. Sales tax revenues increased by \$9,228,236 over the prior fiscal year, which represents an 18.74% increase in this revenue source. The growth in sales tax revenues is about three times higher than our historic trend level 6% and reflects very strong economic growth.

**Business-type activities** – Business-type activities increased the City of Bakersfield’s net assets by \$25,627,263, accounting for approximately 24% of the total growth in the government’s net assets.

Charges for services for Business-type activities increased by \$5,965,393, which represents a 9.68% increase over the prior fiscal year revenue figures. Operating grants and contributions for Business-type activities increased by \$3,629,742, which is a 33.88% increase over the prior year revenue figures. The Refuse Service fund showed the largest increase in expenses over the prior year, with an increase of \$2,533,497. This increase in costs resulted from a combination of additional new customers and increased usage on the part of several of the larger commercial customers.

Investment earnings increased by \$1,566,557 for business-type activities because of an overall upturn in economic market conditions.

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**Management's Discussion and Analysis**

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

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

**Governmental funds** - The focus of the City of Bakersfield's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Bakersfield's financing requirements. In particular, 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 \$110,119,324, an increase of \$23,565,786 in comparison with the prior year. Approximately three-fourths of this total amount, \$83,302,614, 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 (\$14,203,495); 2) to be set aside as a cash basis reserve (\$7,673,578); 3) to pay debt service (\$2,225,000); 4) for facility replacement set aside (\$2,155,000), or 5) for a variety of other restricted purposes (\$559,637).

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 \$24,134,363, while total fund balance reached \$34,032,677. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance for the General Fund represents approximately 19.3% of General Fund expenditures. Total fund balance for the General Fund represents approximately 27.2% of General Fund expenditures.

The fund balance of the City of Bakersfield's General Fund grew by \$3,828,189 compared to the prior fiscal year. Key factors in general fund activity are as follows:

- ? Sales and use tax revenues increased by \$9,228,236 compared to the prior year. This represents a 18.7% increase, which is about three times our normal growth rate of 6%.
- ? Property tax revenues increased by \$15,537,494 compared to the prior year and represents a 64.9% increase over the prior fiscal year. Approximately \$11,771,552 of this increase is a result of the reduced vehicle license fee revenues by 67% and replaced those lost City revenues with additional property tax funds.
- ? Conversely Vehicle License Fees (VLF) decreased by \$7,300,048 which is the result of the \$11,771,552 reduction described above offset by a one time backfill payment made by the state.

The Transient Occupancy Tax fund has a total fund balance of \$1,081,704 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 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 and the Bakersfield Ice Sports Center.

The Community Development Block Grant (CDBG) fund has a total fund balance of \$1,634,824, of which \$1,080,650 is reserved for the payment of encumbrances. The remaining funds (\$554,174) are designated for community development related capital projects. The block grant program is almost entirely funded by Housing and Urban Development (HUD) federal block grants and can only be used for specific purposes.

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The Gas Tax fund has a total fund balance of \$3,431,961 at the end of the current year. Of this balance, \$1,825,295 is reserved for the payment of encumbrances on existing street related projects. The remaining funds (\$1,606,666) are designated for street related capital projects. Amounts reported in this fund include gasoline taxes received from the State of California and other federal and state grant proceeds earmarked for street related purposes, including the Westside Freeway project.

The Special Assessment District capital fund has a total fund balance of \$28,670,747 as of the end of the current year. 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 \$11,604,693 at the end of the current year. Of this amount, \$2,243,663 is reserved for the payment of encumbrances on existing capital projects and \$2,155,000 is reserved for facility replacement set aside. The remaining funds (\$7,206,030) are designated for specified capital projects that were in the planning stage as of the end of the current fiscal year.

The Park Development fund has a total fund balance of \$4,568,990 at the end of the current year. Of this amount, \$3,414,052 is reserved for the payment of encumbrances on existing capital projects. The remaining funds (\$1,154,938) are designated for either acquisition of parkland or construction of new park facilities.

The Transportation Development fund has a total fund balance of \$22,135,880 at the end of the current year. Of this amount, \$3,870,650 is reserved for the payment of encumbrances on existing capital projects. The remaining funds (\$18,265,230) are designated for projects that have been identified as necessary to maintain the level of services required for the regional transportation network.

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

The Wastewater Treatment fund has total net assets of \$155,305,972 at the end of the current year, an increase of \$16,351,794 over the prior year. Total net assets include \$94,377,372 invested in capital assets, which are not available to cover current expenses. \$3,178,170 of total net assets are restricted for capital improvements. The remaining net assets of \$57,750,430 are unrestricted and available to cover current operating and capital needs (including plant and equipment replacement) of the fund.

The Refuse Collection fund has total net assets of \$12,155,565 at the end of the current year, an increase of \$595,891 over the prior year. A portion of net assets (\$5,055,282) are designated for future landfill closure costs. The remainder of net assets within the Refuse fund are unrestricted and available to cover current operating and capital needs of the fund.

The Agricultural Water fund has total net assets of \$15,439,817 at the end of the current year, an increase of \$2,854,988 over the prior year. Total net assets include \$15,098,148 invested in capital assets, which are not available to cover current expenses. The remaining net assets of (\$341,669) 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 \$38,935,034 at the end of the current year, an increase of \$5,321,755 over the prior year. Total net assets include \$34,798,584 invested in capital assets, which are not

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available to cover current expenses. The remaining net assets of \$4,136,450 are unrestricted and available to cover current operating and capital needs of the fund.

The General Aviation fund has total net assets of \$9,944,751 at the end of the current year, a decrease of \$125,593 compared to the prior year. Total net assets include \$9,503,067 invested in capital assets, which are not available to cover current expenses. The remaining net assets of \$441,684 are unrestricted and available to cover current operating and capital needs of the fund.

The Offstreet Parking fund has total net assets of \$7,392,554 at the end of the current year, a decrease of \$82,754 compared to the prior year. Total net assets include \$7,202,193 invested in capital assets, which are not available to cover current expenses. The remaining net assets of \$190,361 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 \$439,443,177 (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 \$39,515,127.

The majority of the increase is a result of infrastructure constructed or acquired during the fiscal year. The City has not fully implemented the inclusion of all infrastructure assets back to 1980, as outlined in GASB Statement 34. These financial statements only include infrastructure assets constructed or acquired during the 2001-02 through 2004-05 fiscal years. The City is still in the process of compiling the records to properly report prior year infrastructure assets. GASB Statement 34 requires that the City comply with this requirement no later than the 2005-06 fiscal year. The City has contracted with an outside consultant (Berryman & Henigar) to assist with the completion of this project.

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

- ? Acquisition of new residential tract improvements from development activities totaling \$6,962,233.
- ? A variety of street construction projects and rehabilitation of major arterial streets that began last fiscal year; during this fiscal year; construction in progress for governmental activities as of the end of the current fiscal year had reached \$43,710,488. This figure includes \$7.2 million toward the bridge widening at freeway 99 and White Lane; \$1.4 million toward the railroad grade separation project at 24<sup>th</sup> and Oak; \$11.1 million toward miscellaneous street and building repairs; \$5.9 million toward the southwest 30 acre park; and \$18.1 million toward the Westside Parkway freeway project.
- ? Construction was completed on the Jefferson and MLK pool rehabilitations totaling \$3.7 million; and various other projects less than \$1 million each totaling \$4.8 million

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**City of Bakersfield – Capital Assets**

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Land and water storage rights	\$ 20,017,044	\$ 20,451,695	\$ 38,848,978	\$ 38,924,386	\$ 58,866,022	\$ 59,376,081
Depreciable buildings, property, equipment and infrastructure, Ne	182,680,472	192,612,517	136,208,351	138,027,666	318,888,823	330,640,183
Construction in progress	16,016,934	43,710,488	6,156,271	5,716,425	22,173,205	49,426,913
Total Capital Assets	<u>\$ 218,714,450</u>	<u>\$ 256,774,700</u>	<u>\$ 181,213,600</u>	<u>\$ 182,668,477</u>	<u>\$ 399,928,050</u>	<u>\$ 439,443,177</u>

**Long-term debt** - At the end of the current fiscal year, the City of Bakersfield had a total bonded debt outstanding of \$27,966,688. The City of Bakersfield's total debt decreased by a net \$9,892,444 during the current fiscal year. The majority of this decrease is related to the November 2004 Sewer Revenue bond call of \$5,110,000. Other debt reductions were generally the result of normal debt maturities.

**City of Bakersfield – Outstanding Debt**

	<u>Balance</u> <u>July 1, 2004</u>	<u>Incurred</u> <u>or Issued</u>	<u>Satisfied</u> <u>or Matured</u>	<u>Balance</u> <u>June 30, 2005</u>
<b>Governmental Activities</b>				
Loans payable	\$ 5,732,640		\$ 993,640	\$ 4,739,000
Other bonds payable	9,120,000		1,865,000	7,255,000
Total governmental activities	<u>\$ 14,852,640</u>	<u>\$ -</u>	<u>\$ 2,858,640</u>	<u>\$ 11,994,000</u>
<b>Business-Type Activities</b>				
General obligation bonds payable	\$ 3,050,000	\$ -	\$ 980,000	\$ 2,070,000
Revenue Bonds Payable	5,110,000		5,110,000	-
Loans Payable	14,846,492		943,804	13,902,688
Total business-type activities	<u>\$ 23,006,492</u>	<u>\$ -</u>	<u>\$ 7,033,804</u>	<u>\$ 15,972,688</u>

The City of Bakersfield maintains an "Aa3" rating from Moody's for its general obligation (GO) debt issued in 2002. Certificates of Participation issued by the City and the Bakersfield Redevelopment Agency in 1997 carry a Reserve Fund Surety from MBIA, which has an underlying "AAA" rating from Standard & Poor's and an "Aaa" rating from Moody's. The Series B and C revenue bonds of the Public Financing Authority (issued in 1994) are not rated. The 2002 GO debt is uninsured. All other rated bonds listed above are insured.

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 58 for capital assets and Note 10 page 66 for long term debt.

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget reflect an increase in appropriations of \$14,389,828. Significant budgetary amendments (changes) are summarized as follows:

- ? \$ 1,875,000 in increases for transfers out to the Self Insurance fund
- ? \$ 1,776,000 in increases for transfers out to the Equipment fund
- ? \$ 4,264,734 in increases for transfers out to the Capital Outlay fund
- ? \$ 2,285,740 in increases allocated to the Development Services department
- ? \$ 1,098,741 in increases allocated to the Police department
- ? \$ 990,904 in increases allocated to the Fire department
- ? \$ 1,222,083 in increases allocated to the Public Works department

This increase was budgeted from available fund balance. During the year, however, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balance.

The final amended budget figures were higher than actual expenditures in the General Fund by \$9,504,987. There were no reportable areas or departmental categories where expenditures exceeded appropriations.

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

The key assumptions in the General-Fund revenue forecast for fiscal year 2005-06 were:

1. Property tax revenues will increase by 9.0 % due to a rise in assessed valuation and general growth.
2. Sales tax revenues will increase by 7.0 % as a result of anticipated growth in the retail base.
3. Transient Lodging Tax revenues will increase by 6.0% as a result of increased tourism and convention activity.
4. Intergovernmental Vehicle In-Lieu fees will increase by 3.7 % as a result of anticipated growth in vehicle registrations.

New items specifically addressed in the 2005-06 budget include the following:

**Police** – The police department is restoring seventeen police officer positions and an additional five dispatcher positions. Additionally, eight police officers are being funded from a two year federal school resource officer grant in addition to five others already assigned for a total of thirteen.

**Fire** – The fire department continues to set aside funds for future construction of new fire stations. An additional \$500,000 for the northeast area and \$500,000 for the southwest area of the City has been budgeted. Including these amounts, a total of \$1,500,000 has been set aside for construction of the northeast station and \$800,000 for the southwest station.

**Public Works** – Public works is planning to continue its road repair efforts throughout the community. \$3,500,000 has been budgeted for street resurfacing materials and related costs in the Streets Division budget in the Gas Tax fund. These funds, combined with \$2,500,000 of Capital Outlay funds and \$700,000 of Community

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Development Block Grant funds will provide over \$14 million for resurfacing projects citywide. Also planned is approximately \$15 million in projects funded with Transportation Development Fund revenues paid by new development.

**Recreation and Parks** – Park Improvement funds and State Park Bond grant funds are proposed for rehabilitation and improvement of the Mesa Marin recreational facilities. The 32 acre park at River Walk is near completion.

**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, 2005**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bakersfield Redevelopment Agency
<b>Assets:</b>				
Current assets:				
Cash and investments	\$ 141,715,749	\$ 76,531,349	\$ 218,247,098	\$ 4,231,238
Accounts receivable, net	3,383,209	4,707,285	8,090,494	240,000
Interest receivable	1,124,635	666,654	1,791,289	33,691
Long-term receivable - current	121,543		121,543	1,240,000
Due from other governmental agencies	18,410,340	924,841	19,335,181	81,600
Internal balances	701,597	(701,597)	-	
Prepayments and inventories	1,542,846		1,542,846	
<b>Total current assets</b>	<b>166,999,919</b>	<b>82,128,532</b>	<b>249,128,451</b>	<b>5,826,529</b>
Noncurrent assets				
Capital assets:				
Land and water storage rights	20,451,695	38,924,386	59,376,081	
Land held for resale				3,402,094
Depreciable buildings, property, equipment and infrastructure, net	192,612,517	138,027,666	330,640,183	
Construction in progress	43,710,488	5,716,425	49,426,913	
Amortizable costs		77,331	77,331	
Note/loan receivable	5,092,076	6,217,397	11,309,473	34,508,500
<b>Total noncurrent assets</b>	<b>261,866,776</b>	<b>188,963,205</b>	<b>450,829,981</b>	<b>37,910,594</b>
<b>Total assets</b>	<b>428,866,695</b>	<b>271,091,737</b>	<b>699,958,432</b>	<b>43,737,123</b>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	12,191,919	3,377,063	15,568,982	509,573
Kern River Levee District		260,248	260,248	
Customers' deposits		4,801,649	4,801,649	
Unearned revenue	815,477		815,477	
Deferred revenue		6,217,661	6,217,661	35,988,500
Noncurrent liabilities:				
Due within one year:				
Long-term debt	1,148,000	1,970,473	3,118,473	1,335,135
Claims and judgements payable	5,405,888		5,405,888	
Compensated absences payable	5,467,346	1,037,894	6,505,240	
Due in more that one year:				
Long-term debt	10,846,000	14,002,215	24,848,215	36,441,599
Claims and judgements payable	11,595,499		11,595,499	
Compensated absences payable	6,495,174	550,647	7,045,821	
<b>Total liabilities</b>	<b>53,965,303</b>	<b>32,217,850</b>	<b>86,183,153</b>	<b>74,274,807</b>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	240,757,766	160,979,364	401,737,130	
Restricted:				
Current projects	247,828		247,828	
Capital improvements	47,942,901		47,942,901	
Debt services	48,515		48,515	1,620,454
Housing				145,133
Sanitation districts		8,233,452	8,233,452	
Unrestricted	85,904,382	69,661,071	155,565,453	(32,303,271)
<b>Total net assets</b>	<b>\$ 374,901,392</b>	<b>\$ 238,873,887</b>	<b>\$ 613,775,279</b>	<b>\$ (30,537,684)</b>



**CITY OF BAKERSFIELD**

**Statement of Activities  
For the Fiscal Year Ended June 30, 2005**

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	\$ 16,258,160	\$ 6,213,032	\$ 459,579	\$ -
Public safety - Police	53,133,158	2,077,127	4,755,519	
Public safety - Fire	28,274,641	4,313,192	5,025	
Public works	26,874,096	34,714,601	266,058	19,733,517
Community services	17,285,798	8,925,298	43,373	3,899,433
Development services	7,609,292	8,547,411	259,199	131,500
Economic/Community dev.	3,539,604	5,000,509	5,600,550	
Interest on long-term debt	770,171			
<b>Total governmental activities</b>	<b>153,744,920</b>	<b>69,791,170</b>	<b>11,389,303</b>	<b>23,764,450</b>
<b>Business-type activities:</b>				
Wastewater treatment	13,364,173	17,154,209	11,392,505	490
Refuse collection	28,423,051	30,291,605	11,380	223,125
Agricultural water	4,016,718	6,717,939		212,399
Domestic water	11,755,936	13,188,040	2,938,389	959,569
General aviation	282,180	125,747	1,000	14,882
Offstreet parking	184,434	93,713		
<b>Total business-type activities</b>	<b>58,026,492</b>	<b>67,571,253</b>	<b>14,343,274</b>	<b>1,410,465</b>
<b>Total primary government</b>	<b>\$ 211,771,412</b>	<b>\$ 137,362,423</b>	<b>\$ 25,732,577</b>	<b>\$ 25,174,915</b>
<b>Component unit-</b>				
Bakersfield Redevelopment Agency	\$ 2,923,601	\$ 1,991,383	\$ 281,087	\$ -

**General Revenues:**

Taxes:  
 Property taxes  
 Sales and use tax  
 Other taxes  
 Motor vehicle in lieu  
 Grants and contributions not restricted to specific programs  
 Investment earnings  
 Miscellaneous  
 Gain of sale of property  
 Transfers  
 Reserve transfer to Agency

**Total general revenues and transfers**

**Change in net assets**

Net assets - Beginning of year

Net assets - End of year

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

Net (Expense) Revenue and Changes in Net Assets				
Total	Governmental Activities	Business-Type Activities	Total	Bakersfield Redevelopment Agency
\$ 6,672,611	\$ (9,585,549)	\$ -	\$ (9,585,549)	\$ -
6,832,646	(46,300,512)		(46,300,512)	
4,318,217	(23,956,424)		(23,956,424)	
54,714,176	27,840,080		27,840,080	
12,868,104	(4,417,694)		(4,417,694)	
8,938,110	1,328,818		1,328,818	
10,601,059	7,061,455		7,061,455	
	(770,171)		(770,171)	
<u>104,944,923</u>	<u>(48,799,997)</u>	<u>-</u>	<u>(48,799,997)</u>	<u>-</u>
28,547,204		15,183,031	15,183,031	
30,526,110		2,103,059	2,103,059	
6,930,338		2,913,620	2,913,620	
17,085,998		5,330,062	5,330,062	
141,629		(140,551)	(140,551)	
93,713		(90,721)	(90,721)	
<u>83,324,992</u>	<u>-</u>	<u>25,298,500</u>	<u>25,298,500</u>	<u>-</u>
<u>\$ 188,269,915</u>	<u>(48,799,997)</u>	<u>25,298,500</u>	<u>(23,501,497)</u>	<u>-</u>
<u>\$ 2,272,470</u>				<u>(651,131)</u>
	39,464,262		39,464,262	3,586,034
	58,465,636		58,465,636	
	4,268,501		4,268,501	
	5,981,308		5,981,308	
	20,776,276		20,776,276	
	1,416,716	2,496,861	3,913,577	415,885
	232,035		232,035	
	83,939		83,939	
	2,168,098	(2,168,098)		
	(3,571,055)		(3,571,055)	
	<u>129,285,716</u>	<u>328,763</u>	<u>129,614,479</u>	<u>4,001,919</u>
	80,485,719	25,627,263	106,112,982	3,350,788
	<u>294,415,673</u>	<u>213,246,624</u>	<u>507,662,297</u>	<u>(33,888,472)</u>
<u>\$ 374,901,392</u>	<u>\$ 238,873,887</u>	<u>\$ 613,775,279</u>	<u>\$ (30,537,684)</u>	



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*Governmental Fund Financial Statements*

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**CITY OF BAKERSFIELD****Balance Sheet  
Governmental Funds  
June 30, 2005**

	General Fund	Transient Occupancy Taxes	Community Development Block Grant	State Gas Tax
<b>Assets:</b>				
Cash and investments	\$ 21,271,283	\$ 452,691	\$ 1,341,605	\$ 3,387,031
Accounts receivable, net	1,897,762	618,823	173,703	23,031
Interest receivable	329,582	18,724	8,559	30,547
Due from other governmental agencies	11,598,895		305,681	6,221,016
Due from other funds	6,066,628			
Loans receivable			4,822,025	
Prepaid items	537,812			
Total assets	<u>\$ 41,701,962</u>	<u>\$ 1,090,238</u>	<u>\$ 6,651,573</u>	<u>\$ 9,661,625</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,181,354	\$ 591	\$ 28,880	\$ 610,018
Due to federal	509,260			
Due to other funds				5,365,060
Advance from other funds				
Convention center/arena trust		7,943		
Unearned revenue	83,219			232,555
Deferred revenue	4,895,452		4,987,869	22,031
Total liabilities	<u>7,669,285</u>	<u>8,534</u>	<u>5,016,749</u>	<u>6,229,664</u>
<b>Fund Balances:</b>				
Reserved for:				
Petty cash	21,825			
Prepaid items	537,812			
Encumbrances	1,665,099		1,080,650	1,825,295
Debt service				
Cash basis	7,673,578			
Facility replacement				
Unreserved:				
Designated for:				
Current projects	247,828			
Capital improvements				
Compensated Absences	4,854,216	39,787		70,318
Debt service - Public Financing Authority				
Undesignated, reported in:				
General fund	19,032,319			
Special revenue funds		1,041,917	554,174	1,536,348
Capital projects funds				
Total fund balances	<u>34,032,677</u>	<u>1,081,704</u>	<u>1,634,824</u>	<u>3,431,961</u>
Total liabilities and fund balances	<u>\$ 41,701,962</u>	<u>\$ 1,090,238</u>	<u>\$ 6,651,573</u>	<u>\$ 9,661,625</u>

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

Special Assessments Districts	Capital Outlay	Park Development	Transportation Development	Other Governmental Funds	Total Governmental Funds
\$ 28,670,747	\$ 11,267,697 389,942 47,280 96,204	\$ 13,582,887  142,174	\$ 23,088,893 113,000 174,366	\$ 3,234,342  54,955 156,450	\$ 106,297,176 3,216,261 806,187 18,378,246 6,066,628 4,822,025 537,812
<u>\$ 28,670,747</u>	<u>\$ 11,801,123</u>	<u>\$ 13,725,061</u>	<u>\$ 23,376,259</u>	<u>\$ 3,445,747</u>	<u>\$ 140,124,335</u>
\$ -	\$ 196,430	\$ 6,906,071 1,110,000 1,140,000	\$ 752,879  374,500 113,000	\$ 62,919  299,777  125,203	\$ 10,739,142 509,260 6,774,837 1,140,000 7,943 815,477 10,018,352
<u>-</u>	<u>196,430</u>	<u>9,156,071</u>	<u>1,240,379</u>	<u>487,899</u>	<u>30,514,271</u>
					21,825 537,812 14,203,495 2,225,000 7,673,578 2,155,000
	2,243,663	3,414,052	3,870,650	104,086 2,225,000	
	2,155,000				247,828 47,942,901 4,964,321 48,515
28,670,747	7,130,226	1,389,728	10,752,200	48,515	19,032,319 3,418,829 7,647,901
	75,804	(234,790)	7,513,030	286,390 293,857	
<u>28,670,747</u>	<u>11,604,693</u>	<u>4,568,990</u>	<u>22,135,880</u>	<u>2,957,848</u>	<u>110,119,324</u>
<u>\$ 28,670,747</u>	<u>\$ 11,801,123</u>	<u>\$ 13,725,061</u>	<u>\$ 23,376,259</u>	<u>\$ 3,445,747</u>	<u>\$ 140,633,595</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, 2005**

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**Total Fund Balances - Total Governmental Funds** \$ 110,119,324

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. 235,917,114

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. (245,592)

Deferred revenue and other resources not available to liquidate liabilities of the current period are not recognized in the funds. 10,077,707

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. 42,390,442

Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet. (23,357,603)

**Net Assets of Governmental Activities** \$ 374,901,392



**CITY OF BAKERSFIELD****Statement of Revenues, Expenditures and Changes in Fund Balances****Governmental Funds****For the Fiscal Year Ended June 30, 2005**

	<u>General Fund</u>	<u>Transient Occupancy Taxes</u>	<u>Community Development Block Grant</u>	<u>State Gas Tax</u>
<b>Revenues:</b>				
Taxes	\$ 109,036,455	\$ 6,594,845	\$ -	\$ -
Licenses and permits	3,853,451			
Intergovernmental	9,115,892		4,449,331	19,437,453
Charges for services	15,934,197	4,808,357	1,895	
Fines, forfeitures and assessments	829,325			56,208
Interest income	1,035,880	57,992	44,573	128,980
Loan payments			1,172,833	
Contributions and donations	2,002,731	1,200,000		
Other	91,052		21,423	59,028
	<u>141,898,983</u>	<u>12,661,194</u>	<u>5,690,055</u>	<u>19,681,669</u>
Total revenues				
<b>Expenditures:</b>				
Current:				
General government	8,189,761			
Police	53,058,186			
Fire	28,115,025			
Public works	14,884,908			3,971,383
Community services	10,684,807	5,343,474		
Development services	7,607,299			
Economic/Community development	593,979		2,947,221	
Non departmental	2,053,463	3,930,750		
Capital outlay			4,168,891	16,213,860
Debt service:				
Principal retirement				
Interest and fiscal charges				
	<u>125,187,428</u>	<u>9,274,224</u>	<u>7,116,112</u>	<u>20,185,243</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	16,711,555	3,386,970	(1,426,057)	(503,574)
<b>Other financing sources (uses):</b>				
Transfers in	1,000,000			
Transfers out	(13,883,366)	(3,510,000)	(386,409)	(42,000)
Reserve transfer to agency funds				
	<u>(12,883,366)</u>	<u>(3,510,000)</u>	<u>(386,409)</u>	<u>(42,000)</u>
Total other financing sources (uses)				
Net change in fund balances	3,828,189	(123,030)	(1,812,466)	(545,574)
Fund balances - beginning as restated (Note 19)	30,204,488	1,204,734	3,447,290	3,977,535
Fund balances - ending	<u>\$ 34,032,677</u>	<u>\$ 1,081,704</u>	<u>\$ 1,634,824</u>	<u>\$ 3,431,961</u>

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

Special Assessments Districts	Capital Outlay	Park Development	Transportation Development	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,631,300
	629,493			623,101	3,853,451
		3,350,439	38,061	2,542,832	34,255,270
14,030,000			15,272,013	1,311,461	26,675,781
466,528	175,017	276,648	472,683	169,780	31,499,007
	12,000				2,828,081
	142,500				1,172,833
			123,638		3,214,731
<u>14,496,528</u>	<u>959,010</u>	<u>3,627,087</u>	<u>15,906,395</u>	<u>4,647,174</u>	<u>219,568,095</u>
240,364	39,785			3,161	8,473,071
				477,844	53,536,030
			145,824	197,318	28,115,025
				17,802	19,199,433
					16,046,083
					7,607,299
989,770		752,267			3,541,200
4,937,444	3,601,928	6,925,542	5,664,781	179,108	7,726,250
				2,026,000	41,691,554
				811,755	2,026,000
<u>6,167,578</u>	<u>3,641,713</u>	<u>7,677,809</u>	<u>5,810,605</u>	<u>3,712,988</u>	<u>188,773,700</u>
8,328,950	(2,682,703)	(4,050,722)	10,095,790	934,186	30,794,395
	11,482,220			2,689,409	15,171,629
	(2,217,486)			(3,453,000)	(23,492,261)
<u>(3,571,055)</u>	<u>9,264,734</u>	<u>-</u>	<u>-</u>	<u>(763,591)</u>	<u>(3,571,055)</u>
<u>(3,571,055)</u>	<u>9,264,734</u>	<u>-</u>	<u>-</u>	<u>(763,591)</u>	<u>(11,891,687)</u>
4,757,895	6,582,031	(4,050,722)	10,095,790	170,595	18,902,708
23,912,852	5,022,662	8,619,712	12,040,090	2,787,253	91,216,616
<u>\$ 28,670,747</u>	<u>\$ 11,604,693</u>	<u>\$ 4,568,990</u>	<u>\$ 22,135,880</u>	<u>\$ 2,957,848</u>	<u>\$ 110,119,324</u>

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**CITY OF BAKERSFIELD**

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**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and  
Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets  
For the Fiscal Year Ended June 30, 2005**

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**Net Change in Fund Balances - Total Governmental Funds** \$ 18,902,708

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 and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. 44,182,243

Depreciation expense on capital assets 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, depreciation expense is not reported as expenditures in Governmental Funds. (7,141,848)

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. (543,590)

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.

This amount represents long-term debt repayments. 2,858,640

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. 10,077,707

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. 41,585

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. 12,108,274

**Change in Net Assets of Governmental Activities** \$ 80,485,719

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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. Debt issued is comprised of \$20,305,000 Sewer Revenue Refunding Bonds of 1994 and \$13,590,000 Sewer Revenue Bonds of 1997.

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

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

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

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

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

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

**CITY OF BAKERSFIELD****Statement of Net Assets****Proprietary Funds****June 30, 2005**

	Wastewater Treatment	Refuse Collection	Agricultural Water
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 54,035,858	\$ 13,426,680	\$ -
Accounts receivable, net	1,220,559	495,603	1,749,701
Interest receivable	459,727	124,962	
Loans			
Due from other governmental agencies	90,626	833,834	381
Due from other funds			761,250
Prepayments and inventories			
Total current assets	<u>55,806,770</u>	<u>14,881,079</u>	<u>2,511,332</u>
Noncurrent assets:			
Capital assets:			
Land and water storage rights	10,324,674		14,706,163
Depreciable buildings, property, equipment and infrastructure, net	96,086,716		2,461,985
Construction in progress	4,363,863		
Amortizable costs			
Advance to other funds	2,000,000		791,250
Note/loan receivable			
Other long term receivable	2,274,723		52,275
Total noncurrent assets	<u>115,049,976</u>	<u>-</u>	<u>18,011,673</u>
Total assets	<u>170,856,746</u>	<u>14,881,079</u>	<u>20,523,005</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	149,903	1,772,655	105,354
Claims payable			
Workers compensation claims			
Compensated absences payable	360,911	419,260	190,470
Due to other funds			401,791
Long-term debt - due within one year	752,126		1,015,000
Total current liabilities	<u>1,262,940</u>	<u>2,191,915</u>	<u>1,712,615</u>
Noncurrent liabilities:			
Long-term debt - due in more than one year	11,281,892		1,055,000
Kern River Levee District			260,248
Customers' deposits	589,911	156,861	
Advance from other funds			2,000,000
Workers compensation claims			
Compensated absences payable	141,308	324,199	55,325
Deferred revenue	2,274,723	52,539	
Total noncurrent liabilities	<u>14,287,834</u>	<u>533,599</u>	<u>3,370,573</u>
Total liabilities	<u>15,550,774</u>	<u>2,725,514</u>	<u>5,083,188</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	94,377,372	-	15,098,148
Restricted	3,178,170	5,055,282	
Unrestricted	57,750,430	7,100,283	341,669
Total net assets	<u>\$ 155,305,972</u>	<u>\$ 12,155,565</u>	<u>\$ 15,439,817</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>
\$ 8,422,264	\$ 451,102	\$ 195,445	\$ 76,531,349	\$ 35,418,573
1,241,422			4,707,285	166,948
75,233	4,522	2,210	666,654	318,448
			-	121,543
			924,841	32,094
			761,250	1,110,000
			-	1,005,034
<u>9,738,919</u>	<u>455,624</u>	<u>197,655</u>	<u>83,591,379</u>	<u>38,172,640</u>
547,102	7,464,254	5,882,193	38,924,386	
36,120,152	2,038,813	1,320,000	138,027,666	20,857,586
1,352,562			5,716,425	
77,331			77,331	
			2,791,250	1,140,000
			-	270,051
<u>3,890,399</u>			<u>6,217,397</u>	
<u>41,987,546</u>	<u>9,503,067</u>	<u>7,202,193</u>	<u>191,754,455</u>	<u>22,267,637</u>
<u>51,726,465</u>	<u>9,958,691</u>	<u>7,399,848</u>	<u>275,345,834</u>	<u>60,440,277</u>
1,340,035	1,822	7,294	3,377,063	689,982
			-	1,900,000
			-	3,505,888
65,089	2,164		1,037,894	503,025
761,250			1,163,041	
203,347			1,970,473	
<u>2,369,721</u>	<u>3,986</u>	<u>7,294</u>	<u>7,548,471</u>	<u>6,598,895</u>
1,665,323			14,002,215	
			260,248	
4,054,177	700		4,801,649	
791,250			2,791,250	
			-	11,595,499
20,561	9,254		550,647	95,892
<u>3,890,399</u>			<u>6,217,661</u>	<u>59,355</u>
<u>10,421,710</u>	<u>9,954</u>	<u>-</u>	<u>28,623,670</u>	<u>11,750,746</u>
<u>12,791,431</u>	<u>13,940</u>	<u>7,294</u>	<u>36,172,141</u>	<u>18,349,641</u>
34,798,584	9,503,067	7,202,193	160,979,364	20,857,586
			8,233,452	
<u>4,136,450</u>	<u>441,684</u>	<u>190,361</u>	<u>69,960,877</u>	<u>21,233,050</u>
<u>\$ 38,935,034</u>	<u>\$ 9,944,751</u>	<u>\$ 7,392,554</u>	<u>239,173,693</u>	<u>\$ 42,090,636</u>
			(299,806)	
			<u>\$ 238,873,887</u>	

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**CITY OF BAKERSFIELD**

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**Statement of Revenues, Expenses and Changes in Fund Net Assets****Proprietary Funds****For the Fiscal Year Ended June 30, 2005**

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	Wastewater Treatment	Refuse Collection	Agricultural Water
<b>Operating revenues:</b>			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	16,767,681	28,610,206	3,740,608
Cost recoveries	13,186	1,670,009	559,467
Rental income	364,210		76,873
Other sales or services		11,097	2,340,991
Miscellaneous	9,132	293	
	<hr/>	<hr/>	<hr/>
Total operating revenues	17,154,209	30,291,605	6,717,939
<b>Operating expenses:</b>			
General and administrative	8,816,450	28,124,208	3,545,993
Transmission and distribution	114,677	607,362	50,799
Workers' compensation payments			
Claims paid			
Depreciation and amortization	4,339,941		336,164
Compensated absences		91,791	21,624
	<hr/>	<hr/>	<hr/>
Total operating expenses	13,271,068	28,823,361	3,954,580
Operating income (loss)	<hr/>	<hr/>	<hr/>
	3,883,141	1,468,244	2,763,359
<b>Nonoperating revenues (expenses):</b>			
Interest income	1,680,725	568,240	
Federal/State grants		219,926	
Contributions		11,380	
Connection fees	11,392,505		
Interest expense	(265,067)		(201,048)
County/developer project share	490		13,500
Gain/loss on sale of real property		3,199	198,899
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues	12,808,653	802,745	11,351
Income (loss) before transfers	16,691,794	2,270,989	2,774,710
Transfers in			220,278
Transfers out	(340,000)	(1,675,098)	(140,000)
	<hr/>	<hr/>	<hr/>
Change in net assets	16,351,794	595,891	2,854,988
<b>Total Net Assets - Beginning of Year</b>	<hr/>	<hr/>	<hr/>
	138,954,178	11,559,674	12,584,829
<b>Total Net Assets - End of Year</b>	<hr/>	<hr/>	<hr/>
	\$ 155,305,972	\$ 12,155,565	\$ 15,439,817

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

Change in net assets of business-type activities

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

Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
\$ -	\$ -	\$ -	\$ -	220,671
12,001,857	122,666	88,813	61,331,831	24,973,303
207	3,081		2,245,950	26,328
1,185,976			441,083	
		4,900	3,538,064	
			14,325	128,146
<u>13,188,040</u>	<u>125,747</u>	<u>93,713</u>	<u>67,571,253</u>	<u>25,348,448</u>
10,195,449	120,174	114,434	50,916,708	16,899,723
206,444	32,117		1,011,399	
			-	1,812,611
1,234,414	129,889	70,000	6,110,408	762,722
			113,415	4,703,568
				17,959
<u>11,636,307</u>	<u>282,180</u>	<u>184,434</u>	<u>58,151,930</u>	<u>24,196,583</u>
<u>1,551,733</u>	<u>(156,433)</u>	<u>(90,721)</u>	<u>9,419,323</u>	<u>1,151,865</u>
224,971	14,958	7,967	2,496,861	974,440
	14,882		234,808	
	1,000		12,380	38,579
2,938,389			14,330,894	
(119,629)			(585,744)	
838,639			852,629	
120,930			323,028	165,845
<u>4,003,300</u>	<u>30,840</u>	<u>7,967</u>	<u>17,664,856</u>	<u>1,178,864</u>
5,555,033	(125,593)	(82,754)	27,084,179	2,330,729
			220,278	10,878,730
(233,278)			(2,388,376)	(390,000)
5,321,755	(125,593)	(82,754)	24,916,081	12,819,459
<u>33,613,279</u>	<u>10,070,344</u>	<u>7,475,308</u>	<u>-</u>	<u>29,271,177</u>
<u>\$ 38,935,034</u>	<u>\$ 9,944,751</u>	<u>\$ 7,392,554</u>		<u>\$ 42,090,636</u>
			<u>711,182</u>	
			<u>\$ 25,627,263</u>	

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**CITY OF BAKERSFIELD**

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**Statement of Cash Flows****Proprietary Funds****For the Fiscal Year Ended June 30, 2005**

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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	\$ 18,557,670	\$ 30,371,869	\$ 5,669,756
Prior year reimbursements and cost recoveries	13,185		106,194
Cash paid to:			
Suppliers	(5,991,483)	(23,781,896)	(2,270,610)
Employees	(3,506,161)	(4,840,802)	(1,320,374)
Cash deposits returned to customers			
Net cash provided (used) by operating activities	<u>9,073,211</u>	<u>1,749,171</u>	<u>2,184,966</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash received from federal and state grants		219,926	
Cash transferred from other funds			220,278
Cash transferred to other funds	(340,000)	(1,675,098)	(830,489)
County/developer project share	490		13,500
Contributions		11,380	
Connection fees	11,392,506		
Cash advance from General fund			401,791
Net cash provided (used) by noncapital financing activities	<u>11,052,996</u>	<u>(1,443,792)</u>	<u>(194,920)</u>
<b>Cash flows from capital and related financing activities:</b>			
Principal payments:			
Bonds	(5,110,000)		(980,000)
Notes	(752,126)		
Loans			(1,700,000)
Principal receipts-notes	1,700,000		735,000
Interest paid	(265,067)		(201,048)
Purchase of capital assets			
Proceeds from sale of capital assets		3,199	198,899
Construction	(3,745,448)		
Net cash provided (used) by capital and related financing activities	<u>(8,172,641)</u>	<u>3,199</u>	<u>(1,947,149)</u>
<b>Cash flows from investing activities:</b>			
Cash deposits to deferred compensation	(138,468)	(163,077)	(42,897)
Interest received	1,496,921	499,232	
Net increase (decrease) in the fair value of investments	(31,832)	17,746	
Net cash provided (used) by investing activities	<u>1,326,621</u>	<u>353,901</u>	<u>(42,897)</u>
Net increase (decrease) in cash	13,280,187	662,479	-
Cash and cash equivalents - Beginning of year	<u>40,755,671</u>	<u>12,764,201</u>	-
Cash and cash equivalents - End of year	<u>\$ 54,035,858</u>	<u>\$ 13,426,680</u>	<u>\$ -</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>
\$ 13,311,370 207	\$ 124,877 3,081	\$ 93,713	\$ 68,129,255 122,667	\$ 25,241,258 99,946
(10,106,364) (341,496) (228,907)	(113,678) (43,803)	(107,713)	(42,371,744) (10,052,636) (228,907)	(14,533,234) (4,700,279)
<u>2,634,810</u>	<u>(29,523)</u>	<u>(14,000)</u>	<u>15,598,635</u>	<u>6,107,691</u>
	14,882		234,808 220,278 (3,078,865) 852,629 12,380 14,330,895 401,791	10,878,731 (2,640,000)
(233,278) 838,639	1,000			
<u>2,938,389</u>			<u>12,973,916</u>	<u>8,238,731</u>
<u>3,543,750</u>	<u>15,882</u>	<u>-</u>		
			(6,090,000) (1,678,805) (1,700,000) 2,435,000 (585,744) (75,409) 323,028 (7,444,923)	135,825 (5,896,933) 377,976
(926,679)		(75,409)		
(119,629)				
120,930 (3,699,475)				
<u>(4,624,853)</u>	<u>-</u>	<u>(75,409)</u>	<u>(14,816,853)</u>	<u>(5,383,132)</u>
(38,834) 200,295 (4,903)	(1,020) 12,490 874	7,954 1,188	(384,296) 2,216,892 (16,927)	(162,112) 827,508 (30,572)
<u>156,558</u>	<u>12,344</u>	<u>9,142</u>	<u>1,815,669</u>	<u>634,824</u>
1,710,265	(1,297)	(80,267)	15,571,367	9,598,114
<u>6,711,999</u>	<u>452,399</u>	<u>275,712</u>	<u>60,959,982</u>	<u>25,820,459</u>
<u>\$ 8,422,264</u>	<u>\$ 451,102</u>	<u>\$ 195,445</u>	<u>\$ 76,531,349</u>	<u>\$ 35,418,573</u>

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**CITY OF BAKERSFIELD**

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**Statement of Cash Flows****Proprietary Funds****For the Fiscal Year Ended June 30, 2005**

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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)	\$ 3,883,141	\$ 1,468,244	\$ 2,763,359
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	4,062,441		336,164
Amortization expense	277,500		
(Increase) decrease in accounts receivable	1,163,094	80,263	(976,887)
Decrease in inventories			
(Increase) decrease in prepaid items			
Increase (decrease) in accounts payable	(718,758)	127,828	(37,090)
Increase in workers compensation claims			
Increase (decrease) in deferred revenue		(182,032)	
Increase (decrease) in customers' deposits	253,553		34,899
Increase in deposits to deferred compensation	138,468	163,077	42,897
Increase (decrease) in compensated absences	13,772	91,791	21,624
Increase in meter deposits			
Net cash provided (used) by operating activities	<u>\$ 9,073,211</u>	<u>\$ 1,749,171</u>	<u>\$ 2,184,966</u>

Noncash investing, capital, and financing activities:

Contribution of general fixed assets from developers

Contribution of equipment from other departments

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

<u>Domestic Water</u>	<u>General Aviation</u>	<u>Offstreet Parking</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 1,551,733	\$ (156,433)	\$ (90,721)	\$ 9,419,323	\$ 1,151,865
1,224,747	129,889	70,000	5,823,241	4,703,568
9,667			287,167	
(119,495)	2,211		149,186	(7,243)
			-	(198,934)
			-	-
(84,595)	(8,998)	6,721	(714,892)	(442,645)
			-	756,484
			(182,032)	25,219
10,905			299,357	
38,834	1,020		384,296	162,112
(207)	2,788		129,768	(42,735)
3,221			3,221	
<u>\$ 2,634,810</u>	<u>\$ (29,523)</u>	<u>\$ (14,000)</u>	<u>\$ 15,598,635</u>	<u>\$ 6,107,691</u>

\$ 6,962,233  
38,579



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## *Fiduciary Fund Financial Statements*

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These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

**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.

**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, Habitat Conservation and other revenues held in trust pending disposition of contingencies.

**Improvement Districts Fund** is used to account for the collection of liens for improvements benefiting private properties and payments to the holders of bonds issued pursuant to the Improvement Act of 1913 and the Improvement Bond Act of 1915. The City is in no way liable for the payment of bonded indebtedness, but the City serves as agent to collect the principal and interest installments from the owners of the benefited property. A trustee 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, 2005**

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	<u>Fire Relief and Pension Trust</u>	<u>Agency Funds</u>
<b>Assets:</b>		
Cash and investments	\$ 1,297,929	\$ 46,512,656
Retirement system investments-		
Federal agency coupons	500,000	
Interest receivable	16,340	225,038
Due from other governmental agencies		564,343
	<hr/>	<hr/>
Total assets	1,814,269	47,302,037
	<hr/>	<hr/>
<b>Liabilities -</b>		
Payables:		
Payroll		6,669,810
Deposits		34,674,455
Accrued bond interest		1,602,772
Bonds		4,355,000
		<hr/>
Total liabilities	-	47,302,037
	<hr/>	<hr/>
<b>Net Assets -</b>		
Held in trust for pension benefits and other purposes	\$ 1,814,269	\$ -
	<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****Pension Trust Fund****For the Fiscal Year Ended June 30, 2005**

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**Additions -**

Investment income:

Interest income	\$ 49,112
Net depreciation in the fair value of investments	<u>(8,867)</u>

Total additions	<u>40,245</u>
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**Deductions -**

Benefits

176,520

Total deductions	<u>176,520</u>
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Net decrease	(136,275)
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**Net assets held in trust for pension benefits -**

Beginning of year	<u>1,950,544</u>
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End of year	<u>\$ 1,814,269</u>
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The accompanying notes are an integral part of these financial statements.



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**CITY OF BAKERSFIELD**

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Notes to the 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.

**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.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**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.

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. 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.

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.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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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.

State Gas Tax Fund - The State Gas Tax 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 Assessments District Fund - The Special Assessment Districts Fund is used to account for the 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 - 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 Funds - 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.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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

The City reports the following additional fund types:

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

Pension Trust Fund - The Pension 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.

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

**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 Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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

**D. Assets, Liabilities, Net Assets or 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.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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

Receivables

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

Inventory and Prepaid Items

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

Capital Assets

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

Capital assets, which include property, plant, equipment, 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

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. 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.

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

As of June 30, 2005, net assets are as follows:

	Primary Government			Discretely Presented Component Unit	Total Reporting Entity
	Governmental Activities	Business-Type Activities	Total		
Invested in capital assets, net of related debt	\$ 240,757,766	\$ 160,979,364	\$ 401,737,130	\$ -	\$ 401,737,130
Restricted	48,239,244	8,233,452	56,472,696	1,765,587	58,238,283
Unrestricted	85,904,382	69,661,071	155,565,453	(32,303,271)	123,262,182
<b>Total net assets</b>	<b>\$ 374,901,392</b>	<b>\$ 238,873,887</b>	<b>\$ 613,775,279</b>	<b>\$ (30,537,684)</b>	<b>\$ 583,237,595</b>

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, 2005 are as follows:

	General	Community Development Block Grant	State Gas Tax	Capital Outlay	Parks Development	Transportation Development	Non-major Governmental	Trust and Agency	Total
	Fund	Fund	Fund	Fund	Fund	Fund	Funds	Funds	
Petty cash	\$ 21,825	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,825
Prepaid items	537,812								537,812
Encumbrances	1,665,099	1,080,650	1,825,295	2,243,663	3,414,052	3,870,650	104,086		14,203,495
Debt services							2,225,000		2,225,000
Cash basis	7,673,578								7,673,578
Facility replacement				2,155,000					2,155,000
Pension								1,814,269	1,814,269
	<b>\$ 9,898,314</b>	<b>\$ 1,080,650</b>	<b>\$ 1,825,295</b>	<b>\$ 4,398,663</b>	<b>\$ 3,414,052</b>	<b>\$ 3,870,650</b>	<b>\$ 2,329,086</b>	<b>\$ 1,814,269</b>	<b>\$ 28,630,979</b>

Petty cash reserve

The City maintains a petty cash fund - \$21,825 at June 30, 2005 - 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 prepaid items

The reserve for prepaid items - \$537,812 at June 30, 2005 - relates to certain payments made in the current fiscal year which will benefit, and be recognized as incurred, in future accounting periods.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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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, 2005 - \$14,203,495 - 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 - \$7,673,578 at June 30, 2005 - 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, 2005 are as follows:

	General Fund	Transient Occupancy Taxes Fund	State Gas Tax Fund	Special Assessments Districts Fund	Capital Outlay Fund	Parks Development Fund	Transportation Development Fund	Non-major Governmental Funds	Total
Current projects	\$ 247,828	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 247,828
Capital improvements				28,670,747	7,130,226	1,389,728	10,752,200		47,942,901
Compensated Absences	4,854,216	39,787	70,318						4,964,321
Debt services								48,515	48,515
	<u>\$ 5,102,044</u>	<u>\$ 39,787</u>	<u>\$ 70,318</u>	<u>\$ 28,670,747</u>	<u>\$ 7,130,226</u>	<u>\$ 1,389,728</u>	<u>\$ 10,752,200</u>	<u>\$ 48,515</u>	<u>\$ 53,203,565</u>

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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.

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.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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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.

**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

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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June 30, 2005 the City Council approved \$27,927,410 of increases to the originally adopted budget, excluding carryovers of prior year encumbered balances and selected capital appropriations.

Excess of Expenditures over Appropriations

Major Governmental Funds	Final Budgeted Amount	Actual	(Negative) Budget Variance
Transient Occupancy Taxes-			
Non departmental	\$ 3,911,177	\$ 3,930,750	\$ (19,573)
Gas Tax-			
Public works	\$ 3,632,580	\$ 3,971,383	\$ (338,803)
Assessment District:			
General Government	\$ 202,494	\$ 240,364	\$ (37,870)
Non departmental	\$ 463,933	\$ 989,770	\$ (525,837)

Deficit Fund Equity

No City fund reported a deficit in its equity accounts as of June 30, 2005.

Reclassification and Eliminations

Interfund balances must generally be eliminated in the government-wide financial statements, except for net residual amounts due between governmental activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once - in the function in which they are allocated.

**NOTE 2 - CASH AND INVESTMENTS**

Cash and investments as of June 30, 2005 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$222,478,336
Fiduciary funds:	
Cash and investments	1,297,929
Retirement system investments-	
Federal agency coupons	500,000
Agency funds	<u>46,512,656</u>
Total cash and investments	<u>\$270,788,921</u>

Cash and investments as of June 30, 2005 consist of the following:

Cash on hand	\$ 2,535,878
Deposits with financial institutions	208,624
Investments	269,945,124
GASB 31 Market Value Adjustment	<u>(1,900,705)</u>
Total cash and investments	<u>\$270,788,921</u>

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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

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

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

**Investment Authorized by Debt Agreements**

The City and its Component Units have \$2,525,570 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, 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. 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.

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

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

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>				
	<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>	
U.S. Government Agency Obligations:					
Federal Farm Credit Bank	\$51,998,250	\$8,000,000	\$22,000,000	\$21,998,250	\$ -
Federal Home Loan Bank	49,499,750	9,500,000	13,000,000	26,999,750	-
Federal Home Loan Mortgage Corp.	35,000,000	6,000,000	14,000,000	15,000,000	-
Federal National Mortgage Assn.	36,994,375	10,000,000	13,994,375	13,000,000	-
Local Agency Investment Fund	57,800,295	57,800,295	-	-	-
Mutual Funds	36,126,884	36,126,884	-	-	-
Investment Contracts	<u>2,525,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,525,570</u>
Total	<u>\$269,945,124</u>	<u>\$127,427,179</u>	<u>\$62,994,375</u>	<u>\$76,998,000</u>	<u>\$2,525,570</u>

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

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

**Credit Risk**

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

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Ratings as of the Year End</u>		
			<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
U.S. Government Agency Obligations:					
Federal Farm Credit Bank	\$ 51,998,250	N/A	\$ 51,998,250	\$ -	\$ -
Federal Home Loan Bank	49,499,750	N/A	49,499,750	-	-
Federal Home Loan Mortgage Corp.	35,000,000	N/A	35,000,000	-	-
Federal National Mortgage Assn.	36,994,375	N/A	36,994,375	-	-
Local Agency Investment Fund	57,800,295	N/A	-	-	57,800,295
Mutual Funds	36,126,884	N/A	36,126,884	-	-
Investment Contracts	<u>2,525,570</u>	<u>N/A</u>	<u>-</u>	<u>-</u>	<u>2,525,570</u>
	<u>\$269,945,124</u>		<u>\$209,619,259</u>	<u>\$ -</u>	<u>\$60,325,865</u>

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**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	\$51,998,250	19%
Federal Home Loan Bank	Federal Agency Securities	\$49,499,750	18%
Federal Home Loan Mortgage Corp.	Federal Agency Securities	\$35,000,000	13%
Federal National Mortgage Assn.	Federal Agency Securities	\$36,994,375	14%

**Custodial Credit Risk**

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

As of June 30, 2005, 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, 2005, all of the City's investments were held by the City itself or by a broker-dealer (counterparty) other than the broker-dealer used by the City to purchase the securities in the City's name.

**Investment in State Investment Pool**

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

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

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

Accounts receivable at June 30, 2005 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 Fund	Occupancy Taxes Fund	Development Block Grant Fund	State Gas Tax Fund	Capital Outlay Fund	Non-major Governmental Funds	Internal Service Funds	Total Governmental Activities
Taxes	\$ -	\$618,823	\$ -	\$ -	\$ -	\$ -	\$ -	618,823
Accounts	1,897,762		173,703	23,031	389,942	113,000	214,439	2,811,877
Gross Receivables	1,897,762	618,823	173,703	23,031	389,942	113,000	214,439	3,430,700
Less: Allowance for Uncollectible	-	-	-	-	-	-	(47,491)	(47,491)
Total Accounts Receivable - Net	<u>\$1,897,762</u>	<u>\$618,823</u>	<u>\$173,703</u>	<u>\$23,031</u>	<u>\$389,942</u>	<u>\$113,000</u>	<u>\$166,948</u>	<u>3,383,209</u>

<b>Accounts Receivable - Enterprise Funds:</b>	Wastewater Treatment Fund	Refuse Collection Fund	Agricultural Water Fund	Domestic Water Fund	General Aviation Fund	Off-street Parking Fund	Total Business-Type Activities
Accounts	\$1,253,074	\$495,603	\$1,749,701	\$1,241,422			\$4,739,800
Gross Receivables	1,253,074	495,603	1,749,701	1,241,422			4,739,800
Less: Allowance for Uncollectible	(32,515)						(32,515)
Total Accounts Receivable - Net	<u>\$1,220,559</u>	<u>\$495,603</u>	<u>\$1,749,701</u>	<u>\$1,241,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,707,285</u>

Accounts payable and accrued liabilities at June 30, 2005 are composed of the following:

<b>Accounts Payable and Accrued Liabilities - Governmental Activities:</b>	General Fund	Transient Occupancy Taxes Fund	Community Development Block Grant Fund	State Gas Tax Fund	Capital Outlay Fund	Park Development Fund	Transportation Development Fund	Non-major Governmental Funds	Internal Service Funds	Total Governmental Activities
Accounts	\$ 893,902	\$ 591	\$ 28,880	\$ 610,018	\$ 196,430	\$ 6,906,071	\$ 752,879	\$ 62,919	\$ 689,982	\$ 10,141,672
Accrued Interest										245,592
Due to federal government	509,260									509,260
Due to other governments	1,037,796									1,037,796
Deposits	249,656	7,943								257,599
Total Accounts Payable and Accrued Liabilities	<u>\$ 2,690,614</u>	<u>\$ 8,534</u>	<u>\$ 28,880</u>	<u>\$ 610,018</u>	<u>\$ 196,430</u>	<u>\$ 6,906,071</u>	<u>\$ 752,879</u>	<u>\$ 62,919</u>	<u>\$ 689,982</u>	<u>\$ 12,191,919</u>

<b>Accounts Payable and Accrued Liabilities - Business Activities:</b>	Wastewater Treatment Fund	Refuse Collection Fund	Agricultural Water Fund	Domestic Water Fund	General Aviation Fund	Off-street Parking Fund	Total Business-Type Activities
Accounts	\$ 149,903	\$ 1,772,655	\$ 102,335	\$ 1,287,044	\$ 1,822	\$ 7,294	\$ 3,321,053
Accrued interest			3,019	28,584			31,603
Meter deposit				24,407			24,407
Kern River Levee District			260,248				260,248
Total Accounts Payable and Accrued Liabilities	<u>\$ 149,903</u>	<u>\$ 1,772,655</u>	<u>\$ 365,602</u>	<u>\$ 1,340,035</u>	<u>\$ 1,822</u>	<u>\$ 7,294</u>	<u>\$ 3,637,311</u>

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**NOTE 4 - DUE FROM OTHER GOVERNMENTS**

Amounts due from other governments at June 30, 2005 are comprised of the following:

	Federal Government	State of California	County Agencies	Total Governmental Activities	Business Activities	Discretely Presented Component Unit	Total Reporting Entity
SB90 Claims	\$ -	\$ 2,343,602	\$ -	\$ 2,343,602	\$ -	\$ -	\$ 2,343,602
Sales Tax		6,602,587	80,899	6,683,486			6,683,486
Sales Tax Extension			92,071	92,071			92,071
Property Tax			727,481	727,481		81,600	809,081
Police Charges	247,654	32,168	87,646	367,468			367,468
Fire Services			1,383,778	1,383,778			1,383,778
Economic & Community Development	305,681			305,681			305,681
Department of Transportation	5,125,384	1,076,933	175,149	6,377,466			6,377,466
State Water Resource Control		96,204		96,204	91,007		187,211
Green Waste Facility					833,834		833,834
PERS Retirement		32,094		32,094			32,094
Kern Co. Public Works – Coop Agreement			1,009	1,009			1,009
Totals	<u>\$ 5,678,719</u>	<u>\$ 10,183,588</u>	<u>\$ 2,548,033</u>	<u>\$ 18,410,340</u>	<u>\$ 924,841</u>	<u>\$ 81,600</u>	<u>\$ 19,416,781</u>

**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		Additions	Deletions	Balance at	
	June 30, 2004				June 30, 2005	
Land held for resale	\$ 688,924		2,713,170	-	\$ 3,402,094	

**NOTE 6 - CAPITAL ASSETS**

In accordance with GASB 34 the City has selected to defer the retroactive reporting of infrastructure assets until the fiscal year ended June 30, 2006. Accordingly, these financial statements do not include infrastructure assets acquired/constructed prior to July1, 2001.

Capital asset activities for the year ended June 30, 2005 were as follows:

# CITY OF BAKERSFIELD

## Notes to the Basic Financial Statements (continued)

	Balance June 30, 2004	Addition	Retirement	Balance June 30, 2005
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	\$ 20,017,044	\$ 434,651		\$ 20,451,695
Construction in progress	16,016,934	36,706,541	9,012,987	43,710,488
Total capital assets, not being depreciated	36,033,978	37,141,192	9,012,987	64,162,183
Capital assets, being depreciated				
Buildings	101,167,451	239,411	-	101,406,862
Infrastructure	93,108,698	15,125,555	-	108,234,253
Rolling equipment	43,872,399	6,046,387	2,244,047	47,674,739
Furniture and other equipment	14,190,036	808,247	255,364	14,742,919
Total capital assets, being depreciated	252,338,584	22,219,600	2,499,411	272,058,773
Less accumulated depreciated for				
Buildings	(29,370,902)	(2,288,161)	-	(31,659,063)
Infrastructure	(4,507,124)	(4,279,283)	-	(8,786,407)
Rolling equipment	(25,688,718)	(4,272,746)	(2,005,131)	(27,956,333)
Furniture and other equipment	(10,091,368)	(1,005,226)	(52,141)	(11,044,453)
	(69,658,112)	(11,845,416)	(2,057,272)	(79,446,256)
Total Capital Assets, being depreciated, net	182,680,472	10,374,184	442,139	192,612,517
Governmental activities capital assets, net	\$ 218,714,450	\$ 47,515,376	\$ 9,455,126	\$ 256,774,700
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 38,848,978	\$ 75,408	\$ -	\$ 38,924,386
Construction in progress	6,156,271	2,117,518	2,557,364	5,716,425
Total capital assets, not being depreciated	45,005,249	2,192,926	2,557,364	44,640,811
Capital assets, being depreciated				
Buildings structures and improvements	163,561,297	7,618,355	-	171,179,652
Equipment	39,669,682	24,201	-	39,693,883
Total capital assets, being depreciated	203,230,979	7,642,556	-	210,873,535
Less accumulated depreciation for				
Buildings structures and improvements	(52,605,529)	(4,293,205)	-	(56,898,734)
Equipment	(14,417,099)	(1,530,036)	-	(15,947,135)
Total accumulated depreciation	(67,022,628)	(5,823,241)	-	(72,845,869)
Total Capital Assets, being depreciated, net	136,208,351	1,819,315	-	138,027,666
Business-type activities capital assets, net	\$ 181,213,600	\$ 4,012,241	\$ 2,557,364	\$ 182,668,477

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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

<b>Governmental functions:</b>	Amortization	Depreciation	Total
General government	\$ -	\$ 199,374	\$ 199,374
Public safety - Police		1,714,406	1,714,406
Public safety - Fire		749,716	749,716
Public works		7,361,154	7,361,154
Community services		1,671,429	1,671,429
Development services		113,819	113,819
Economic and Community Development		35,518	35,518
Total	\$ -	\$ 11,845,416	\$ 11,845,416
<b>Business-type functions:</b>			
Wastewater treatment	\$ 277,500	\$ 4,062,441	\$ 4,339,941
Agricultural water		336,164	336,164
Domestic water	9,667	1,224,747	1,234,414
General aviation		129,889	129,889
Off-street parking		70,000	70,000
Total	\$ 287,167	\$ 5,823,241	\$ 6,110,408

**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 a local garbage hauler. Interest is charged at the range of 4.75% - 7.5%.

\$ 391,594

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).

4,822,025

Face value of loans

5,213,619

Less: current portion

121,543

Long-term portion

\$ 5,092,076

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**Business-Type Activities**

Notes receivable in the wastewater treatment fund and agricultural water fund are for 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. 2,274,723

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. 3,890,399

Total Business-type noncurrent receivables \$ 6,217,397

**Component Unit**

Lee Development, principal due and payable July 2024. Interest at 1.5%. The interest payment will be deferred for first ten years, until the year 2010. \$ 183,500

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

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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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>33,465,000</u>
	35,748,500
Less current portion	<u>1,240,000</u>
Long-term portion	<u>\$ 34,508,500</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, 2005 were:

Fund	Due from Other Funds	Due to Other Funds
Governmental Funds:		
Major Funds:		
General Fund	\$ 6,066,628	\$ -
Park Development Fund		1,110,000
State Gas Tax Fund		5,365,060
Non-Major Fund -		
Public Financing Authority Debt Fund		299,777
Proprietary Funds -		
Major Funds:		
Agricultural Water Fund	761,250	401,791
Domestic Water Fund		761,250
Equipment Management	1,110,000	
	<u>\$ 7,937,878</u>	<u>\$ 7,937,878</u>

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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	<u>Advance from Other Funds</u>	<u>Advance to Other Funds</u>
Governmental Funds -		
Major Funds -		
Park Development Fund	\$ 1,140,000	
Proprietary Funds -		
Major Funds:		
Agricultural Water Fund	2,000,000	791,250
Domestic Water Fund	791,250	
Wastewater Treatment Fund		2,000,000
Equipment Management		1,140,000
	<u>\$ 3,931,250</u>	<u>\$ 3,931,250</u>

Interfund transfers at June 30, 2005 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds:</u>		
Major Funds:		
General Fund	\$ 1,000,000	\$ 13,883,366
Transient Occupancy Tax Fund		3,510,000
Community Development Block Grant Fund		386,409
State Gas Tax Fund		42,000
Capital Outlay Fund	11,482,220	2,217,486
Non-Major Funds:		
State Safety Fund		1,150,000
General Obligation Debt	386,409	
Public Financing Authority Debt Service Fund	2,303,000	
Public Financing Authority Capital Project Fund		2,303,000
<u>Proprietary Funds:</u>		
Major Funds:		
Wastewater Treatment Fund		340,000
Refuse Collection Fund		1,675,098
Agricultural Water Fund	220,278	140,000
Domestic Water Fund		233,278
Internal Service Funds	10,878,730	390,000
	<u>\$ 26,270,637</u>	<u>\$ 26,270,637</u>

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

- ? The \$1,000,000 transfer in to the General fund is a transfer from the Transient Occupancy Tax Fund to reduce the General Fund portion of the unfunded liability within the Self Insurance Fund.
- ? The \$2,303,000 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 \$11,482,220 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.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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- ? The \$386,409 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 \$220,278 transfer in to the Agricultural Water fund is a transfer from the Domestic Water fund to cover their 75% share of debt on the 2002 General Obligation Water Bonds.
- ? The \$10,878,730 transfer in to Internal Service funds is made up of two items. The first item is a transfer of \$3,478,730 from various funds to the Equipment fund to purchase additional vehicles and equipment. The second item is a transfer of \$7,400,000 from the General fund to the Self Insurance fund to partially offset an existing deficit in that fund.

**NOTE 9 - DEFERRED REVENUE**

The following table summarizes deferred revenue for the Reporting Entity at June 30, 2005:

<b>Governmental activities:</b>	<u>Unavailable/ Unearned</u>
Dog License	\$ 83,219
Governmental Activities:	
General Fund	
California Water Receivable	210,367
Collection Agency Receivable	777,504
Police Service Receivable	180,199
State Agencies (SB90)	2,343,604
County Agencies -- Fire Protection Services	<u>1,383,778</u>
General Fund	<u>4,978,671</u>
Community Development Block Grant Fund - Deferred loans	4,987,869
State Gas Tax Fund- Developer Receivables	22,031
State Gas Tax Fund - Grants advanced	232,555
Transportation Development Fund	487,500
Non-major fund: State Transportation -- Grants advanced	125,203
Self Insurance Internal Service Fund	59,355
 Total Governmental Activities	 <u>10,893,184</u>

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**Business-type activities:**

Wastewater Treatment	2,274,723
Refuse Collection	52,539
Domestic Water	3,890,399
Total Business-Type Activities	<u>6,217,661</u>

Total Deferred Revenue - Primary Government	<u>17,110,845</u>
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## Discretely Presented Component Unit:

Lease Receivable	\$33,465,000
Notes Receivable	2,283,500
Developers Receivable	240,000

Total Discretely Presented Component Unit	<u>35,988,500</u>
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Total Reporting Entity	<u>\$53,099,345</u>
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**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

**NOTE 10 - LONG-TERM DEBT**

Long-term debt transactions for the fiscal year ending June 30, 2005 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, 2004:							
Bonds	\$ 9,120,000	\$ 3,050,000	\$ 5,110,000	\$ 8,160,000	\$ 17,280,000	\$ -	\$ 17,280,000
Certificates of Participation						34,640,000	34,640,000
Notes	5,732,640	14,846,492		14,846,492	20,579,132		20,579,132
Contracts/Loans						1,960,642	1,960,642
Claims and Judgments Payable	16,244,903				16,244,903		16,244,903
Compensated Absences	11,400,972	1,458,773		1,458,773	12,859,745		12,859,745
Subtotal	42,498,515	19,355,265	5,110,000	24,465,265	66,963,780	36,600,642	103,564,422
New debt incurred:							
Notes							
Contracts/Loans						2,418,134	2,418,134
Claims and Judgments Payable	4,175,850				4,175,850		4,175,850
Compensated Absences	7,734,793	1,082,084		1,082,084	8,816,877		8,816,877
Subtotal	11,910,643	1,082,084		1,082,084	12,992,727	2,418,134	15,410,861
Principal reductions:							
Bonds	1,865,000	980,000	5,110,000	6,090,000	7,955,000		7,955,000
Certificates of Participation						1,175,000	1,175,000
Notes	993,640	943,804		943,804	1,937,444		1,937,444
Contracts/Loans						67,042	67,042
Claims and Judgments Payable	3,419,366				3,419,366		3,419,366
Compensated Absences	7,173,245	952,316		952,316	8,125,561		8,125,561
Subtotal	13,451,251	2,876,120	5,110,000	7,986,120	21,437,371	1,242,042	22,679,413
Payable at June 30, 2005:							
Bonds	7,255,000	2,070,000		2,070,000	9,325,000		9,325,000
Certificates of Participation						33,465,000	33,465,000
Notes	4,739,000	13,902,688		13,902,688	18,641,688		18,641,688
Contracts						4,311,734	4,311,734
Claims and Judgments Payable	17,001,387				17,001,387		17,001,387
Compensated Absences	11,962,520	1,588,541		1,588,541	13,551,061		13,551,061
Total Payables	\$ 40,957,907	\$ 17,561,229	\$ -	\$ 17,561,229	\$ 58,519,136	\$ 37,776,734	\$ 96,295,870

**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	\$ 980,000	\$ 1,015,000	\$ -	\$ 1,015,000	\$ 1,995,000	\$ -	\$ 1,995,000
Certificates of Participation						1,240,000	1,240,000
Notes	168,000	955,473		955,473	1,123,473		1,123,473
Contracts						95,135	95,135
Claims and Judgments Payable	5,405,888				5,405,888		5,405,888
Compensated Absences	5,467,346	1,037,894		1,037,894	6,505,240		6,505,240
<b>Total Due Within One Year</b>	<b>\$ 12,021,234</b>	<b>\$ 3,008,367</b>	<b>\$ -</b>	<b>\$ 3,008,367</b>	<b>\$ 15,029,601</b>	<b>\$ 1,335,135</b>	<b>\$ 16,364,736</b>
<b>Due in More Than One Year</b>							
Bonds	\$ 6,275,000	\$ 1,055,000	\$ -	\$ 1,055,000	\$ 7,330,000	\$ -	\$ 7,330,000
Certificates of Participation						32,225,000	32,225,000
Notes	4,571,000	12,947,215		12,947,215	17,518,215		17,518,215
Contracts						4,216,599	4,216,599
Claims and Judgments Payable	11,595,499				11,595,499		11,595,499
Compensated Absences	6,495,174	550,647		550,647	7,045,821		7,045,821
<b>Total Due in More Than One Year</b>	<b>\$ 28,936,673</b>	<b>\$ 14,552,862</b>	<b>\$ -</b>	<b>\$ 14,552,862</b>	<b>\$ 43,489,535</b>	<b>\$ 36,441,599</b>	<b>\$ 79,931,134</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, 2005 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.) \$ 6,655,000

\$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) 600,000

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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General obligation bonds serviced by business-type activities: \$4,930,000 City General Obligation Water Refunding Bonds, Series 2002 – due in annual principal installments of \$930,000 to \$1,055,000 commencing December 15, 2002 through 2006; interest ranging from 3.00% to 3.50%. (This issue is serviced by the <u>Agriculture Water Enterprise Fund</u> .)	2,070,000
Total Bonds – Primary Government/Reporting Entity	<u>\$ 9,325,000</u>

Certificates of Participation:

Certificates of participation serviced by Discretely Presented Component Unit: \$40,650,000 Bakersfield Redevelopment Agency - Redevelopment (Convention Center Expansion Project) Certificates 1997 - due in annual principal installments of \$475,000 to \$2,965,000 commencing April 1, 1998 through 2022; interest ranging from 4.00% to 5.875%. (This issue is serviced by the <u>Bakersfield Redevelopment Agency Debt Service Fund</u> .)	\$ 33,465,000
Total Certificates of Participation -- Discretely Presented Component Unit	<u>\$ 33,465,000</u>

Notes:

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%	\$ 3,963,000
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%	776,000

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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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.

12,034,018

\$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 Domestic Water Fund.1,868,670

Total general obligation notes payable - Primary government

\$ 18,641,688General 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.

\$ 1,200,000

\$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

\$175,000 Bakersfield Redevelopment Agency Ownership Participation Agreement 1996 - tax rebates due in annual principal installments of approximately \$12,500 to \$65,000 commencing January 31, 2000 through July 31, 2005 without interest. (This debt is serviced by the Bakersfield Redevelopment Agency Debt Service Fund.)

11,600

\$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.

22,930

\$20,000 Bakersfield Redevelopment Agency Ownership Participation Agreement 2000 - tax rebates due in annual principal installments of approximately \$2,500 to \$3,000 commencing July 31, 2002 through July 31, 2008 without interest.

2,315

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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\$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.	8,000
\$20,000 Bakersfield Redevelopment Agency Ownership Participation Agreement 2001 - tax rebates due in annual principal installments of approximately \$4,000 commencing July 31, 2003 through July 31, 2007 without interest.	8,395
\$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%.	973,000
\$30,000 Bakersfield Redevelopment Agency Ownership Participation Agreement 2002 - due in annual principal installments of \$5,000 commencing July 31, 2005 without interest.	30,000
\$1,750,000 Bakersfield Redevelopment Loan with the California Finance Agency for purchase fo land and development of multifamily housing units. Repayment of the loan is deferred until Sepetember 2006 with 3% simple interest.	<u>1,555,494</u>
Total Contracts Payable -- Discretely Presented Component Unit	<u>\$ 4,311,734</u>
Compensated Absences:	
Governmental Activities	\$ 11,962,520
Business-type Activities	<u>1,588,541</u>
Total compensated absences - Primary Government	<u>\$ 13,551,061</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, 2005 is as follows:

	Primary Government	Component Unit	Reporting Entity
Principal:			
Governmental Activities	\$ 40,957,907	\$ 37,776,734	\$ 78,734,641
Business-Type Activities:			
General Obligations	17,561,229		17,561,229
Revenue Obligations			
Subtotal - Principal	<u>58,519,136</u>	<u>37,776,734</u>	<u>96,295,870</u>
Less: Claims and Judgments Payable included above that bear no interest and have no schedule repayment terms	17,001,387		17,001,387
Less: compensated absences included above that bear no interest and have no schedule repayment terms	<u>13,551,061</u>		<u>13,551,061</u>
Total principal with scheduled repayment terms	27,966,688	37,776,734	65,743,422
Interest on Obligations	<u>7,277,607</u>	<u>20,865,673</u>	<u>28,143,280</u>
Total debt service requirements	<u>\$ 35,244,295</u>	<u>\$ 58,642,407</u>	<u>\$ 93,886,702</u>

The annual requirement to amortize the principal and interest on long-term debt at June 30, 2005 is as follows:

Year ending	Primary Government			Primary Government		
	Principal			Interest		
	Bonds	Notes	Total	Bonds	Notes	Total
2005	\$ 1,995,000	\$ 1,123,460	\$ 3,118,460	\$ 531,760	\$ 484,351	\$ 1,016,111
2006	2,125,000	1,145,005	3,270,005	426,917	468,166	895,083
2007	1,155,000	1,167,207	2,322,207	325,054	450,069	775,123
2008	1,055,000	1,189,713	2,244,713	245,173	429,396	674,569
2009	370,000	1,213,647	1,583,647	193,890	407,179	601,069
2010-2014	2,625,000	5,654,920	8,279,920	90,563	1,678,848	1,769,411
2015-2019		5,253,630	5,253,630		1,290,698	1,290,698
2020-2024		1,894,106	1,894,106		255,543	255,543
Totals	<u>\$ 9,325,000</u>	<u>\$ 18,641,688</u>	<u>\$ 27,966,688</u>	<u>\$ 1,813,357</u>	<u>\$ 5,464,250</u>	<u>\$ 7,277,607</u>

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

Year ending	Discretely Presented Component Unit			Discretely Presented Component Unit		
	Principal			Interest		
	COP	Notes	Total	COP	Notes	Total
2005	\$ 1,240,000	\$ 127,534	\$ 1,367,534	\$ 1,916,482	\$ 46,962	\$ 1,963,444
2006	1,300,000	348,431	1,648,431	1,850,764	144,576	1,995,340
2007	1,365,000	251,120	1,616,120	1,781,212	93,277	1,874,489
2008	1,440,000	258,210	1,698,210	1,707,502	85,966	1,793,468
2009	1,520,000	424,630	1,944,630	1,629,744	78,262	1,708,006
2010-2014	8,985,000	2,307,809	11,292,809	6,768,632	233,089	7,001,721
2015-2019	11,850,000	292,000	12,142,000	3,855,236	125,722	3,980,958
2020-2024	5,765,000	302,000	6,067,000	512,888	35,359	548,247
Totals	\$ 33,465,000	\$ 4,311,734	\$ 37,776,734	\$ 20,022,460	\$ 843,213	\$ 20,865,673

Year Ending	Reporting Entity			Reporting Entity		
	Principal			Interest		
	Bonds/COP	Notes	Total	Bonds/COP	Notes	Total
2005	\$ 3,235,000	\$ 1,250,994	\$ 4,485,994	\$ 2,448,242	\$ 531,313	\$ 2,979,555
2006	3,425,000	1,493,436	4,918,436	2,277,681	612,742	2,890,423
2007	2,520,000	1,418,327	3,938,327	2,106,266	543,346	2,649,612
2008	2,495,000	1,447,923	3,942,923	1,952,675	515,362	2,468,037
2009	1,890,000	1,638,277	3,528,277	1,823,634	485,441	2,309,075
2010-2014	11,610,000	7,962,729	19,572,729	6,859,195	1,911,937	8,771,132
2015-2019	11,850,000	5,545,630	17,395,630	3,855,236	1,416,420	5,271,656
2020-2024	5,765,000	2,196,106	7,961,127	512,888	290,902	803,790
Totals	\$ 42,790,000	\$ 22,953,422	\$ 65,743,422	\$ 21,835,817	\$ 6,307,463	\$ 28,143,280

**NOTE 11 - REIMBURSABLE DEVELOPER COSTS**

Reimbursable developer costs of \$3,985,727 at June 30, 2005 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.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**NOTE 12 - 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 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 2004/05 was 9.1539%. 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 fiscal year 2004/05, the City's annual pension cost was \$3,524,661, and the City actually contributed \$3,524,661. The required contribution for fiscal year 2004/05 was determined as part of the June 30, 2004 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, 2004 was twenty-eight years.

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

THREE-YEAR TREND INFORMATION FOR THE MISCELLANEOUS PLAN

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2003	\$ -		\$ -
6/30/2004	\$ 861,370	100%	\$ -
6/30/2005	\$ 3,524,661	100%	\$ -

(UNAUDITED) REQUIRED SUPPLEMENTARY INFORMATION  
FUNDED STATUS OF MISCELLANEOUS PLAN

	(A)	(B)	(C)	(D)	(E)	(F)
		Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio [(A)/(B)]	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll $\{[(B)-(A)]/(E)\}$
Actuarial Valuation Date	Actuarial Asset Value					
6/30/2002	\$ 177,719,369	\$ 171,571,099	\$ (6,184,270)	103.60%	\$ 35,372,398	-17.40%
6/30/2003	\$ 181,593,404	\$ 198,558,161	\$ 16,964,757	91.50%	\$ 37,993,015	44.70%
6/30/2004	\$ 192,771,610	\$ 220,986,653	\$ 28,215,043	87.20%	\$ 38,144,465	74.00%

Plan Description: The City of Bakersfield’s defined benefit pension plan, the Safety Fire Plan, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Safety Fire Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employee’s Retirement Law. The City of 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 2004/05 was 28.922%. 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 fiscal year 2004/05, the City’s annual pension cost was \$3,844,236 and the City actually contributed \$3,844,236. The required contribution for fiscal year 2004/05 was determined as part of the June 30, 2004 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

**CITY OF BAKERSFIELD**

Notes to the Basic Financial Statements (continued)

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, 2004, 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
6/30/2003	\$ 238,811	100%	\$ -
6/30/2004	\$ 1,620,310	100%	\$ -
6/30/2005	\$ 6,698,196	100%	\$ -

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

	(A)	(B)	(C)	(D)	(E)	(F)
		Entry Age	Unfunded	Funded	Covered	Unfunded
Actuarial Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability	Actuarial Accrued Liability	Ratio [(A)/(B)]	Payroll	Actuarial Liability as Percentage of Covered Payroll
						{[(B)-(A)]/(E)}
6/30/02	\$ 112,020,027	\$120,900,571	\$ 8,880,544	92.7%	\$11,404,064	77.9%
6/30/03	\$ 112,838,988	\$125,111,024	\$ 12,272,036	90.2%	\$12,223,855	100.4%
6/30/04	\$ 119,692,263	\$136,596,056	\$ 16,903,793	87.6%	\$12,719,475	132.9%

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 2004/05 was 33.133%. The contribution requirements of the plan members are established and may be amended by CalPERS.

Annual Pension Cost: For fiscal year 2004/05, the City’s annual pension cost was \$6,698,196, and the City actually contributed \$6,698,196. The required contribution for fiscal year 2004/05 was determined as part of the

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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June 30, 2004 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, 2004, 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
6/30/03	\$ 1,164,128	100	\$ -
6/30/04	\$ 3,526,471	100	\$ -
6/30/05	\$ 3,844,236	100	\$ -

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

	(A)	(B)	(C)	(D)	(E)	(F)
Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio [(A)/(B)]	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll $\frac{\{(B)-(A)\}}{(E)}$
6/30/2002	\$ 135,089,787	\$ 160,095,659	\$ 25,005,872	84.40%	\$ 18,769,801	133.20%
6/30/2003	\$ 137,228,572	\$ 175,278,288	\$ 38,049,716	78.30%	\$ 22,142,625	171.80%
6/30/2004	\$ 147,387,137	\$ 194,008,124	\$ 46,620,987	76.00%	\$ 21,805,516	213.80%

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**Fireman's Relief and Pension Fund**

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, 2004, the most recent actuarial valuation date, there were 13 participants, all currently retired and 100% vested. 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, 2004 valuation used the unprojected unit credit method to calculate the costs for pension

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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benefits.

The FRPF carried the following investments at June 30, 2005 which were not issued or directly guaranteed by the U.S. government and which exceeded five percent of plan assets for any one organization:

Federal Home Loan Bank Coupon	\$ 500,000
Local Agency Investment Fund	\$ 1,300,295

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/03	\$ -	N/A	\$ -
6/30/04	\$ -	N/A	\$ -
6/30/05	\$ -	N/A	\$ -

**SCHEDULE OF FUNDING PROGRESS**

Fiscal Year	(A) Actuarial Asset Value	(B) Entry Age Actuarial Liability	(C) Unfunded Actuarial Liability	(D) Funded Ratio [(A)/(B)]	(E) Covered Payroll	(F) Unfunded Actuarial Liability as Percentage of Covered Payroll $\{[(B)-(A)]/(E)\}$
6/30/03	\$ 2,271,247	\$ 2,453,467	\$ 182,220	93%	\$ -	N/A
6/30/04	\$ 1,937,190	\$ 2,119,131	\$ 181,941	91%	\$ -	N/A
6/30/05	\$ 1,937,190	\$ 2,119,131	\$ 181,941	91%	\$ -	N/A

**NOTE 13 - SPECIAL ASSESSMENT DISTRICTS**

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

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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		<u>Outstanding at 06/30/2005</u>
Assessment District	86-2 (Bakersfield PFA Series B) 86-2A 86-2B 86-2D	\$ 2,440,000
Assessment District	86-2 (Bakersfield PFA Series C) 86-2C	600,000
Assessment District	93-1 (Bakersfield PFA Series B) 93-1A	1,990,000
Assessment District	93-2 (Stine/Harris)	1,310,000
Assessment District	93-3 (Cal/Oak)	715,000
Assessment District	94-2 (Gosford/White)	595,000
Assessment District	94-1 (Renfro-Hughes)	520,000
Assessment District	94-3 (Silver Creek-Brimhall, North Seven Oaks, South Laurelglen)	4,745,000
Assessment District	96-1 (Brimhall II/Spring Meadows/ Fairways/Campus Park)	690,000
Assessment District	96-2 (Allen Road)	225,000
Assessment District	97-1 (Spring Meadows II/Stockdale Highway Commercial)	985,000
Assessment District	98-1 (Brimhall IV/Stockdale Commercial/ Gosford Industrial)	4,120,000
Assessment District	99-1 (Polo Greens/Riveroaks)	1,665,000
Assessment District	99-2 (Seven Oaks West)	3,705,000
Assessment District	01-1 (Ming at Allen/Mountain Vista; Hampton Place)	2,230,000
Assessment District	01-2 (Seven Oaks West II/Riverwalk/ Southern Oaks)	7,395,000
Assessment District	01-3 (Mountain Vista/San Lauren)	4,725,000
Assessment District	02-1 (Avalon/Belsera/Montara/The Woods)	1,875,000
Assessment District	03-1 (Brighton Place /Silver Creek II)  (Buena Vista Ranch/Belsera II/ Montera II/	2,895,000
Assessment District	03-2 Olive Park II)	3,045,000
Assessment District	03-3 (Seven Oaks West III/Brighton Place)	6,455,000
Assessment District	04-1 (Countryside/The Homestead)	4,195,000
Assessment District	04-3 (Solera/Rio Vista)	3,380,000
		<u>\$ 60,500,000</u>

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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**NOTE 14 - 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 general and property damage liability claim. The City participates in a joint powers authority for worker's compensation claims in excess of coverage provided by the Fund and participates in a joint powers authority for any excess general and property damage liability claims

All funds of the City participate in the program and are charged for their share of claim expenditures. The claims liability of \$17,001,387 at June 30, 2005 is based on the requirements of Governmental Accounting Standards Board No. 10 (GASB 10), which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. An estimate of incurred but not reported claims has been included in the liability based on the various percentages of loss reserves.

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

	Liability at Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	Liability at End of year
2002-2003	\$ 11,434,615	\$ 3,304,463	\$ (60,000)	\$ 14,679,078
2003-2004	\$ 14,679,078	\$ 1,565,825	\$ --	\$ 16,244,903
2004-2005	\$ 16,244,903	\$ 5,325,353	\$ 4,568,869	\$ 17,001,387

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, 2005 (most recent information available) the City had \$1,220,960 on deposit with ACCEL out of a total of approximately \$21,223,335.

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

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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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, 2005 (most recent information available) is as follows:

Total assets	\$ 21,220,464
Total liabilities	<u>21,153,833</u>
Total members' equity	<u>\$ 66,631</u>
Total revenues	7,028,867
Total expenses	<u>7,078,107</u>
Net decrease in members' equity	<u>\$ (49,240)</u>

As of June 30, 2005 ACCEL had no long-term debt.

Included in total liabilities is an estimated retrospectively rated refund of \$17,964,495. Complete financial statements of ACCEL can be obtained at the City's Finance Department.

**NOTE 15 - 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 2005-06 fiscal year, but may be delayed until fiscal year 2006-07 pending issuance of the final Waste Discharge Permit (WDR) 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.

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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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 16 - OTHER POST-EMPLOYMENT BENEFITS**

In addition to the employee retirement benefits described in Note 12, 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, 2005, 91 pre-1985 employees and 302 post-1985 employees are participating in the plans.

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 for retirees, 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.

The City recognizes expenditures for benefits as they are paid. For the fiscal year ended June 30, 2005, \$2,633,642 was paid for retiree insurance premiums with the City expending \$1,289,766 and the balance being paid by retirees.

**NOTE 17 - 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. As such, the following conduit debt obligations are not reflected in the accompanying general purpose financial statements:

Revenue Bonds, Series 1985 in the amount of \$2,000,000, with final maturity in December 2005, were issued to finance the acquisition and construction and equipping of Heritage Convalescent Hospital.

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, 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

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**CITY OF BAKERSFIELD**

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Notes to the Basic Financial Statements (continued)

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in November 2011 were issued to refinance \$3,000,000 issued in 1981 to finance the rehabilitation of Old Church Plaza.

**NOTE 18 – SUBSEQUENT EVENTS**

On September 15, 2005, in Revenue Bond Series B a bond call was done for the amount of \$110,000, which included \$110,000 in Assessment District 93-1A. As a result, the outstanding principal of the Authorities outstanding debt was \$6,165,000 on September 15, 2005.

**NOTE 19– PRIOR PERIOD ADJUSTMENTS**

During the fiscal year 2004-2005, the City made the following prior period adjustments to restate the indicated governmental activity funds' equity to eliminate each of the fund's compensated absence long term liability, which is not to be paid from current financial resources.

Fund	Fund Balance Accounts		
	July 1, 2004, as previously reported	Adjustment	July 1, 2004, as restated
General fund	\$ 25,647,738	\$ 4,556,750	\$ 30,204,488
Transient Occupancy Taxes	\$ 1,167,125	\$ 37,609	\$ 1,204,734
State Gas Tax	\$ 3,908,816	\$ 68,719	\$ 3,977,535



**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 2003-04 to fiscal year 2004-05 totaled \$102,418,745.

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

**CITY OF BAKERSFIELD**

Required Supplementary Information (continued)

**Budgetary Comparison Schedule, General Fund  
For the Fiscal Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Fund Balance, July 1</b>	\$ 23,257,313	\$ 25,370,075	\$ 30,204,488	\$ 4,834,413
<b>Resources (inflows):</b>				
Taxes	85,085,000	99,900,000	109,036,455	9,136,455
Licenses and permits	3,070,000	3,535,000	3,853,451	318,451
Intergovernmental	18,346,260	9,573,196	9,115,892	(457,304)
Charges for services	12,630,000	13,122,425	15,934,197	2,811,772
Fines, forfeitures and assessments	700,000	862,371	829,325	(33,046)
Interest income	254,000	254,000	1,035,880	781,880
Contributions and donations	1,000	1,806,314	2,002,731	196,417
Other	80,000	92,400	91,052	(1,348)
Transfers from other funds	3,300,000	1,000,000	1,000,000	-
Amount available for appropriation	\$ 123,466,260	\$ 130,145,706	\$ 142,898,983	\$ 12,753,277
<b>Charges to appropriations (outflows):</b>				
General government	\$ 9,093,158	\$ 9,370,617	\$ 8,189,761	\$ 1,180,856
Police	54,416,874	55,515,615	53,058,186	2,457,429
Fire	27,933,487	28,924,391	28,115,025	809,366
Public works	14,205,776	15,427,859	14,884,908	542,951
Community services	11,149,357	11,592,070	10,684,807	907,263
Development services	7,400,445	9,686,185	7,607,299	2,078,886
Economic development	579,179	701,483	593,979	107,504
Non-departmental	3,982,677	3,298,477	2,053,463	1,245,014
Contingency	100,000	100,000		100,000
Transfers to other funds	5,325,000	13,959,084	13,883,366	75,718
Total charges to appropriations	134,185,953	148,575,781	139,070,794	9,504,987
Amount of resources over (under) charges to appropriations	(10,719,693)	(18,430,075)	3,828,189	22,258,264
<b>Fund balance, June 30</b>	\$ 12,537,620	\$ 6,940,000	\$ 34,032,677	\$ 27,092,677

**CITY OF BAKERSFIELD**

Required Supplementary Information (continued)

**Budgetary Comparison Schedule, Transient Occupancy Taxes  
For the Fiscal Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Fund Balance, July 1</b>	\$ 1,167,125	\$ 1,167,125	\$ 1,204,734	\$ 37,609
<b>Resources (inflows):</b>				
Taxes	6,000,000	6,500,000	6,594,845	94,845
Charges for services	5,122,375	5,122,375	4,808,357	(314,018)
Interest income	20,000	20,000	57,992	37,992
Contributions and donations	1,200,000	1,200,000	1,200,000	-
Other			-	-
Amount available for appropriation	\$ 12,342,375	\$ 12,842,375	\$ 12,661,194	\$ (181,181)
<b>Charges to appropriations (outflows):</b>				
Community services	\$ 5,610,405	\$ 5,610,405	\$ 5,343,474	\$ 266,931
Non-departmental	3,892,015	3,911,177	3,930,750	(19,573)
Transfers to other funds	2,000,000	3,510,000	3,510,000	-
Total charges to appropriations	11,502,420	13,031,582	12,784,224	247,358
Amount of resources over (under) charges to appropriations	839,955	(189,207)	(123,030)	66,177
<b>Fund balance, June 30</b>	\$ 2,007,080	\$ 977,918	\$ 1,081,704	\$ 103,786

**Budgetary Comparison Schedule, Community Development Block Grant  
For the Fiscal Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Fund Balance, July 1</b>	\$ 3,447,290	\$ 3,447,290	\$ 3,447,290	\$ -
<b>Resources (inflows):</b>				
Intergovernmental	6,006,694	12,438,881	4,449,331	(7,989,550)
Charges for services			1,895	1,895
Interest income		-	44,573	44,573
Loan payments	325,000	377,767	1,172,833	795,066
Note/certificate proceeds		-	-	-
Other			21,423	21,423
Amount available for appropriation	\$ 6,331,694	\$ 12,816,648	\$ 5,690,055	\$ (7,126,593)
<b>Charges to appropriations (outflows):</b>				
Development and conservation	\$ 4,056,066	\$ 8,566,881	2,947,221	\$ 5,619,660
Capital outlay	1,888,500	6,562,629	4,168,891	2,393,738
Transfer to other funds	386,409	386,409	386,409	-
Total charges to appropriations	6,330,975	15,515,919	7,502,521	8,013,398
Amount of resources over (under) charges to appropriations	719	(2,699,271)	(1,812,466)	886,805
<b>Fund balance, June 30</b>	\$ 3,448,009	\$ 748,019	\$ 1,634,824	\$ 886,805

**CITY OF BAKERSFIELD**

Required Supplementary Information (continued)

**Budgetary Comparison Schedule, Gas Tax Fund  
For the Fiscal Year Ended June 30, 2005**

	Budgeted Amounts		Acutal Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Fund Balance, July 1</b>	\$ 3,908,816	\$ 3,908,816	\$ 3,977,535	\$ 68,719
<b>Resources (inflows):</b>				
Intergovernmental	8,270,414	30,465,383	19,437,453	(11,027,930)
Fines, forfeitures and assessments	20,500	20,500	56,208	35,708
Interest income	15,000	15,000	128,980	113,980
Contributions and donations				
Other	4,500	77,610	59,028	(18,582)
Amount available for appropriation	\$ 8,310,414	\$ 30,578,493	\$ 19,681,669	\$ (10,896,824)
<b>Charges to appropriations (outflows):</b>				
Public works	\$ 3,551,207	\$ 3,632,580	\$ 3,971,383	\$ (338,803)
Capital outlay	5,915,000	30,351,679	16,213,860	14,137,819
Transfers to other funds		42,000	42,000	
Total charges to appropriations	9,466,207	34,026,259	20,227,243	13,799,016
Amount of resources over (under) charges to appropriations	(1,155,793)	(3,447,766)	(545,574)	2,902,192
<b>Fund balance, June 30</b>	\$ 2,753,023	\$ 461,050	\$ 3,431,961	\$ 2,970,911

Excess of Expenditures Over Appropriations

For the year ended June 30, 2005, expenditures over appropriations for major governmental funds were as follows:

Major Governmental Funds	Final Budgeted Amount	Actual	(Negative) Budget Variance
Transient Occupancy Taxes-			
Non departmental	\$ 3,911,177	\$ 3,930,750	\$ (19,573)
Gas Tax-			
Public works	\$ 3,632,580	\$ 3,971,383	\$ (338,803)
Assessment District:			
General Government	\$ 202,494	\$ 240,364	\$ (37,870)
Non departmental	\$ 463,933	\$ 989,770	\$ (525,837)

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

**CITY OF BAKERSFIELD**

Required Supplementary Information (continued)

**DEFINED PENSION PLAN**

A schedule of funding progress for the year ended June 30, 2004 including the past three 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 Employees Group	06/30/02	177,719,369	171,571,099	(6,148,270)	103.6%	35,372,398	(17.4%)
	06/30/03	181,593,404	198,558,161	16,964,757	91.5%	37,993,015	44.7%
	06/30/04	192,771,610	220,986,653	28,215,043	87.2%	38,144,465	74.0%
Police Safety Employees Group	06/30/02	135,089,787	160,095,659	25,005,872	84.4%	18,769,801	133.2%
	06/30/03	137,228,572	175,278,288	38,049,716	78.3%	22,142,625	171.8%
	06/30/04	147,387,137	194,008,124	46,620,987	76.0%	21,805,516	213.8%
Fire Safety Employees Group	06/30/02	112,020,027	120,900,571	8,880,544	92.7%	11,404,064	77.9%
	06/30/03	112,838,988	125,111,024	12,272,036	90.2%	12,223,855	100.4%
	06/30/04	119,692,263	136,596,056	16,903,793	87.6%	12,719,475	132.9%

**DEFINED BENEFIT PENSION TRUST**

I. Schedules of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of covered Payroll
06/30/96	2,814,608	2,710,838	(103,770)	104%	-0-	N/A
06/30/97	2,814,608	2,710,838	(103,770)	104%	-0-	N/A
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

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**CITY OF BAKERSFIELD**

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Required Supplementary Information (continued)

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## II. Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Percentage of ARC Contributed	Net Pension Obligation (NPO)
1997	-0-	N/A	-0-
1998	-0-	N/A	-0-
2000	-0-	N/A	-0-
2002	19.123	N/A	-0-
2004	17.746	N/A	40,886
2005	17.746	N/A	40,886

## III. Notes to Required Supplementary Information

Valuation date	06/30/04
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	3.0% Compounded annually (4.5% as of June 30, 2002)
Projected salary increases	N/A
Post retirement benefit increases	None
Inflation	3.5%
Mortality	1971 group annuity mortality table set back two years for males and eight years for females.

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*Supplementary Information*

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**CITY OF BAKERSFIELD**

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**Statement of Changes in Assets and Liabilities****Agency Funds****June 30, 2005**

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	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
<b>Assets</b>				
Cash and investments	\$ 38,741,911	\$ 16,589,050	\$ 8,818,305	\$ 46,512,656
Interest receivable	125,707	339,399	240,068	225,038
Due from other governmental agencies	82,588	564,344	82,588	564,344
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 38,950,206	\$ 17,492,793	\$ 9,140,961	\$ 47,302,038
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Liabilities</b>				
Payables:				
Payroll	\$ 5,098,120	\$ 1,803,351	\$ 231,661	\$ 6,669,810
Deposits	33,852,086	15,689,442	8,909,300	40,632,228
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	38,950,206	17,492,793	9,140,961	47,302,038
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Assets</b>				
Held in trust for pension benefits and other purposes	\$ -	\$ -	\$ -	\$ -
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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, 2005**

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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	\$ 91,109	\$ 324,304	\$ -	\$ 2,525,083
Interest receivable	1,586	5,149		48,209
Due from other governmental agencies	50,813	105,637		
Total assets	<u>\$ 143,508</u>	<u>\$ 435,090</u>	<u>\$ -</u>	<u>\$ 2,573,292</u>
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Accounts payable	\$ 18,305	\$ 44,614	\$ -	\$
Due to other funds				299,777
Unearned revenue	125,203			
Total liabilities	<u>143,508</u>	<u>44,614</u>	<u>-</u>	<u>299,777</u>
Fund Balances:				
Reserved for:				
Encumbrances	79,086	25,000		
Debt service				2,225,000
Unreserved:				
Designated for -				
Debt service				48,515
Undesignated	(79,086)	365,476		
Total fund balances	<u>-</u>	<u>390,476</u>	<u>-</u>	<u>2,273,515</u>
Total liabilities and fund balances	<u>\$ 143,508</u>	<u>\$ 435,090</u>	<u>\$ -</u>	<u>\$ 2,573,292</u>

<u>Capital Projects Fund</u>	
<u>Public Financing Authority</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 293,846	\$ 3,234,342
11	54,955
	156,450
<u>\$ 293,857</u>	<u>\$ 3,445,747</u>
\$ -	\$ 62,919
	299,777
	125,203
<u>-</u>	<u>487,899</u>
	104,086
	2,225,000
	48,515
<u>293,857</u>	<u>580,247</u>
<u>293,857</u>	<u>2,957,848</u>
<u>\$ 293,857</u>	<u>\$ 3,445,747</u>

**CITY OF BAKERSFIELD****Combining Statement of Revenues, Expenditures and Changes in Fund Balances****Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2005**

	Special Revenue Funds		Debt Service Fund	
	State (TDA) Transportation	State Safety	General Obligation Debt	Public Financing Authority
<b>Revenues:</b>				
Intergovernmental	\$ 257,042	\$ 366,059	\$ -	\$ -
Charges for services		185,528		
Fines, forfeitures and assessments		1,311,461		
Interest income	5,263	15,243		144,625
	<u>262,305</u>	<u>1,878,291</u>	<u>-</u>	<u>144,625</u>
Total revenues	262,305	1,878,291	-	144,625
<b>Expenditures:</b>				
Current:				
General government				
Public safety - Police		477,844		
Public works	197,318			
Community Services	17,802			
Non departmental				
Capital outlay	47,185	131,923		
Debt service:				
Principal retirement			161,000	1,865,000
Interest and fiscal charges			225,409	586,346
	<u>262,305</u>	<u>609,767</u>	<u>386,409</u>	<u>2,451,346</u>
Total expenditures	262,305	609,767	386,409	2,451,346
Excess (deficiency) of revenues over (under) expenditures	-	1,268,524	(386,409)	(2,306,721)
<b>Other financing sources (uses):</b>				
Operating transfers in			386,409	2,303,000
Operating transfers out		(1,150,000)		
	<u>-</u>	<u>(1,150,000)</u>	<u>386,409</u>	<u>2,303,000</u>
Total other financing sources (uses)	-	(1,150,000)	386,409	2,303,000
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	118,524	-	(3,721)
Fund balances - July 1	-	271,952	-	2,277,236
Fund balances - June 30	<u>\$ -</u>	<u>\$ 390,476</u>	<u>\$ -</u>	<u>\$ 2,273,515</u>

<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Public Financing Authority</u>	
\$ -	\$ 623,101
2,357,304	2,542,832
4,649	1,311,461
<u>2,361,953</u>	<u>169,780</u>
	<u>4,647,174</u>
3,161	3,161
	477,844
	197,318
	17,802
	179,108
	2,026,000
	<u>811,755</u>
<u>3,161</u>	<u>3,712,988</u>
2,358,792	934,186
(2,303,000)	2,689,409
<u>(2,303,000)</u>	<u>(3,453,000)</u>
	<u>(763,591)</u>
55,792	170,595
<u>238,065</u>	<u>2,787,253</u>
<u>\$ 293,857</u>	<u>\$ 2,957,848</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, 2005**

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	Self- Insurance	Equipment Management	Totals
<b>Assets:</b>			
Current assets			
Cash and investments	\$ 18,184,853	\$ 17,233,720	\$ 35,418,573
Accounts receivable, net	154,856	12,092	166,948
Interest receivable	150,374	168,074	318,448
Loans		121,543	121,543
Due from other governmental agencies	32,094		32,094
Due from other funds		1,110,000	1,110,000
Prepayments and inventories		1,005,034	1,005,034
Total current assets	<u>18,522,177</u>	<u>19,650,463</u>	<u>38,172,640</u>
Noncurrent assets			
Capital assets:			
Depreciable buildings, property, equipment and infrastructure, net		20,857,586	20,857,586
Advance to other funds		1,140,000	1,140,000
Note/loan receivable		270,051	270,051
Total noncurrent assets	<u>-</u>	<u>22,267,637</u>	<u>22,267,637</u>
Total assets	<u>18,522,177</u>	<u>41,918,100</u>	<u>60,440,277</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	507,521	182,461	689,982
Claims payable	1,900,000		1,900,000
Workers compensation claims	3,505,888		3,505,888
Compensated absences payable	7,977	495,048	503,025
Total current liabilities	<u>5,921,386</u>	<u>677,509</u>	<u>6,598,895</u>
Noncurrent liabilities:			
Workers compensation claims	11,595,499		11,595,499
Compensated absences payable	10,851	85,041	95,892
Deferred revenue	59,355		59,355
Total noncurrent liabilities	<u>11,665,705</u>	<u>85,041</u>	<u>11,750,746</u>
Total liabilities	<u>17,587,091</u>	<u>762,550</u>	<u>18,349,641</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt		20,857,586	20,857,586
Unrestricted	935,086	20,297,964	21,233,050
Total net assets	<u>\$ 935,086</u>	<u>\$ 41,155,550</u>	<u>\$ 42,090,636</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, 2005**

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	Self- Insurance	Equipment Management	Totals
<b>Operating revenues:</b>			
Intergovernmental	\$ -	\$ 220,671	\$ 220,671
Charges for services	9,642,284	15,331,019	24,973,303
Cost recoveries	26,328		26,328
Miscellaneous	54,528	73,618	128,146
	<hr/>	<hr/>	<hr/>
Total operating revenues	9,723,140	15,625,308	25,348,448
<b>Operating expenses:</b>			
General and administrative	3,914,550	5,872,480	9,787,030
Fuel, oil and lubricants		2,524,592	2,524,592
Equipment parts and supplies		3,009,053	3,009,053
Insurance and bonds	1,034,001		1,034,001
Workers' compensation payments	1,812,611		1,812,611
Claims paid	762,722		762,722
Contractual services	545,047		545,047
Depreciation		4,703,568	4,703,568
Compensated absences	3,750	14,209	17,959
	<hr/>	<hr/>	<hr/>
Total operating expenses	8,072,681	16,123,902	24,196,583
Operating income (loss)	<hr/>	<hr/>	<hr/>
	1,650,459	(498,594)	1,151,865
<b>Nonoperating revenues (expenses):</b>			
Interest income	459,464	545,548	1,005,012
Net increase (decrease) in the fair value of investments	(71,240)	40,668	(30,572)
Contributions		38,579	38,579
Loss on sale of property		(212,132)	(212,132)
Sales of equipment		377,977	377,977
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues	388,224	790,640	1,178,864
Income before operating transfers	2,038,683	292,046	2,330,729
Operating transfers in	7,400,000	3,478,730	10,878,730
Operating transfers out		(390,000)	(390,000)
	<hr/>	<hr/>	<hr/>
Change in net assets	9,438,683	3,380,776	12,819,459
<b>Total Net Assets - Beginning of Year</b>	<hr/>	<hr/>	<hr/>
	(8,503,597)	37,774,774	29,271,177
<b>Total Net Assets - End of Year</b>	<hr/>	<hr/>	<hr/>
	\$ 935,086	\$ 41,155,550	\$ 42,090,636

**CITY OF BAKERSFIELD****Combining Statement of Cash Flows****All Internal Service Funds****For the Fiscal Year Ended June 30, 2005**

	Self- Insurance	Equipment Management	Totals
<b>Cash flows from operating activities:</b>			
Cash received from:			
Customers	\$ 9,689,568	\$ 15,551,690	\$ 25,241,258
Prior year reimbursements and cost recoveries	26,328	73,618	99,946
Cash paid to:			
Suppliers	(4,967,070)	(9,566,164)	(14,533,234)
Employees	(2,034,110)	(2,666,169)	(4,700,279)
Net cash provided by operating activities	<u>2,714,716</u>	<u>3,392,975</u>	<u>6,107,691</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash transferred from other funds	7,400,000	3,478,731	10,878,731
Cash transferred to other funds		(2,640,000)	(2,640,000)
Net cash provided by noncapital financing activities	<u>7,400,000</u>	<u>838,731</u>	<u>8,238,731</u>
<b>Cash flows from capital and related financing activities:</b>			
Principal receipts - notes		135,825	135,825
Purchase of fixed assets		(5,896,933)	(5,896,933)
Proceeds from sale of fixed assets		377,976	377,976
Net cash used by capital and related financing activities	<u>-</u>	<u>(5,383,132)</u>	<u>(5,383,132)</u>
<b>Cash flows from investing activities:</b>			
Cash deposits to deferred compensation	(23,616)	(138,496)	(162,112)
Interest received	347,431	480,077	827,508
Net increase in the fair value of investments	(71,240)	40,668	(30,572)
Net cash provided by investing activities	<u>252,575</u>	<u>382,249</u>	<u>634,824</u>
Net increase (decrease) in cash	10,367,291	(769,177)	9,598,114
Cash and cash equivalents - Beginning of year	<u>7,817,562</u>	<u>18,002,897</u>	<u>25,820,459</u>
Cash and cash equivalents - End of year	<u>\$ 18,184,853</u>	<u>\$ 17,233,720</u>	<u>\$ 35,418,573</u>

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

Operating income (loss)	\$ 1,650,459	\$ (498,594)	\$ 1,151,865
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense		4,703,568	4,703,568
Increase in accounts receivable	(7,243)		(7,243)
Increase in inventories		(198,934)	(198,934)
Decrease in prepaid items			-
Increase (decrease) in accounts payable	264,323	(706,968)	(442,645)
Increase in workers compensation claims	756,484		756,484
Increase in deferred revenue	25,219		25,219
Increase in deposits to deferred compensation	23,616	138,496	162,112
Increase in compensated absences	1,858	(44,593)	(42,735)
Net cash provided by operating activities	<u>\$ 2,714,716</u>	<u>\$ 3,392,975</u>	<u>\$ 6,107,691</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, 2005**

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	<u>General Fund</u>
<b>Assets:</b>	
Cash and investments	\$ 21,271,283
Accounts receivable, net	1,897,762
Interest receivable	329,582
Due from other governmental agencies	11,598,895
Due from other funds	6,066,628
Prepaid items	<u>537,812</u>
 Total assets	 <u>\$ 41,701,962</u>
<b>Liabilities and Fund Balances:</b>	
Liabilities:	
Accounts payable	\$ 2,181,354
Due to federal	509,260
Unearned revenue	83,219
Deferred revenue	<u>4,895,452</u>
 Total liabilities	 <u>7,669,285</u>
Fund Balances:	
Reserved for:	
Petty cash	21,825
Prepaid items	537,812
Encumbrances	1,665,099
Cash basis	7,673,578
Unreserved:	
Designated for current projects	247,828
Designated for compensated absences	4,854,216
Undesignated	<u>19,032,319</u>
 Total fund balances	 <u>34,032,677</u>
 Total liabilities and fund balances	 <u>\$ 41,701,962</u>

**CITY OF BAKERSFIELD****Schedule of Revenues, Expenditures and Changes in Fund Balances****General Fund - Budget and Actual****For the Fiscal Year Ended June 30, 2005**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Taxes:			
Property taxes	\$ 37,510,000	\$ 39,464,262	\$ 1,954,262
Sales and use taxes	51,648,000	58,465,636	6,817,636
Property transfer tax	1,735,000	2,038,501	303,501
Utility franchise tax	4,170,000	4,191,066	21,066
Business license tax	2,607,000	2,646,990	39,990
In lieu and other taxes	2,230,000	2,230,000	-
Total taxes	<u>99,900,000</u>	<u>109,036,455</u>	<u>9,136,455</u>
Licenses and permits:			
Building permits	2,710,000	2,873,359	163,359
Planning permits	55,000	67,951	12,951
Public works permits	189,500	334,560	145,060
Police permits	165,100	147,403	(17,697)
Fire permits	159,700	185,764	26,064
Other licenses and permits	255,700	244,414	(11,286)
Total licenses and permits	<u>3,535,000</u>	<u>3,853,451</u>	<u>318,451</u>
Intergovernmental:			
Federal grants	1,848,337	813,185	(1,035,152)
State of California	7,334,859	7,730,735	395,876
Other grants	390,000	571,972	181,972
Total intergovernmental	<u>9,573,196</u>	<u>9,115,892</u>	<u>(457,304)</u>
Charges for services:			
Building	2,526,425	2,930,725	404,300
Planning	620,000	893,796	273,796
Public works	1,483,000	2,085,299	602,299
Police	430,000	742,100	312,100
Fire	1,836,500	2,743,652	907,152
Recreation and parks	403,000	710,273	307,273
Interfund charges	5,780,000	5,634,464	(145,536)
Other charges	43,500	193,888	150,388
Total charges for services	<u>13,122,425</u>	<u>15,934,197</u>	<u>2,811,772</u>
Fines, forfeitures and assessments	<u>862,371</u>	<u>829,325</u>	<u>(33,046)</u>
Miscellaneous:			
Interest income	254,000	1,008,571	754,571
Net decrease in the fair value of investments		27,309	27,309
Contributions and donations	1,806,314	2,002,731	196,417
Other	92,400	91,052	(1,348)
Total miscellaneous	<u>2,152,714</u>	<u>3,129,663</u>	<u>976,949</u>
Total revenues	<u>129,145,706</u>	<u>141,898,983</u>	<u>12,753,277</u>

Continued

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**CITY OF BAKERSFIELD**

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**Schedule of Revenues, Expenditures and Changes in Fund Balances****General Fund - Budget and Actual****For the Fiscal Year Ended June 30, 2005**

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	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Expenditures:</b>			
Current:			
General government	9,370,617	8,189,761	1,180,856
Police	55,515,615	53,058,186	2,457,429
Fire	28,924,391	28,115,025	809,366
Public works	15,427,859	14,884,908	542,951
Community services	11,592,070	10,684,807	907,263
Development services	9,686,185	7,607,299	2,078,886
Economic/Community development	701,483	593,979	107,504
Non departmental	3,298,477	2,053,463	1,245,014
Contingency	100,000		100,000
	<u>134,616,697</u>	<u>125,187,428</u>	<u>9,429,269</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,470,991)</u>	<u>16,711,555</u>	<u>22,182,546</u>
<b>Other financing sources (uses):</b>			
Operating transfers in	1,000,000	1,000,000	-
Operating transfers out	<u>(13,959,084)</u>	<u>(13,883,366)</u>	<u>75,718</u>
	<u>(12,959,084)</u>	<u>(12,883,366)</u>	<u>75,718</u>
Total other financing sources (uses)	<u>(12,959,084)</u>	<u>(12,883,366)</u>	<u>75,718</u>
Net change in fund balances	(18,430,075)	3,828,189	22,258,264
Fund balances - beginning as restated (Note 19)	<u>25,370,075</u>	<u>30,204,488</u>	<u>4,834,413</u>
Fund balances - ending	<u>\$ 6,940,000</u>	<u>\$ 34,032,677</u>	<u>\$ 27,092,677</u>

Concluded

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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, 2005**

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	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>General Government:</b>			
Mayor	\$ 125,599	\$ 121,013	\$ 4,586
Council	276,388	273,238	3,150
City manager	799,530	799,979	(449)
City clerk	677,671	592,536	85,135
Human resources	1,172,470	989,718	182,752
Information technology	2,586,556	2,330,670	255,886
Financial services	2,312,919	2,059,298	253,621
City attorney	1,419,484	1,023,309	396,175
	<u>9,370,617</u>	<u>8,189,761</u>	<u>1,180,856</u>
<b>Public Safety:</b>			
Police	55,515,615	53,058,186	2,457,429
Fire	28,924,391	28,115,025	809,366
	<u>84,440,006</u>	<u>81,173,211</u>	<u>3,266,795</u>
<b>Public Works:</b>			
Administration	453,788	451,144	2,644
Engineering	5,408,926	5,343,220	65,706
General services	5,767,152	5,188,279	578,873
Streets and roads	3,797,993	3,902,265	(104,272)
	<u>15,427,859</u>	<u>14,884,908</u>	<u>542,951</u>
<b>Community Services:</b>			
Administration	908,650	802,584	106,066
Recreation	2,292,648	1,886,780	405,868
Parks	8,390,772	7,995,443	395,329
	<u>11,592,070</u>	<u>10,684,807</u>	<u>907,263</u>
<b>Development Services:</b>			
Planning	3,663,733	2,490,806	1,172,927
Building	6,022,452	5,116,493	905,959
	<u>9,686,185</u>	<u>7,607,299</u>	<u>2,078,886</u>
<b>Economic/Community Development</b>	<u>701,483</u>	<u>593,979</u>	<u>107,504</u>
<b>Non departmental</b>	<u>3,298,477</u>	<u>2,053,463</u>	<u>1,245,014</u>
<b>Contingency</b>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
<b>Total General Fund Expenditures</b>	<u>\$ 134,616,697</u>	<u>\$ 125,187,428</u>	<u>\$ 9,429,269</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.

**State Gas Tax 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, 2005**

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	Transient Occupancy Taxes	Community Development Block Grant	State Gas Tax	State (TDA) Transportation
<b>Assets:</b>				
Cash and investments	\$ 452,691	\$ 1,341,605	\$ 3,387,031	\$ 91,109
Accounts receivable, net	618,823	173,703	23,031	
Interest receivable	18,724	8,559	30,547	1,586
Due from other governmental agencies		305,681	6,221,016	50,813
Loans receivable		4,822,025		
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 1,090,238</u>	<u>\$ 6,651,573</u>	<u>\$ 9,661,625</u>	<u>\$ 143,508</u>
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Accounts payable	\$ 591	\$ 28,880	\$ 610,018	\$ 18,305
Due to federal				
Due to other funds			5,365,060	
Convention center/arena trust	7,943			
Unearned revenue			232,555	125,203
Deferred revenue		4,987,869	22,031	
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>8,534</u>	<u>5,016,749</u>	<u>6,229,664</u>	<u>143,508</u>
Fund Balances:				
Reserved for:				
Encumbrances		1,080,650	1,825,295	79,086
Unreserved:				
Designated for compensated absences	39,787		70,318	
Undesignated	1,041,917	554,174	1,536,348	(79,086)
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>1,081,704</u>	<u>1,634,824</u>	<u>3,431,961</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,090,238</u>	<u>\$ 6,651,573</u>	<u>\$ 9,661,625</u>	<u>\$ 143,508</u>

State Safety	Total
\$ 324,304	\$ 5,596,740
	815,557
5,149	64,565
105,637	6,683,147
	4,822,025
<u>\$ 435,090</u>	<u>\$ 17,982,034</u>
\$ 44,614	\$ 702,408
	-
	5,365,060
	7,943
	357,758
	5,009,900
<u>44,614</u>	<u>11,443,069</u>
25,000	3,010,031
	110,105
<u>365,476</u>	<u>3,418,829</u>
<u>390,476</u>	<u>6,538,965</u>
<u>\$ 435,090</u>	<u>\$ 17,982,034</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, 2005**

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	Transient Occupancy Taxes	Community Development Block Grant	State Gas Tax	State (TDA) Transportation
<b>Revenues:</b>				
Taxes	\$ 6,594,845	\$ -	\$ -	\$ -
Intergovernmental		4,449,331	19,437,453	257,042
Charges for services	4,808,357	1,895		
Fines, forfeitures and assessments			56,208	
Interest income	57,992	44,573	128,980	5,263
Loan payments		1,172,833		
Contributions and donations	1,200,000			
Other		21,423	59,028	
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	12,661,194	5,690,055	19,681,669	262,305
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>				
Current:				
Public safety - Police				
Public works			3,971,383	197,318
Community services	5,343,474			17,802
Economic/Community development		2,947,221		
Non departmental	3,930,750			
Capital outlay:				
Transportation		668,075	16,208,029	44,785
Public facilities		3,500,816	5,542	2,400
Equipment			289	
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	9,274,224	7,116,112	20,185,243	262,305
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	3,386,970	(1,426,057)	(503,574)	-
<b>Other financing uses-</b>				
Operating transfers out	(3,510,000)	(386,409)	(42,000)	
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing uses	(3,510,000)	(386,409)	(42,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures and other uses	(123,030)	(1,812,466)	(545,574)	-
Fund balances - July 1 as restated (Note 19)	1,204,734	3,447,290	3,977,535	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - June 30	\$ 1,081,704	\$ 1,634,824	\$ 3,431,961	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>

State Safety	Total
\$ -	\$ 6,594,845
366,059	24,509,885
185,528	4,995,780
1,311,461	1,367,669
15,243	252,051
	1,172,833
	1,200,000
	80,451
<u>1,878,291</u>	<u>40,173,514</u>
477,844	477,844
	4,168,701
	5,361,276
	2,947,221
	3,930,750
	16,920,889
48,826	3,557,584
83,097	83,386
<u>609,767</u>	<u>37,447,651</u>
1,268,524	2,725,863
<u>(1,150,000)</u>	<u>(5,088,409)</u>
<u>(1,150,000)</u>	<u>(5,088,409)</u>
118,524	(2,362,546)
<u>271,952</u>	<u>8,901,511</u>
<u>\$ 390,476</u>	<u>\$ 6,538,965</u>

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**CITY OF BAKERSFIELD**

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**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances****Budget and Actual - All Special Revenue Funds****Year Ended June 30, 2005**

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	Transient Occupancy Taxes		
	Budget	Actual	Variance
<b>Revenues:</b>			
Taxes	\$ 6,500,000	\$ 6,594,845	\$ 94,845
Intergovernmental			
Charges for services	5,122,375	4,808,357	(314,018)
Fines, forfeitures and assessments			
Interest income	20,000	57,992	37,992
Loan payments			
Contributions and donations	1,200,000	1,200,000	-
Other			
Total revenues	<u>12,842,375</u>	<u>12,661,194</u>	<u>(181,181)</u>
<b>Expenditures:</b>			
Current:			
Public safety - Police			
Public works			
Community services	5,610,405	5,343,474	266,931
Development and conservation			
Non departmental	3,911,177	3,930,750	(19,573)
Capital outlay:			
Transportation:			
Traffic control			
Streets			
Bridges			
Public facilities:			
Buildings			
Parks and landscaping			
Land acquisition			
Other improvements			
Equipment:			
Computers			
Non-automotive			
Total expenditures	<u>9,521,582</u>	<u>9,274,224</u>	<u>247,358</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,320,793</u>	<u>3,386,970</u>	<u>66,177</u>
<b>Other financing uses-</b>			
Operating transfers out	<u>(3,510,000)</u>	<u>(3,510,000)</u>	<u>-</u>
Total other financing uses	<u>(3,510,000)</u>	<u>(3,510,000)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	(189,207)	(123,030)	66,177
Fund balances - July 1 as restated (Note 19)	<u>1,167,125</u>	<u>1,204,734</u>	<u>37,609</u>
Fund balances - June 30	<u>\$ 977,918</u>	<u>\$ 1,081,704</u>	<u>\$ 103,786</u>

Community Development Block Grant			State Gas Tax		
Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12,438,881	4,449,331	(7,989,550)	30,465,383	19,437,453	(11,027,930)
	1,895	1,895			
	44,573	44,573	20,500	56,208	35,708
377,767	1,172,833	795,066	15,000	128,980	113,980
	21,423	21,423	77,610	59,028	(18,582)
12,816,648	5,690,055	(7,126,593)	30,578,493	19,681,669	(10,896,824)
			3,632,580	3,971,383	(338,803)
8,566,881	2,947,221	5,619,660			
			2,529,272	538,219	1,991,053
1,554,258	668,075	886,183	26,756,580	15,229,967	11,526,613
			979,217	439,843	539,374
560,268	36,363	523,905			
2,497,468	2,395,709	101,759			
1,501,732	804,201	697,531	73,110	5,542	67,568
448,903	264,543	184,360			
			13,500	289	13,211
15,129,510	7,116,112	8,013,398	33,984,259	20,185,243	13,799,016
(2,312,862)	(1,426,057)	886,805	(3,405,766)	(503,574)	2,902,192
(386,409)	(386,409)	-	(42,000)	(42,000)	-
(386,409)	(386,409)	-	(42,000)	(42,000)	-
(2,699,271)	(1,812,466)	886,805	(3,447,766)	(545,574)	2,902,192
3,447,290	3,447,290	-	3,908,816	3,977,535	68,719
\$ 748,019	\$ 1,634,824	\$ 886,805	\$ 461,050	\$ 3,431,961	\$ 2,970,911

Continued

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**CITY OF BAKERSFIELD**

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**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances****Budget and Actual - All Special Revenue Funds****Year Ended June 30, 2005**

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	State (TDA) Transportation		
	Budget	Actual	Variance
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	580,581	257,042	(323,539)
Charges for services			
Fines, forfeitures and assessments			
Interest income	3,000	5,263	2,263
Loan payments			
Contributions and donations			
Other			
Total revenues	<u>583,581</u>	<u>262,305</u>	<u>(321,276)</u>
<b>Expenditures:</b>			
Current:			
Public safety - Police			
Public works	314,676	197,318	117,358
Community services	33,300	17,802	15,498
Development services			
Non departmental			
Capital outlay:			
Transportation:			
Traffic control			
Streets	233,205	44,785	188,420
Bridges			
Public facilities:			
Buildings			
Parks and landscaping			
Land acquisition			
Other improvements	2,400	2,400	
Equipment:			
Computers			
Non-automotive			
Total expenditures	<u>583,581</u>	<u>262,305</u>	<u>321,276</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing uses-</b>			
Operating transfers out			
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - July 1 as restated (Note 19)			
Fund balances - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

State Safety			Totals		
Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ 6,500,000	\$ 6,594,845	\$ 94,845
410,673	366,059	(44,614)	43,895,518	24,509,885	(19,385,633)
200,000	185,528	(14,472)	5,322,375	4,995,780	(326,595)
978,532	1,311,461	332,929	999,032	1,367,669	368,637
5,000	15,243	10,243	43,000	252,051	209,051
			377,767	1,172,833	795,066
			1,200,000	1,200,000	-
			77,610	80,451	2,841
<u>1,594,205</u>	<u>1,878,291</u>	<u>284,086</u>	<u>58,415,302</u>	<u>40,173,514</u>	<u>(18,241,788)</u>
304,000	477,844	(173,844)	304,000	477,844	(173,844)
			3,947,256	4,168,701	(221,445)
			5,643,705	5,361,276	282,429
			8,566,881	2,947,221	5,619,660
			3,911,177	3,930,750	(19,573)
			2,529,272	538,219	1,991,053
			28,544,043	15,942,827	12,601,216
			979,217	439,843	539,374
186,868	48,826	138,042	747,136	85,189	661,947
			2,497,468	2,395,709	101,759
			1,574,842	809,743	765,099
			451,303	266,943	184,360
46,137	18,642	27,495	46,137	18,642	27,495
66,200	64,455	1,745	79,700	64,744	14,956
<u>603,205</u>	<u>609,767</u>	<u>(6,562)</u>	<u>59,822,137</u>	<u>37,447,651</u>	<u>22,374,486</u>
<u>991,000</u>	<u>1,268,524</u>	<u>277,524</u>	<u>(1,406,835)</u>	<u>2,725,863</u>	<u>4,132,698</u>
<u>(1,150,000)</u>	<u>(1,150,000)</u>	<u>-</u>	<u>(5,088,409)</u>	<u>(5,088,409)</u>	<u>-</u>
<u>(1,150,000)</u>	<u>(1,150,000)</u>	<u>-</u>	<u>(5,088,409)</u>	<u>(5,088,409)</u>	<u>-</u>
(159,000)	118,524	277,524	(6,495,244)	(2,362,546)	4,132,698
<u>271,952</u>	<u>271,952</u>	<u>-</u>	<u>8,795,183</u>	<u>8,901,511</u>	<u>106,328</u>
<u>\$ 112,952</u>	<u>\$ 390,476</u>	<u>\$ 277,524</u>	<u>\$ 2,299,939</u>	<u>\$ 6,538,965</u>	<u>\$ 4,239,026</u>

Concluded



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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). The notes are due in annual installments of \$161,000 to \$320,000 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, 2005**

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	Public Financing Authority	General Obligation Debt	Total
<b>Assets:</b>			
Cash and investments	\$ 2,525,083	\$ -	\$ 2,525,083
Interest receivable	48,209		48,209
Total assets	<u>\$ 2,573,292</u>	<u>\$ -</u>	<u>\$ 2,573,292</u>
<b>Liabilities and Fund Balances:</b>			
Liabilities:			
Due to other funds	\$ 299,777	\$ -	\$ 299,777
Fund Balances:			
Reserved for- Debt service	2,225,000		2,225,000
Unreserved- Debt service	48,515		48,515
Total fund balances	<u>2,273,515</u>	<u>-</u>	<u>2,273,515</u>
Total liabilities and fund balances	<u>\$ 2,573,292</u>	<u>\$ -</u>	<u>\$ 2,573,292</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, 2005**

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	Public Financing Authority	General Obligation Debt	Total
<b>Revenues:</b>			
RDA Reimbursement	\$ -	\$ -	\$ -
Interest income	144,625		144,625
	<hr/>	<hr/>	<hr/>
Total revenues	144,625	-	144,625
	<hr/>	<hr/>	<hr/>
<b>Expenditures-</b>			
Debt service:			
Principal retirement	1,865,000	161,000	2,026,000
Interest and fiscal charges	586,346	225,409	811,755
	<hr/>	<hr/>	<hr/>
Total expenditures	2,451,346	386,409	2,837,755
	<hr/>	<hr/>	<hr/>
Deficiency of revenues under expenditures	(2,306,721)	(386,409)	(2,693,130)
	<hr/>	<hr/>	<hr/>
<b>Other financing sources-</b>			
Operating transfers in	2,303,000	386,409	2,689,409
	<hr/>	<hr/>	<hr/>
Total other financing sources	2,303,000	386,409	2,689,409
	<hr/>	<hr/>	<hr/>
Deficiency of revenues and other sources over expenditures	(3,721)	-	(3,721)
	<hr/>	<hr/>	<hr/>
Fund balances - July 1	2,277,236	-	2,277,236
	<hr/>	<hr/>	<hr/>
Fund balances - June 30	\$ 2,273,515	\$ -	\$ 2,273,515
	<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, 2005**

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	Public Financing Authority		
	Budget	Actual	Variance
<b>Revenues-</b>			
RDA Reimbursement	\$ -	\$ -	\$ -
Interest income	144,625	144,625	-
Total revenues	144,625	144,625	-
<b>Expenditures-</b>			
Debt service:			
Principal retirement	1,865,000	1,865,000	-
Interest and fiscal charges	586,365	586,346	19
Total expenditures	2,451,365	2,451,346	19
Deficiency of revenues under expenditures	(2,306,740)	(2,306,721)	19
<b>Other financing sources-</b>			
Operating transfers in	2,303,000	2,303,000	-
Total other financing sources	2,303,000	2,303,000	-
Deficiency of revenues and other sources under expenditures	(3,740)	(3,721)	19
Fund balances - July 1	2,277,236	2,277,236	-
Fund balances - June 30	\$ 2,273,496	\$ 2,273,515	\$ 19

General Obligation Debt			Totals		
Budget	Actual	Variance	Budget	Actual	Variance
\$ 74,378	\$ -	\$ (74,378)	\$ 74,378	\$ -	\$ (74,378)
			144,625	144,625	-
<u>74,378</u>	<u>-</u>	<u>(74,378)</u>	<u>219,003</u>	<u>144,625</u>	<u>(74,378)</u>
188,000	161,000	27,000	2,053,000	2,026,000	27,000
272,787	225,409	47,378	859,152	811,755	47,397
<u>460,787</u>	<u>386,409</u>	<u>74,378</u>	<u>2,912,152</u>	<u>2,837,755</u>	<u>74,397</u>
(386,409)	(386,409)	-	(2,693,149)	(2,693,130)	19
<u>386,409</u>	<u>386,409</u>	<u>-</u>	<u>2,689,409</u>	<u>2,689,409</u>	<u>-</u>
<u>386,409</u>	<u>386,409</u>	<u>-</u>	<u>2,689,409</u>	<u>2,689,409</u>	<u>-</u>
-	-	-	(3,740)	(3,721)	19
			<u>2,277,236</u>	<u>2,277,236</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,273,496</u>	<u>\$ 2,273,515</u>	<u>\$ 19</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, 2005**

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	Special Assessment Districts	Capital Outlay	Parks Development	Transportation Development
<b>Assets:</b>				
Cash and investments	\$ 28,670,747	\$ 11,267,697	\$ 13,582,887	\$ 23,088,893
Accounts receivable, net		389,942		113,000
Interest receivable		47,280	142,174	174,366
Due from other governmental agencies		96,204		
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 28,670,747</u>	<u>\$ 11,801,123</u>	<u>\$ 13,725,061</u>	<u>\$ 23,376,259</u>
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Accounts payable	\$ -	\$ 196,430	\$ 6,906,071	\$ 752,879
Due to other funds			1,110,000	
Advance from other funds			1,140,000	
Unearned revenue				374,500
Deferred revenue				113,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>196,430</u>	<u>9,156,071</u>	<u>1,240,379</u>
Fund Balances:				
Reserved for-				
Encumbrances		2,243,663	3,414,052	3,870,650
Facility replacement		2,155,000		
Unreserved:				
Designated for-				
Capital improvements	28,670,747	7,130,226	1,389,728	10,752,200
Undesignated		75,804	(234,790)	7,513,030
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>28,670,747</u>	<u>11,604,693</u>	<u>4,568,990</u>	<u>22,135,880</u>
Total liabilities and fund balances	<u>\$ 28,670,747</u>	<u>\$ 11,801,123</u>	<u>\$ 13,725,061</u>	<u>\$ 23,376,259</u>

Public Financing Authority	Total
\$ 293,846	\$ 76,904,070
	502,942
11	363,831
	96,204
<u>\$ 293,857</u>	<u>\$ 77,867,047</u>
\$ -	\$ 7,855,380
	1,110,000
	1,140,000
	374,500
	113,000
<u>-</u>	<u>10,592,880</u>
	9,528,365
	2,155,000
<u>293,857</u>	<u>47,942,901</u>
	7,647,901
<u>293,857</u>	<u>67,274,167</u>
<u>\$ 293,857</u>	<u>\$ 77,867,047</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, 2005**

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	Special Assessment Districts	Capital Outlay	Parks Development	Transportation Development
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 629,493	\$ -	\$ -
Charges for services			3,350,439	38,061
Fines, forfeitures and assessments	14,030,000			15,272,013
Interest income	466,528	175,017	276,648	472,683
Contributions and donations		12,000		-
Other		142,500		123,638
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	14,496,528	959,010	3,627,087	15,906,395
<b>Expenditures:</b>				
Current:				
General government	240,364	39,785	-	-
Public works				145,824
Non departmental	989,770		752,267	
Capital outlay:				
Environmental		3,656		
Transportation	4,937,444	2,041,659		5,654,781
Public facilities		1,541,465	6,925,542	10,000
Equipment		15,148		
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	6,167,578	3,641,713	7,677,809	5,810,605
Excess (deficiency) of revenues over (under) expenditures	<hr/> 8,328,950	<hr/> (2,682,703)	<hr/> (4,050,722)	<hr/> 10,095,790
<b>Other financing sources (uses):</b>				
Operating transfers in		11,482,220		
Operating transfers out		(2,217,486)		
Reserve transfer to agency funds	(3,571,055)			
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(3,571,055)	9,264,734	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	4,757,895	6,582,031	(4,050,722)	10,095,790
Fund balances - July 1	<hr/> 23,912,852	<hr/> 5,022,662	<hr/> 8,619,712	<hr/> 12,040,090
Fund balances - June 30	<hr/> <u>\$ 28,670,747</u>	<hr/> <u>\$ 11,604,693</u>	<hr/> <u>\$ 4,568,990</u>	<hr/> <u>\$ 22,135,880</u>

Public Financing Authority	Total
\$ -	\$ 629,493
2,357,304	5,745,804
	29,302,013
4,649	1,395,525
	12,000
	266,138
2,361,953	37,350,973
3,161	283,310
	145,824
	1,742,037
	3,656
	12,633,884
	8,477,007
	15,148
3,161	23,300,866
2,358,792	14,050,107
(2,303,000)	11,482,220
	(4,520,486)
	(3,571,055)
(2,303,000)	3,390,679
55,792	17,440,786
238,065	49,833,381
\$ 293,857	\$ 67,274,167

**CITY OF BAKERSFIELD****Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - All Capital Projects Funds  
For the Fiscal Year Ended June 30, 2005**

	Special Assessment Districts		
	Budget	Actual	Variance
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services			
Fines, forfeitures and assessments	14,030,000	14,030,000	-
Interest income	74,000	466,528	392,528
Note/certificate proceeds			
Contributions and donations			
Other			
Total revenues	<u>14,104,000</u>	<u>14,496,528</u>	<u>392,528</u>
<b>Expenditures:</b>			
Current:			
General government	202,494	240,364	(37,870)
Public works			
Non departmental	463,933	989,770	(525,837)
Capital outlay:			
Environmental- Water			
Transportation:			
Traffic control			
Streets	6,357,871	4,937,444	1,420,427
Bridges			
Curb/gutters/sidewalks			
Public facilities:			
Buildings			
Parks and landscaping			
Land acquisition			
Other improvements			
Equipment:			
Vehicles			
Non-automotive			
Furniture			
Total expenditures	<u>7,024,298</u>	<u>6,167,578</u>	<u>856,720</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,079,702</u>	<u>8,328,950</u>	<u>1,249,248</u>
<b>Other financing sources (uses):</b>			
Operating transfers in			
Operating transfers out			
Reserve transfer to agency funds		(3,571,055)	(3,571,055)
Total other financing sources (uses)	<u>-</u>	<u>(3,571,055)</u>	<u>(3,571,055)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>7,079,702</u>	<u>4,757,895</u>	<u>(2,321,807)</u>
Fund balances - July 1	<u>2,688,236</u>	<u>23,912,852</u>	<u>21,224,616</u>
Fund balances - June 30	<u>\$ 9,767,938</u>	<u>\$ 28,670,747</u>	<u>\$ 18,902,809</u>

Capital Outlay			Parks Development		
Budget	Actual	Variance	Budget	Actual	Variance
\$ 2,864,674	\$ 629,493	\$ (2,235,181)	\$ -	\$ -	\$ -
			4,125,852	3,350,439	(775,413)
118,000	175,017	57,017	100,000	276,648	176,648
	12,000	12,000			
	142,500	142,500			
<u>2,982,674</u>	<u>959,010</u>	<u>(2,023,664)</u>	<u>4,225,852</u>	<u>3,627,087</u>	<u>(598,765)</u>
100,000	39,785	60,215			
			5,000		5,000
			2,918,678	752,267	2,166,411
4,000	3,656	344			
85,048	65,492	19,556			
7,507,199	1,673,119	5,834,080			
306,123	303,048	3,075			
4,222,046	1,070,032	3,152,014			
2,295,885	152,388	2,143,497	2,731,694	1,711,770	1,019,924
			446,750	369,799	76,951
458,192	319,045	139,147	8,876,534	4,843,973	4,032,561
13,314	13,314				
1,834	1,834				
<u>14,993,641</u>	<u>3,641,713</u>	<u>11,351,928</u>	<u>14,978,656</u>	<u>7,677,809</u>	<u>7,300,847</u>
(12,010,967)	(2,682,703)	9,328,264	(10,752,804)	(4,050,722)	6,702,082
9,327,220	11,482,220	2,155,000			
(2,217,486)	(2,217,486)	-			
<u>7,109,734</u>	<u>9,264,734</u>	<u>2,155,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
(4,901,233)	6,582,031	11,483,264	(10,752,804)	(4,050,722)	6,702,082
5,022,662	5,022,662	-	8,619,712	8,619,712	-
<u>\$ 121,429</u>	<u>\$ 11,604,693</u>	<u>\$ 11,483,264</u>	<u>\$ (2,133,092)</u>	<u>\$ 4,568,990</u>	<u>\$ 6,702,082</u>

Continued

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**CITY OF BAKERSFIELD**

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**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - All Capital Projects Funds  
For the Fiscal Year Ended June 30, 2005**

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	Transportation Development		
	Budget	Actual	Variance
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services		38,061	38,061
Fines, forfeitures and assessments	8,500,055	15,272,013	6,771,958
Interest income	200,000	472,683	272,683
Contributions and donations			
Other	25,000	123,638	98,638
	<hr/>	<hr/>	<hr/>
Total revenues	8,725,055	15,906,395	7,181,340
	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>			
Current:			
General government			
Public works	160,000	145,824	14,176
Non departmental			
Capital outlay:			
Environmental-			
Water			
Transportation:			
Traffic control	1,109,110	321,417	787,693
Streets	12,529,508	1,721,776	10,807,732
Bridges	6,956,527	3,611,588	3,344,939
Curb/gutters/sidewalks			
Public facilities:			
Buildings	10,000	10,000	-
Parks and landscaping			
Land acquisition			
Other improvements			
Equipment:			
Vehicles			
Non-automotive			
Furniture			
	<hr/>	<hr/>	<hr/>
Total expenditures	20,765,145	5,810,605	14,954,540
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(12,040,090)	10,095,790	22,135,880
	<hr/>	<hr/>	<hr/>
<b>Other financing sources (uses):</b>			
Operating transfers in			
Operating transfers out			
Reserve transfer to agency funds			
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(12,040,090)	10,095,790	22,135,880
	<hr/>	<hr/>	<hr/>
Fund balances - July 1	12,040,090	12,040,090	-
	<hr/>	<hr/>	<hr/>
Fund balances - June 30	\$ -	\$ 22,135,880	\$ 22,135,880
	<hr/>	<hr/>	<hr/>

Public Financing Authority			Totals		
Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ 2,864,674	\$ 629,493	\$ (2,235,181)
2,357,305	2,357,304	(1)	6,483,157	5,745,804	(737,353)
			22,530,055	29,302,013	6,771,958
2,000	4,649	2,649	494,000	1,395,525	901,525
				12,000	12,000
			25,000	266,138	241,138
<u>2,359,305</u>	<u>2,361,953</u>	<u>2,648</u>	<u>32,396,886</u>	<u>37,350,973</u>	<u>4,954,087</u>
11,000	3,161	7,839	313,494	283,310	30,184
			165,000	145,824	19,176
			3,382,611	1,742,037	1,640,574
			4,000	3,656	344
			1,194,158	386,909	807,249
			26,394,578	8,332,339	18,062,239
			7,262,650	3,914,636	3,348,014
			4,232,046	1,080,032	3,152,014
			5,027,579	1,864,158	3,163,421
			446,750	369,799	76,951
			9,334,726	5,163,018	4,171,708
			13,314	13,314	
			1,834	1,834	
<u>11,000</u>	<u>3,161</u>	<u>7,839</u>	<u>57,772,740</u>	<u>23,300,866</u>	<u>34,471,874</u>
<u>2,348,305</u>	<u>2,358,792</u>	<u>10,487</u>	<u>(25,375,854)</u>	<u>14,050,107</u>	<u>39,425,961</u>
(2,303,000)	(2,303,000)	-	9,327,220	11,482,220	2,155,000
			(4,520,486)	(4,520,486)	
				(3,571,055)	(3,571,055)
<u>(2,303,000)</u>	<u>(2,303,000)</u>	<u>-</u>	<u>4,806,734</u>	<u>3,390,679</u>	<u>(1,416,055)</u>
45,305	55,792	10,487	(20,569,120)	17,440,786	38,009,906
<u>238,065</u>	<u>238,065</u>	<u>-</u>	<u>28,608,765</u>	<u>49,833,381</u>	<u>21,224,616</u>
<u>\$ 283,370</u>	<u>\$ 293,857</u>	<u>\$ 10,487</u>	<u>\$ 8,039,645</u>	<u>\$ 67,274,167</u>	<u>\$ 59,234,522</u>

Concluded



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*Statistical Section*

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**CITY OF BAKERSFIELD**

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**General Governmental Expenditures by Function  
Last Ten Fiscal Years (1)**

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<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Development and Conservation</u>
1995-96	\$ 8,601,713	\$ 44,582,726	\$ 18,844,439	\$ 8,808,266
1996-97	6,212,673	47,142,983	20,789,424	7,839,148
1997-98	6,814,806	50,645,254	22,132,163	7,192,943
1998-99	6,805,051	54,572,644	25,463,581	7,657,519
1999-00	6,963,365	55,494,789	27,675,710	8,935,807
2000-01	7,359,173	56,548,615	29,500,155	8,693,623
2001-02	7,987,509	58,510,038	32,816,535	9,968,234
2002-03	8,686,836	65,541,828	33,530,090	10,818,350
2003-04	9,712,947	71,427,422	30,343,427	9,982,640
2004-05	8,473,071	81,651,055	35,245,516	11,148,499

## Notes:

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

Source: City Finance Department

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<u>Non Departmental</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
\$ 3,060,727	\$ 26,464,049	\$ 7,073,562	\$117,435,482
8,555,524	23,553,234	10,116,575	124,209,561
6,936,337	13,725,975	7,007,300	114,454,778
7,632,917	24,464,078	7,766,792	134,362,582
8,985,631	25,127,075	7,698,229	140,880,606
9,233,774	14,258,986	7,086,194	132,680,520
11,662,500	19,481,953	6,363,702	146,790,471
9,281,777	35,515,109	6,221,844	169,595,834
8,888,063	41,568,039	18,455,966	190,378,504
7,726,250	41,691,554	2,837,755	188,773,700

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**CITY OF BAKERSFIELD**

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**General Governmental Revenues by Source  
Last Ten Fiscal Years (1)**

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<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter- governmental Revenue</u>	<u>Charges for Services</u>
1995-96	\$ 55,137,947	\$ 1,952,903	\$ 17,677,205	\$ 15,798,826
1996-97	57,963,326	1,908,180	23,683,219	19,013,575
1997-98	60,795,512	2,284,122	20,800,675	16,839,336
1998-99	66,635,036	2,662,122	30,326,772	20,298,807
1999-00	69,467,865	2,251,147	36,355,099	20,850,973
2000-01	73,202,644	2,504,899	30,814,071	20,557,182
2001-02	78,924,082	2,909,850	31,574,925	21,455,630
2002-03	84,514,309	2,675,401	39,841,785	23,451,366
2003-04	89,363,833	3,607,543	35,973,313	34,924,030
2004-05	115,631,300	3,853,451	34,255,270	26,675,781

Notes:

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

Source: City Finance Department

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<u>Fines and Forfeits</u>	<u>Interest Income</u>	<u>Contributions and Donations</u>	<u>Other Revenues</u>	<u>Total</u>
\$ 14,881,014	\$ 3,002,057	\$ 629,647	\$ 4,457,276	\$ 113,536,875
7,400,777	3,088,171	803,459	3,068,134	116,928,841
6,278,703	2,806,722	390,200	4,593,267	114,788,537
14,534,015	2,623,485	711,690	2,702,083	140,494,010
8,003,154	3,152,562	654,631	1,735,936	142,471,367
11,774,350	4,113,126	640,841	2,861,495	146,468,608
19,045,591	3,859,242	3,600,396	697,468	162,067,184
16,071,148	2,008,420	3,172,935	2,857,043	174,592,407
17,949,056	676,118	2,396,698	7,538,523	192,429,114
31,499,007	2,828,081	3,214,731	1,610,474	219,568,095

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**CITY OF BAKERSFIELD**

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**General Governmental Tax Revenues by Source  
Last Ten Fiscal Years (1)**

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<u>Fiscal Year</u>	<u>General Property Taxes</u>	<u>Sales and Use Taxes</u>	<u>Transient Occupancy Taxes</u>	<u>Business License Taxes</u>	<u>Utility Franchise Taxes</u>
1995-96	\$ 16,975,278	\$28,769,923	\$3,773,751	\$1,660,653	\$ 2,231,579
1996-97	17,464,195	30,418,719	4,210,304	1,714,940	2,331,893
1997-98	17,422,121	32,982,130	4,307,716	1,660,220	2,542,332
1998-99	20,488,683	34,440,632	5,136,636	1,831,753	2,695,469
1999-00	19,123,448	38,377,867	4,910,656	1,942,796	2,924,983
2000-01	18,199,926	41,872,299	5,347,799	2,020,989	3,204,489
2001-02	20,675,415	44,033,531	5,493,486	2,123,484	3,754,985
2002-03	23,523,106	46,283,126	5,747,849	2,244,126	3,680,638
2003-04	23,926,768	49,237,400	6,069,043	2,459,889	3,974,642
2004-05	39,464,262	58,465,636	6,594,845	2,646,990	4,191,066

Notes:

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

Source: City Finance Department

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<u>In-Lieu and Other taxes</u>	<u>Total Taxes</u>
\$1,726,763	\$ 55,137,947
1,823,275	57,963,326
1,880,993	60,795,512
2,041,863	66,635,036
2,188,115	69,467,865
2,557,142	73,202,644
2,826,230	78,907,131
3,035,464	84,514,309
3,696,091	89,363,833
4,268,501	115,631,300

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**CITY OF BAKERSFIELD**

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

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<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>
1995-96	\$ 16,856,805	\$ 16,249,978	96.4%	\$ 725,300	\$ 16,975,278
1996-97	17,175,495	16,739,603	97.5%	724,592	17,464,195
1997-98	17,289,200	16,843,978	97.4%	586,387	17,430,365
1998-99	17,864,445	19,956,780	111.7%	531,903	20,488,683
1999-00	18,554,717	18,454,903	99.5%	668,545	19,123,448
2000-01	19,093,149	17,734,039	92.9%	465,887	18,199,926
2001-02	20,121,528	19,994,799	99.4%	680,616	20,675,415
2002-03	21,301,453	22,888,265	107.4%	634,841	23,523,106
2003-04	22,792,274	23,186,177	101.7%	740,591	23,926,768
2004-05	25,401,358	26,877,424	105.8%	814,985	27,692,409

Notes:

(1) Excludes Redevelopment property tax increment.

Source: City Finance Department

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<u>Percent of Current Taxes Collected</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
100.7%	\$ 503,854	3.0%
101.7%	447,106	2.6%
100.8%	420,441	2.4%
114.7%	446,760	2.5%
103.1%	368,996	2.0%
95.3%	369,898	1.9%
102.8%	372,765	1.9%
110.4%	395,213	1.9%
105.0%	355,505	1.6%
109.0%	404,958	1.6%

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**CITY OF BAKERSFIELD**

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**Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years (1)**

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<u>Fiscal Year</u>	<u>Secured</u>	<u>Unsecured</u>	<u>Utility</u>	<u>Total Assessed Value</u>	<u>Percent Increase (Decrease)</u>
1995-96	\$ 8,068,506,294	\$ 356,616,991	\$ 13,232,785	\$ 8,438,356,070	5.23%
1996-97	8,213,247,086	350,499,835	13,971,013	8,577,717,934	1.65%
1997-98	8,407,516,746	374,446,012	15,497,196	8,797,459,954	2.56%
1998-99	8,628,532,571	453,535,838	17,719,409	9,099,787,818	3.44%
1999-00	9,268,459,616	423,862,659	19,424,138	9,711,746,413	6.72%
2000-01	9,809,567,800	432,049,903	19,039,560	10,260,657,263	5.65%
2001-02	10,111,103,449	462,192,054	18,851,231	10,592,146,734	3.23%
2002-03	10,820,926,790	481,183,430	18,614,866	11,320,725,086	6.88%
2003-04	11,947,359,805	483,752,532	26,993,919	12,458,106,256	10.05%
2004-05	13,441,149,790	512,720,306	16,541,510	13,970,411,606	12.14%

Source: County of Kern

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**CITY OF BAKERSFIELD**

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**Property Tax Rates and Levies (per \$100 Assessed Value)  
Last Ten Fiscal Years**

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	<u>Fiscal Year</u>	<u>General Purposes (1)</u>	<u>Debt Service (2)</u>	<u>Total</u>
Tax Rates	1995-96		0.0000	
	1996-97		0.0000	
	1997-98		0.0000	
	1998-99		0.0000	
	1999-00		0.0000	
	2000-01		0.0000	
	2001-02		0.0000	
	2002-03		0.0000	
	2003-04		0.0000	
	2004-05		0.0000	
Tax Levies	1995-96	\$ 16,638,225	-	\$ 16,638,225
	1996-97	17,019,563	-	17,019,563
	1997-98	17,164,476	-	17,164,476
	1998-99	17,864,445	-	17,864,445
	1999-00	18,554,717	-	18,554,717
	2000-01	19,093,149	-	19,093,149
	2001-02	20,121,528	-	20,121,528
	2002-03	21,301,453	-	21,301,453
	2003-04	22,792,274	-	22,792,274
	2004-05	25,401,358	-	25,401,358

## Notes:

(1) Does not include supplemental property tax levies.

(2) Final bond payment made October 1, 1993. Debt service was not billed subsequent to 92-93 tax roll.

Source: City Finance Department

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**CITY OF BAKERSFIELD**

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**Principal Taxpayers  
June 30, 2005**

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<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Castle & Cooke Comm. Inc.	Real Estate Development	\$ 155,296,097	1.11%
Bakersfield Mall LLC	Shopping Center	115,530,696	0.83%
Chevron USA Inc.	Oil Company	66,181,306	0.47%
Ice Cream Partners, USA	Manufacturing	61,617,198	0.44%
Bear Mountain Limited	Cogeneration	52,155,000	0.37%
State Farm Insurance Company	Insurance	43,500,000	0.31%
Albertsons Inc.	Groceries	37,157,672	0.27%
Cox Communications Bakersfield	Cable	14,511,150	0.10%
Nakanogumi Corporation SBD Group Inc.	Real Estate Development	12,500,000	0.09%
Columbus & Chester Partnership	Real Estate	12,330,874	0.09%
Total taxable assessed value of ten (10) largest taxpayers		570,779,993	4.09%
Total taxable assessed value of other taxpayers		13,399,631,613	95.91%
Total taxable assessed value all taxpayers		<u>\$ 13,970,411,606</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.

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***CITY OF BAKERSFIELD***

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**Computation of Legal Debt Margin  
June 30, 2005**

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

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**CITY OF BAKERSFIELD**

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**Ratio of Net General Bonded Debt to Assessed Value  
and Net General Bonded Debt Per Capita  
Last Ten Fiscal Years**

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<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Assessed Value (2) (Thousands)</u>	<u>Gross Bonded Debt (3)</u>	<u>Debt Service Monies Available</u>
1995-96	212,715	\$ 8,438,356	\$ 20,450,000	\$ 1,187,449
1996-97	214,554	8,577,718	18,130,000	1,141,866
1997-98	221,689	8,797,460	15,690,000	777,427
1998-99	230,771	9,099,788	13,105,000	653,745
1999-00	237,222	9,711,746	10,370,000	489,494
2000-01	254,368	11,260,657	7,475,000	256,969
2001-02	257,914	10,592,147	4,930,000	-
2002-03	266,784	11,320,725	4,000,000	-
2003-04	279,672	12,458,106	3,050,000	-
2004-05	295,893	13,970,412	2,070,000	-

## Notes:

(1) State Department of Finance

(2) The assessed valuations are stated at 100% of full taxable value.

(3) Includes all long-term general obligation bonded debt.

Source: City Finance Department

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<u>Debt Payable from Enterprise Revenues</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
\$ 9,000,000	\$ 10,262,551	0.12	48.25
8,400,000	8,588,134	0.10	40.03
7,765,000	7,147,573	0.08	32.24
7,090,000	5,361,255	0.06	23.23
6,375,000	3,505,506	0.04	14.78
5,615,000	1,603,031	0.02	6.30
4,930,000	-	0.00	0.00
4,000,000	-	0.00	0.00
3,050,000	-	0.00	0.00
2,070,000	-	0.00	0.00

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**CITY OF BAKERSFIELD**

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**Ratio of Annual Debt Service Expenditures for  
General Bonded Debt to Total General Expenditures  
Last Ten Fiscal Years**

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<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>General Expenditures (1)</u>	<u>Ratio of Debt Service to General Expenditures</u>
1995-96	\$ 1,850,000	\$ 845,746	\$ 2,695,746	\$ 117,435,482	2.3%
1996-97	1,935,000	753,762	2,688,762	124,209,561	2.2%
1997-98	2,035,000	650,083	2,685,083	114,454,778	2.3%
1998-99	2,205,000	533,259	2,738,259	134,362,582	2.0%
1999-00	2,325,000	404,234	2,729,234	140,880,606	1.9%
2000-01	2,410,000	263,078	2,673,078	132,680,520	2.0%
2001-02	2,145,000 (2)	114,081	2,259,081	146,790,471	1.5%
2002-03	600,000	38,717	638,717	147,337,543	0.4%
2003-04	-	132,396	132,396	155,137,697	0.1%
2004-05	-	161,000	161,000	165,774,078	0.1%

Notes:

(1) General obligation bonds reported in the enterprise funds have been excluded.

(2) Amount includes bond call on Convention Center Ballroom and Meeting Rooms.

Source: City Finance Department

## ***CITY OF BAKERSFIELD***

### **Computation of Direct and Overlapping Debt (1) June 30, 2005**

	<u>Net/Gross (2) Bonded Debt Outstanding</u>	<u>% of Debt Applicable to City of Bakersfield</u>	<u>City of Bakersfield's Share of Debt</u>
Direct Debt-			
City of Bakersfield-			
Public Financing Authority Revenue Bonds	\$ 4,981,486	100.000	\$ 4,981,486
Overlapping Debt:			
School/college districts			
Rosedale Union	3,045,001	48.528	1,477,678
Panama-Buena Vista Union	8,035,000	96.362	7,742,687
Greenfield Union	11,100,001	80.903	8,980,233
Bakersfield City School District Authority	29,533,840	70.104	20,704,403
RNR School Financing Authority	38,845,002	56.917	22,109,409
Fruitvale School District	12,400,001	74.936	9,292,064
Lakeside Union School District	2,245,000	41.494	931,540
Standard School District			
Certificates of Participation	5,460,044	0.916	50,014
Norris Union School District	3,886,406	46.306	1,799,639
Rio Bravo-Greeley School District	7,995,455	0.022	1,759
Kern County Community College District			
Facility Improvement District	73,331,550	31.170	22,857,444
Kern County Community College District			
Certificates of Participation	85,995,001	27.782	23,891,131
Kern County Community College District			
Assessment District	7,115,000	33.108	2,355,634
Kern County Union High School District			
Certificates of Participation	230,415,001	47.158	108,659,106
Beardsley School District	7,504,997	24.068	1,806,303
Fairfax School District	4,064,856	15.712	638,670
Lamont School District	2,865,385	0.026	745
County:			
Kern County Board of Education			
Certificates of Participation	96,240,000	29.329	28,226,230
Kern County Certificates of Participation	91,238,998	29.329	26,759,486
Kern County Pension Obligations	495,979,068	29.329	145,465,701
Special districts:			
Kern County Water Agency Improvement District	1,135,000	74.614	846,869
Olcese Water District	730,000	100.000	730,000
Kern Delta Water District	2,270,001	66.537	1,510,390
Rosedale-Rio Bravo Water Storage District	135,002	22.814	30,799
Cawelo Water District	2,015,000	31.334	631,380
Total overlapping debt	<u>1,223,580,609</u>		<u>437,499,314</u>
Total direct and overlapping debt	<u><u>\$1,228,562,095</u></u>		<u><u>\$ 442,480,800</u></u>

Notes:

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

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

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**CITY OF BAKERSFIELD**

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**Revenue Bond Coverage Wastewater Corporation Bonds,  
Sewer Revenue Refunding Bonds 1994 and Sewer Revenue Bonds 1997  
Last Ten Fiscal Years**

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Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3) (4)			Debt Service Coverage
				Principal	Interest	Total	
1995-96	\$12,186,316	\$7,995,298	\$4,191,018	\$ 810,000	\$1,309,246	\$2,119,246	1.98
1996-97	13,045,427	5,752,614	7,292,813	845,000	1,267,867	2,112,867	3.45
1997-98	13,813,411	6,078,229	7,735,182	880,000	1,367,167	2,247,167	3.44
1998-99	14,770,778	6,383,234	8,387,544	2,205,000	1,721,733	3,926,733	2.14
1999-00	13,903,476	7,215,251	6,688,225	2,310,000	1,752,620	4,062,620	1.65
2000-01	15,439,273	7,145,149	8,294,124	2,415,000	1,483,297	3,898,297	2.13
2001-02	20,067,437	7,821,312	12,246,125	2,535,000	1,346,123	3,881,123	3.16
2002-03	15,391,112	7,494,423	7,896,689	2,660,000	1,213,556	3,873,556	2.04
2003-04	19,104,873	8,703,477	10,401,396	14,125,000	426,663	14,551,663	0.71
2004-05	18,834,934	8,931,127	9,903,807	5,110,000	79,838	5,189,838	1.91

## Notes:

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

(2) Does not include the General Obligation Bonds reported in Enterprise Funds.

(3) Wastewater corporations paid in full at June 30, 1995.

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

Source: City Finance Department

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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	Total Construction		Bank Deposits
	No. of Units	Value	No. of Units	Value	Value	No. of Units	Value	
1995-96	50	\$ 26,287	1,909	\$ 179,127	\$ 41,962	1,959	\$ 247,376	1,678,075
1996-97	102	42,352	1,352	132,785	40,459	1,454	215,596	2,310,008
1997-98	147	49,241	1,983	197,773	67,281	2,130	314,295	2,438,004
1998-99	213	78,199	2,088	223,576	36,958	2,301	338,733	2,464,202
1999-00	140	51,251	1,890	218,656	34,438	2,030	304,345	2,454,280
2000-01	123	38,113	2,012	261,522	48,067	2,135	347,702	2,730,107
2001-02	143	70,874	2,445	311,639	57,983	2,588	440,496	2,865,985
2002-03	141	56,694	2,981	428,534	62,112	3,122	547,340	3,179,623
2003-04	130	82,003	3,677	568,413	65,878	3,807	716,294	3,357,220
2004-05	103	62,202	4,291	675,804	115,348	4,394	853,354	(2)

## Notes:

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

(2) Data for June 30, 2004 is not yet available.

Source: City Finance Department

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**CITY OF BAKERSFIELD**

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**Demographic Statistics  
Last Ten Fiscal Years**

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<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Estimated Median Household Income (2)</u>	<u>Elementary School Enrollment</u>	<u>Estimated Unemployment Rate (%)</u>
1995-96	212,715	31,852	26,903	12.4%
1996-97	214,554	31,888	27,126	11.4%
1997-98	221,689	33,339	27,370	10.9%
1998-99	230,771	33,754	27,668	11.0%
1999-00	237,222	34,343	27,783	12.5%
2000-01	254,368	37,573	28,099	10.4%
2001-02	257,914	35,153	28,267	11.2%
2002-03	266,784	42,800	28,179	12.0%
2003-04	279,672	46,000	28,315	12.6%
2004-05	295,893	46,600	28,234	8.3%

## Notes:

(1) State Department of Finance

(2) US Dept of Housing and Urban Development 2004; Figures and estimates should be used for general purposes only.

Source: City Finance Department

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**CITY OF BAKERSFIELD**

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**Miscellaneous Statistics  
June 30, 2005**

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Date of incorporation	1898
Form of government	Council-Manager
Area	118.50 square miles
Miles of streets	1,042.19
Number of street lights	13,635
Fire protection:	
Number of stations	13
Number of firefighters and officers	180
Police protection:	
Number of stations	2
Number of sworn officers	345
Building permits issued	6,387
Valuation	\$864,394,270
Recreation and culture-	
Number of parks	45 with 433.00 acres
Employees:	
Management	68
Supervisory	186
Other	1,188

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**CITY OF BAKERSFIELD**

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**Schedule of Insurance in Force  
June 30, 2005**

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## Type of Coverage

**Liability:****Limits**

Excess Workers' Compensation      \$145,000,000      Limit with a \$500,000 self-insured retention.  
Excess Liability                              35,000,000      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.

Adopt an Area                                      1,000,000      Coverage limit, \$500 deductible.

Volunteer Accident Insurance              1,000,000      Coverage limit (liability)  
    25,000      Coverage limit (medical indemnity)

**Physical Loss:**

All Risk Property and Boiler              200,000,000      Coverage on buildings and contents subject to \$25,000  
   deductible with various sublimits  
Auto-Physical Damage                              Coverage for Fire vehicles, subject to a \$25,000  
   deductible.

**Life and Medical:**

Life and Accident                                      2,000      Supervisory & Management employees. Each employee  
   (basic coverage) and additional insurance equal to annual  
   12,000      Safety employees, each employee (basic coverage).

Medical and Dental                                      30,000      Miscellaneous employees, each employee (basic  
   coverage).  
   Basic coverage plus \$5,000,000 extended benefits of  
   80% after \$200 deductible    or  
   Group dental (California Care & Kaiser - HMO) (\$50  
   deductible for Blue Cross).

<b>Insurance Company</b>	<b>Policy Number</b>	<b>Expiration Date</b>	<b>Annual Premium</b>
CSCA - EIA	EWC7-1-05	07/01/06	\$ 290,902
Insurance Company of the State of Pennsylvania	ACC0506BAK71	07/01/06	482,164
Hartford Fire Insurance Company	57BPEBU9384	07/01/06	13,993
Ace Property and Casualty Insurance Company.	AAPN00984504	07/19/06	5,513
X. L. Specialty	NA13027998	07/01/06	13,100
Essex	3CL8555	10/23/06	2,500 (estimate)
Employees Insurance at	VISTHC291528630	07/01/06	1,447
Affiliated FM	TF517	07/01/06	119,000 (estimate)
Fort Dearborn Life	F001334	01/01/06	3.90 per thousand dollar of salary, Management & Supervisory annual
Fort Dearborn Life	F001334	01/01/06	47.58 each permanent employee for \$12,000 coverage
Fort Dearborn Life	F001334	01/01/06	118.82 each permanent employee for \$30,000 coverage
Blue Cross	Dental 97039S		Bi-weekly rate range from \$108.15 to
Blue Cross	Health 97039M		\$432.72 per employee for medical
Blue Cross/Calif. Care	Health 59E69A		based upon Individual's Plan coverage
Dedicated Dental System	Dental 05658		and Plan combination and \$9.40 to

