



# City of Bakersfield, California



## Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2015

# CITY OF BAKERSFIELD CALIFORNIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2015



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

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

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**CITY OF BAKERSFIELD**

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Comprehensive Annual Financial Report  
Year Ended June 30, 2015

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January 7, 2016

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

In accordance with the requirements of our Municipal Code (Section 2.08.020F), I am pleased to submit the City of Bakersfield's (the "City") Comprehensive Annual Financial Report for the year ended June 30, 2015. This report was prepared by the City's Finance Department, which assumes responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures.

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

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

## **GENERAL BACKGROUND**

The City 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 150 square miles and has an estimated population of 365,504 as of January 1, 2015.

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

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

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

## MAJOR INITIATIVES

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

The 2014-15 capital budget included over \$150 million of funding for the TRIP projects as outlined below:

- Beltway Operational Improvements  
(Right of Way & Construction) \$ 94,100,000
- SR 178 Widening (Construction) \$ 21,300,000
- Hoskings @ SR99 Bridge (Construction) \$ 21,000,000
- Westside Parkway Operational Improvements  
(Design & Right of Way) \$ 9,100,000

The City has five of the TRIP projects currently under construction, including the Hosking Avenue Interchange, the Beltway Operational Improvements to State Routes 58 & 99, the Rosedale Highway Widening, the State Route 178 Widening and the State Route 99 Auxiliary Lane/Rosedale Highway Off-ramp improvements.

The Centennial Corridor project received approval to spend \$165 million of the federal earmark for early acquisition of right of way needed for the project. As of November 2015 the City has successfully negotiated the voluntary acquisition of 146 single family properties, 7 multi-family properties and 7 commercial/industrial properties.

## FACTORS AFFECTING FINANCIAL CONDITION

**Local Economy and Local Budget Issues** - The City of Bakersfield did show some signs of economic recovery after being impacted in past years by the statewide recession. General Fund's property tax revenues grew by 3.4% in fiscal year 2014-15 and are estimated to increase by an additional 5% in fiscal year 2015-16. However, the recovery in the Bakersfield area has been stifled by dramatic reductions in oil prices and associated oil drilling activity, which is having a negative impact on the City's general economic condition. Sales tax revenues dropped by 2.9% in fiscal year 2014-15 and are expected to decrease slightly again in fiscal year 2015-16. The local economic environment continues to show some signs of slow recovery with improvement in property values and continued building activity, but is hampered by the decreases in oil prices and associated impacts to oil production support industries in the area.

The City Council (the Council) continues to take a conservative approach in adopting our budget for 2015-16. The Council has maintained a \$12,500,000 cash basis reserve fund along with a \$3,700,000 facilities reserve fund to provide a level of protection for the City. The Council also continued to fully fund the Annual Required Contribution toward the City's Other Post-Employment Benefits (OPEB) costs for retiree medical benefits, maintaining the City of Bakersfield's position as one of the few entities in California that are making serious progress toward fully funding this long-term obligation.

Retirement costs are projected to escalate for all employee groups over the next several years as a result of California Public Employees' Retirement System's (CalPERS) recent changes to its actuarial methodology. CalPERS approved a multi-year smoothing method to spread the rate increases associated with moving from a rolling 30 year amortization period to a fixed 30 year amortization period. Rates are expected to rise steadily for the next 5 years as this change is fully implemented. Preliminary estimates provided by CalPERS project employer rates to increase by 2% to 3% each year for the next five years. The methodology change and resulting rate increases will have a significant impact on retirement costs for the City. We estimate these changes will increase our annual retirement benefit costs by approximately \$11.0 million once the rate increases have been fully implemented by CalPERS.

**Long-Term Financial Planning** - The City continues to look forward in meeting our long-term financial and operating needs. The increasing costs of retirement and medical benefits are of particular concern and are being monitored closely by the City. The City continues to monitor departmental needs for satellite storage and staging areas for Public Works and Parks operations. As the City continues to grow both in population and in geographic area, we must continuously evaluate opportunities to become more efficient and effective in our efforts to serve our community.

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

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

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. However, the City recognizes that even sound internal controls have their inherent limitations. Internal controls are reviewed to ensure that the City's operating policies and procedures are being adhered to and that the controls are adequate to ensure accurate and reliable financial reporting and to safeguard the City's assets.

**Budgetary Controls** -The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Project length financial plans are adopted for the capital projects funds. The level of budgetary control is established at the fund level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered amounts lapse at year-end. However, encumbrances and certain capital projects are re-appropriated as part of the following year's budget. The 2014-15 City of Bakersfield appropriation limit established as required by state statute was \$328,495,244.

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

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

## **OTHER INFORMATION**

**Independent Audit** - The City Charter requires an annual audit by independent certified public accountants. The City Council also adopted a policy regarding auditor rotation that encourages competitive bidding on a five year cycle. The accounting firm of Brown Armstrong Accountancy Corporation was selected by the City Council in 2012 to perform the annual audit for the 2011-12 fiscal year. This audit year (2014-15) is the fourth year of a contemplated five year agreement with this firm. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1984 and related U.S. Office of Management and Budget (OMB) Circular A-133. The auditor's report covers the basic financial statements, including the notes to the financial statements, but their opinion does not cover the combining and individual fund statements.

**Awards** - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bakersfield for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014, marking the thirty-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 GAAP and applicable legal requirements.

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

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

Respectfully,

A handwritten signature in black ink, appearing to read 'Nelson K. Smith', with a stylized flourish at the end.

Nelson K. Smith  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Bakersfield  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

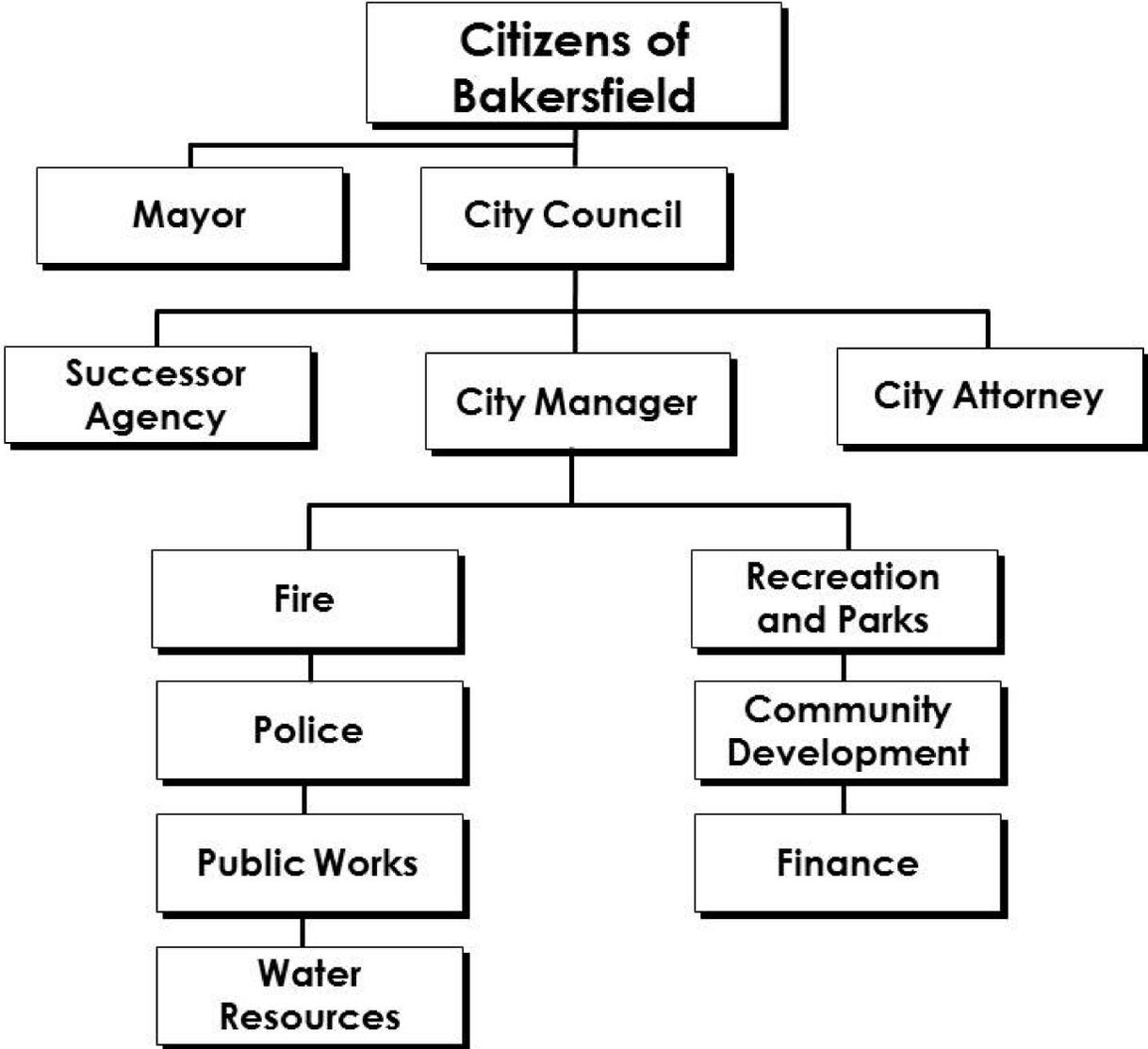
**June 30, 2014**

Executive Director/CEO

# CITY OF BAKERSFIELD

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## Organizational Chart



# CITY OF BAKERSFIELD

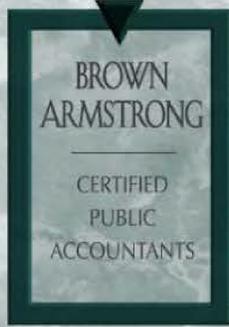
June 30, 2015

## City Council

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

## Administrative Personnel

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



# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bakersfield, California, (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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#### PASADENA OFFICE

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#### STOCKTON OFFICE

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SUITE 237  
STOCKTON, CA 95207  
TEL 209.451.4833

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

## **Emphasis of Matter**

As disclosed in the Note 1 to the financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statements No. 27*, and GASB Statement No. 71, *Pension Transaction for Contributions Made Subsequent to the Measurement Date*, during the fiscal year 2015. Our opinion is not modified with respect to the matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 18 and 101 through 104, and the City's Retirement Plans' Schedule of Changes in the Net Pension Liability and Related Ratios and the Schedule of Pension Contributions on page 105, as well as Other Postemployment Benefit (OPEB) schedules of funding progress on page 106 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual major and nonmajor fund financial statements and schedules, as well as schedules of long-term debt recorded in private purpose trust fund on pages 107 through 141, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

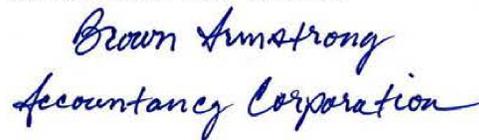
The combining and individual major and nonmajor fund financial statements and schedules as well as schedules of long-term debt recorded in private purpose trust fund on pages 107 through 141 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual major and nonmajor fund financial statements and schedules as well as schedules of long-term debt recorded in private purpose trust fund on pages 107 through 141 are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION



Bakersfield, California  
January 7, 2016

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## ***CITY OF BAKERSFIELD***

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

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This discussion and analysis of the City of Bakersfield's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements, and the accompanying notes to those financial statements.

### **FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$2.0 billion (net position). Of this amount, \$8.8 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$306.3 million over the prior fiscal year. This decrease is attributable to a \$6.7 million increase in capital asset investments, a \$1.1 million increase in restricted net position and a \$314.1 million decrease in unrestricted net position.
- As of the close of the current fiscal year, the City's Governmental Funds reported combined ending fund balances of \$195.4 million, a decrease of \$0.2 million in comparison with the prior year. Amounts available for spending include restricted, committed, assigned and unassigned fund balances. Of this amount \$22.1 million is restricted by law or externally imposed requirements and \$113.7 million is committed for specific purposes, \$58.3 million is assigned and \$0.4 million is unassigned and available.
- Available fund balance for the General Fund decreased \$13.8 million to \$40.8 million. The ending fund balance of \$40 million equates to 21.5% of total General Fund expenditures for the year.
- The City's long-term debt showed a decrease of \$13.3 million during the current fiscal year.

In fiscal year 2014-15 the City adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB) that relate to pension activity.

**Statement No. 68** - The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared.

**Statement No. 71** - The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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**FUND FINANCIAL STATEMENTS**

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

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

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$2.0 billion at the close of the most recent fiscal year, which is a \$306.3 million decrease, or 13.4% decrease in comparison with the prior year. The large decrease in net position is the result of posting long term pension liabilities in compliance with GASB 68.

The largest portion of the City's net position (97.4% of the total) reflects its net investment in capital assets of \$1.9 billion (e.g., land, buildings, machinery, infrastructure and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A small portion of the City's net position of \$42.3 million (2.1% of the total) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$8.8 million (0.5% of the total) may be used to meet the City's ongoing obligations to citizens and creditors.

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

The following table presents the government-wide assets, liabilities, and net position for both 2014 and 2015. The governmental and business-type activities columns reflect amounts that have been restated in this financial report. See Note 23 for prior period adjustments.

**City of Bakersfield - Net Position**

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014*	2015	2014*	2015	2014*	2015
<b>Assets</b>						
Current and other assets	\$ 315,894	\$ 323,852	\$ 149,966	\$ 149,949	\$ 465,860	\$ 473,801
Capital assets (net)	1,304,448	1,307,508	873,272	863,553	2,177,720	2,171,061
Total assets	<u>1,620,342</u>	<u>1,631,360</u>	<u>1,023,238</u>	<u>1,013,502</u>	<u>2,643,580</u>	<u>2,644,862</u>
<b>Deferred Outflows of Resources</b>	-	30,727	-	3,153	-	33,880
<b>Liabilities:</b>						
Long-term liabilities						
outstanding	70,174	334,353	228,533	244,153	298,707	578,506
Other liabilities	35,824	39,486	18,097	19,319	53,921	58,805
Total liabilities	<u>105,998</u>	<u>373,839</u>	<u>246,630</u>	<u>263,472</u>	<u>352,628</u>	<u>637,311</u>
<b>Deferred Inflows of Resources</b>	-	51,086	-	5,717	-	56,803
<b>Net Position</b>						
Net investment in capital assets	1,279,658	1,285,116	647,106	648,359	1,926,764	1,933,475
Restricted	21,016	22,112	20,209	20,202	41,225	42,314
Unrestricted	<u>213,670</u>	<u>(70,067)</u>	<u>109,293</u>	<u>78,905</u>	<u>322,963</u>	<u>8,838</u>
<b>Total Net Position</b>	<u>\$ 1,514,344</u>	<u>\$ 1,237,161</u>	<u>\$ 776,608</u>	<u>\$ 747,466</u>	<u>\$ 2,290,952</u>	<u>\$ 1,984,627</u>

\* as restated

# CITY OF BAKERSFIELD

## Management's Discussion and Analysis

**Governmental Activities** – Total assets for governmental activities increased by \$11.0 million, with current and other assets in governmental activities increasing by \$8.0 million and a capital assets increase of \$3.1 million. Total liabilities increased by \$267.8 million, with other liabilities increasing by \$3.7 million and long-term liabilities increasing by \$264.2 million. The large increase in long term liabilities is the result of posting long term pension liabilities in compliance with GASB 68.

Of the \$277.2 million decrease in governmental activities total net position, unrestricted net position decreased by \$283.7 million, net investment in capital assets increased by \$5.5 million and restricted net position increased by \$1.1 million. The increase in restricted net position is due primarily to an increase in capital improvements.

**Business-Type Activities** – Total assets for business-type activities decreased by \$9.7 million, with current and other assets remaining constant and capital assets declining by \$9.7 million. Total liabilities increased by \$16.8 million, with other liabilities increasing by \$1.2 million and long-term liabilities also increasing by \$15.6 million. Total net position for business-type activities decreased by \$29.1 million. Of that amount, net investment in capital assets increased by \$1.3 million. Restricted net position decreased by \$7,000 and unrestricted net position decreased by \$31.3 million.

### Change in Net Position of the City

The following table presents the government-wide changes in net position for both 2014 and 2015. The City's total revenues of \$449.4 million exceeded expenses and extraordinary losses of \$447.2 million for an increase in net position of \$2.2 million. The governmental and business-type activities columns reflect amounts that have been restated in this financial report. See Note 23 for prior period adjustments.

#### City of Bakersfield - Changes in Net Position

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 56,246	\$ 52,489	\$ 102,276	\$ 101,398	\$ 158,522	\$ 153,887
Operating grants and contributions	11,634	12,964	8,602	8,750	20,236	21,714
Capital grants and contributions	104,071	101,312	17,277	7,403	121,348	108,715
Total program revenues	171,951	166,765	128,155	117,551	300,106	284,316
<b>General Revenues:</b>						
Taxes:						
Property taxes	66,615	71,383	-	-	66,615	71,383
Sales taxes	72,442	70,366	-	-	72,442	70,366
Other taxes	988	1,178	-	-	988	1,178
Intergovernmental:						
Intergovt, unrestricted	152	151	-	-	152	151
Grants and contributions not restricted to specific programs	23,829	25,498	-	-	23,829	25,498
Investment earnings	949	488	2,425	1,968	3,374	2,456
Miscellaneous	1,684	2,174	-	-	1,684	2,174
Gain/(loss) on sale of property	36	(8,512)	(4,439)	391	(4,403)	(8,121)
Total Revenues	338,646	329,491	126,141	119,910	464,787	449,401
<b>Expenses:</b>						
Governmental						
General government*	10,274	21,956	-	-	10,274	21,956
Public safety - Police	80,193	82,574	-	-	80,193	82,574
Public safety - Fire	36,087	35,577	-	-	36,087	35,577
Public works	104,348	158,959	-	-	104,348	158,959
Recreation and parks*	34,641	22,743	-	-	34,641	22,743
Community development	9,941	9,896	-	-	9,941	9,896
Interest on long-term debt	166	164	-	-	166	164
Subtotal - Governmental	275,650	331,869	-	-	275,650	331,869

# CITY OF BAKERSFIELD

## Management's Discussion and Analysis

### City of Bakersfield - Changes in Net Position

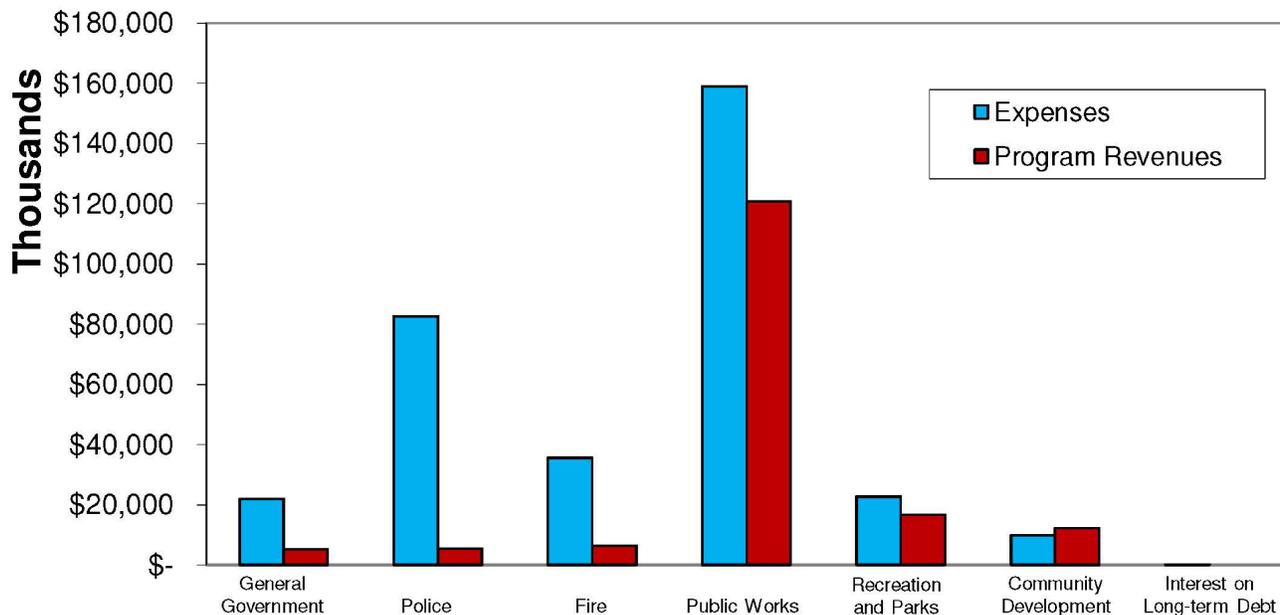
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Business-Type:						
Wastewater treatment	-	-	41,980	41,602	41,980	41,602
Refuse collection	-	-	45,337	42,861	45,337	42,861
Agricultural water	-	-	5,051	4,751	5,051	4,751
Domestic water	-	-	25,614	25,456	25,614	25,456
General aviation	-	-	463	527	463	527
Offstreet parking	-	-	161	164	161	164
Subtotal - Business-Type	-	-	118,606	115,361	118,606	115,361
Total Expenses	275,650	331,869	118,606	115,361	394,256	447,230
Change in net position before transfers & other items	62,996	(2,378)	7,535	4,549	70,531	2,171
Transfers	1,490	3,585	(1,490)	(3,585)	-	-
Extraordinary loss on Successor Agency loan write-downs	(937)	-	-	-	(937)	-
Changes in net position	63,549	1,207	6,045	964	69,594	2,171
Net Position - Beginning of Year (as restated)	1,450,795	1,235,954	770,562	746,503	2,221,357	1,982,457
Net Position - End of Year	<u>\$ 1,514,344</u>	<u>\$ 1,237,161</u>	<u>\$ 776,607</u>	<u>\$ 747,467</u>	<u>\$ 2,290,951</u>	<u>\$ 1,984,628</u>

\* The activity for the Transient Occupancy Taxes Fund, which was previously reported in Recreation and Parks, has been moved this year and reported in General government.

**Governmental Activities** – Governmental activities decreased the City’s net position by \$277.2 million during the year. In the table below, the difference between the program revenue and expense bars by activity illustrates the amount each respective activity is supported by program revenues. Public Safety and Recreation and Parks service delivery costs exceeded program revenues by \$106.4 million and \$6.0 million, respectively. Public Safety programs rely heavily on taxes to support their operations whereas Recreation and Parks relies on both taxes and charges for services to support their operations. This fiscal year Public Works service delivery costs exceeded program revenues by \$38.3 million because the majority of their services are also tax supported.

**Expenses and Program Revenues -  
 Governmental Activities**



Total expenses in Governmental Activities had a net increase of \$56.2 million from the previous fiscal year for an overall 20.4% increase. The largest increase of \$54.6 million was in Public Works which is primarily due to the passage of MAP-21 which allowed the City to advance purchase almost \$28 million of Right of Way property for the Centennial Corridor and the substantial completion of the GAP Closure project. Both projects are part of the Thomas Road Improvement Program. Public Safety – Police increased by \$2.4 million due to salary and benefit increases.

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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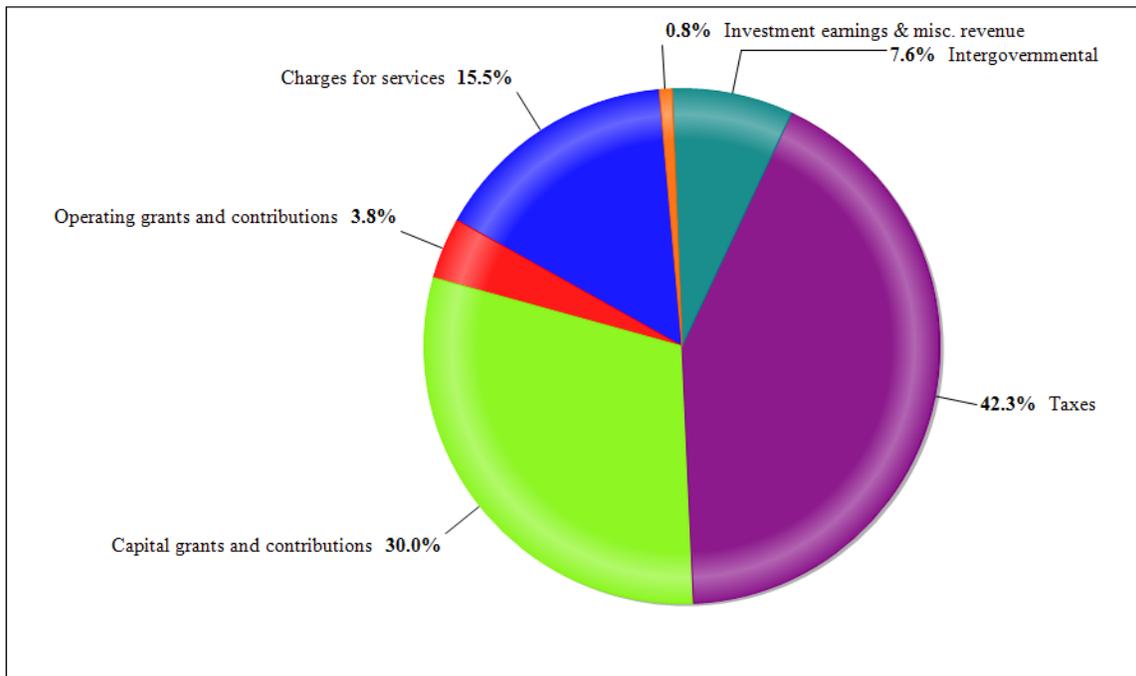
The taxes category is the largest revenue source for governmental activities, amounting to \$142.9 million or 43.4% of total revenues. Capital grants and contributions is also a significant revenue source for the City's governmental activities, amounting to \$101.3 million or 30.7% of total revenues. Next in line is charges for services, amounting to \$52.5 million or 15.9% of total revenues.

Governmental Activities Revenue decreased \$9.2 million, a 2.7% decrease compared to the previous fiscal year. This decrease is due primarily to a 2.4%, or \$4.0 million decrease in General Revenues and a 3.0%, or \$5.2 million decrease in Program Revenues.

General Revenues - Sales tax revenues decreased by 2.9%, or \$2.1 million, while property taxes increased by 7.2%, or \$4.8 million. The decrease in sales tax revenue can generally be attributed to the depression in the oil industry.

Program Revenues - The decrease in Charges for Services is due primarily to reduced collections for traffic impact fees within Public Works. Capital Grants and Contributions decreased by \$2.8 million due to less special project activity compared to the prior year. Operating Grants and Contributions increased \$1.3 million with the majority of the increase due to reimbursement received for pre-2004 SB 90 Mandates.

**Governmental Activity Revenues**



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**CITY OF BAKERSFIELD**

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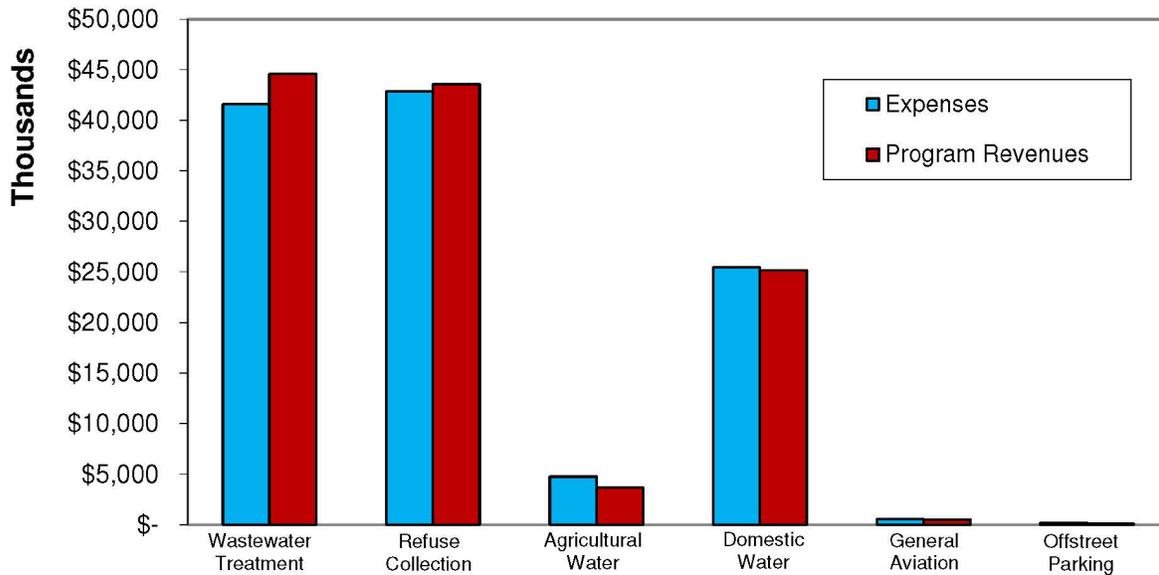
**Management's Discussion and Analysis**

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

### Expenses and Program Revenues - Business-Type Activities

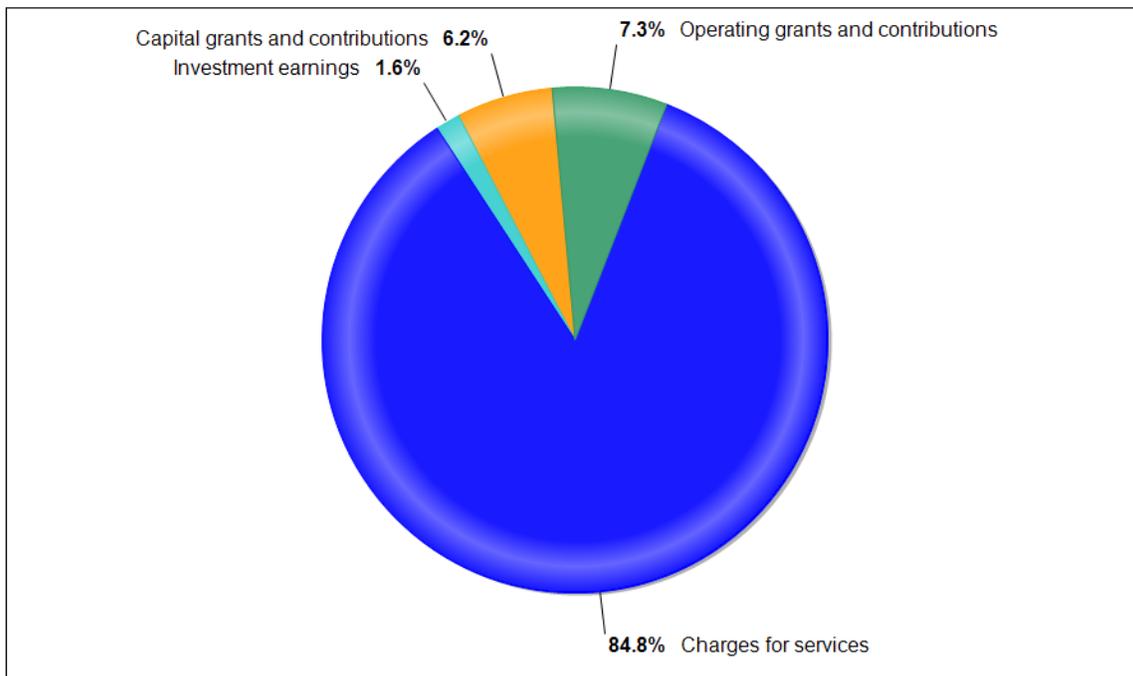


Business-type activities decreased the City's net position by \$29.1 million during the current year. The bar chart above compares total program revenues and expenses. Of this decrease \$30.0 million is due to prior period adjustments of which \$26.5 million relates to the implementation of GASB 68 and \$3.5 million is due to capital asset restatements for assets identified no longer in service and removed from the capital asset listing. Also included was a small increase of \$962,601 from current year activity that offset the above mentioned decreases.

Program revenues exceeded program expenses in Wastewater Treatment by \$3.0 million and Refuse Collection by \$0.7 million. These increases were offset by program expenses exceeding program revenues in Domestic Water by \$0.3 million and Agricultural Water by \$1.1 million. Total expense decreased by \$3.2 million (\$1.6 million due to GASB Statement No. 68 implementation), 2.7%, over the prior year. Refuse Collection Fund had the largest decrease of \$2.5 million with the majority of the decrease due to \$2.5 million carts for recycling purchased in the previous fiscal year, \$0.6 million for GASB 68 implementation and \$0.4 million for the elimination of Internal Service Fund activity offset by a \$1.1 million increase in current fiscal year operating activity.

The pie chart illustrates the distribution of business-type revenues by category. The City's business-type activities rely heavily on charges for services to fund their operations, making up 78.3% of total revenues. Capital grants and contributions is the second largest revenue source at 13.2% of total revenues.

**Business-Type Activities Revenues**



Business-Type activities program revenues decreased by \$10.6 million, 8.3%, over the prior year. The majority of this can be attributed to a \$5.8 million, 11.6% decrease in Wastewater Treatment, a \$5.3 million, 17.5%, decrease in Domestic Water offset by an increase of \$1.5 million, 3.5%, in Refuse Collection. The decrease in Wastewater Treatment was due to less development related infrastructure completed in the current year as compared to last fiscal year. The decrease in Domestic Water was due to conservation efforts implemented by the City due to state mandates as a result of the on-going drought in California. The increase to Refuse Collection resulted from a combination of increased activity, reimbursement from the County of Kern for their share of greenwaste projects and the reimbursement from various City departments for their share of Refuse collection services.

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

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

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

As of the end of the current fiscal year, the City’s Governmental Funds reported combined ending fund balances of \$195.4 million, an decrease of \$0.2 million in comparison with the prior year. The components of total fund balance are as follows (for more information see Note 14 – Fund Balances):

- **Nonspendable fund balance**, \$945,356, are amounts that are not spendable in form, or are legally or contractually required to be maintained intact, and are made up of prepaid expenses and deposits.
- **Restricted fund balance**, \$22.1 million, consists of amounts with constraints put on their use by external creditors, grantors, contributions, laws, regulations or enabling legislation. Examples of restrictions on funds are those for (1)

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## ***CITY OF BAKERSFIELD***

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

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\$12.3 million for the purpose of the fund (i.e., Gas Tax and Road projects), (2) \$4.3 million for proceeds from Special Assessments bonds for capital improvements, (3) \$3.7 million from Redevelopment Successor Agency Housing Funds for projects and (4) \$1.2 million for traffic safety projects.

- **Committed fund balance**, \$113.7 million, are amounts for specific purposes determined by the Bakersfield City Council, such as funds collected from fees paid to mitigate the traffic impacts to the regional circulation system of \$50.3 million and \$33.1 million for appropriations for next year's budget.
- **Assigned fund balance**, \$58.3 million, for funds set aside by management for specific purposes. Amounts include \$48.0 million set aside for capital projects and \$3.1 million for the fund purposes related to transient occupancy fees.
- **Unassigned fund balance**, \$0.4 million, represents the residual classification for the City's General Fund.

**General Fund:** The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund's total fund balance decreased by 25.3%, or \$13.8 million from \$54.6 million to \$40.8 million. Major factors for this overall decrease:

- Total operating revenues increased by \$4.2 million (2.0%). Intergovernmental revenue increased by \$2.1 million, the majority attributed to reimbursements received for pre-2004 Senate Bill (SB) 90 mandates. Charges for Services also increased by \$1.4 million due primarily to increases in development activity from prior years. Public Works revenue for reviews of improvement plans and inspections increased by almost \$600,000.
- Total operating expenditures increased by \$11.0 million (a 6.3% increase). Of this amount, Public Safety increased by \$7.1 million due to a moderate cost of living increase and increased retirement contribution rates for sworn Police and Fire employees. Public Works also saw an increase of \$1.8 million for road maintenance expenditures. Total Non-departmental expenditures saw a \$2.2 million increase largely due to a change in methodology for accrued leaves that were previously categorized in their respective department/divisions. Medical premium expenditures also increased by \$800,000 over the previous year.

**Other governmental funds:** As compared with the prior year, the total fund balances of the remaining governmental funds increased by 9.6%, or \$13.6 million, to \$154.6 million with the following significant changes:

- The Transient Occupancy Tax Fund decreased by \$0.5 million from \$3.6 million to \$3.1 million. The decrease is due to increased investment in the various street and road projects. The majority of the fund balance is assigned for spending at the City's discretion. This fund accounts for the local hotel taxes collected by the City. The fund also accounts for the operations, maintenance and capital needs of the Rabobank Arena, the Convention Center, the Bakersfield Ice Sports Center, the Convention and Visitor Bureau and the Brighthouse Amphitheater.
- The Community Development Block Grant Fund decreased by \$34,034 from \$421,580 to \$387,546. Amounts contained in this fund are restricted per the Federal Housing and Community Development Act of 1974.
- The Gas Tax and Road Fund increased by \$0.6 from \$11.7 million to \$12.3 million. Amounts in this fund are restricted by state and federal statute. The increase is due to multiyear projects that have not started yet.
- The Capital Outlay Fund increased by \$3.6 million from \$67.0 million to \$70.5 million. Of this amount, \$17.9 million is committed for contractual obligations and \$3.8 million is committed for facility replacement. The remaining amount of \$48.0 million is assigned and available for use at management's discretion. The majority of this increase resulted from the sale of property held for future projects that was considered surplus for a completed project.
- The Park Improvement Fund increased by \$1.6 million from \$7.0 million to \$8.6 million. Of this amount, \$8.6 million is committed for contractual obligations. The increase is a result of delayed project activity as the City prepares for Silver Creek and Yokuts park rehabilitation projects which will begin in the upcoming year.

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## ***CITY OF BAKERSFIELD***

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

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- The Transportation Development Fund increased by \$7.7 million from \$42.6 million to \$50.3 million. Of this amount, \$50.3 million is committed for contractual obligation and/or current projects. This change is the result of an increase in traffic impact fee revenue due to an increase in development activity.
- The fund balance for non-major governmental funds as a whole increased by \$0.5 million from \$8.9 million to \$9.4 million. The significant changes occurred in the following funds:
  - Special Assessments Districts Fund decreased \$0.6 million due to normal debt repayment.
  - Successor Agency Housing Funds increased by \$0.9 million due to the sale of Creekview Villas units and housing set aside of 20% on interagency loans paid.
  - Minor increases in the National Stabilization and State Safety Funds of \$137,352 and \$18,219, respectively, also contributed to the overall increase.

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

The Wastewater Treatment Fund has total net position of \$503.2 million at the end of the current year, an increase of \$3.7 million over the prior year. Total net position includes \$444.4 million invested in capital assets and \$20.2 million of restricted assets which are not available to cover current expenses. The remaining net position of \$38.6 million is unrestricted and available to cover current operating and capital needs (including plant and equipment replacement) of the fund. Revenues and expenses in this fund are consistent with the activity in the previous year with the exception of a decrease in capital contributions due to less development related infrastructure completed.

The Refuse Collection Fund has total net position of \$(2.5) million at the end of the current year, a decrease of \$2.5 million from the prior year. The majority of the decrease is due to recording long-term liabilities in accordance with GASB 68 implementation.

The Agricultural Water Fund has total net position of \$22.3 million at the end of the current year, a decrease of \$0.8 million over the prior year. Total net position includes \$19.1 million invested in capital assets, which is not available to cover current expenses. The remaining net position of \$3.2 million is unrestricted and available to cover current operating and capital needs of the fund. The decrease is due to approximately \$600,000 lower revenues (less water to sell) and approximately \$200,000 higher expenses (increased pumping expenses) due to consecutive years of drought.

The Domestic Water Fund has total net position of \$211.8 million at the end of the current year, an increase of \$0.2 million over the prior year. Total net position includes \$173.4 million invested in capital assets, which is not available to cover current expenses. The remaining net position of \$38.5 million is unrestricted and available to cover current operating and capital needs of the fund.

The General Aviation Fund has total net position of \$10.8 million at the end of the current year, a decrease of \$27,480 compared to the prior year. Total net position includes \$10.4 million invested in capital assets, which is not available to cover current expenses. The remaining net position is unrestricted and available to cover current operating and capital needs of the fund.

The Offstreet Parking Fund has total net position of \$1.3 million at the end of the current year, a decrease of \$50,110 compared to the prior year. Total net position includes \$1.1 million in capital assets, which is not available to cover current expenses. The remaining net position is unrestricted and available to cover current operating and capital needs of the fund.

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** - The City's investment in capital assets for its governmental and business-type activities as of June 30 of the current fiscal year amounts to \$2.2 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, bridges and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was \$3.9 million. Of this amount, \$5.8 million increase relates to Governmental Activities and is offset by a \$9.7 million decrease that relates to Business-Type Activities. Depreciation expense of \$91.5 million exceeded additions to capital assets by this amount.

These financial statements include infrastructure assets constructed or acquired through fiscal year 2014-15.

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

- A variety of street construction projects and rehabilitation of major arterial streets. Construction in progress for governmental activities as of the end of the current fiscal year is \$56.4 million. This figure includes over \$48.8 million towards major street construction, traffic signal, and resurfacing projects throughout the City.
- The City added over \$14.8 million in new streets and roads primarily due to new residential developments completed in the current year. These newly constructed right of ways are transferred over to the City by the various developers when the work is finalized.

City of Bakersfield - Capital Assets

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Land and water storage rights	\$ 423,216	\$ 429,142	\$ 21,126	\$ 21,126	\$ 444,342	\$ 450,268
Depreciable buildings, property, equipment and infrastructure, net	840,965	821,973	816,448	805,316	1,657,413	1,627,289
Construction in progress	37,488	56,393	4,220	5,634	41,708	62,027
Non-amortizable intangible assets	-	-	31,477	31,477	31,477	31,477
Total Capital Assets	<u>\$ 1,301,669</u>	<u>\$ 1,307,508</u>	<u>\$ 873,271</u>	<u>\$ 863,553</u>	<u>\$ 2,174,940</u>	<u>\$ 2,171,061</u>

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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## City of Bakersfield - Outstanding Debt

	<u>Balance June 30, 2014</u>	<u>Incurred or Issued</u>	<u>Satisfied or Matured</u>	<u>Balance June 30, 2015</u>
<b>Governmental Activities</b>				
Loans payable	\$ 4,150,049	\$ 221,741	\$ (439,672)	\$ 3,932,118
Certificates of Participation*	<u>20,640,000</u>	<u>-</u>	<u>(2,180,000)</u>	<u>18,460,000</u>
Total governmental activities	<u>\$ 24,790,049</u>	<u>\$ 221,741</u>	<u>\$ (2,619,672)</u>	<u>\$ 22,392,118</u>
<b>Business-Type Activities</b>				
Revenue Bonds Payable	\$ 200,236,254	\$ -	\$ (9,691,064)	\$ 190,545,190
Loans Payable	<u>5,264,884</u>	<u>-</u>	<u>(752,125)</u>	<u>4,512,759</u>
Total business-type activities	<u>\$ 205,501,138</u>	<u>\$ -</u>	<u>\$ (10,443,189)</u>	<u>\$ 195,057,949</u>
Total Debt	<u>\$ 230,291,187</u>	<u>\$ 221,741</u>	<u>\$ (13,062,861)</u>	<u>\$ 217,450,067</u>

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

- **Long-Term Debt** - At the end of the current fiscal year, the City had a total debt outstanding of \$217.5 million. The City's total debt decreased by a net amount of \$12.8 million during the current fiscal year. Of that amount \$6.7 million is the result of normal debt maturities with the remaining \$5.0 million due to a partial redemption payment on the Wastewater Revenue Refunding Bonds Series 2012A. The City did not incur any new major debt this fiscal year.

Certificates of Participation issued by the City via the former Redevelopment Agency in 2006 carry a Reserve Fund Surety from Ambac Assurance Company (Ambac). Ambac filed for a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. Moody's Investor's Service (Moody's) rating on Ambac is currently "Baa1". The current underlying rating on the Certificates of participation has not been revised (currently "A1"). Such reduced rating on the Certificates of participation reflects only the view of Moody's, and any desired explanation of the significance of such rating should be obtained from Moody's. There is no assurance that such rating will continue for any given period of time or that such rating will not be revised or withdrawn by Moody's if, in the judgment of Moody's, circumstances so warrant.

The 2007 Wastewater Revenue Bonds - Series A issued by the City in 2007 to fund the new wastewater treatment plant construction carry a Reserve Fund Surety from Financial Security Assurance Inc. Moody's has lowered its rating on Financial Security Assurance Inc. for the Series A Bonds, from "Aa3" to "Aa2" and an underlying "Aa2" rating.

The 2012 Wastewater Revenue Bonds - Series A issued by the City in 2012, which refinanced the 2007 Wastewater Revenue Bonds - Series B, has an "Aa2/VMIG1" rating from Moody's. There is no assurance that such rating will continue for any given period of time or that such rating will not be revised or withdrawn by Moody's if, in the judgment of Moody's, circumstances so warrant. The City did not elect to establish a debt service reserve fund for this debt, but does carry a Standby Bond Purchase Agreement with JP Morgan.

More detailed information regarding capital asset and long-term debt activity can be found in the related notes to the financial statements. See Note 5 for capital assets, and Note 11 for long-term debt.

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget reflect an increase in resources of \$3.7 million and an increase in appropriations of \$5.0 million. Significant budgetary amendments (changes) are summarized as follows:

- \$1.2 million increase in various resources and appropriations due to revenues associated with open purchase orders at the end of the previous fiscal year. Also, \$0.9 million increase in various resources due to revenues associated with prior year appropriations not spent and carried forward to this fiscal year.
- \$0.9 million increase in resources and appropriations for International Association of Chief of Police (IACP) study plan implementation.
- \$0.9 million increase in resources and appropriations for grant related projects in the Police Department.

The final amended revenue estimate budget figures in the General Fund were lower than actual revenue by \$5.1 million and appropriations were higher than actual expenditures by \$9.8 million. Significant differences between budget and actual amounts are as follows:

- \$4.0 million positive variance in tax revenue. This is the result of an increase in property tax revenue offset by a negative variance in sales and use tax revenue. The City has continued to have uncertainty as to the level of revenues from sales taxes because of the impact of the oil industry on the local economy. The estimates made from this revenue source were conservative in nature while the actual revenue received was approximately \$0.7 million lower than projected.
- \$2.4 million negative variance in intergovernmental revenue is due to less federal revenue received for Police grants awarded late in the fiscal year. The related programs had not completely been put in place and, because these are reimbursement based grants, revenue had not been recorded.
- \$1.7 million positive variance in charges for services is due primarily to more conservative estimates by all departments as to the use of the City's various services. Specifically, there was an increase in development activity.
- \$2.8 million variance of appropriations over actual expenditures in the Police Department. The savings are due primarily to benefit savings from unfilled positions and plus some grant funded projects that were budgeted but not started.
- \$4.2 million variance of appropriations over actual expenditures in Departments other than Police are also due primarily to salary and benefit savings from unfilled positions.
- \$2.7 million variance of appropriations over actual expenditures in non-departmental. Of that amount \$1.8 million is related to anticipated increases in retirement contributions that were budgeted for the year. This was a reservation of funds to address multi-year anticipated rate increases. The actual increases will be blended into departmental operating budgets over the next few years. Another \$0.6 million is due to the non-use of monies set aside for medical premium increases. Individual departments were able to absorb the actual increases within their budgets which eliminated the need to transfer the monies.

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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

The key assumptions in the General Fund revenue forecast for fiscal year 2015-16 were:

1. Property tax revenue is projected to grow at 5% compared to last year's estimate of 3% as projected by Kern County.
2. Sales and use tax revenue estimates were originally project to grow by 2%. However, given last year's decrease of 2.9% staff is reevaluating this particular projection. The decrease to this revenue can be attributed mainly to the continued depression in the oil industry. County-wide oil production activity has decreased considerably since the third quarter of 2014. Further negative sales tax trending may result in the need to adjust the 2015-16 Adopted Budget.
3. California Public Employees' Retirement System (CalPERS) approved new policies which will begin to impact rates in the 2015-16 fiscal year. The new policies are expected to raise rates between 1.5 and 3 percent, per year, over a five year period.

New items specifically addressed in the 2015-16 budget include the following:

**Police Department** – The Police Department's operating budget has increased from fiscal year 2014-15 by 4.2%, totaling \$3.6 million. This budget reflects a 2% "catch-up" for the Police group and a 3% salary "catch-up" for the Police Supervisory group.

**Community Development** – The Community Development Department's operating budget has decreased from fiscal year 2014-15 by 22.7%, totaling \$10.1 million. Fiscal year 2014-15 budget included a one-time contribution to the Park 20th apartment project of \$3 million which was reflected in the previous fiscal year's Community Development operating budget, therefore, the year-over-year comparison shows a notable decrease. However, this is due to the contribution and not a result of any other substantial funding reductions.

**Recreation and Parks** – The Recreation and Parks Department's operating budget has decreased from fiscal year 2014-15 by 1.7%, totaling \$0.3 million. This decrease can be attributed, in part, to reductions made to the department's water budget as a result of the closing of the City's nine spray parks in summer 2015 as a result of the ongoing drought conditions in California.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

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*Government-Wide Financial Statements*

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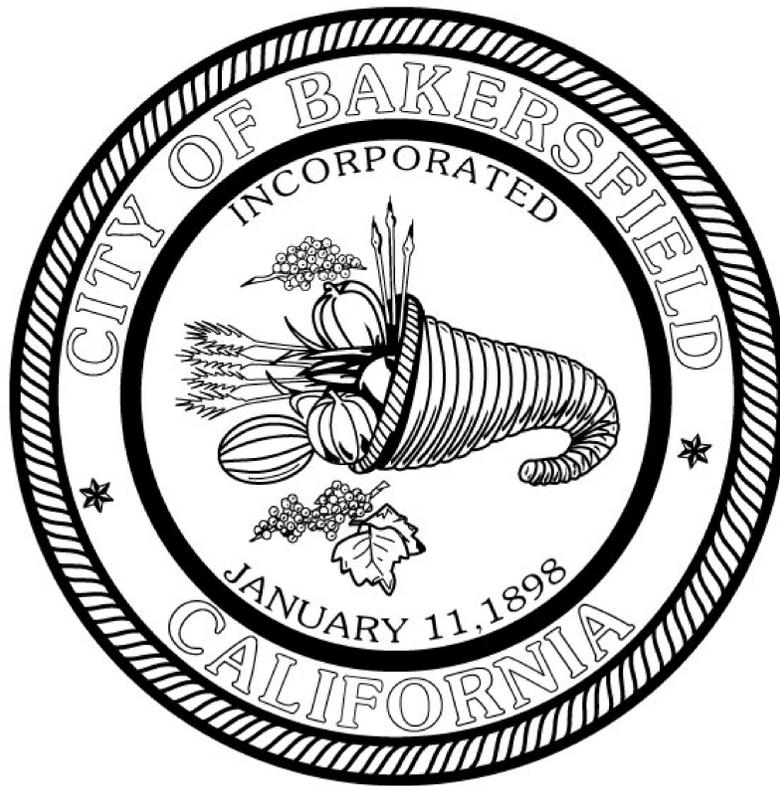
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# CITY OF BAKERSFIELD

## Statement of Net Position June 30, 2015

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 233,534,896	\$ 141,568,588	\$ 375,103,484
Accounts receivable, net	25,659,054	3,704,826	29,363,880
Interest receivable	423,320	293,036	716,356
Notes/loans receivable - current	658,905	-	658,905
Due from other governmental agencies	45,465,432	1,237,104	46,702,536
Internal balances	(514,580)	514,580	-
Prepayments and inventories	2,060,239	-	2,060,239
Total current assets	<u>307,287,266</u>	<u>147,318,134</u>	<u>454,605,400</u>
Noncurrent assets:			
Capital assets:			
Land	429,141,693	21,126,467	450,268,160
Depreciable buildings, property, equipment and infrastructure, net	821,973,557	805,315,578	1,627,289,135
Construction in progress	56,392,737	5,634,388	62,027,125
Non-amortizable intangible assets	-	31,476,906	31,476,906
Land held for resale	2,779,202	-	2,779,202
Notes/loans receivable	13,785,497	2,630,579	16,416,076
Total noncurrent assets	<u>1,324,072,686</u>	<u>866,183,918</u>	<u>2,190,256,604</u>
Total assets	<u>1,631,359,952</u>	<u>1,013,502,052</u>	<u>2,644,862,004</u>
<b>Deferred Outflows of Resources:</b>			
Deferred pensions	<u>30,726,817</u>	<u>3,153,087</u>	<u>33,879,904</u>
Total deferred outflows of resources	<u>30,726,817</u>	<u>3,153,087</u>	<u>33,879,904</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	28,812,712	10,899,866	39,712,578
Customers' deposits	-	5,717,467	5,717,467
Advances from grantors and third parties	10,673,696	2,702,029	13,375,725
Total current liabilities	<u>39,486,408</u>	<u>19,319,362</u>	<u>58,805,770</u>
Noncurrent liabilities:			
Due within one year:			
Long-term debt	2,774,828	6,558,189	9,333,017
Capital leases payable	-	556,211	556,211
Kern River Levee District	-	246,131	246,131
Claims and judgments payable	9,270,231	-	9,270,231
Compensated absences payable	7,209,302	1,492,581	8,701,883
Due in more than one year:			
Long-term debt	19,617,290	188,499,760	208,117,050
Capital leases	-	19,579,546	19,579,546
Claims and judgments payable	25,409,000	-	25,409,000
Net post-employment benefit obligation	(3,608,415)	-	(3,608,415)
Compensated absences payable	7,483,104	734,859	8,217,963
Net pension liability	266,197,580	26,485,742	292,683,322
Total noncurrent liabilities	<u>334,352,920</u>	<u>244,153,019</u>	<u>578,505,939</u>
Total liabilities	<u>373,839,328</u>	<u>263,472,381</u>	<u>637,311,709</u>
<b>Deferred Inflows of Resources:</b>			
Deferred pensions	<u>51,086,183</u>	<u>5,716,774</u>	<u>56,802,957</u>
Total deferred inflows of resources	<u>51,086,183</u>	<u>5,716,774</u>	<u>56,802,957</u>
<b>Net Position:</b>			
Net investment in capital assets	1,285,115,869	648,359,633	1,933,475,502
Restricted: Capital improvements	22,112,200	20,201,556	42,313,756
Unrestricted	(70,066,811)	78,904,795	8,837,984
Total net position	<u>\$ 1,237,161,258</u>	<u>\$ 747,465,984</u>	<u>\$ 1,984,627,242</u>

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



# CITY OF BAKERSFIELD

## Statement of Activities For the Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<b>Governmental activities:</b>					
General government	\$ 21,956,276	\$ 3,051,375	\$ 2,158,566	\$ -	\$ 5,209,941
Public safety - Police	82,573,675	2,737,294	2,684,514	-	5,421,808
Public safety - Fire	35,577,067	5,784,964	561,667	-	6,346,631
Public works	158,958,537	20,958,923	1,097,808	98,611,979	120,668,710
Recreation & parks	22,743,488	14,336,209	57,069	2,350,468	16,743,746
Community development	9,895,523	5,620,567	6,403,947	350,689	12,375,203
Interest on long-term debt	164,046	-	-	-	-
<b>Total governmental activities</b>	<b>331,868,612</b>	<b>52,489,332</b>	<b>12,963,571</b>	<b>101,313,136</b>	<b>166,766,039</b>
<b>Business-type activities:</b>					
Wastewater treatment	41,602,539	31,437,669	7,802,253	5,351,555	44,591,477
Refuse collection	42,860,924	43,447,351	123,563	-	43,570,914
Agricultural water	4,751,158	3,640,671	-	12,766	3,653,437
Domestic water	25,455,862	22,478,013	810,309	1,873,128	25,161,450
General aviation	527,279	315,351	13,616	165,172	494,139
Offstreet parking	163,840	78,807	-	-	78,807
<b>Total business-type activities</b>	<b>115,361,602</b>	<b>101,397,862</b>	<b>8,749,741</b>	<b>7,402,621</b>	<b>117,550,224</b>
<b>Total primary government</b>	<b>\$ 447,230,214</b>	<b>\$ 153,887,194</b>	<b>\$ 21,713,312</b>	<b>\$ 108,715,757</b>	<b>\$ 284,316,263</b>

### General Revenues:

- Taxes:
  - Property taxes
  - Sales and use tax
  - Other taxes
- Intergovernmental, unrestricted
- Unrestricted grants and contributions
- Investment earnings
- Miscellaneous
- Gain (loss) on sale of property

### Transfers

**Total general revenues and transfers**

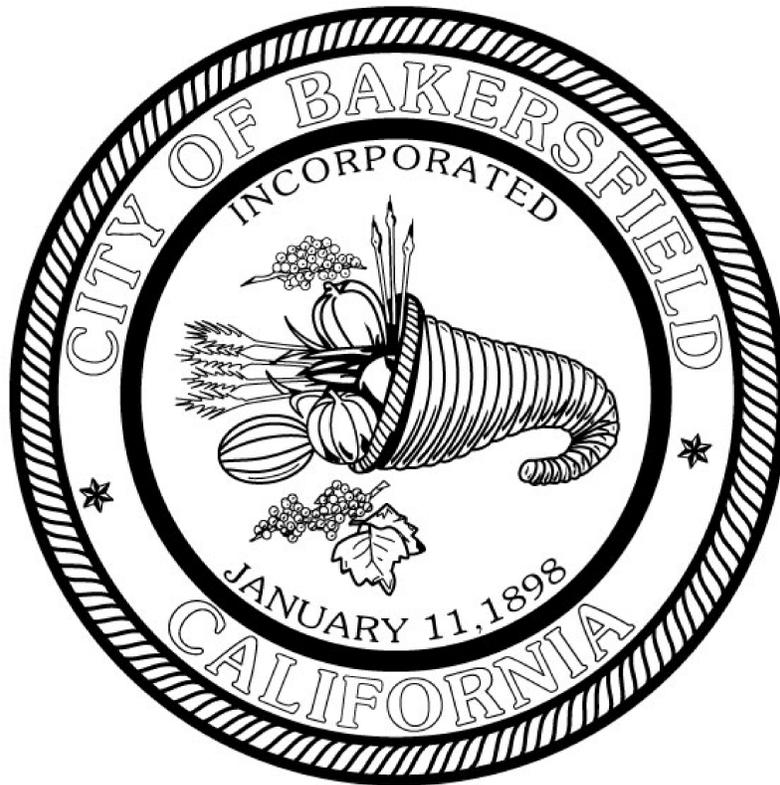
### Change in net position

Net Position - Beginning of year, as restated

Net position - End of Year

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

Net (Expense) Revenue and Charges in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (16,746,335)	\$ -	\$ (16,746,335)
(77,151,867)	-	(77,151,867)
(29,230,436)	-	(29,230,436)
(38,289,827)	-	(38,289,827)
(5,999,742)	-	(5,999,742)
2,479,680	-	2,479,680
(164,046)	-	(164,046)
<u>(165,102,573)</u>	<u>-</u>	<u>(165,102,573)</u>
-	2,988,938	2,988,938
-	709,990	709,990
-	(1,097,721)	(1,097,721)
-	(294,412)	(294,412)
-	(33,140)	(33,140)
-	(85,033)	(85,033)
<u>-</u>	<u>2,188,622</u>	<u>2,188,622</u>
<u>(165,102,573)</u>	<u>2,188,622</u>	<u>(162,913,951)</u>
71,382,809	-	71,382,809
70,366,255	-	70,366,255
1,177,810	-	1,177,810
150,529	-	150,529
25,497,714	-	25,497,714
487,532	1,968,113	2,455,645
2,173,532	-	2,173,532
(8,511,599)	390,791	(8,120,808)
3,584,925	(3,584,925)	
<u>166,309,507</u>	<u>(1,226,021)</u>	<u>165,083,486</u>
1,206,934	962,601	2,169,535
<u>1,235,954,324</u>	<u>746,503,383</u>	<u>1,982,457,707</u>
<u>\$ 1,237,161,258</u>	<u>\$ 747,465,984</u>	<u>\$ 1,984,627,242</u>



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*Governmental Fund Financial Statements*

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**CITY OF BAKERSFIELD**

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**Balance Sheet  
Governmental Funds  
June 30, 2015**

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	General Fund	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road Fund
<b>Assets:</b>				
Cash and investments	\$ 32,551,677	\$ 1,893,550	\$ 207,860	\$ -
Accounts receivable, net	1,235,790	1,202,600	14,090,657	22,031
Interest receivable	89,926	12,431	-	29,080
Due from other governmental agencies	11,413,664	-	390,229	33,193,854
Due from other funds	9,877,306	81,176	-	-
Notes/loans receivable	-	-	2,927,776	-
Prepaid items	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 55,168,363</u>	<u>\$ 3,189,757</u>	<u>\$ 17,616,522</u>	<u>\$ 33,244,965</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 9,503,038	\$ 85,835	\$ 131,187	\$ 11,102,811
Due to other governmental agencies	938,278	-	-	-
Due to other funds	-	-	81,176	9,784,903
Advances from grantors and third parties	1,630,294	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>12,071,610</u>	<u>85,835</u>	<u>212,363</u>	<u>20,887,714</u>
<b>Deferred Inflows of Resources:</b>				
Unearned revenue	<u>2,316,664</u>	<u>-</u>	<u>17,016,613</u>	<u>22,031</u>
<b>Fund Balances:</b>				
Nonspendable	1,000	-	-	-
Restricted	-	-	387,546	12,335,220
Committed	33,140,376	41,395	-	-
Assigned	7,254,726	3,062,527	-	-
Unassigned	383,987	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>40,780,089</u>	<u>3,103,922</u>	<u>387,546</u>	<u>12,335,220</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 55,168,363</u>	<u>\$ 3,189,757</u>	<u>\$ 17,616,522</u>	<u>\$ 33,244,965</u>

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

Capital Outlay	Park Improvement	Transportation Development	Other Governmental Funds	Total Governmental Funds
\$ 70,763,676	\$ 11,033,230	\$ 51,025,919	\$ 9,639,851	\$ 177,115,763
-	-	244,500	8,780,934	25,576,512
47,859	21,998	102,799	11,019	315,112
298,360	-	-	146,595	45,442,702
-	-	-	-	9,958,482
-	-	-	9,008,830	11,936,606
944,356	-	-	-	944,356
<u>\$ 72,054,251</u>	<u>\$ 11,055,228</u>	<u>\$ 51,373,218</u>	<u>\$ 27,587,229</u>	<u>\$ 271,289,533</u>
\$ 1,458,643	\$ 2,446,554	\$ 1,107,298	\$ 361,907	\$ 26,197,273
-	-	-	9,877	948,155
-	-	-	92,403	9,958,482
-	-	-	9,043,401	10,673,695
<u>1,458,643</u>	<u>2,446,554</u>	<u>1,107,298</u>	<u>9,507,588</u>	<u>47,777,605</u>
46,606	-	-	8,690,207	28,092,121
944,356	-	-	-	945,356
-	-	-	9,389,434	22,112,200
21,649,817	8,608,674	50,265,920	-	113,706,182
47,954,829	-	-	-	58,272,082
-	-	-	-	383,987
<u>70,549,002</u>	<u>8,608,674</u>	<u>50,265,920</u>	<u>9,389,434</u>	<u>195,419,807</u>
<u>\$ 72,054,251</u>	<u>\$ 11,055,228</u>	<u>\$ 51,373,218</u>	<u>\$ 27,587,229</u>	<u>\$ 271,289,533</u>

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**CITY OF BAKERSFIELD**

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**Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Statement of Net Position  
June 30, 2015**

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**Total Fund Balances - Total Governmental Funds** \$ 195,419,807

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

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

Capital assets	\$ 2,261,852,915	
Ending accumulated depreciation	<u>(954,344,928)</u>	1,307,507,987

Land held for resale is not a current financial resource and is not reported in the Governmental Funds. 2,779,202

Deferred outflows of resources related to pensions are not a current financial resources and are not reported in the Governmental Funds 30,726,817

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet. (231,588)

Unearned revenue and other resources not available to liquidate liabilities of the current period are not recognized in the funds. 28,092,121

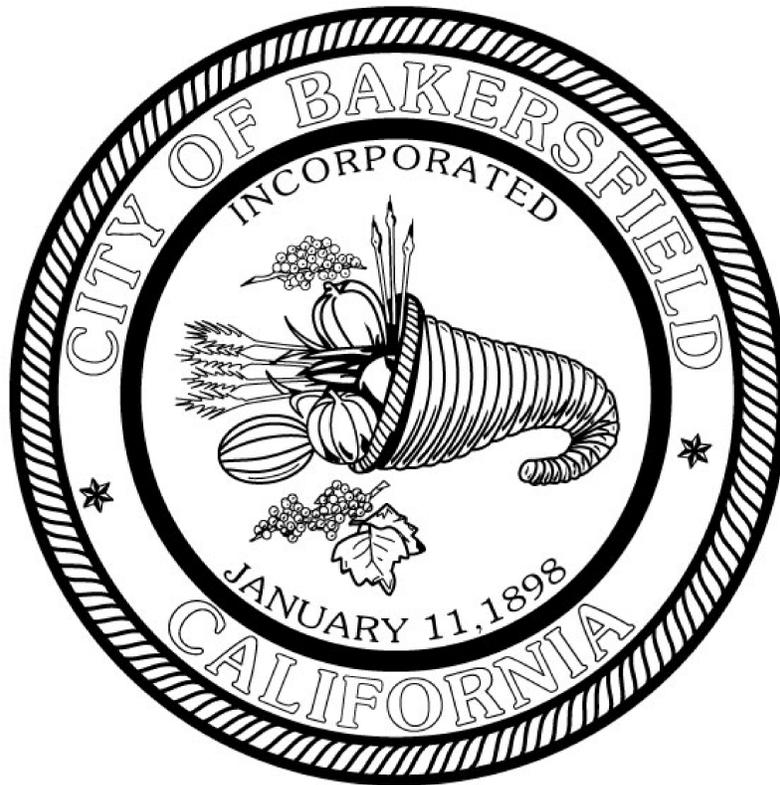
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Government-Wide Statement of Net Position. 22,980,821

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

Notes/Contracts/Loans payable	(22,392,118)	
Compensated absences payable	(14,046,443)	
Unfunded post-retirement employee benefits	3,608,415	
Unfunded pension benefits	<u>(317,283,763)</u>	<u>(350,113,909)</u>

**Net Position of Governmental Activities** \$ 1,237,161,258

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



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**CITY OF BAKERSFIELD**

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**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015**

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	General Fund	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road Fund
<b>Revenues:</b>				
Taxes	\$ 150,354,134	\$ 9,487,984	\$ -	\$ -
Licenses and permits	3,083,342	-	-	-
Intergovernmental	5,087,587	-	6,912,785	98,249,242
Charges for services	21,976,819	6,060,000	-	-
Fines, forfeitures and assessments	953,351	-	-	51,768
Interest income	466,502	51,300	1,751	127,032
Loan payments	-	-	(126,962)	-
Contributions and donations	362,125	1,200,000	-	(2,013)
Other income	1,629,645	440,000	8,773	(9,935)
Total revenues	<u>183,913,505</u>	<u>17,239,284</u>	<u>6,796,347</u>	<u>98,416,094</u>
<b>Expenditures:</b>				
Current:				
General government	11,148,372	7,711,587	-	-
Public safety - Police	82,284,599	-	-	-
Public safety - Fire	35,060,487	-	-	-
Public works	25,893,187	-	-	27,487
Recreation and parks	18,804,516	-	-	-
Community development	7,245,995	-	1,838,013	-
Non departmental	8,876,908	3,145,150	-	-
Capital outlay	-	-	4,476,162	97,747,903
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>189,314,064</u>	<u>10,856,737</u>	<u>6,314,175</u>	<u>97,775,390</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,400,559)</u>	<u>6,382,547</u>	<u>482,172</u>	<u>640,704</u>
<b>Other financing sources (uses):</b>				
Transfers in	907,780	-	146,858	-
Transfers out	<u>(9,284,026)</u>	<u>(6,858,672)</u>	<u>(663,064)</u>	<u>-</u>
Total other financing sources (uses)	<u>(8,376,246)</u>	<u>(6,858,672)</u>	<u>(516,206)</u>	<u>-</u>
Net change in fund balances	(13,776,805)	(476,125)	(34,034)	640,704
Fund balances - beginning as restated	<u>54,556,894</u>	<u>3,580,047</u>	<u>421,580</u>	<u>11,694,516</u>
Fund balances - ending	<u>\$ 40,780,089</u>	<u>\$ 3,103,922</u>	<u>\$ 387,546</u>	<u>\$ 12,335,220</u>

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

	Capital Outlay	Park Improvement	Transportation Development	Other Governmental Funds	Total Governmental Funds
\$	5,521,422	\$ -	\$ -	\$ 2,683,719	\$ 168,047,259
	-	-	-	214,054	3,297,396
	1,159,150	-	197,730	1,564,303	113,170,797
	126,554	-	148,646	1,331,477	29,643,496
	129,113	2,350,468	17,423,451	1,075,926	21,984,077
	279,615	78,723	417,646	48,333	1,470,902
	-	-	-	137,352	10,390
	10,000	-	-	-	1,570,112
	4,134,166	(1,750)	88,922	1,240,405	7,530,226
	<u>11,360,020</u>	<u>2,427,441</u>	<u>18,276,395</u>	<u>8,295,569</u>	<u>346,724,655</u>
	-	-	394,120	-	19,254,079
	-	-	-	1,200,272	83,484,871
	-	-	-	1,163,962	36,224,449
	-	-	607,167	300,482	26,828,323
	-	-	-	29,368	18,833,884
	-	-	-	3,147,547	12,231,555
	526,046	65,866	112,273	9,764	12,736,007
	21,244,062	716,044	9,476,999	1,087,350	134,748,520
	-	-	-	454,964	454,964
	-	-	-	252,300	252,300
	<u>21,770,108</u>	<u>781,910</u>	<u>10,590,559</u>	<u>7,646,009</u>	<u>345,048,952</u>
	<u>(10,410,088)</u>	<u>1,645,531</u>	<u>7,685,836</u>	<u>649,560</u>	<u>1,675,703</u>
	14,192,300	-	-	717,028	15,963,966
	(204,638)	-	-	(850,000)	(17,860,400)
	<u>13,987,662</u>	<u>-</u>	<u>-</u>	<u>(132,972)</u>	<u>(1,896,434)</u>
	3,577,574	1,645,531	7,685,836	516,588	(220,731)
	<u>66,971,428</u>	<u>6,963,143</u>	<u>42,580,084</u>	<u>8,872,846</u>	<u>195,640,538</u>
\$	<u>70,549,002</u>	<u>\$ 8,608,674</u>	<u>\$ 50,265,920</u>	<u>\$ 9,389,434</u>	<u>\$ 195,419,807</u>

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**CITY OF BAKERSFIELD**

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**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities  
For the Fiscal Year Ended June 30, 2015**

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**Net Change in Fund Balances - Total Governmental Funds** \$ (220,731)

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

Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures are added back to fund balance.	\$ 14,899,803	
Depreciation expense is deducted from fund balance (net of Internal Service Fund depreciation of \$5,651,010 which has already been allocated to serviced funds).	(66,071,470)	
Contributions of infrastructure and improvements by developers are capitalized in the Statement of Activities, but are not recorded in the Governmental Fund Statements because no cash changed hands.	<u>52,808,958</u>	1,637,291

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

Net change in long-term compensated absences	(428,930)	
Interest expense on long-term debt	88,254	
Net pension liability	7,588,733	
Other post-employment benefits	<u>1,463,308</u>	8,711,365

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

2,397,931

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

(2,435,711)

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

4,748,437

Loss on disposal of governmental capital assets is not recorded in fund activity but is included in Governmental Activities.

(13,631,648)

**Change in Net Position of Governmental Activities** \$ 1,206,934

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

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

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

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

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

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

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

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

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

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

# CITY OF BAKERSFIELD

## Statement of Net Position Proprietary Funds June 30, 2015

	Wastewater Treatment	Refuse Collection	Agricultural Water
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 75,298,577	\$ 15,764,549	\$ 5,686,280
Accounts receivable, net	861,382	783,949	708,442
Interest receivable	151,504	35,017	12,101
Notes/loans receivable	-	-	-
Due from other governmental agencies	112,982	1,087,305	189
Prepayments and inventories	-	-	-
Total current assets	<u>76,424,445</u>	<u>17,670,820</u>	<u>6,407,012</u>
Noncurrent assets:			
Capital assets:			
Land	10,238,095	-	2,467,016
Depreciable buildings, property, equipment and infrastructure, net	624,577,103	-	8,596,114
Construction in progress	4,637,587	-	-
Non-amortizable intangible assets	-	-	8,032,678
Notes/loans receivable	-	-	-
Other long-term receivable	929,676	-	38,467
Total noncurrent assets	<u>640,382,461</u>	<u>-</u>	<u>19,134,275</u>
Total assets	<u>716,806,906</u>	<u>17,670,820</u>	<u>25,541,287</u>
<b>Deferred outflows of resources:</b>			
Deferred pensions	<u>951,492</u>	<u>1,708,319</u>	<u>281,037</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	5,086,500	2,811,066	167,548
Claims payable	-	-	-
Workers' compensation claims	-	-	-
Compensated absences payable	266,186	711,933	261,072
Long-term debt - due within one year	6,558,189	-	-
Capital leases payable - due within one year	-	-	-
Advances from grantors and third parties	929,676	178,586	-
Total current liabilities	<u>12,840,551</u>	<u>3,701,585</u>	<u>428,620</u>
Noncurrent liabilities:			
Long-term debt - due in more than one year	188,499,760	-	-
Capital leases payable - due in more than one year	-	-	-
Kern River Levee District/Buena Vista	-	-	246,131
Customers' deposits	3,051,950	380,656	-
Workers' compensation claims	-	-	-
Compensated absences payable	332,587	353,570	21,043
Net pension liability	8,077,047	14,308,714	2,351,196
Total noncurrent liabilities	<u>199,961,344</u>	<u>15,042,940</u>	<u>2,618,370</u>
Total liabilities	<u>212,801,895</u>	<u>18,744,525</u>	<u>3,046,990</u>
<b>Deferred inflows of resources:</b>			
Deferred pensions	<u>1,743,378</u>	<u>3,088,442</u>	<u>507,490</u>
<b>Net position:</b>			
Net investment in capital assets	444,394,835	-	19,095,808
Restricted for:			
Capital improvements	20,201,556	-	-
Unrestricted	38,616,732	(2,453,828)	3,172,036
Total net position	<u>\$ 503,213,123</u>	<u>\$ (2,453,828)</u>	<u>\$ 22,267,844</u>
Adjustments to reflect the consolidation of internal service fund activities related to proprietary funds			
Net position of business-type activities			

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

	Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
\$	44,195,484	\$ 549,189	\$ 74,509	\$ 141,568,588	\$ 56,419,132
	1,350,840	-	213	3,704,826	82,543
	93,083	1,147	184	293,036	108,209
	-	-	-	-	658,905
	-	36,628	-	1,237,104	22,730
	-	-	-	-	1,115,883
	<u>45,639,407</u>	<u>586,964</u>	<u>74,906</u>	<u>146,803,554</u>	<u>58,407,402</u>
	547,102	7,464,254	410,000	21,126,467	-
	168,654,076	2,822,941	665,344	805,315,578	31,768,801
	859,746	92,055	45,000	5,634,388	-
	23,444,228	-	-	31,476,906	-
	-	-	-	-	1,848,891
	<u>1,593,767</u>	<u>-</u>	<u>68,669</u>	<u>2,630,579</u>	<u>-</u>
	<u>195,098,919</u>	<u>10,379,250</u>	<u>1,189,013</u>	<u>866,183,918</u>	<u>33,617,692</u>
	<u>240,738,326</u>	<u>10,966,214</u>	<u>1,263,919</u>	<u>1,012,987,472</u>	<u>92,025,094</u>
	<u>200,956</u>	<u>11,283</u>	<u>-</u>	<u>3,153,087</u>	<u>861,726</u>
	2,812,601	18,732	3,419	10,899,866	1,435,698
	-	-	-	-	4,066,231
	-	-	-	-	5,204,000
	231,226	22,164	-	1,492,581	419,018
	-	-	-	6,558,189	-
	556,211	-	-	556,211	-
	<u>1,593,767</u>	<u>-</u>	<u>-</u>	<u>2,702,029</u>	<u>-</u>
	<u>5,193,805</u>	<u>40,896</u>	<u>3,419</u>	<u>22,208,876</u>	<u>11,124,947</u>
	-	-	-	188,499,760	-
	19,579,546	-	-	19,579,546	-
	-	-	-	246,131	-
	2,284,860	-	-	5,717,466	-
	-	-	-	-	25,409,000
	27,659	-	-	734,859	226,945
	<u>1,655,814</u>	<u>92,971</u>	<u>-</u>	<u>26,485,742</u>	<u>7,257,305</u>
	<u>23,547,879</u>	<u>92,971</u>	<u>-</u>	<u>241,263,504</u>	<u>32,893,250</u>
	<u>28,741,684</u>	<u>133,867</u>	<u>3,419</u>	<u>263,472,380</u>	<u>44,018,197</u>
	<u>357,397</u>	<u>20,067</u>	<u>-</u>	<u>5,716,774</u>	<u>1,566,442</u>
	173,369,394	10,379,250	1,120,344	648,359,631	31,768,801
	-	-	-	20,201,556	-
	<u>38,470,807</u>	<u>444,313</u>	<u>140,156</u>	<u>78,390,216</u>	<u>15,533,380</u>
\$	<u>211,840,201</u>	<u>10,823,563</u>	<u>1,260,500</u>	<u>746,951,403</u>	<u>47,302,181</u>
				514,580	
				<u>\$ 747,465,983</u>	

# CITY OF BAKERSFIELD

## Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds For the Fiscal Year Ended June 30, 2015

	Wastewater Treatment	Refuse Collection	Agricultural Water
<b>Operating revenues:</b>			
Intergovernmental	\$ -	\$ 123,563	\$ -
Charges for services	30,385,746	40,638,489	1,625,010
Cost recoveries	600,661	2,524,179	357,364
Rental income	377,623	-	8,227
Other sales or services	487	59,497	1,650,056
Miscellaneous	73,152	225,186	15
Total operating revenues	<u>31,437,669</u>	<u>43,570,914</u>	<u>3,640,672</u>
<b>Operating expenses:</b>			
General and administrative	13,924,966	42,872,876	4,226,603
Transmission and distribution	270,921	382,308	87,185
Workers compensation payments	-	-	-
Claims paid	-	-	-
Depreciation and amortization	18,834,417	-	457,239
Compensated absences	-	58,229	364
Total operating expenses	<u>33,030,304</u>	<u>43,313,413</u>	<u>4,771,391</u>
Operating income (loss)	<u>(1,592,635)</u>	<u>257,501</u>	<u>(1,130,719)</u>
<b>Nonoperating revenues (expenses):</b>			
Interest income	1,146,701	341,887	53,304
Connection fees	7,802,253	-	-
Interest expense	(8,609,343)	-	-
Gain/(loss) on sale of real property	-	31,800	291,072
Total nonoperating revenues (expenses)	<u>339,611</u>	<u>373,687</u>	<u>344,376</u>
Income (loss) before transfers and capital contributions	(1,253,024)	631,188	(786,343)
Capital contributions	5,351,555	-	12,766
Transfers in	-	-	-
Transfers out	(372,000)	(3,172,925)	(35,000)
Change in net position	<u>3,726,531</u>	<u>(2,541,737)</u>	<u>(808,577)</u>
<b>Total Net Position - Beginning of Year - as restated</b>	<u>499,486,592</u>	<u>87,909</u>	<u>23,076,421</u>
<b>Total Net Position-End of Year</b>	<u>\$ 503,213,123</u>	<u>\$ (2,453,828)</u>	<u>\$ 22,267,844</u>
Adjustment to reflect the consolidation of internal service funds related to proprietary funds			
Change in net position of business-type activities			

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

Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
\$ -	\$ 13,616	\$ -	\$ 137,179	\$ 1,276,364
20,292,998	313,143	78,807	93,334,193	32,240,910
188,374	1,608	-	3,672,186	2,046,270
-	-	-	385,850	-
1,995,376	-	-	3,705,416	-
1,265	600	-	300,218	18,352
<u>22,478,013</u>	<u>328,967</u>	<u>78,807</u>	<u>101,535,042</u>	<u>35,581,896</u>
19,309,173	244,527	87,464	80,665,609	27,546,880
887,952	71,702	-	1,700,068	-
-	-	-	-	2,598,634
-	-	-	-	1,417,949
4,298,716	210,916	75,980	23,877,268	5,651,010
22,778	-	-	81,371	76,050
<u>24,518,619</u>	<u>527,145</u>	<u>163,444</u>	<u>106,324,316</u>	<u>37,290,523</u>
<u>(2,040,606)</u>	<u>(198,178)</u>	<u>(84,637)</u>	<u>(4,789,274)</u>	<u>(1,708,627)</u>
416,169	5,526	4,526	1,968,113	983,038
810,309	-	-	8,612,562	-
(940,831)	-	-	(9,550,174)	-
67,921	-	-	390,793	183,636
<u>353,568</u>	<u>5,526</u>	<u>4,526</u>	<u>1,421,294</u>	<u>1,166,674</u>
(1,687,038)	(192,652)	(80,111)	(3,367,980)	(541,953)
1,873,128	165,172	-	7,402,621	321,913
-	-	30,000	30,000	5,481,359
<u>(35,000)</u>	<u>-</u>	<u>-</u>	<u>(3,614,925)</u>	<u>-</u>
<u>151,090</u>	<u>(27,480)</u>	<u>(50,111)</u>	<u>449,716</u>	<u>5,261,319</u>
<u>211,689,111</u>	<u>10,851,043</u>	<u>1,310,611</u>		<u>42,040,862</u>
<u>\$ 211,840,201</u>	<u>\$ 10,823,563</u>	<u>\$ 1,260,500</u>		<u>\$ 47,302,181</u>
			<u>512,885</u>	
			<u>\$ 962,601</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, 2015**

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	<u>Wastewater Treatment</u>	<u>Refuse Collection</u>
<b>Cash flows from operating activities:</b>		
Cash received from:		
Customers, including cash deposits	\$ 29,699,735	\$ 43,290,607
Prior year reimbursements and cost recoveries	587,426	-
Cash paid to:		
Suppliers	(7,653,380)	(33,098,612)
Employees	(5,992,513)	(10,721,662)
Cash deposits returned to customers	-	-
	<u>16,641,268</u>	<u>(529,667)</u>
Net cash provided (used) by operating activities		
<b>Cash flows from noncapital financing activities:</b>		
Cash transferred from other funds	-	-
Cash transferred to other funds	(372,000)	(3,172,925)
Inter-agency loan repayment (see note 23)	-	-
County/developer project share	-	-
Connection fees	7,802,253	-
	<u>7,430,253</u>	<u>(3,172,925)</u>
Net cast provided (used) by noncapital financing activities		
<b>Cash flows from capital and related financing activities:</b>		
Principal payments:		
Notes/Loans/Bonds	(10,112,126)	-
Capital lease payments	-	-
Capital contributions	-	-
Interest paid	(8,999,806)	-
Purchase of capital assets	-	-
Proceeds from sale of capital assets	-	31,800
Construction in progress	(5,984,754)	-
	<u>(25,096,686)</u>	<u>31,800</u>
Net cash provided (used) by capital and related financing activities		
<b>Cash flows from investing activities:</b>		
Interest received	1,035,136	319,894
Net increase (decrease) in the fair value of investments	104,134	27,195
	<u>1,139,270</u>	<u>347,089</u>
Net cash provided by investing activities		
Net increase (decrease) in cash and investments	114,105	(3,323,703)
Cash and investments - Beginning of year	75,184,472	19,088,252
Cash and investments - End of year	<u>\$ 75,298,577</u>	<u>\$ 15,764,549</u>

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

Agriculture Water	Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
\$ 4,909,594	\$ 23,120,459	\$ 565,319	\$ 79,325	\$ 101,665,039	\$ 33,575,864
-	-	1,608	-	589,034	2,046,270
(2,831,077)	(18,416,209)	(647,211)	(86,637)	(62,733,126)	(23,589,543)
(1,658,742)	(1,065,863)	-	-	(19,438,780)	(7,693,085)
-	(212,118)	-	-	(212,118)	-
<u>419,775</u>	<u>3,426,269</u>	<u>(80,284)</u>	<u>(7,312)</u>	<u>19,870,049</u>	<u>4,339,506</u>
-	-	-	30,000	30,000	5,481,359
(35,000)	(35,000)	-	-	(3,614,925)	-
-	-	-	-	-	(1,175,500)
-	-	-	-	-	-
-	810,309	-	-	8,612,562	-
<u>(35,000)</u>	<u>775,309</u>	<u>-</u>	<u>30,000</u>	<u>5,027,637</u>	<u>4,305,859</u>
-	-	-	-	(10,112,126)	-
-	(529,179)	-	-	(529,179)	-
12,766	-	165,172	-	177,938	-
-	(940,831)	-	-	(9,940,637)	-
-	-	(130,256)	-	(130,256)	(5,066,042)
291,072	67,921	-	9,741	400,534	274,348
-	(923,585)	-	(45,000)	(6,953,339)	-
<u>303,838</u>	<u>(2,325,674)</u>	<u>34,916</u>	<u>(35,259)</u>	<u>(27,087,065)</u>	<u>(4,791,694)</u>
46,595	346,631	4,726	4,315	1,757,297	902,359
6,686	57,571	825	116	196,527	70,026
<u>53,281</u>	<u>404,202</u>	<u>5,551</u>	<u>4,431</u>	<u>1,953,824</u>	<u>972,385</u>
741,894	2,280,106	(39,817)	(8,140)	(235,555)	4,826,056
<u>4,944,386</u>	<u>41,915,378</u>	<u>589,006</u>	<u>82,649</u>	<u>141,804,143</u>	<u>51,593,076</u>
<u>\$ 5,686,280</u>	<u>\$ 44,195,484</u>	<u>\$ 549,189</u>	<u>\$ 74,509</u>	<u>\$ 141,568,588</u>	<u>\$ 56,419,132</u>

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**CITY OF BAKERSFIELD**

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**Statement of Cash Flows (concluded)****Proprietary Funds****For the Fiscal Year Ended June 30, 2015**

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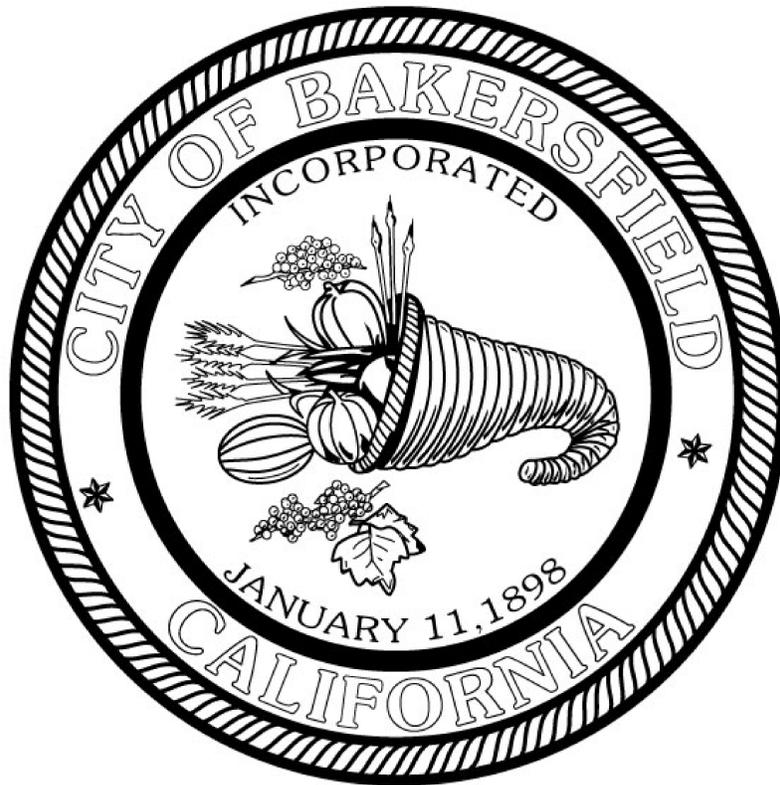
	<u>Wastewater Treatment</u>	<u>Refuse Collection</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating income (loss)	\$ (1,592,635)	\$ 257,501
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	18,834,417	-
(Increase) decrease in accounts receivable	(25,734)	(353,648)
(Increase) decrease in inventories	-	-
Increase (decrease) in accounts payable	822,189	43,872
Increase in workers' compensation claims	-	-
Increase (decrease) in unearned revenue	-	36,985
Increase (decrease) in customers' deposits	(1,124,774)	36,356
Increase (decrease) in compensated absences	39,333	23,875
Increase (decrease) in net pension liability	(1,735,684)	(3,123,426)
Increase (decrease) in deferred outflows/inflows for pensions	<u>1,424,156</u>	<u>2,548,818</u>
Net cash provided (used) by operating activities	<u>\$ 16,641,268</u>	<u>\$ (529,667)</u>
<b>Noncash investing capital and financing activities:</b>		
Contribution of equipment from other departments	\$ -	\$ -
Contributions of infrastructure and improvements by developers	\$ 5,351,555	\$ -

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

Agriculture Water	Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
\$ (1,130,719)	\$ (2,040,606)	\$ (198,178)	\$ (84,637)	\$ (4,789,274)	\$ (1,708,627)
457,239	4,298,716	210,916	75,980	23,877,268	5,651,010
1,237,263	372,453	237,960	518	1,468,812	40,238
-	-	-	-	-	(88,979)
(67,797)	784,815	(329,472)	827	1,254,434	(681,331)
-	-	-	-	-	1,486,066
-	-	-	-	36,985	-
31,659	57,875	-	-	(998,884)	-
(13,121)	22,778	2,406	-	75,271	(72,158)
(513,941)	(368,434)	(20,686)	-	(5,762,171)	(1,574,080)
419,192	298,672	16,770	-	4,707,608	1,287,367
<u>\$ 419,775</u>	<u>\$ 3,426,269</u>	<u>\$ (80,284)</u>	<u>\$ (7,312)</u>	<u>\$ 19,870,049</u>	<u>\$ 4,339,506</u>

\$ - \$ 1,873,128 \$ - \$ - \$ 1,873,128 \$ 321,913

\$ - \$ - \$ - \$ - \$ 5,351,555 \$ -



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

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Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for individual private organizations, other governmental units and/or other funds. Detailed combining statements for Fiduciary Funds are located in the Supplementary Information section. Below are descriptions of the generic fund types within this category and specific funds within each fund type.

### **Private Purpose Trust Funds**

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

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

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

Fire Relief and Pension Trust Fund - This fund is used to account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future for Fire Department personnel who retired prior to June 2, 1972.

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

### **Agency Funds**

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

Improvement Districts Fund - This fund is used to account for the collection of liens for improvements benefiting private properties and payments to the holders of bonds issued pursuant to the Improvement Act of 1913 and the Improvement Bond Act of 1915. The City is in no way liable for the payment of bonded indebtedness, but the City serves as agent to collect the principal and interest installments from the owners of the benefited property. A trustee administers the periodic payment to the bondholders. In addition, Community Service Districts created for the West Ming and Old River Ranch developments are accounted for in this section. These funds are collected to be used to pay for public safety costs in the applicable communities.

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**CITY OF BAKERSFIELD**

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**Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015**

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	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Agency Funds
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 17,772,189	\$ 55,674,932	\$ 31,192,760
Retirement system investments	-	997,210	-
Interest receivable	32,306	19,822	37,467
Prepaid items	-	-	45,761
Due from other governmental agencies	-	-	17,454
Total current assets	<u>17,804,495</u>	<u>56,691,964</u>	<u>31,293,442</u>
Noncurrent assets:			
Land held for resale	414,092	-	-
Total noncurrent assets	<u>414,092</u>	<u>-</u>	<u>-</u>
Total assets	<u>18,218,587</u>	<u>56,691,964</u>	<u>31,293,442</u>
<b>Liabilities:</b>			
Payables:			
Accounts payable	-	192	3,444
Advances from grantors and third parties	5,322,835	-	-
Deposits	-	-	26,721,549
Accrued bond interest	-	-	753,449
Bonds	2,880,000	-	3,815,000
Notes	25,259,615	-	-
Total liabilities	<u>33,462,450</u>	<u>192</u>	<u>31,293,442</u>
<b>Net Position:</b>			
Held in trust for:			
Individuals, organizations and other governments	(15,243,863)	-	-
Pension benefits and other purposes	-	56,691,772	-
	<u>\$ (15,243,863)</u>	<u>\$ 56,691,772</u>	<u>\$ -</u>

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

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**CITY OF BAKERSFIELD**

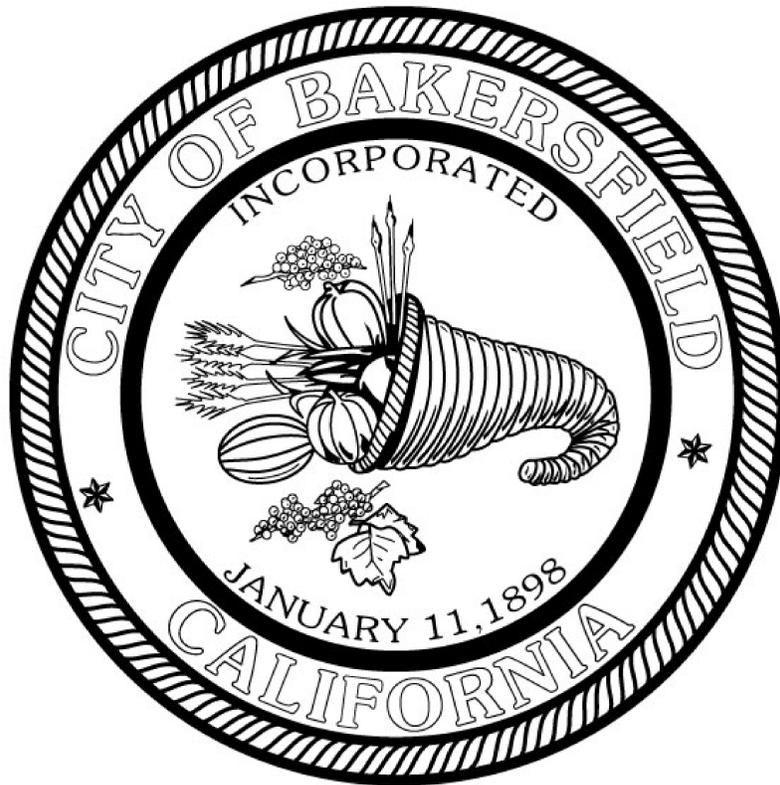
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**Statement of Changes in Fiduciary Net Position****Fiduciary Funds****For the Fiscal Year Ended June 30, 2015**

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	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds
<b>Additions</b>		
Contributions to pooled investments	\$ -	\$ 8,038,621
Developer fees	1,792,471	-
Successor agency property tax deposits	2,466,298	-
Charges for services/capital lease revenue	3,145,150	-
Other income	1,181,916	-
Interest income	98,481	1,065,068
	<u>8,684,316</u>	<u>9,103,689</u>
Total additions		
	<u>8,684,316</u>	<u>9,103,689</u>
<b>Deductions:</b>		
Benefits	-	4,070,870
Purchase of uninhabited land	818,704	-
Obligation retirement	4,567,734	-
Administrative expenses	-	174,470
	<u>5,386,438</u>	<u>4,245,340</u>
Total deductions		
	<u>5,386,438</u>	<u>4,245,340</u>
Change in net position	<u>3,297,878</u>	<u>4,858,349</u>
Net position - beginning of year	<u>(18,541,741)</u>	<u>51,833,423</u>
Net position - end of year	<u>\$ (15,243,863)</u>	<u>\$ 56,691,772</u>

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



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# ***CITY OF BAKERSFIELD***

## **Notes to the Financial Statements**

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

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

#### **A. Description of Reporting Entity**

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

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

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

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

The Government-Wide financial statements (the statement of net position and the statement of activities) report information of all of the non-fiduciary activities of the primary government and its component units. For the most part, eliminations have been made to minimize the double counting on internal activities. Internal activities for services provided and used that are not eliminated includes water, solid waste and sewer services provided to various other functions of the government. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

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

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

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# **CITY OF BAKERSFIELD**

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## **Notes to the Financial Statements**

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

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

##### *Governmental Fund Financial Statements*

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

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

The City reports the following major governmental funds:

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

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

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

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

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

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

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****B. Basis of Presentation (continued)**

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

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

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

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

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

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

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

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

The City reports the following additional fund types:

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

Private Purpose Trust Fund - The Planning Habitat Trust Fund is used to account for monies collected from developers to be used to purchase suitable land to provide habitat for endangered species. After the land is purchased, it is transferred to the State Fish and Game Department for maintenance. The City also records the assets, liabilities, and activities of the Redevelopment Successor Agency in a separate trust fund.

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****B. Basis of Presentation (continued)**

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

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

**C. Basis of Accounting**

The government-wide, proprietary, private purpose trust, pension and other employee benefit trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements, and donations. On an accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied. The agency funds utilize the accrual basis of accounting to report assets and liabilities but technically have no measurement focus.

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

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

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## ***CITY OF BAKERSFIELD***

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

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

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

###### Cash and Investments

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

The City applies GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. This statement generally requires that investments be reported at their fair value and that all changes in fair value be reflected as income of the period in which they occur.

Statutes authorize the City to invest in obligations of the United States 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 United State Treasury, agencies and instrumentalities, cash, time certificates of deposit, mutual funds, bankers' acceptances, money market accounts and deposits in the State of California Local Agency Investment Fund (LAIF), and are stated at fair value. The fair value of the City's position in LAIF approximates the value of the pooled shares.

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

###### Interfund Transactions

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

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

###### Receivables

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

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# ***CITY OF BAKERSFIELD***

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## **Notes to the Financial Statements**

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

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

##### Inventory and Prepaid Items

Inventory is valued at average cost applied on a first-in, first-out (FIFO) basis. The reserve for prepaid expenses relates to certain payments to vendors for costs applicable to future accounting periods. The cost of both inventories and prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

##### Capital Assets

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

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible water rights are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year and an initial individual cost of more than \$50,000 for infrastructure and \$5,000 for all other capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

##### Long-Term Obligations

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

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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

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

Deferred Outflows and Inflows of Resources

As required by GASB Statements No. 63 and No. 65, the City recognized applicable deferred outflows and inflows of resources in the government-wide and proprietary fund type financial statements.

The Statements of Net Position will sometimes report a separate section for deferred outflows of resources, as defined as a consumption of net position by the City that is applicable to a future funding period, or deferred inflows of resources, as defined as an acquisition of net position by the City that is applicable to a future funding period. The City has items that qualify for reporting in these categories and are detailed in a separate note disclosure.

Net Position/Fund Balance

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

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

As of June 30, 2015, net position is as follows:

	Governmental Activities	Business-Type Activities	Total
Net investment in capital assets	\$ 1,285,115,869	\$ 648,359,633	\$ 1,933,475,502
Restricted	22,112,200	20,201,556	42,313,756
Unrestricted	<u>(70,066,811)</u>	<u>78,904,795</u>	<u>8,837,984</u>
Total net position	<u>\$ 1,237,161,258</u>	<u>\$ 747,465,984</u>	<u>\$ 1,984,627,242</u>

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# ***CITY OF BAKERSFIELD***

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## **Notes to the Financial Statements**

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

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

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balances for governmental funds are segregated as follows:

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

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

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

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

#### **Property Taxes**

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

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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

The property tax calendar for the City is as follows:

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

**Cash Flow Statements**

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

**Use of Estimates**

The preparation of financial statements in conformity with GAAP 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 current 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.

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## ***CITY OF BAKERSFIELD***

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

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

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

Budgets are adopted for all governmental fund types and are prepared on a basis consistent with GAAP. Budgeted amounts are as originally adopted, or as amended by the City Council. During the fiscal year ended June 30, 2015, the City Council approved \$20,793,187 of increases to the originally adopted budget, excluding carryovers of prior year encumbered balances and selected capital appropriations.

##### **Deficit Net Position**

The Self Insurance Internal Service Fund reported a deficit in net position of \$4,183,240 at the close of the fiscal year. The deficit was the result of a significant increase in the workers compensation liability calculated in the City's most recent actuarial study. Workers compensation charges can fluctuate significantly from year to year and staff will continue to adjust departmental rates accordingly to maintain sufficient funding levels.

There was also a deficit in net position in the Refuse Collection Fund of \$2,453,828 at the close of the fiscal year due to the large liability recorded for pensions required by new accounting reporting standards.

##### **Reclassification and Eliminations**

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

##### **Excess of Expenditures Over Appropriations**

For the fiscal year ended June 30, 2015, expenditures exceeded appropriations in the Transient Occupancy Taxes Fund by \$345,542. These over-expenditures relate to incorrect budget estimates related to anticipated costs for events in the Rabobank Arena and Convention Center facilities. These are technically considered budgetary violations and management will take steps to review periodic budget reports to ensure compliance in the future.

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

During the fiscal year ending June 30, 2015 the City implemented the following standards:

**GASB Statement No. 68**, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. This statement is to improve accounting and financial reporting by state and local governments for pensions. The results of implementation of this statement have been reported in both the government-wide financial statement and in the accompanying note disclosures (Note 16) .

**GASB Statement No. 69**, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Upon implementation, there was no effect on the City's accounting or financial reporting

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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

**GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment to GASB Statement No. 68.*** The objective of this statement is to address issues regarding the application of the transition provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The results of implementation of this statement have been reported in both the government-wide financial statement and in the accompanying note disclosures (Note 16).

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

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. The City has elected not to early implement GASB Statement No. 72 and has not determined its effects on the City's financial statements.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provision of GASB Statements No. 67 and No. 68*. The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The City has elected not to early implement GASB Statement No. 73 and has not determined its effects on the City's financial statements.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Post-Employment Benefit Plans other than Pension Plans*. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other post-employment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The City has elected not to early implement GASB Statement No. 74 and has not determined its effects on the City's financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*. The objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The City has elected not to early implement GASB Statement No. 75 and has not determined its effects on the City's financial statements.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles. The City has elected not to early implement GASB Statement No. 76 and has not determined its effects on the City's financial statements.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this statement is to disclose tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The City has elected not to early implement GASB Statement No. 77 and has not determined its effects on the City's financial statements.

In December 2015, GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The City has elected not to early implement GASB Statement No. 78 and has not determined its effects on the City's financial statements.

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 2 - CASH AND INVESTMENTS**

Cash and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 375,103,484
Fiduciary funds:	
Cash and investments	104,639,881
Retirement system investments	<u>997,210</u>
	<u>\$ 480,740,575</u>

Cash and investments as of June 30, 2015, consist of the following:

Cash on hand	\$ 1,319,971
Deposits with financial institutions	21,110,837
Investments	458,405,462
GASB 31 Market Value Adjustment	<u>(95,695)</u>
	<u>\$ 480,740,575</u>

**Investment authorized by the 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

# CITY OF BAKERSFIELD

## Notes to the Financial Statements

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

#### Investment Authorized by Debt Agreements

The City has \$357,687 in investments held by bond trustees pledged to the payment or security of certain debt issues. These investments are held in direct obligations of, or obligations that are fully guaranteed as to principal and interest by, the United States Government or an agency thereof. The California Government Code provides that monies held by a bond trustee pledged to the payment or security of debt issues, in absence of specific statutory provisions governing the issuance of the debt, may be invested in accordance with the ordinances, resolutions, or indentures specifying the types of investments the respective bond issue's trustee may make. The obligations described above are authorized per the investment agreements with the bond trustees and include, but are not limited to, Federal Land Bank Bonds, Federal Home Loan Bank notes and bonds, Export-Import Bank notes and guaranteed participation certificates, obligations of or fully guaranteed by the Government National Mortgage Association, Federal National Mortgage Association notes, debentures and guaranteed certificates of participation, obligations of the International Bank of Reconstruction and Development and Federal Home Loan Mortgage Corporation notes, debentures and guaranteed certificates of participation.

#### Interest Rate Risk

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

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

Investment Type	Remaining Maturity (In Months)			
	12 Months Or Less	13 - 24 Months	25-60 Months	More Than 60 Months
U.S. Government Agency Obligations:				
Federal Farm Credit Bank	\$ 59,999,500	\$ -	\$ 25,000,000	\$ 34,999,500
Federal Home Loan Bank	72,000,000	-	20,000,000	52,000,000
Federal Home Loan Mortgage Corp.	66,993,250	-	5,000,000	61,993,250
Federal National Mortgage Assn.	40,997,500	-	9,997,500	31,000,000
Commercial Paper	-	-	-	-
Bankers Acceptances	-	-	-	-
Time Certificates of Deposit	40,500,000	40,500,000	-	-
U.S. Treasury Bills, Notes, and Bonds	-	-	-	-
Local Agency Investment Fund	100,007,300	100,007,300	-	-
Mutual Funds (1)	77,550,225	77,550,225	-	-
Investment Contracts	357,687	-	-	357,687
Total	<u>\$458,405,462</u>	<u>\$ 218,057,525</u>	<u>\$ 59,997,500</u>	<u>\$ 179,992,750</u>
				<u>\$ 357,687</u>

(1) See Note 17 for Other Post-Employment Benefits

# CITY OF BAKERSFIELD

## Notes to the Financial Statements

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

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

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

#### Credit Risk

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

Investment Type	Minimum Legal Rating	Remaining as of the Year-End		
		AAA	AA+	Not Rated
U.S. Government Agency Obligations:				
Federal Farm Credit Bank	\$ 59,999,500	\$ -	\$ 59,999,500	\$ -
Federal Home Loan Bank	72,000,000	-	72,000,000	-
Federal Home Loan Mortgage Corp.	66,993,250	-	66,993,250	-
Federal National Mortgage Assn.	40,997,500	-	40,997,500	-
Commercial Paper	-	-	-	-
Bankers Acceptances	-	-	-	-
Time Certificates of Deposit	40,500,000	-	-	40,500,000
U.S. Treasury Bills, Notes, and Bonds	-	-	-	-
Local Agency Investment Fund	100,007,300	-	-	100,007,300
Mutual Funds (1)	77,550,225	77,550,225	-	-
Investment Contracts	357,687	-	-	357,687
<b>Total</b>	<b>\$458,405,462</b>	<b>\$ 77,550,225</b>	<b>\$239,990,250</b>	<b>\$140,864,987</b>

(1) See Note 17 for Other Post-Employment Benefits

#### Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount	Percentage
Federal Farm Credit Bank	Federal Agency Securities	\$ 59,999,500	13%
Federal Home Loan Bank	Federal Agency Securities	72,000,000	16%
Federal Home Loan Mortgage Corp.	Federal Agency Securities	66,993,250	15%
Federal National Mortgage Assn.	Federal Agency Securities	40,997,500	9%

# CITY OF BAKERSFIELD

## Notes to the Financial Statements

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

#### Custodial Credit Risk

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

As of June 30, 2015, all of the City's deposits with financial institutions in excess of federal depository insurance limits were held in fully collate accounts, as permitted by the California Government Code. As of June 30, 2015, all of the City's investments were held by the City itself or by a broker-dealer (counterparty) other than the broker-dealer used by the City to purchase the securities in the City's name.

#### Investment in State Investment Pool

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

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

Accounts receivable at June 30, 2015 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	Transient Occupancy Taxes Fund	Community Development Block Grant Fund	Gas Tax & Road Fund	Transportation Development	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities
Taxes	\$ -	\$ 1,202,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,202,600
Accounts	<u>1,235,790</u>	<u>-</u>	<u>14,090,657</u>	<u>22,031</u>	<u>244,500</u>	<u>8,780,934</u>	<u>242,485</u>	<u>24,616,397</u>
Gross Receivables	1,235,790	1,202,600	14,090,657	22,031	244,500	8,780,934	242,485	25,818,997
Less: Allowance for Uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(159,942)</u>	<u>(159,942)</u>
Total Accounts Receivable - Net	<u>\$ 1,235,790</u>	<u>\$ 1,202,600</u>	<u>\$ 14,090,657</u>	<u>\$ 22,031</u>	<u>\$ 244,500</u>	<u>\$ 8,780,934</u>	<u>\$ 82,543</u>	<u>\$ 25,659,055</u>

**CITY OF BAKERSFIELD**

**Notes to the Financial Statements**

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

<b>Accounts Receivable - Proprietary Funds:</b>	Wastewater Treatment Fund	Refuse Collection Fund	Agricultural Water Fund	Domestic Water Fund	Offstreet Parking Fund	Total Business-Type Activities
Accounts	\$ 861,382	\$ 783,949	\$ 708,442	\$ 1,350,840	\$ 213	\$ 3,704,826
Gross Receivables	861,382	783,949	708,442	1,350,840	213	3,704,826
Less: Allowances for Uncollectible	-	-	-	-	-	-
Total Accounts Receivable - Net	<u>\$ 861,382</u>	<u>\$ 783,949</u>	<u>\$ 708,442</u>	<u>\$ 1,350,840</u>	<u>\$ 213</u>	<u>\$ 3,704,826</u>

Accounts payable and accrued liabilities at June 30, 2015, are composed of the following:

<b>Accounts Payable and Accrued Liabilities Governmental Activities:</b>	General Fund	Transient Occupancy Taxes Fund	Community Development Block Grant Fund	Gas Tax & Road Fund	Capital Outlay Fund	Park Improvement Fund	Transportation Development Fund
Accounts payable	\$ 9,503,038	\$ 85,835	\$ 131,187	\$ 11,102,811	\$ 1,458,643	\$ 2,446,554	\$ 1,107,298
Due to other governments	938,278	-	-	-	-	-	-
Total Accounts Payable and Accrued Liabilities	<u>\$ 10,441,316</u>	<u>\$ 85,835</u>	<u>\$ 131,187</u>	<u>\$ 11,102,811</u>	<u>\$ 1,458,643</u>	<u>\$ 2,446,554</u>	<u>\$ 1,107,298</u>

<b>Accounts Payable and Accrued Liabilities Governmental Activities:</b>	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities
Accounts payable	\$ 361,907	\$ 1,435,698	\$ 27,632,971
Due to other governments	9,877	-	948,155
Total Accounts Payable and Accrued Liabilities	<u>\$ 371,784</u>	<u>\$ 1,435,698</u>	<u>\$ 28,581,126</u>

<b>Accounts Payable and Accrued Liabilities - Business-Type Activities:</b>	Wastewater Treatment Fund	Refuse Collection Fund	Agricultural Water Fund	Domestic Aviation Fund	General Aviation Fund	Offstreet Parking Fund	Total Business-Type Activities
Accounts payable	\$2,510,682	\$2,811,066	\$ 167,548	\$ 2,812,601	\$ 18,732	\$ 3,419	\$ 8,324,048
Accrued interest	2,575,818	-	-	-	-	-	2,575,818
Total Accounts Payable and Accrued Liabilities	<u>\$5,086,500</u>	<u>\$ 2,811,066</u>	<u>\$ 167,548</u>	<u>\$ 2,812,601</u>	<u>\$ 18,732</u>	<u>\$ 3,419</u>	<u>\$ 10,899,866</u>

# CITY OF BAKERSFIELD

## Notes to the Financial Statements

### NOTE 4 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2015 are comprised of the following:

	Federal Government	State of California	County/City Agencies	Total Governmental Activities	Business-Type Activities	Total Reporting Entity
SB90 Claims	\$ -	\$ 2,033,192	\$ -	\$ 2,033,192	\$ -	\$ 2,033,192
Sales Tax	-	9,067,680	-	9,067,680	-	9,067,680
Property Tax	-	-	201,563	201,563	206,385	407,948
Public Employee Retirement System	-	22,730	-	22,730	-	22,730
Department of Fish and Game	-	225,872	-	225,872	-	225,872
State Housing and Comm Development	-	160,000	-	160,000	-	160,000
Department of Justice	108,750	-	-	108,750	-	108,750
Department of Transportation	32,315,700	878,154	-	33,193,854	30,085	33,223,939
Federal Aviation Administration	-	-	-	-	36,628	36,628
Economic & Community Development	230,229	-	-	230,229	-	230,229
City of Shafter	-	-	828	828	-	828
Kern Council of Governments	-	-	146,595	146,595	-	146,595
Kern County Water Agency	-	-	45,291	45,291	-	45,291
Kern County Waste Management	-	-	-	-	964,006	964,006
Kern County Public Works	-	-	28,848	28,848	-	28,848
Totals	\$ 32,654,679	\$ 12,387,628	\$ 423,125	\$ 45,465,432	\$ 1,237,104	\$ 46,702,536

### NOTE 5 - CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2015, were as follows:

	Balance				Balance
	June 30, 2014	Adjustments	Additions	Retirements	June 30, 2015
<b>Governmental Activities</b>					
Capital assets, not being depreciated					
Land	\$ 423,216,067	\$ 2,568,270	\$ 3,357,356	\$ -	\$ 429,141,693
Construction in progress	37,487,799	-	30,872,508	11,967,570	56,392,737
Total capital assets, not being depreciated	460,703,866	2,568,270	34,229,864	11,967,570	485,534,430
Capital assets, being depreciated					
Buildings, structures and improvements	139,167,863	(511,364)	2,975,591	-	141,632,090
Infrastructure	1,489,575,989	151,253	42,420,291	-	1,532,147,533
Rolling equipment	70,053,687	5,231,983	4,997,268	1,650,614	78,632,324
Furniture and other equipment	26,364,637	(2,647,913)	196,973	7,159	23,906,538
Total capital assets, being depreciated	1,725,162,176	2,223,959	50,590,123	1,657,773	1,776,318,485
Less accumulated depreciation for					
Buildings, structures and improvements	(61,623,163)	98,974	(3,522,674)	-	(65,046,863)
Infrastructure	(763,516,138)	(250,787)	(61,730,401)	-	(825,497,326)
Rolling equipment	(41,706,118)	(2,239,138)	(5,373,882)	(1,595,364)	(47,723,774)
Furniture and other equipment	(17,351,984)	2,360,160	(1,091,329)	(6,188)	(16,076,965)
Total accumulated depreciation	(884,197,403)	(30,791)	(71,718,286)	(1,601,552)	(954,344,928)
Total capital assets, being depreciated, net	840,964,773	2,193,168	(21,128,163)	56,221	821,973,557
Governmental activities capital assets, net	\$ 1,301,668,639	\$ 4,761,438	\$ 13,101,701	\$ 12,023,791	\$ 1,307,507,987

# CITY OF BAKERSFIELD

## Notes to the Financial Statements

### NOTE 5 - CAPITAL ASSETS (continued)

	Balance June 30, 2014	Adjustments	Additions	Retirements	Balance June 30, 2015
<b>Business-Type Activities</b>					
Capital assets, not being depreciated					
Land	\$ 21,126,467	\$ -	\$ -	\$ -	\$ 21,126,467
Water rights	31,476,906	-	-	-	31,476,906
Construction in progress	4,219,902	-	4,322,491	2,908,005	5,634,388
Total capital assets, not being depreciated	<u>56,823,275</u>	<u>-</u>	<u>4,322,491</u>	<u>2,908,005</u>	<u>58,237,761</u>
Capital assets, being depreciated					
Buildings, structures and improvements	322,118,004	-	104,117	-	322,222,121
Infrastructure	761,688,764	-	12,124,384	-	773,813,148
Equipment	69,741,886	-	515,904	-	70,257,790
Total capital assets being depreciated	<u>1,153,548,654</u>	<u>-</u>	<u>12,744,405</u>	<u>-</u>	<u>1,166,293,059</u>
Less accumulated depreciation for					
Buildings, structures and improvements	(88,497,320)	-	(8,093,522)	-	(96,590,842)
Infrastructure	(227,753,490)	-	(12,035,931)	-	(239,789,421)
Equipment	(20,849,402)	-	(3,747,816)	-	(24,597,218)
Total accumulated depreciation	<u>(337,100,212)</u>	<u>-</u>	<u>(23,877,269)</u>	<u>-</u>	<u>(360,977,481)</u>
Total capital assets, being depreciated, net	816,448,442	-	(11,132,864)	-	805,315,578
Business-type activities capital assets, net	<u>\$ 873,271,717</u>	<u>\$ -</u>	<u>\$ (6,810,373)</u>	<u>\$ 2,908,005</u>	<u>\$ 863,553,339</u>

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

	Depreciation
<b>Governmental functions:</b>	
General government	\$ 255,978
Public safety - Police	396,097
Public safety - Fire	774,114
Public works	66,633,491
Recreation and parks	3,331,775
Community development	326,831
Total	<u>\$ 71,718,286</u>
<b>Business-type functions:</b>	
Wastewater treatment	\$ 18,834,418
Agricultural water	457,239
Domestic water	4,298,716
General aviation	210,916
Offstreet parking	75,980
Total	<u>\$ 23,877,269</u>

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 6 - LAND HELD FOR RESALE**

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

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
<b>Redevelopment Successor Agency - Housing</b>				
Land Held for resale	<u>\$ 2,779,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,779,202</u>
	<u>\$ 2,779,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,779,202</u>

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

Other long-term receivables consist of the following:

**Governmental Activities**

Loans receivable in the internal service funds due from the Bakersfield Redevelopment Agencies Southeast Project Area from the Mill Creek South mixed use development project. This loan has an interest rate tied to the LAIF rate (currently at .244% and an eight year payment period per Agreement 06-124). \$ 2,507,796

Deferred loans receivable associated with the low and moderate income housing project. These loans bear 0-3% interest and are not due until ten years after the loan agreement date (also see deferred revenue at Note 9). 2,927,776

Mercy Housing, Madison Place Apartments, 55 year term, with 1/55 to be forgiven each year of compliance to agreement. 316,448

Amcal Santa Fe Apartments, 55 year term, repayment begins from residual receipts following the date that the housing project is put in service. 134,691

Down payment assistance loans. 1,634,308

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

Park 20th Apartments, a 55 year loan term beginning upon recordation of the Certificate of Completion with an interest rate of 3.0%. 2,543,719

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

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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

Golden Empire Housing, Park Place Apartments, 55 year loan term beginning July 12, 1999, ending on July 12, 2054, with the interest payment being deferred for first ten years, until year 2010, with an interest rate of 1.5%. 853,409

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

Canyon Hills Assembly of God, Senior Housing Project 30 year loan term beginning July 30, 2001 ending July 30, 2031, with an interest rate of 0%. 310,000  
Face value of loans \$ 14,444,402

Current portion \$ 658,905  
Long-term portion 13,785,497  
Total governmental activities receivable \$ 14,444,402

**Business-Type Activities**

Notes receivable in the Agricultural Water Fund are for the amounts due from various customers/vendors. These loans are non-interest bearing. \$ 38,467

Long-term receivable under agreement 87-153(5) between the City and Dreyer's Grand Ice Cream Inc. for additional flow and and treatment capacity in Wastewater Treatment Plant #3. 929,676

Long-term receivable under agreement 14-042 between the City and local citizen to purchase surplus land adjacent to their business. Property was held in the Offstreet Parking Fund. 68,669

Various long-term receivables in the Domestic Water Fund relate to contracts under which the City has agreed to provide future water services to properties to be developed and the land owners have agreed to pay the receivable amounts upon filing of the tract maps. The amounts due are liens against the respective properties upon execution of the agreements. The revenues related to these contracts are deferred. 1,593,767

Total business-type noncurrent receivables \$ 2,630,579

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 8 - INTERFUND TRANSACTIONS**

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

Interfund receivable and payable balances at June 30, 2015 were:

Fund	Due from Other Funds	Due to Other Funds
Governmental Funds:		
Major Funds:		
General Fund	\$ 9,877,306	\$ -
Transient Occupancy Taxes	81,176	-
Community Development Block Grant Fund	-	81,176
Gas Tax & Road Fund	-	9,784,903
Non-Major Fund:		
State (TDA) Transportation Fund	-	92,403
	<u>\$ 9,958,482</u>	<u>\$ 9,958,482</u>

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

Interfund transfers at June 30, 2015 consisted of the following:

	Transfers In	Transfers Out
<u>Governmental Funds:</u>		
Major Funds:		
General Fund	\$ 907,780	\$ 9,284,026
Transient Occupancy Taxes Fund	-	6,858,672
Community Development Block Grant Fund	146,858	663,064
Capital Outlay Fund	14,192,300	204,638
Non-Major Funds:		
Traffic Safety Fund	-	850,000
General Obligation Debt Fund	717,028	-
<u>Proprietary Funds:</u>		
Major Funds:		
Wastewater Treatment Fund	-	372,000
Refuse Collection Fund	-	3,172,925
Agricultural Water Fund	-	35,000
Domestic Water Fund	-	35,000
Offstreet Parking Fund	30,000	-
Internal Service Funds:		
Equipment Management Fund	5,481,359	-
	<u>\$ 21,475,325</u>	<u>\$ 21,475,325</u>

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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

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

- The \$907,780 transfer in to the General Fund includes \$850,000 from the Traffic Safety Fund to subsidize the cost of the traffic division of the police department for parking fine violations. In addition \$57,780 was transferred from the Capital Improvement Fund for consultant contracts necessary for compliance with the Americans with Disabilities Act.
- The \$9,284,026 transfer from the General Fund includes transfers to the Capital Outlay Fund of \$7,637,300 for capital improvements on various City facilities. Other transfers for proprietary activities included a transfer of \$1,601,434 to the Equipment Management Fund for the purchase of equipment in various departments, and a transfer of \$30,000 to the Offstreet Parking Fund to cover the costs of additional security at the facility.
- The \$6,858,672 transfers from the Transient Occupancy Taxes Fund include: \$6,555,000 transferred to the Capital Outlay Fund to fund a number of capital projects, \$265,000 transferred to the Equipment Management Fund for additional equipment, and \$38,672 to the General Obligation Debt Fund for the repayment of a loan from PG&E for an energy efficiency retrofit at Rabobank Arena.
- The \$663,064 transfer from the Community Development Block Grant (CDBG) Fund to the General Obligation Debt Fund is for the repayment of a Section 108 loan.
- There were additional transfers to the Equipment Management Fund to purchase additional equipment for operations which include; Wastewater Treatment Fund (\$372,000), Refuse Collection Fund (\$3,172,925), the Domestic Water Fund (\$35,000), and the Agricultural Water Fund (\$35,000).

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

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

The following table summarizes Advances from Grantors and third parties for the City at June 30, 2015:

	<u>Balance at June 30, 2015</u>
<b>Governmental Activities:</b>	
General Fund	
Dog License	\$ 115,346
Business License	<u>1,514,948</u>
General Fund Total	1,630,294
Non-Major Funds:	
State Transportation - Grants Advanced	34,571
Redevelopment Successor Agency - Housing	<u>9,008,830</u>
Total Governmental Activities	<u>\$ 10,673,695</u>

**CITY OF BAKERSFIELD**

**Notes to the Financial Statements**

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

	Balance at <u>June 30, 2015</u>
<b>Business-Type Activities:</b>	
Wastewater Treatment	\$ 929,676
Refuse Collection	178,586
Domestic Water	<u>1,593,767</u>
Total Business-Type Activities	<u>\$ 2,702,029</u>

**NOTE 10 - CAPITAL LEASE**

The City entered into a long-term lease agreement in September 2005 for the acquisition of water rights with the Kern County Water Agency (KCWA). The agreement entitles the City to receive 6,500 acre feet of water per year in exchange for annual payments tied to KCWA's Water Revenue certificates of participation from 2006 and 2008, which were used for the expansion of its water treatment facility. The City's lease payments coincide with the amortization schedule for the related KCWA debt with the value of the related water rights at \$20,135,757. The total lease obligation for the term of this agreement is as follows:

Year ending	<u>Business-Type Activities</u>		
	Lease	Interest	Total
2016	\$ 556,211	\$ 915,710	\$ 1,471,921
2017	579,868	894,983	1,474,851
2018	599,281	870,740	1,470,021
2019	622,686	845,460	1,468,146
2020	650,307	821,961	1,472,268
2021-2025	3,538,686	3,821,002	7,359,688
2026-2030	4,431,027	2,931,703	7,362,730
2031-2035	5,625,121	1,734,325	7,359,446
2036-2040	<u>3,532,570</u>	<u>344,614</u>	<u>3,877,184</u>
Totals	<u>\$ 20,135,757</u>	<u>\$ 13,180,498</u>	<u>\$ 33,316,255</u>

	Balance at <u>June 30, 2014</u>	<u>Additions</u>	Principal <u>Retirement</u>	Balance at June 30, 2015
<b>Business-Type Activities</b>				
Capital Leases:				
Water rights	<u>\$ 20,664,937</u>	<u>\$ -</u>	<u>\$ 529,180</u>	<u>\$ 20,135,757</u>
	<u>\$ 20,664,937</u>	<u>\$ -</u>	<u>\$ 529,180</u>	<u>\$ 20,135,757</u>

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 11 - LONG-TERM DEBT**

Long-term debt transactions for the fiscal year ending June 30, 2015 are summarized below:

	Governmental Activities	Business-Type Activities			Total Government
		General Obligations	Revenue Obligations	Total	
Payable at June 30, 2014:					
Bonds	\$ -	\$ -	\$ 200,236,254	\$ 200,236,254	\$ 200,236,254
Certificates of Participation	20,640,000	-	-	-	20,640,000
Notes	4,150,049	5,264,884	-	5,264,884	9,414,933
Contracts/Loans	-	214,472	-	214,472	214,472
Claims and Judgments Payable	33,193,165	-	-	-	33,193,165
Compensated Absences	14,335,634	2,152,169	-	2,152,169	16,487,803
Subtotal	<u>72,318,848</u>	<u>7,631,525</u>	<u>200,236,254</u>	<u>207,867,779</u>	<u>280,186,627</u>
New debt incurred:					
Bonds	-	-	-	-	-
Certificates of Participation	-	-	-	-	-
Notes	221,741	-	-	-	221,741
Contracts/Loans	-	31,659	-	31,659	31,659
Claims and Judgments Payable	1,486,066	-	-	-	1,486,066
Compensated Absences	9,036,021	1,391,087	-	1,391,087	10,427,108
Subtotal	<u>10,743,828</u>	<u>1,422,746</u>	<u>-</u>	<u>1,422,746</u>	<u>12,166,574</u>
Principal reductions:					
Bonds	-	-	9,691,064	9,691,064	9,691,064
Certificates of Participation	2,180,000	-	-	-	2,180,000
Notes	439,672	752,125	-	752,125	1,191,797
Compensated Absences	8,679,249	1,315,816	-	1,315,816	9,995,065
Subtotal	<u>11,298,921</u>	<u>2,067,941</u>	<u>9,691,064</u>	<u>11,759,005</u>	<u>23,057,926</u>
Payable at June 30, 2015:					
Bonds	-	-	190,545,190	190,545,190	190,545,190
Certificates of Participation	18,460,000	-	-	-	18,460,000
Notes	3,932,118	4,512,759	-	4,512,759	8,444,877
Contracts/Loans	-	246,131	-	246,131	246,131
Claims and Judgments Payable	34,679,231	-	-	-	34,679,231
Compensated Absences	14,692,406	2,227,440	-	2,227,440	16,919,846
Total Payables	<u>\$ 71,763,755</u>	<u>\$ 6,986,330</u>	<u>\$ 190,545,190</u>	<u>\$ 197,531,520</u>	<u>\$ 269,295,275</u>

# CITY OF BAKERSFIELD

## Notes to the Financial Statements

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

	Governmental Activities	Business-Type Activities			Total Government
		General Obligations	Revenue Obligations	Total	
Due Within One Year:					
Bonds	\$ -	\$ -	\$ 5,806,062	\$ 5,806,062	\$ 5,806,062
Certificates of Participation	2,285,000	-	-	-	2,285,000
Notes	489,828	752,127	-	752,127	1,241,955
Total Long-term Debt	<u>2,774,828</u>	<u>752,127</u>	<u>5,806,062</u>	<u>6,558,189</u>	<u>9,333,017</u>
Contracts/Loans	-	246,131	-	246,131	246,131
Claims and Judgments Payable	9,270,231	-	-	-	9,270,231
Compensated Absences	7,209,302	1,492,581	-	1,492,581	8,701,883
Total Due Within One Year	<u>19,254,361</u>	<u>2,490,839</u>	<u>5,806,062</u>	<u>8,296,901</u>	<u>27,551,262</u>
Due in More Than One Year					
Bonds	\$ -	\$ -	\$ 184,739,129	\$ 184,739,129	\$ 184,739,129
Certificates of Participation	16,175,000	-	-	-	16,175,000
Notes	3,442,289	3,760,632	-	3,760,631	7,202,920
Total Long-term Debt	<u>19,617,289</u>	<u>3,760,632</u>	<u>184,739,129</u>	<u>188,499,761</u>	<u>208,117,049</u>
Claims and Judgments Payable	25,409,000	-	-	-	25,409,000
Compensated Absences	7,483,104	734,859	-	734,859	8,217,963
Total Due in More Than One Year	<u>\$ 52,509,393</u>	<u>\$ 4,495,491</u>	<u>\$ 184,739,129</u>	<u>\$ 189,234,620</u>	<u>\$ 241,744,012</u>

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

Long-term debt payable at June 30, 2015, was comprised of the following individual issues:

#### Bonds

General obligation bonds serviced by business-type activities:

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

\$174,255,000

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

\$ 10,000,000

Unamortized Bond Premium on Wastewater Revenue Bonds

6,290,190

Total Bonds

\$ 190,545,190

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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

Certificates of participation serviced by Transient Occupancy tax revenue via lease payments from the City to the redevelopment successor agency: \$25,335,000 - 2006 Refunding Certificates of Participation Series A assumed by the City as the successor agency of the former redevelopment agency. Certificates are due in annual principal installments of \$900,000 to \$2,170,000 commencing October 1, 2006 through 2022; interest ranging from 4.00% to 4.25%.	\$ 13,425,000
\$9,470,000 - 2006 Refunding Certificates of Participation Series B assumed by the City as the successor agency of the former redevelopment agency. Certificates are due in annual principal installments of \$345,000 to \$830,000 commencing October 1, 2006 through 2022; interest ranging from 4.00% to 5.00%.	<u>5,035,000</u>
Total Certificates of Participation	<u>\$ 18,460,000</u>

Notes/Loans:

General obligation note serviced by Community Development Block Grant Fund (via the Municipal Debt Service Fund with Community Development Block Grant Entitlement): \$4,100,000 Housing & Urban Development (HUD) Section 108 Loan 2003 - Due in annual principal installments of \$137,000 to \$320,000 commencing August 1, 2004 through August 2022; interest ranging from 1.75% to 4.76%.	\$ 2,181,000
General obligation note serviced by Community Development Block Grant Fund (via the Municipal Debt Service Fund with Community Development Block Grant Entitlement): \$800,000 HUD Section 108 Loan 2003 - due in annual principal installments of \$24,000 to \$61,000 commencing August 1, 2005 through August 2023; interest ranging from 1.61% to 4.76%.	454,000
General obligation note serviced by Community Development Block Grant Fund (via the Municipal Debt Service Fund with Community Development Block Grant Entitlement) (\$1,800,000 HUD Section 108 Loan 009 - due in annual principal installments of \$140,000 to \$230,000 commencing August 2010 through August 2021; interest ranging from 0.56% to 3.73%.	998,000
General obligation loan serviced by General Fund Fund (via the Municipal Debt Service Fund ): \$237,033 PG&E loan used for an energy efficient lighting upgrade at in the Downtown area of the City. The payments will be made on PG&E bills starting March 2015. These loans contain no interest charges.	221,741
General obligation loan serviced by Transient Occupancy Tax Fund (via the Municipal Debt Service Fund ) \$170,173 PG&E loan used for an energy efficient lighting upgrade at Rabobank Arena that was split over two payments. Check #1 was for \$25,736 to be paid off in 20 monthly payments of \$1,286, and check #2 was for \$144,437 to be paid off in 56 monthly payments of \$2,579. These loans contain no interest charges.	77,377

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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

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.

4,512,757

Total general obligation notes/loans payable

\$ 8,444,875Compensated Absences:

Government Activities

\$ 14,692,406

Business-Type Activities

2,227,440

Total Compensated Absences

\$ 16,919,846

A summary of the City's debt service requirements outstanding at June 30, 2015, is as follows:

	<u>Total Government</u>
Principal:	
Governmental Activities	\$ 71,763,755
Business-Type Activities:	
General Obligations	6,986,330
Revenue Obligations	<u>190,545,190</u>
Subtotal - Principal	<u>269,295,275</u>
Less: Claims and Judgments Payable included above that bear no interest and have no schedule of repayment terms	34,679,231
Less: Kern River Levee District Payable included above that bears no interest and has no schedule of repayment terms	246,131
Less: Unamortized premium for Wastewater revenue bond	6,290,192
Less: Compensated Absences included above that bear no interest and have no schedule of repayment terms	<u>16,919,846</u>
Total Principal with Scheduled Repayment Terms	211,159,875
Interest on Obligations	<u>98,834,217</u>
Total Debt Service Requirements	<u>\$ 309,994,092</u>

**CITY OF BAKERSFIELD**

**Notes to the Financial Statements**

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

The annual requirement to amortize the principal and interest on long-term debt at June 30, 2015 is as follows:

Year ending	Government-Type Activities					
	Principal			Interest		
	Bonds/COP	Notes/Loans	Total	Bonds	Notes/Loans	Total
2016	\$ 2,285,000	\$ 489,828	\$ 2,774,828	\$ 856,150	\$ 57,110	\$ 913,260
2017	2,390,000	503,828	2,893,828	741,900	65,870	807,770
2018	2,510,000	502,352	3,012,352	622,400	59,324	681,724
2019	2,640,000	501,877	3,141,877	496,900	51,546	548,446
2020	2,760,000	509,232	3,269,232	374,526	41,791	416,317
2021-2025	5,875,000	1,425,000	7,300,000	390,349	55,504	445,853
Totals	<u>\$ 18,460,000</u>	<u>\$ 3,932,117</u>	<u>\$ 22,392,117</u>	<u>\$ 3,482,225</u>	<u>\$ 331,145</u>	<u>\$ 3,813,370</u>

Year ending	Business-Type Activities					
	Principal			Interest		
	Bonds/COP	Notes/Loans	Total	Bonds	Notes/Loans	Total
2016	\$ 5,475,000	\$ 752,126	\$ 6,227,126	\$ 8,595,478	\$ 150,429	\$ 8,745,907
2017	6,055,000	752,126	6,807,126	8,316,510	150,429	8,466,939
2018	5,975,000	752,126	6,727,126	8,027,760	150,429	8,178,189
2019	6,025,000	752,126	6,777,126	7,737,697	150,429	7,888,126
2020	6,480,000	752,127	7,232,127	7,425,072	150,428	7,575,500
2021-2025	43,295,000	752,127	44,047,127	31,170,610	150,428	31,321,038
2026-2030	56,150,000	-	56,150,000	18,823,610	-	18,823,610
2031-2035	54,800,000	-	54,800,000	4,021,538	-	4,021,538
2041-2044	-	-	-	-	-	-
Totals	<u>\$ 184,255,000</u>	<u>\$ 4,512,758</u>	<u>\$ 188,767,758</u>	<u>\$ 94,118,275</u>	<u>\$ 902,572</u>	<u>\$ 95,020,847</u>

Year Ending	Total Reporting Entity					
	Principal			Interest		
	Bonds/COP	Notes/Loans	Total	Bonds/COP	Notes/Loans	Total
2016	\$ 7,760,000	\$ 1,241,954	\$ 9,001,954	\$ 9,451,628	\$ 207,539	\$ 9,659,167
2017	8,445,000	1,255,954	9,700,954	9,058,410	216,299	9,274,709
2018	8,485,000	1,254,478	9,739,478	8,650,160	209,753	8,859,913
2019	8,665,000	1,254,003	9,919,003	8,234,597	201,975	8,436,572
2020	9,240,000	1,261,359	10,501,359	7,799,598	192,219	7,991,817
2021-2025	49,170,000	2,177,127	51,347,127	31,560,959	205,932	31,766,891
2026-2030	56,150,000	-	56,150,000	18,823,610	-	18,823,610
2031-2035	54,800,000	-	54,800,000	4,021,538	-	4,021,538
2041-2044	-	-	-	-	-	-
Totals	<u>\$ 202,715,000</u>	<u>\$ 8,444,875</u>	<u>\$ 211,159,875</u>	<u>\$ 97,600,500</u>	<u>\$ 1,233,717</u>	<u>\$ 98,834,217</u>

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 12 - PLEDGED REVENUES**

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

The 2007B bonds were refunded by 2012A variable bonds. This action was initiated to replace the liquidity provider (Dexia) who was having a negative impact on the 2007B bonds interest rates due to their significant exposure to European (Greece, France) investments. In conjunction with the refunding process, there was a partial bond call of \$18,730,000 approved by City Council to reduce the principal balance down to \$25 million. The new liquidity provider selected is JP Morgan Chase Bank. The 2012A variable bonds are payable through 2034. The current outstanding principal balance on the variable rate debt is \$10 million.

**NOTE 13 - DEFERRED INFLOWS OF RESOURCES**

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

Deferred inflows of resources balances for the year ended June 30, 2015 were as follows:

	<u>Balance at June 30, 2015</u>
General Fund	
California Water Receivable	\$ 260,191
Code Enforcement Receivable	10,370
Police Service Receivable	12,911
State Agencies (SB90)	<u>2,033,192</u>
General Fund Total	<u>2,316,664</u>
CDBG - Deferred Loans	17,016,613
Gas Tax & Road Fund	22,031
Capital Outlay Fund	46,606
Non-Major Funds	
National Stabilization	<u>8,690,207</u>
 Total Governmental Fund	 <u><u>\$ 28,092,121</u></u>

# CITY OF BAKERSFIELD

## Notes to the Financial Statements

### NOTE 14 - FUND BALANCES

Fund balances for all major and non-major governmental funds as of June 30, 2015 are as follows (see Note 1 for description of the categories used):

	General Fund	Transient Occupancy Taxes Fund	Community Development Block Grant Fund	Gas Tax & Road Fund	Capital Outlay Fund	Park Improvement Fund	Transportation Development Fund	Non-Major Governmental Funds	Total
<b>Nonspendable</b>									
Prepays/Deposits	\$ 1,000	\$ -	\$ -	\$ -	\$ 944,356	\$ -	\$ -	\$ -	\$ 945,356
Subtotal	1,000	-	-	-	944,356	-	-	-	945,356
<b>Restricted</b>									
Development services grants	-	-	387,546	-	-	-	-	141,352	528,898
Community redevelopment projects	-	-	-	-	-	-	-	3,709,502	3,709,502
Police services grants	-	-	-	-	-	-	-	476,616	476,616
Fire services grants	-	-	-	-	-	-	-	715,917	715,917
Assessment district projects	-	-	-	-	-	-	-	4,346,047	4,346,047
Public works grants	-	-	-	12,335,220	-	-	-	-	12,335,220
Subtotal	-	-	387,546	12,335,220	-	-	-	9,389,434	22,112,200
<b>Committed</b>									
Legal & Professional services	78,202	-	-	-	62,439	-	-	-	140,641
Utility service agreements	28,850	-	-	-	-	-	-	-	28,850
City facility construction & refurbishment projects	-	-	-	-	14,812,525	-	-	-	14,812,525
Police service contracts	161,335	-	-	-	28,151	-	-	-	189,486
Fire service contracts	-	-	-	-	1,972,080	-	-	-	1,972,080
Civil Engineering/Land Survey contracts	212,410	-	-	-	-	-	-	-	212,410
Public works improvement contracts	-	-	-	-	497,879	-	50,265,920	-	50,763,799
Park improvement contracts	-	-	-	-	239,548	8,608,674	-	-	8,848,222
Recreation facility contracts	-	41,395	-	-	-	-	-	-	41,395
Community development contracts	156,901	-	-	-	259,999	-	-	-	416,900
Cash basis reserve	12,802,179	-	-	-	-	-	-	-	12,802,179
Facility replacement reserve	-	-	-	-	3,777,196	-	-	-	3,777,196
Appropriation for next year's budget	19,700,499	-	-	-	-	-	-	-	19,700,499
Subtotal	33,140,376	41,395	-	-	21,649,817	8,608,674	50,265,920	-	113,706,182

# CITY OF BAKERSFIELD

## Notes to the Financial Statements

### NOTE 14 - FUND BALANCES (continued)

	General Fund	Transient Occupancy Taxes Fund	Community Development Block Grant Fund	Gas Tax & Road Fund	Capital Outlay Fund	Park Improvement Fund	Transportation Development Fund	Non-Major Governmental Funds	Total
<b>Assigned</b>									
Legal & Professional services	30,163	-	-	-	-	-	-	-	30,163
Police operations	124,408	-	-	-	-	-	-	-	124,408
Fire operations	143,845	-	-	-	-	-	-	-	143,845
Public works - General Services department	69,480	-	-	-	-	-	-	-	69,480
Facility improvements	-	-	-	-	7,505,244	-	-	-	7,505,244
Highway and road projects	-	-	-	-	40,449,585	-	-	-	40,449,585
Rolling equipment	21,132	-	-	-	-	-	-	-	21,132
Recreation projects	42,812	3,062,527	-	-	-	-	-	-	3,105,339
Park development projects	61,611	-	-	-	-	-	-	-	61,611
Community development projects	64,576	-	-	-	-	-	-	-	64,576
Other miscellaneous agreements	13,481	-	-	-	-	-	-	-	13,481
Petty Cash accounts	21,970	-	-	-	-	-	-	-	21,970
Compensated absences	6,661,248	-	-	-	-	-	-	-	6,661,248
Subtotal	7,254,726	3,062,527	-	-	47,954,829	-	-	-	58,272,082
Unassigned	383,987	-	-	-	-	-	-	-	383,987
	<u>\$ 40,780,089</u>	<u>\$ 3,103,922</u>	<u>\$ 387,546</u>	<u>\$ 12,335,220</u>	<u>\$ 70,549,002</u>	<u>\$ 8,608,674</u>	<u>\$ 50,265,920</u>	<u>\$ 9,389,434</u>	<u>\$195,419,807</u>

### NOTE 15 - REIMBURSABLE DEVELOPER COSTS

Reimbursable developer costs of \$2,219,050 at June 30, 2015 are included in customer deposits in the Domestic Water Fund which represent amounts due to developers for construction of water mainline extensions and certain other water facilities. For mainline extensions transferred to the City after June 30, 1982, the developers are to be reimbursed based on revenues generated from the water sales associated with these mainline extensions. The City is required to reimburse 2.5% of the cost of the extension on a yearly basis with the total amount to be reimbursed within 40 years.

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## ***CITY OF BAKERSFIELD***

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

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#### **NOTE 16 - EMPLOYEE RETIREMENT BENEFITS**

##### General

The City participates in the Miscellaneous Plan of the City of Bakersfield, the Safety Fire Plan of the City of Bakersfield, and the Safety Police Plan of the City of Bakersfield, which are included in the Public Agency portion of the California Public Employees' Retirement System (CalPERS).

##### **Miscellaneous Plan**

##### Plan Description

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

##### Benefits Provided

The benefits provided through the CalPERS-Miscellaneous Plan include retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The City has three tiers through CalPERS under the Miscellaneous employee plan. Tier I is applicable to all employees hired before August 20, 2008 with a formula of 3% at age 60. Earliest retirement age is 50 with final compensation based on 12 months at the highest rate of pay received. Tier II is applicable to employees hired after August 20, 2008 and before January 1, 2013 with a formula of 2.7% at age 55. Earliest retirement age is 50 with final compensation based on 36 months at the highest rate of pay received. Tier III is applicable to employees hired after January 1, 2013 with a formula of 2% at age 62 which is a result of the Employees' Pension Reform Act of 2013 (PEPRA) PEPRA also lowered the final compensation and contribution requirements. Earliest retirement age is 52 with final compensation, subject to PEPRA limit of \$140,424, based on 36 months at the highest rate of pay received.

##### Contributions and Employees Covered

Active plan member in the Miscellaneous CalPERS plan may be required to contribute a particular percent of their annual pay depending on the applicable plan they fall under. Tier I and Tier II employees will pay 8% of their salary while those employees under PEPRA (Tier III) will pay 6.25% of their salary. In addition, employees in Tier I and II have 7.5% their contribution picked-up by the City after five years of service.

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

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## ***CITY OF BAKERSFIELD***

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

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

For the measurement period ended June 30, 2014 (the measurement date), the average active employee contribution rate is 7.946 percent of annual pay, and the employer's contribution rate is 16.939 percent of annual payroll. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution. As of the measurement date there are 968 active employees and 712 inactive employees or beneficiaries receiving benefits.

#### Actuarial Methods and Assumptions

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Age-Entry Normal
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation Rate	2.75%
Salary Increases	Entry Age and Service
Investment Rate of Return	7.5% [a]
Mortality Rate Table [b]	CalPERS Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

[a] Net Pension Plan Investment and Administrative Expenses; include inflation

[b] The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

#### Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB Statement 68 section.

According to Paragraph 30 of GASB Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the agent multiple-employer plan.

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 [a]</u>	<u>Real Return Years 11+ [b]</u>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure & Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

[a] An expected inflation of 2.5% used for this period

[b] An expected inflation of 3.0% used for this period

# CITY OF BAKERSFIELD

## Notes to the Financial Statements

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

#### Changes in Net Pension Liability

The change in the Net Pension Liability recognized over the measurement period is follows:

	Total Pension Liability [1]	<u>Increase (Decrease)</u> Plan Fiduciary Net Position [2]	Net Pension Liability/(Asset) [3]=[1] - [2]
<b>Balance at June 30, 2013 [a]</b>	\$ 446,991,809	\$ 308,714,936	\$ 138,276,873
<b>Changes Recognized for the Measurement Period:</b>			
- Service Cost	9,394,857	-	9,394,857
- Interest on the Total Pension Liability	33,174,032	-	33,174,032
- Changes of Benefit Terms	-	-	-
- Differences between Expected and Actual Experience	-	-	-
- Changes of Assumptions	-	-	-
- Contributions from the Employer	-	9,220,181	(9,220,181)
- Contributions from the Employees	-	4,566,671	(4,566,671)
- Net Investment Income [b]	-	53,513,763	(53,513,763)
- Benefit Payments Including Refund of Employee Contributions	(18,737,652)	(18,737,652)	-
<b>Net Changes during 2013-14</b>	<u>23,831,237</u>	<u>48,562,963</u>	<u>(24,731,726)</u>
<b>Balance at June 30, 2014 [a]</b>	<u>\$ 470,823,046</u>	<u>\$ 357,277,899</u>	<u>\$ 113,545,147</u>

[a] The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary, self-insurance and OPEB expense. This may be different from the plan assets reported in the funding actuarial valuation report.

[b] Net of administrative expenses.

#### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50 %)	Discount Rate + 1% (8.50%)
<b>MISCELLANEOUS PLAN</b>			
Plans Net Pension Liability/(Asset)	\$ 175,208,140	\$ 113,545,147	\$ 62,222,712

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## ***CITY OF BAKERSFIELD***

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

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

##### Recognition of Gains and Losses

Under GASB Statement 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss for difference between projected and actual earnings is a five year straight-line amortization. All other amounts are amortized using straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Plan for the 2013-14 measurement period is 3.6 years, which was obtained by dividing the total service years of 8,458 (the sum of remaining service lifetimes of the active employees) by 2,318 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

##### Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2013), the net pension liability/(asset) is \$138,276,873. For the measurement period ending June 30, 2014 (the measurement date), the City incurred a pension expense/(income) of \$8,996,429 for the Plan. Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the employer.

As of June 30, 2014, the City had deferred outflows related to pensions of \$13,530,990 for contributions made subsequent to the measurement date. Deferred inflows or resources related to pensions were \$24,507,974 and is the net difference between projected and actual earnings on the pension plan investments. Amounts reported as deferred inflows of resources related to pensions will be recognized in future pension revenue and expenses amortized annually at \$6,126,993 over the next four fiscal years.

#### **Safety Fire Plan**

##### Plan Description

The City'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 an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from their Executive Office - 400 P Street – Sacramento, CA 95814.

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## ***CITY OF BAKERSFIELD***

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

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

##### Benefits Provided

The benefits provided through the CalPERS-Safety Fire Plan include retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The City has three tiers through CalPERS under the Miscellaneous employee plan. Tier I is applicable to all employees hired before January 1, 2011 with a formula of 3% at age 50. Earliest retirement age is 50 with final compensation based on 12 months at the highest rate of pay received. Tier II is applicable to employees hired after January 1, 2011 and before January 1, 2013 with a formula of 2.0% at age 50. Earliest retirement age is 50 with final compensation based on 36 months at the highest rate of pay received. Tier III is applicable to employees hired after January 1, 2013 with a formula of 2% at age 57 which is a result of PEPRA. PEPRA also lowered the final compensation and contribution requirements. Earliest retirement age is 50 with final compensation, subject to PEPRA limit of \$140,424, based on 36 months at the highest rate of pay received.

##### Contributions and Employees Covered

Active plan member in the Safety Fire CalPERS plan may be required to contribute a particular percent of their annual pay depending on the applicable plan they fall under. Tier I and Tier II employees will pay 9% of their salary while those employees under PEPRA (Tier III) will pay 11.25% of their salary. In addition, employees in Tier I have 8% of their contribution picked-up by the City after five years of service.

Section 20814(c) of the California PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

##### Actuarial Methods and Assumptions

For the measurement period ended June 30, 2014 (the measurement date), the average active employee contribution rate is 9.00 percent of annual pay, and the employer's contribution rate is 26.375 percent of annual payroll. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution. As of the measurement date there are 173 active employees and 214 inactive employees or beneficiaries receiving benefits.

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## ***CITY OF BAKERSFIELD***

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

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

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Age-Entry Normal
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation Rate	2.75%
Salary Increases	Entry Age and Service
Investment Rate of Return	7.5% [a]
Mortality Rate Table [b]	CalPERS Membership Data
Post Retirement Benefit Increase	Contact COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

[a] Net Pension Plan Investment and Administrative Expenses; include inflation

[b] The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

#### **Discount Rate**

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB Statement 68 section.

According to Paragraph 30 of GASB Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the agent multiple-employer plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

# CITY OF BAKERSFIELD

## Notes to the Financial Statements

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10 [a]	Real Return Years 11+ [b]
Global Equity	47.00 %	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure & Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

[a] An expected inflation of 2.5% used for this period

[b] An expected inflation of 3.0% used for this period

### Changes in Net Pension Liability

The change in the Net Pension Liability recognized over the measurement period is follows:

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	[1]	[2]	[3]=[1] - [2]
<b>Balance at June 30, 2013 [a]</b>	\$ 235,830,755	\$ 170,363,131	\$ 65,467,624
<b>Changes Recognized for the Measurement Period:</b>			
- Service Cost	4,022,753	-	4,022,753
- Interest on the Total Pension Liability	17,409,125	-	17,409,125
- Changes of Benefit Terms	-	-	-
- Differences between Expected and Actual Experience	-	-	-
- Changes of Assumptions	-	-	-
- Contributions from the Employer	-	4,243,095	(4,243,095)
- Contributions from the Employees	-	1,485,484	(1,485,484)

# CITY OF BAKERSFIELD

## Notes to the Financial Statements

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

	Total Pension Liability [1]	Increase (Decrease) Plan Fiduciary Net Position [2]	Net Pension Liability/(Asset) [3]=[1] - [2]
- Net Investment Income [b]	-	29,300,590	(29,300,590)
- Benefit Payments Including Refund of Employee Contributions	(11,440,930)	(11,440,930)	-
<b>Net Changes during 2013-14</b>	<b>9,990,948</b>	<b>23,588,239</b>	<b>(13,597,291)</b>
<b>Balance at June 30, 2014 [a]</b>	<b>\$ 245,821,703</b>	<b>\$ 193,951,370</b>	<b>\$ 51,870,333</b>

[a] The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary, self-insurance and OPEB expense. This may be different from the plan assets reported in the funding actuarial valuation report.

[b] Net of administrative expenses.

#### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50 %)	Discount Rate + 1% (8.50%)
<b>SAFETY FIRE PLAN</b>			
Plans Net Pension Liability/(Asset)	\$ 83,836,167	\$ 51,870,333	\$ 25,429,828

#### Recognition of Gains and Losses

Under GASB Statement 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss for difference between projected and actual earnings is a five year straight-line amortization. All other amounts are amortized using straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

The EARSL is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

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## ***CITY OF BAKERSFIELD***

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

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

The EARSL for the Plan for the 2013-14 measurement period is 5.3 years, which was obtained by dividing the total service years of 2,103 (the sum of remaining service lifetimes of the active employees) by 394 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

#### **Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of the start of the measurement period (July 1, 2013), the net pension liability/(asset) is \$65,467,624. For the measurement period ending June 30, 2014 (the measurement date), the City incurred a pension expense/(income) of \$4,044,594 for the Plan. Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the employer.

As of June 30, 2014, the City had deferred outflows related to pensions of \$5,906,373 for contributions made subsequent to the measurement date. Deferred inflows of resources related to pensions were \$13,398,790 and is the net difference between projected and actual earnings on the pension plan investments. Amounts reported as deferred inflows of resources related to pensions will be recognized in future pension revenue and expenses amortized annually at \$3,349,697 over the next four fiscal years.

#### **Safety Police Plan**

##### **Plan Description**

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

##### **Benefits Provided**

The benefits provided through the CalPERS-Safety Police Plan include retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The City has three tiers through CalPERS under the Miscellaneous employee plan. Tier I is applicable to all employees hired before January 1, 2011 with a formula of 3% at age 50. Earliest retirement age is 50 with final compensation based on 12 months at the highest rate of pay received. Tier II is applicable to employees hired after January 1, 2011 and before January 1, 2013 with a formula of 2.0% at age 50. Earliest retirement age is 50 with final compensation based on 36 months at the highest rate of pay received. Tier III is applicable to employees hired after January 1, 2013 with a formula of 2% at age 57 which is a result of the PEPRA. PEPRA also lowered the final compensation and contribution requirements. Earliest retirement age is 50 with final compensation, subject to PEPRA limit of \$140,424, based on 36 months at the highest rate of pay received.

##### **Contributions and Employees Covered**

Active plan member in the Safety Police CalPERS plan may be required to contribute a particular percent of their annual pay depending on the applicable plan they fall under. Tier I and Tier II employees will pay 9% of their salary while those employees under PEPRA (Tier III) will pay 12.75% of their salary. In addition, employees in Tier I have 8% their contribution picked-up by the City after five years of service.

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## ***CITY OF BAKERSFIELD***

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

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

Section 20814(c) of the California PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

#### Actuarial Methods and Assumptions

For the measurement period ended June 30, 2014 (the measurement date), the average active employee contribution rate is 9.129 percent of annual pay, and the employer's contribution rate is 35.094 percent of annual payroll. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution. As of the measurement date there are 390 active employees and 397 inactive employees or beneficiaries receiving benefits.

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Age-Entry Normal
Actuarial Assumptions:	0
Discount Rate	7.5%
Inflations Rate	2.75%
Salary Increases	Entry Age and Service
Investment Rate of Return	7.5% [a]
Mortality Rate Table [b]	CalPERS Membership Data
Post Retirement Benefit Increase	Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75 thereafter

[a] Net Pension Plan Investment and Administrative Expenses; include inflation

[b] The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

#### Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB Statement 68 section.

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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

According to Paragraph 30 of GASB Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the agent multiple-employer plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 [a]</u>	<u>Real Return Years 11+ [b]</u>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure & Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

[a] An expected inflation of 2.5% used for this period

[b] An expected inflation of 3.0% used for this period

**CITY OF BAKERSFIELD**

**Notes to the Financial Statements**

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

Changes in Net Pension Liability

The change in the Net Pension Liability recognized over the measurement period is follows:

	Total Pension Liability [1]	<u>Increase (Decrease)</u> Plan Fiduciary Net Position [2]	Net Pension Liability/(Asset) [3]=[1] - [2]
<b>Balance at June 30, 2013 [a]</b>	\$ 381,542,291	\$ 236,536,555	\$ 145,005,736
<b>Changes Recognized for the Measurement Period:</b>			
- Service Cost	8,823,744	-	8,823,744
- Interest on the Total Pension Liability	28,279,962	-	28,279,962
- Changes of Benefit Terms	-	-	-
- Differences between Expected and Actual Experience	-	-	-
Changes in Assumptions	-	-	-
Contributions from the Employer	-	10,750,572	(10,750,572)
Contributions from Employees	-	2,920,326	(2,920,326)
Net Investment Income [b]	-	41,170,702	(41,170,702)
Benefit Payments Including Refunds of Employee Contributions	(17,776,028)	(17,776,028)	-
<b>Net Changes during 2013-14</b>	<u>19,327,678</u>	<u>37,065,572</u>	<u>(17,737,894)</u>
<b>Balance at June 30, 2014 [a]</b>	<u>400,869,969</u>	<u>273,602,127</u>	<u>127,267,842</u>

[a] The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. This may be different from the plan assets reported in the funding actuarial valuation report.

[b] Net of administrative expenses.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50 %)	Discount Rate + 1% (8.50%)
<b>SAFETY POLICE PLAN</b>			
Plans Net Pension Liability/(Asset)	\$ 184,077,538	127,267,842 %	\$ 80,945,243

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 16 - EMPLOYEE RETIREMENT BENEFITS (continued)****Recognition of Gains and Losses**

Under GASB Statement 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss for difference between projected and actual earnings is a five year straight-line amortization. All other amounts are amortized using straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

The EARSL is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Plan for the 2013-14 measurement period is 5.4 years, which was obtained by dividing the total service years of 4,301 (the sum of remaining service lifetimes of the active employees) by 794 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

**Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of the start of the measurement period (July 1, 2013), the net pension liability/(asset) is \$145,005,736. For the measurement period ending June 30, 2014 (the measurement date), the City incurred a pension expense/(income) of \$11,908,870 for the Plan. Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the employer.

As of June 30, 2014, the City had deferred outflows related to pensions of \$14,442,541 for contributions made subsequent to the measurement date. Deferred inflows of resources related to pensions were \$18,896,192 and is the net difference between projected and actual earnings on the pension plan investments. Amounts reported as deferred inflows of resources related to pensions will be recognized in future pension revenue and expenses amortized annually at \$4,724,048 over the next four fiscal years.

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## ***CITY OF BAKERSFIELD***

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

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#### **NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

##### **A. Plan Description**

In addition to the employee retirement benefits described in Note 16, the City provides a single-employer Post-Employment Retiree Medical Benefit Plan in accordance with a resolution approved by City Council. Two primary plans exist. All employees with a retirement date prior to January 1, 1985 were eligible for benefits upon retirement. Post-1985 employees must retire with fifteen years accumulated service upon retirement to participate. The service requirement is waived for safety employees who retire with a job-related disability.

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

Miscellaneous Employees	February 22, 2006
Management and Supervisory	March 22, 2006
Fire Safety	May 05, 2006
Police Safety	May 24, 2006

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

The City contributes 3% of the lowest single-party rate per year of service to a maximum of 90%. If this dollar amount is greater than the premium for a retiree covered under one of the Medicare Risk plans, the retiree receives a cash reimbursement of the difference to a maximum of \$42.50 per month. The City also contributes 42% of the total FFS premium for all retirees participating in the FFS plan, excluding Miscellaneous employees hired after April 1, 1996 and Safety employees hired after April 1, 1998. The City has approximately 813 active employees who are eligible for the same level of post-employment benefits and 699 retirees (and/or dependants) currently receiving benefits as of the actuarial dated June 30, 2013.

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

As required by GASB Statement No. 45, an actuary will determine the City's Annual Required Contributions (ARC) at least once every two fiscal years. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total UAAL over a period not to exceed 30 years.

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

**CITY OF BAKERSFIELD**

**Notes to the Financial Statements**

**NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)**

The City's funding policy is to contribute an amount to an irrevocable trust each year equal to 100% of that year's ARC, to the extent funding sources are available to make such contributions. The percentage may be changed from time to time by City Council action. The net other post-employment benefit obligation stems from the General Fund not meeting its portion of the ARC, as such, the liability is due and will be paid from the General Fund. All future retiree health benefits will be paid out of the irrevocable trust set up for this purpose or reimbursed to the City for payments already made to date on the retirees' behalf. Separate financial reports are issued by PARS for the City's plan. Copies can be obtained from their offices at 4350 VonKarman Avenue, Suite 100, Newport Beach, CA 92660.

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

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

<u>Item</u>	Fiscal Year End 6/30/2015	Fiscal Year End 6/30/2014
Annual Required Contributions	\$ 6,539,299	\$ 6,539,299
Interest on Net OPEB Obligation/(Asset)	(101,771)	(101,771)
Adjustment to Annual Required Contributions	137,786	137,786
Annual OPEB Cost (expense)	6,575,314	6,575,314
Contributions Made	(8,038,622)	(6,950,125)
Increase/(Decrease) in Net OPEB Obligation/(Asset)	(1,463,308)	(374,811)
Net OPEB Obligation/(Asset)- beginning of year	(2,145,107)	(1,770,296)
Net OPEB Obligation/(Asset)- end of year	<u>\$ (3,608,415)</u>	<u>\$ (2,145,107)</u>

The City's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation/(Asset) for the fiscal years ended June 30, 2013 through 2015 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/ (Asset)
6/30/2013	\$7,836,225	\$10,292,900	131.35%	\$(1,770,296)
6/30/2014	6,575,314	6,950,125	105.70%	(2,145,107)
6/30/2015	6,575,314	8,038,622	122.25%	(3,608,415)

D. Funded Status and Funding Progress

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

Actuarial Valuation Date	Actuarial Value of Assets	Projected Unit Credit Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2013	\$46,532,951	\$110,400,975	\$63,868,024	42.1%	\$53,368,986	119.7%

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)**

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

**E. Actuarial Methods and Assumptions**

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

The plan's most recent actuarial valuation was performed as of July 1, 2013. In that valuation the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 5.75% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate ranging from 12.97 to -6.54%, reduced by decrements to an ultimate rate of 5% after 10 years. These assumptions reflect an implicit 3.0% general inflation assumption. The City's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over 30 years. The remaining amortization period as of June 30, 2015 was 24 years.

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 18 - SPECIAL ASSESSMENT DISTRICTS**

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

	<u>Outstanding at June 30, 2015</u>
Assessment District 96-1* (Brimhall II/Spring Meadows/Fairways/Campus Park)	1,215,000
Assessment District 97-1* (Spring Meadows II/Stockdale Highway Commercial)	890,000
Assessment District 98-1* (Brimhall IV/Stockdale Commercial/Gosford Industrial)	3,010,000
Assessment District 99-1* (Polo Greens/River Oaks)	2,180,000
Assessment District 99-2* (Seven Oaks West)	850,000
Assessment District 01-1* (Ming at Allen/Mountain Vista; Hampton Place)	1,490,000
Assessment District 01-2* (Seven Oaks West II/Riverwalk/Southern Oaks)	1,365,000
Assessment District 01-3* (Mountain Vista/San Lauren)	3,305,000
Assessment District 02-1* (Avalon/Belsera/Montara/The Woods)	2,245,000
Assessment District 03-1* (Brighton Place/Silver Creek II)	2,605,000
Assessment District 03-2* (Buena Vista Ranch/Belsera II/Monstera II/Olive Park II)	2,075,000
Assessment District 03-3* (Seven Oaks West III/Brighton Place)	10,675,000
Assessment District 04-1 (Countryside/The Homestead)	4,410,000
Assessment District 04-2 (BL/BV/ST@Allen Com)	3,520,000
Assessment District 04-3 (Solera/Rio Vista)	1,570,000
Assessment District 05-1 (City in the Hills)	-
Assessment District 05-3 (Liberty II/Village Green/Tesoro/Encanto)	43,835,000
Assessment District 06-1 (Etcheverry/Lin II/University Park)	-
Assessment District 07-2 (Sydney Harbour)	-
	<u>\$ 85,240,000</u>

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

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 19 - RISK MANAGEMENT**Self-Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Self-Insurance Fund provides coverage for up to \$500,000 for each workers' compensation claim and \$1,000,000 for each liability claim. The City participates in a joint powers authority for workers' compensation claims in excess of coverage provided by the fund up to statutory limits and participates in a joint powers authority for any excess liability claims. All funds of the City participate in the program and are charged for their share of claim expenditures. The claims liability of \$34,679,231 at June 30, 2015 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. An estimate of incurred but not reported claims has been included in the liability based on the various percentages of loss reserves.

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

	Liability at Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	Liability at End of Year
2012-2013	\$ 28,483,433	\$ 10,950,492	\$ 8,348,541	\$ 31,085,384
2013-2014	31,085,384	11,077,445	8,969,664	33,193,165
2014-2015	33,193,165	10,474,606	8,988,540	34,679,231

Joint Powers Authority

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

In order to provide funds to pay claims, or purchase excess insurance, ACCEL collects a deposit from each member. The deposits will be credited with investment income at the rate earned on ACCEL's investments. Based on information received from ACCEL as of June 30, 2015, the City had \$505,290 on deposit with ACCEL out of a total of approximately \$5,749,582.

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

As of June 30, 2015, ACCEL had no long-term debt. Included in total liabilities is an estimated retrospectively rated refund of \$14,613,057. Complete financial statements of ACCEL can be obtained at the City's Finance Department at 1600 Truxtun Avenue, Bakersfield, CA 93301.

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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

A summary of the financial information for ACCEL at June 30, 2015 is as follows:

Total assets	\$ 52,990,324
Total liabilities	<u>31,070,939</u>
Total members' net position	<u>\$ 21,919,385</u>
Total revenues	\$ 13,268,587
Total expenses	<u>9,134,330</u>
Net change in members' net position	<u>\$ 4,134,257</u>

**NOTE 20 - COMMITMENTS AND CONTINGENCIES**

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.

The entire capacity of the former sanitary landfill has been used. The State has required environmental closure and capping of the City's former sanitary landfill and remediation of the adjacent burn dump. Although these two waste disposal areas are adjacent to each other, the City completed the remediation of the burn dump separately, through the State's Expedited Remedial Action Program, in 1998. The cost of remediation for the burn dump of \$1.8 million was funded by the City's Refuse Service Fund and was expensed in prior fiscal years. The landfill closure was completed in May 2013 at a cost of \$4.8 million. The City's net share of this joint City/County project was approximately \$3 million. Kern County reimbursed the City for the remaining \$1.8 million.

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

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 21 - ENCUMBRANCES**

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded as encumbrances in order to reserve that portion of the applicable appropriation. Encumbrances outstanding as of June 30, 2015 consisted of the following:

**Governmental Funds:**

## Major Funds:

General Fund	\$ 1,209,206
Transient Occupancy Taxes Fund	41,395
Community Development Block Grant Fund	2,436,581
Gas Tax & Road Fund	145,624,514
Capital Outlay Fund	17,872,622
Park Improvement Fund	8,130
Transportation Development Fund	32,741,658

## Non-Major Funds:

State (TDA) Transportation	296,559
State Safety Fund	201,116

**Proprietary Funds:**

## Major Funds:

Wastewater Treatment Fund	2,480,119
Refuse Collection Fund	473,947
Agriculture Water Fund	198,259
Domestic Water Fund	1,260,036
General Aviation Fund	3,991

## Internal Service Funds:

Self-Insurance Fund	134,415
Equipment Management Fund	4,378,054

**Fiduciary Funds:**

## Private Purpose Trust Funds:

Redevelopment Successor Agency Fund	5,432,887
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## Agency Funds:

Improvement District Fund	-
	<u>\$214,793,489</u>

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 22 - CONDUIT DEBT OBLIGATIONS**

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

	Authorized and Issued	Current Outstanding at June 30, 2015
City of Bakersfield - Cottonwood Village Housing Bond, Series 2004	\$ 5,000,000	\$ 5,000,000
City of Bakersfield - Cottonwood Court Housing Bond, Series 2004	1,950,000	1,950,000
City of Bakersfield - St. John Manor Housing Bond, Series 2006	3,867,794	3,170,119
City of Bakersfield - Coventry Apartments Housing Bond, Series 2007M	5,300,000	3,657,814
City of Bakersfield - Catholic Healthcare West 501(c)(3) Nonprofit Bond, Series A thru L	676,250,000	330,000,000
City of Bakersfield - National Health Services, Inc. 501(c)(3) Nonprofit Bond, Series 2007	11,000,000	9,700,000
City of Bakersfield - Descanso Place Housing Bond, Series TT	13,000,000	1,400,000
City of Bakersfield - Bakersfield Family Apartments Housing Bond, Series 2008R	10,971,000	1,145,231
City of Bakersfield - Camellia Place Housing Bond, Series 2009R	619,138	619,118
City of Bakersfield - Eucalyptus Village I Housing Bond, Series 2012-E1	1,295,000	1,295,000
City of Bakersfield - Eucalyptus Village II Housing Bond, Series 2012-E2	4,275,000	4,275,000
City of Bakersfield - American Baptist Homes of The West 501(c)(3) Nonprofit Bond, Series 2015	52,080,000	<u>52,080,000</u>
TOTAL		<u>\$ 414,292,282</u>

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**CITY OF BAKERSFIELD**

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**Notes to the Financial Statements**

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**NOTE 23 - PRIOR PERIOD ADJUSTMENTS**

During the fiscal year ended June 30, 2015, the City made the following prior period adjustments to restate the net position for governmental activity and related fund balance for: 1) adjustments to Net Position with regards to restatement necessary with the implementation of new reporting requirement for pension liabilities (GASB 68), 2) Net Position was adjusted after review of capital assets by City departments identified items that were not longer in service, 3) correction of Fund Balance for amounts due from the State on grants related to funding for various local street and highway project, 4) adjustment to amounts due to internal service fund from Successor Housing Agency . See corresponding changes in statements on p. 22, p.30 , and p 36.

Activity	Net Position Accounts		
	July 1, 2014 as previously reported	Adjustment	July 1, 2015, as restated
Net Position - Governmental Activity	\$1,514,343,874	(278,389,550)	1,235,954,324
Wastewater Treatment Fund	508,667,055	(9,180,463)	499,486,592
Refuse Collection Fund	16,351,355	(16,263,446)	87,909
Agriculture Water Fund	25,748,817	(2,672,396)	23,076,421
Domestic Water Fund	213,571,128	(1,882,017)	211,689,111
General Aviation Fund	10,956,715	\$ (105,672)	\$ 10,851,043
Self Insurance Fund	(2,733,773)	(686,539)	(3,420,312)
Equipment Fund	51,202,685	(5,741,511)	45,461,174

	Fund Balance Accounts		
	July 1, 2014 as previously reported	Adjustment	July 1, 2015, as restated
Gas Tax & Road Fund	11,721,411	(26,895)	11,694,516
Capital Outlay Fund	67,815,114	(843,686)	66,971,428
Transportation Development Fund	42,921,064	(340,980)	42,580,084

**NOTE 24 - SUBSEQUENT EVENT****Refinancing of 2007 Wastewater Bonds**

In August 2015 the City issued Wastewater Revenue Refunding Bond Series 2015A in the amount of \$145,500,000. The proceeds from the Bonds will be used to refinance the 2007A Bonds and to pay issuance costs for the new bond series. The series 2007A bonds were originally issued for capital improvements on the City's wastewater sewage collection, treatment and disposal system. The 2015A bonds bear an annual interest rate of 5.00% with interest payments semiannually, due on March 15 and September 15 until the final maturity in 2034. Principal payments are due on September 15th with the first principal payment due in 2018. The saving of debt service costs with this new bond series is estimated at a \$17,577,838 and annual savings estimated at over \$1,000,000 per year.

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## ***CITY OF BAKERSFIELD***

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### **Required Supplementary Information**

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#### **BUDGETARY INFORMATION**

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

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

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

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

- Governmental Activities
- Business-Type Activities

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

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

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

The amounts carried forward from fiscal year ended June 30, 2014 to fiscal year ended June 30, 2015 totaled \$474,084,960.

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**CITY OF BAKERSFIELD**

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**Required Supplementary Information (continued)**

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**BUDGETARY INFORMATION (continued)**

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

**Budgetary Comparison Schedule, General Fund  
For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1</b>	<u>\$ 54,556,894</u>	<u>\$ 54,556,894</u>	<u>\$ 54,556,894</u>	<u>\$ -</u>
<b>Revenues:</b>				
Taxes	149,056,800	146,279,600	150,354,134	4,074,534
Licenses and permits	3,238,445	3,238,445	3,083,342	(155,103)
Intergovernmental	2,337,975	7,491,533	5,087,587	(2,403,946)
Charges for services	19,536,680	20,274,350	21,976,819	1,702,469
Fines, forfeitures and assessments	610,000	610,000	953,351	343,351
Interest income	121,000	121,000	466,502	345,502
Contributions and donations	-	288,972	362,125	73,153
Other	207,900	532,740	1,629,645	1,096,905
Transfers from other funds	850,000	907,780	907,780	-
Amount available for appropriation	<u>\$ 175,958,800</u>	<u>\$ 179,744,420</u>	<u>\$ 184,821,285</u>	<u>\$ 5,076,865</u>
<b>Expenditures:</b>				
General government	\$ 12,481,302	\$ 12,754,574	\$ 11,148,372	\$ 1,606,202
Public safety - Police	81,167,165	85,048,621	82,284,599	2,764,022
Public safety - Fire	34,498,483	35,205,982	35,060,487	145,495
Public works	26,435,257	26,952,543	25,893,187	1,059,356
Recreation and parks	19,264,147	19,461,627	18,804,516	657,111
Community development	7,493,627	7,999,266	7,245,995	753,271
Non-departmental	12,826,835	11,527,039	8,876,908	2,650,131
Contingency	209,700	206,700	-	206,700
Transfers to other funds	9,095,484	9,284,026	9,284,026	-
Total charges to appropriations	<u>203,472,000</u>	<u>208,440,378</u>	<u>198,598,090</u>	<u>9,842,288</u>
Amount of resources over (under) charges to appropriations	<u>(27,513,200)</u>	<u>(28,695,958)</u>	<u>(13,776,805)</u>	<u>14,919,153</u>
<b>Fund balance, June 30</b>	<u>\$ 27,043,694</u>	<u>\$ 25,860,936</u>	<u>\$ 40,780,089</u>	<u>\$ 14,919,153</u>

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**CITY OF BAKERSFIELD**

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Required Supplementary Information (continued)

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**BUDGETARY INFORMATION (continued)****Budgetary Comparison Schedule, Transient Occupancy Taxes Fund  
For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1 - as restated</b>	\$ 3,580,047	\$ 3,580,047	\$ 3,580,047	\$ -
<b>Revenues:</b>				
Taxes	8,465,000	8,465,000	9,487,984	1,022,984
Charges for services	6,163,793	6,163,793	6,060,000	(103,793)
Interest income	-	-	51,300	51,300
Contributions and donations	1,200,000	1,200,000	1,200,000	-
Other income	-	-	440,000	440,000
Amount available for appropriation	\$ 15,828,793	\$ 15,828,793	\$ 17,239,284	\$ 1,410,491
<b>Expenditures:</b>				
General government	\$ 7,252,071	\$ 7,366,044	\$ 7,711,587	\$ (345,543)
Non-departmental	3,145,150	3,145,150	3,145,150	-
Transfers to other funds	6,648,675	6,943,586	6,858,672	84,914
Total charges to appropriations	17,045,896	17,454,780	17,715,409	(260,629)
Amount of resources over (under) charges to appropriations	(1,217,103)	(1,625,987)	(476,125)	1,149,862
<b>Fund balance, June 30</b>	\$ 2,362,944	\$ 1,954,060	\$ 3,103,922	\$ 1,149,862

**Budgetary Comparison Schedule, Community Development Block Grant Fund  
For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1</b>	\$ 421,580	\$ 421,580	\$ 421,580	\$ -
<b>Revenues:</b>				
Intergovernmental	4,541,303	13,790,128	6,912,785	(6,877,343)
Interest income	-	-	1,751	1,751
Loan payments	205,868	(1,234,132)	(126,962)	1,107,170
Other income	-	-	8,773	8,773
Transfer from other funds	-	231,769	146,858	(84,911)
Amount available for appropriation	\$ 4,747,171	\$ 12,787,765	\$ 6,943,205	\$ (5,844,560)
<b>Expenditures:</b>				
Community development	\$ 2,151,705	\$ 5,429,778	\$ 1,838,013	\$ 3,591,765
Capital outlay	2,019,415	6,697,025	4,476,162	2,220,863
Transfers to other funds	586,887	671,798	663,064	8,734
Total charges to appropriations	4,758,007	12,798,601	6,977,239	5,821,362
Amount of resources over (under) charges to appropriations	(10,836)	(10,836)	(34,034)	(23,198)
<b>Fund balance, June 30</b>	\$ 410,744	\$ 410,744	\$ 387,546	\$ (23,198)

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**CITY OF BAKERSFIELD**

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Required Supplementary Information (continued)

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**BUDGETARY INFORMATION (continued)****Budgetary Comparison Schedule, Gas Tax & Road Fund  
For the Fiscal Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Fund Balance, July 1</b>	<u>\$ 11,694,516</u>	<u>\$ 11,694,516</u>	<u>\$ 11,694,516</u>	<u>\$ -</u>
<b>Revenues:</b>				
Intergovernmental	122,739,416	408,365,629	98,249,242	(310,116,387)
Fines, forfeitures and assessments	10,000	10,000	51,768	41,768
Interest income	25,000	25,000	127,032	102,032
Contributions and donations	-	-	(2,013)	(2,013)
Other income	-	-	(9,935)	(9,935)
Amount available for appropriation	<u>\$ 122,774,416</u>	<u>\$408,400,629</u>	<u>\$ 98,416,094</u>	<u>\$ (309,984,535)</u>
<b>Expenditures:</b>				
Public works	\$ -	\$ 27,771	\$ 27,487	\$ 284
Capital outlay	<u>123,629,416</u>	<u>419,823,741</u>	<u>97,747,903</u>	<u>322,075,838</u>
Total charges to appropriations	<u>123,629,416</u>	<u>419,851,512</u>	<u>97,775,390</u>	<u>322,076,122</u>
Amount of resources over (under) charges to appropriations	<u>(855,000)</u>	<u>(11,450,883)</u>	<u>640,704</u>	<u>12,091,587</u>
<b>Fund balance, June 30</b>	<u>\$ 10,839,516</u>	<u>\$ 243,633</u>	<u>\$ 12,335,220</u>	<u>\$ 12,091,587</u>

# CITY OF BAKERSFIELD

## Required Supplementary Information (continued)

### DEFINED PENSION PLAN

A schedule of changes in Net Pension Liability and related ratios as of the Measurement Period ending June 30, 2014 is below:

<b>Total Pension Liability</b>	<b>Measurement Date</b>	<b>Service Cost</b>	<b>Interest</b>	<b>Benefit Payments [b]</b>	<b>Net Change in Pension Liability</b>	<b>Total Pension Liability Beginning</b>	<b>Total Pension Liability Ending {A}</b>
Miscellaneous Plan [a]	6/30/2014	\$ 9,394,857	\$ 33,174,032	\$ (18,737,652)	\$ 23,831,237	\$ 446,991,809	\$ 470,823,046
Fire Safety Plan [a]	6/30/2014	4,022,753	17,409,125	(11,440,930)	9,990,948	235,830,755	245,821,703
Police Safety Plan [a]	6/30/2014	8,823,744	28,279,962	(17,776,028)	19,327,678	381,542,291	400,869,969

<b>Plan Fiduciary Net Position</b>	<b>Measurement Date</b>	<b>Contributions Employer</b>	<b>Contributions Employee</b>	<b>Net Investment Income [c]</b>	<b>Benefit Payments [b]</b>	<b>Net Change in Fiduciary Position</b>	<b>Plan Fiduciary Position Beginning</b>	<b>Plan Fiduciary Position Ending {B}</b>
Miscellaneous Plan [a]	6/30/2014	\$ 9,220,181	\$ 4,566,671	\$ 53,513,763	\$(18,737,652)	\$ 48,562,963	\$308,714,936	\$357,277,899
Fire Safety Plan [a]	6/30/2014	4,243,095	1,485,484	29,300,590	(11,440,930)	23,588,239	170,363,131	193,951,370
Police Safety Plan [a]	6/30/2014	10,750,572	2,920,326	41,170,702	(17,776,028)	37,065,572	236,536,555	273,602,127

<b>Net Pension Liability &amp; Plan Fiduciary Ratios</b>	<b>Measurement Date</b>	<b>Net Pension Liability ({A})- {B}</b>	<b>Plan Fiduciary Net Position as % of Total Pension Liability</b>	<b>Covered Employee Payroll</b>	<b>Net Pension Liability as a % of Covered-Employee Payroll</b>
Miscellaneous Plan [a]	6/30/2014	\$ 113,545,147	75.88 %	\$ 53,054,308	214.02 %
Fire Safety Plan [a]	6/30/2014	51,870,333	78.90 %	15,554,085	333.48 %
Police Safety Plan [a]	6/30/2014	127,267,842	68.25 %	30,496,107	417.32 %

[a] Historical information is required only for the measurement periods for which GASB 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for those years in which there is available information.

[b] Includes refunds for employee contributions.

<b>Schedule of Plan Contributions</b>	<b>Valuation Date</b>	<b>Actuarially Determined Contribution [b]</b>	<b>Contributions Made [b]</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll [c], [d]</b>	<b>Contributions as a % of Covered-Employee Payroll [c]</b>
Miscellaneous Plan [a]	6/30/2014	\$ 9,220,181	\$ (9,220,181)	\$ -	\$ 53,054,308	17.38 %
Fire Safety Plan [a]	6/30/2014	4,243,095	(4,243,095)	-	15,554,085	27.28 %
Police Safety Plan [a]	6/30/2014	10,750,572	(10,750,572)	-	30,496,107	35.25 %

[a] Historical information is required only for measurement periods for which GASB 68 is applicable.

[b] Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

[c] Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

[d] Payroll from prior year was assumed to increase by the 3.00 percent payroll growth assumption.

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**CITY OF BAKERSFIELD**

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Required Supplementary Information (continued)

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

## I. Schedule of Funding Progress

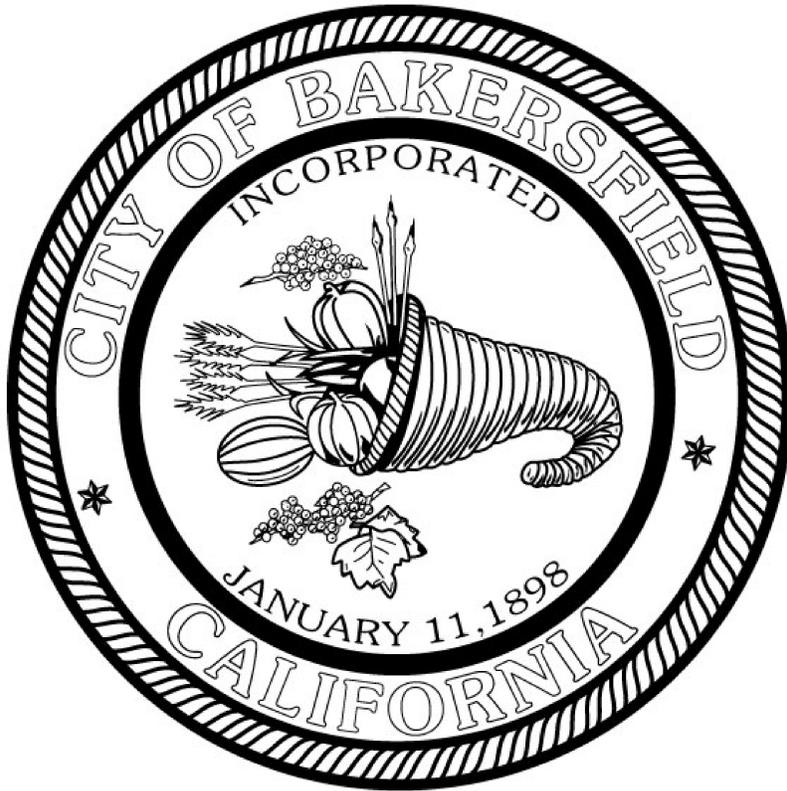
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2013	\$ 46,532,951	\$ 110,400,975	\$ 63,868,024	42.1%	\$ 53,368,986	119.7%

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## ***Supplementary Information***

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## ***General Fund***

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This fund was established to account for the revenues and expenditures to carry out basic governmental activities of the City of Bakersfield such as 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, 2015**

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	<u>General Fund</u>
<b>Assets:</b>	
Cash and investments	\$ 32,551,677
Accounts receivable, net	1,235,790
Interest receivable	89,926
Due from other governmental agencies	11,413,664
Due from other funds	<u>9,877,306</u>
 Total assets	 <u>\$ 55,168,363</u>
 <b>Liabilities, Deferred Inflows of Resources and Fund Balance:</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 9,503,038
Due to other governmental agencies	938,278
Advances from grantors and third parties	<u>1,630,294</u>
 Total liabilities	 <u>12,071,610</u>
 <b>Deferred Inflows of Resources:</b>	
Unearned revenue	<u>2,316,664</u>
 <b>Fund Balance:</b>	
Nonspendable	1,000
Committed	
Cash basis reserve	12,802,179
Contractual obligations	637,698
Appropriations for new year budget	19,700,499
Assigned	
Petty cash	21,970
Non-contractual encumbrances	571,508
Compensated absences	6,661,248
Unassigned	<u>383,987</u>
 Total fund balance	 <u>40,780,089</u>
 Total liabilities, deferred inflow of resources and fund balance	 <u>\$ 55,168,363</u>

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**CITY OF BAKERSFIELD**

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**Schedule of Revenues by Function - General Fund  
Budget and Actual  
For the Fiscal Year Ended June 30, 2015**

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	Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Taxes:			
Property taxes	\$ 64,665,600	\$ 68,699,090	\$ 4,033,490
Sales and use taxes	71,084,500	70,366,255	(718,245)
Property transfer tax	750,000	1,177,810	427,810
Utility franchise tax	6,079,500	6,380,259	300,759
Business license tax	3,700,000	3,730,720	30,720
Total taxes	146,279,600	150,354,134	4,074,534
Licenses and permits:			
Building permits	2,045,000	1,835,007	(209,993)
Planning permits	62,295	65,616	3,321
Public works permits	467,000	629,389	162,389
Police permits	298,000	331,529	33,529
Other licenses and permits	366,150	221,801	(144,349)
Total licenses and permits	3,238,445	3,083,342	(155,103)
Intergovernmental:			
Federal grants	3,358,246	1,852,566	(1,505,680)
State of California	2,765,329	2,801,309	35,980
Other grants	1,367,958	433,712	(934,246)
Total intergovernmental	7,491,533	5,087,587	(2,403,946)
Charges for services:			
Building	2,368,925	2,816,952	448,027
Planning	384,755	338,410	(46,345)
Public works	1,568,500	1,797,759	229,259
Police	619,000	818,591	199,591
Fire	4,200,000	4,686,661	486,661
Recreation and parks	1,042,170	1,188,314	146,144
Interfund charges	9,950,000	10,108,553	158,553
Other charges	141,000	221,579	80,579
Total charges for services	20,274,350	21,976,819	1,702,469
Fines, forfeitures, and assessments	610,000	953,351	343,351
Miscellaneous:			
Interest income	121,000	351,578	230,578
Net increase (decrease) in the fair value of investments	-	114,924	114,924
Contributions and donations	288,972	362,125	73,153
Other income	532,740	1,629,645	1,096,905
Total miscellaneous	942,712	2,458,272	1,515,560
Total revenues	\$ 178,836,640	\$ 183,913,505	\$ 5,076,865

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**CITY OF BAKERSFIELD**

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**Schedule of Expenditures by Division - General Fund  
Budget and Actual  
For the Fiscal Year Ended June 30, 2015**

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	Budget	Actual	Variance with Final Budget
<b>General Government:</b>			
Mayor & City council	\$ 457,426	\$ 426,041	\$ 31,385
City manager	1,079,005	1,037,083	41,922
City clerk	894,626	789,670	104,956
Human resources	1,311,773	1,265,886	45,887
Information technology	3,671,606	3,334,122	337,484
Financial services	2,948,046	2,804,545	143,501
City attorney	2,392,092	1,491,025	901,067
	<hr/>	<hr/>	<hr/>
Total general government	12,754,574	11,148,372	1,606,202
	<hr/>	<hr/>	<hr/>
<b>Public Safety:</b>			
Public safety - Police	85,048,621	82,284,599	2,764,022
Public safety - Fire	35,205,982	35,060,487	145,495
	<hr/>	<hr/>	<hr/>
Total public safety	120,254,603	117,345,086	2,909,517
	<hr/>	<hr/>	<hr/>
<b>Public Works:</b>			
Administration	647,484	645,970	1,514
Engineering	6,316,106	5,491,410	824,696
General services	11,822,115	11,786,024	36,091
Streets and roads	8,166,838	7,969,783	197,055
	<hr/>	<hr/>	<hr/>
Total public works	26,952,543	25,893,187	1,059,356
	<hr/>	<hr/>	<hr/>
<b>Recreation and Parks:</b>			
Administration	1,196,978	1,145,784	51,194
Recreation	3,139,685	3,027,452	112,233
Parks	15,124,964	14,631,280	493,684
	<hr/>	<hr/>	<hr/>
Total recreation and parks	19,461,627	18,804,516	657,111
	<hr/>	<hr/>	<hr/>
<b>Community Development:</b>			
Planning	2,294,151	1,963,597	330,554
Building	5,705,115	5,282,398	422,717
	<hr/>	<hr/>	<hr/>
Total community development	7,999,266	7,245,995	753,271
	<hr/>	<hr/>	<hr/>
<b>Non-departmental</b>	11,527,039	8,876,908	2,650,131
	<hr/>	<hr/>	<hr/>
<b>Contingency</b>	206,700	-	206,700
	<hr/>	<hr/>	<hr/>
<b>Total General Fund Expenditures</b>	<u>\$ 199,156,352</u>	<u>\$ 189,314,064</u>	<u>\$ 9,842,288</u>

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## ***Special Revenue Funds***

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

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

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

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

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

**State (TDA) Transportation Fund** is used to account for three Transportation Development Act (TDA) funding sources. Article 3 funds are used to construct facilities that specifically benefit pedestrians and/or bicyclists. Article 4 funds are Local Transportation and State Transit Assistance Funds. These resources are used to cover the City's maintenance and operation costs of the Bakersfield Amtrak Railway Station. The City is the owner of the station and leases the facility to Amtrak, who operates the transit service. These resources are used solely for the expenses incurred by the City as owner of the facility. Article 8 funds represent the City's allocation of the 1/4% of sales tax authorized by State Bill (SB) 325. State law requires these sales tax dollars be used for street purposes. These funds are received and expended by the City as lead agency servicing the local road network. All three revenue resources are accounted for individually as required by the State of California but are combined for financial reporting purposes. The City currently receives only Article 3 and Article 4 money.

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

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

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**CITY OF BAKERSFIELD**

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**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - All Special Revenue Funds  
Year Ended June 30, 2015**

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	Transient Occupancy Taxes		
	Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Taxes	\$ 8,465,000	\$ 9,487,984	\$ 1,022,984
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	6,163,793	6,060,000	(103,793)
Fines, forfeitures, and assessments	-	-	-
Interest income	-	51,300	51,300
Loan payments	-	-	-
Contributions and donations	1,200,000	1,200,000	-
Other income	-	440,000	440,000
Total revenues	<u>15,828,793</u>	<u>17,239,284</u>	<u>1,410,491</u>
<b>Expenditures</b>			
Current:			
General government	7,366,044	7,711,587	(345,543)
Public safety - Police	-	-	-
Public safety - Fire	-	-	-
Public works	-	-	-
Recreation and parks	-	-	-
Community development	-	-	-
Non-departmental	3,145,150	3,145,150	-
Capital outlay:			
Transportation:			
Traffic control	-	-	-
Streets / Freeways	-	-	-
Bridges	-	-	-
Curbs, gutters and sidewalks	-	-	-
Public facilities:			
Buildings	-	-	-
Land acquisition	-	-	-
Other improvements	-	-	-
Total expenditures	<u>10,511,194</u>	<u>10,856,737</u>	<u>(345,543)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,317,599</u>	<u>6,382,547</u>	<u>1,064,948</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	-	-
Transfers out	<u>(6,943,586)</u>	<u>(6,858,672)</u>	<u>84,914</u>
Total other financing sources (uses)	<u>(6,943,586)</u>	<u>(6,858,672)</u>	<u>84,914</u>
Net change in fund balances	(1,625,987)	(476,125)	1,149,862
Fund balances - beginning - as restated	<u>3,580,047</u>	<u>3,580,047</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,954,060</u>	<u>\$ 3,103,922</u>	<u>\$ 1,149,862</u>

Community Development Block Grant			National Stabilization		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
13,790,128	6,912,785	(6,877,343)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,751	1,751	-	-	-
(1,234,132)	(126,962)	1,107,170	-	137,352	137,352
-	-	-	-	-	-
-	8,773	8,773	-	-	-
<u>12,555,996</u>	<u>6,796,347</u>	<u>(5,759,649)</u>	<u>-</u>	<u>137,352</u>	<u>137,352</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,429,778	1,838,013	3,591,765	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,572,285	1,495,312	76,973	-	-	-
-	-	-	-	-	-
3,117,528	2,978,906	138,622	-	-	-
668,314	1,791	666,523	-	-	-
1,284,618	-	1,284,618	-	-	-
54,280	153	54,127	-	-	-
<u>12,126,803</u>	<u>6,314,175</u>	<u>5,812,628</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>429,193</u>	<u>482,172</u>	<u>52,979</u>	<u>-</u>	<u>137,352</u>	<u>137,352</u>
231,769	146,858	(84,911)	-	-	-
<u>(671,798)</u>	<u>(663,064)</u>	<u>(8,734)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(671,798)</u>	<u>(663,064)</u>	<u>(8,734)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(10,836)	(34,034)	(23,198)	-	137,352	137,352
<u>421,580</u>	<u>421,580</u>	<u>-</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
<u>\$ 410,744</u>	<u>\$ 387,546</u>	<u>\$ (23,198)</u>	<u>\$ 4,000</u>	<u>\$ 141,352</u>	<u>\$ 137,352</u>

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**CITY OF BAKERSFIELD**

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**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (continued)**  
**Budget and Actual - All Special Revenue Funds**  
**Year Ended June 30, 2015**

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	Gas Tax & Road Fund		
	Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	408,365,629	98,249,242	(310,116,387)
Charges for services	-	-	-
Fines, forfeitures, and assessments	10,000	51,768	41,768
Interest income	25,000	127,032	102,032
Loan payments	-	-	-
Contributions and donations	-	(2,013)	(2,013)
Other income	-	(9,935)	(9,935)
Total revenues	<u>408,400,629</u>	<u>98,416,094</u>	<u>(309,984,535)</u>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety - Police	-	-	-
Public safety - Fire	-	-	-
Public works	27,771	27,487	284
Recreation and parks	-	-	-
Community development	-	-	-
Non-departmental	-	-	-
Capital outlay:			
Transportation:			
Traffic control	4,857,355	1,710,062	3,147,293
Streets / Freeways	408,387,219	95,189,216	313,198,003
Bridges	6,226,590	848,403	5,378,187
Curbs, gutters and sidewalks	352,577	222	352,355
Public facilities:			
Buildings	-	-	-
Land acquisition	-	-	-
Other improvements	-	-	-
Total expenditures	<u>419,851,512</u>	<u>97,775,390</u>	<u>322,076,122</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,450,883)</u>	<u>640,704</u>	<u>12,091,587</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(11,450,883)	640,704	12,091,587
Fund balances - beginning - as restated	<u>11,694,516</u>	<u>11,694,516</u>	<u>-</u>
Fund balances - ending	<u>\$ 243,633</u>	<u>\$ 12,335,220</u>	<u>\$ 12,091,587</u>

State (TDA) Transportation			State Safety Fund		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	195,500	214,054	18,554
3,387,776	838,857	(2,548,919)	634,139	725,446	91,307
-	-	-	1,182,000	1,199,877	17,877
-	-	-	1,100,000	1,075,926	(24,074)
500	1,198	698	1,000	17,196	16,196
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,388,276</u>	<u>840,055</u>	<u>(2,548,221)</u>	<u>3,112,639</u>	<u>3,232,499</u>	<u>119,860</u>
-	-	-	-	-	-
-	-	-	1,262,526	1,200,272	(62,254)
-	-	-	1,409,837	1,163,962	245,875
325,250	300,481	24,769	-	-	-
30,300	29,368	932	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,032,726</u>	<u>510,206</u>	<u>2,522,520</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,388,276</u>	<u>840,055</u>	<u>2,548,221</u>	<u>2,672,363</u>	<u>2,364,234</u>	<u>183,621</u>
-	-	-	440,276	868,265	303,481
-	-	-	-	-	-
-	-	-	(850,000)	(850,000)	-
-	-	-	(850,000)	(850,000)	-
-	-	-	(409,724)	18,265	303,481
-	-	-	1,174,267	1,174,267	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 764,543</u>	<u>\$ 1,192,532</u>	<u>\$ 303,481</u>

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**CITY OF BAKERSFIELD**

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**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (continued)**  
**Budget and Actual - All Special Revenue Funds**  
**Year Ended June 30, 2015**

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	Redevelopment Successor Agency - Housing		
	Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Taxes	\$ 4,872,968	\$ 2,683,719	\$ (2,189,249)
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	259,592	131,600	(127,992)
Fines, forfeitures, and assessments	-	-	-
Interest income	5,000	29,608	24,608
Loan payments	-	-	-
Contributions and donations	-	-	-
Other income	2,031,000	1,240,405	(790,595)
Total revenues	<u>7,168,560</u>	<u>4,085,332</u>	<u>(3,083,228)</u>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety - Police	-	-	-
Public safety - Fire	-	-	-
Public works	-	-	-
Recreation and parks	-	-	-
Community development	7,363,539	3,147,547	4,215,992
Non-departmental	-	-	-
Capital outlay:			
Transportation:			
Traffic control	-	-	-
Streets / Freeways	-	-	-
Bridges	-	-	-
Curbs, gutters and sidewalks	-	-	-
Public facilities:			
Buildings	-	-	-
Land acquisition	-	-	-
Other improvements	2,308,191	1,952	2,306,239
Total expenditures	<u>9,671,730</u>	<u>3,149,499</u>	<u>6,522,231</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,503,170)</u>	<u>935,833</u>	<u>3,439,003</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2,503,170)	935,833	3,439,003
Fund balances - beginning - as restated	<u>2,773,670</u>	<u>2,773,670</u>	<u>-</u>
Fund balances - ending	<u>\$ 270,500</u>	<u>\$ 3,709,503</u>	<u>\$ 3,439,003</u>

Totals		
Budget	Actual	Variance with Final Budget
\$ 13,337,968	\$ 12,171,703	\$ (1,166,265)
195,500	214,054	18,554
426,177,672	106,726,330	(319,451,342)
7,605,385	7,391,477	(213,908)
1,110,000	1,127,694	17,694
31,500	228,085	196,585
(1,234,132)	10,390	1,244,522
1,200,000	1,197,987	(2,013)
<u>2,031,000</u>	<u>1,679,243</u>	<u>(351,757)</u>
<u>450,454,893</u>	<u>130,746,963</u>	<u>(319,707,930)</u>
7,366,044	7,711,587	(345,543)
(1,262,526)	(1,200,272)	(62,254)
1,409,837	1,163,962	245,875
353,021	327,968	25,053
30,300	29,368	932
12,793,317	4,985,560	7,807,757
3,145,150	3,145,150	-
4,857,355	1,710,062	3,147,293
409,959,504	96,684,528	313,274,976
6,226,590	848,403	5,378,187
3,470,105	2,979,128	490,977
668,314	1,791	666,523
1,284,618	-	1,284,618
<u>5,395,197</u>	<u>512,311</u>	<u>4,882,886</u>
<u>458,221,878</u>	<u>121,300,090</u>	<u>336,797,280</u>
<u>(7,766,985)</u>	<u>9,446,873</u>	<u>17,089,350</u>
231,769	146,858	(84,911)
<u>(8,465,384)</u>	<u>(8,371,736)</u>	<u>93,648</u>
<u>(8,465,384)</u>	<u>(8,371,736)</u>	<u>93,648</u>
(16,000,600)	1,221,995	17,098,087
<u>19,648,080</u>	<u>19,648,080</u>	<u>-</u>
<u>\$ 3,647,480</u>	<u>\$ 20,870,075</u>	<u>\$ 17,222,595</u>

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**CITY OF BAKERSFIELD**

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**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - Debt Service Fund  
For the Fiscal Year Ended June 30, 2015**

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	General Obligation Debt		
	Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Interest income	-	-	-
Total revenues	-	-	-
<b>Expenditures:</b>			
Debt service:			
Principal retirement	488,675	454,964	33,711
Interest and fiscal charges	464,500	252,300	212,200
Total expenditures	953,175	707,264	245,911
Deficiency of revenues under expenditures	(953,175)	(707,264)	245,911
<b>Other financing sources:</b>			
Transfers in	875,562	717,028	(158,534)
Total other financing sources	875,562	717,028	(158,534)
Net change in fund balance	(77,613)	9,764	87,377
Fund balance - beginning	(74,931)	-	74,931
Fund balance - ending	<u>\$ (152,544)</u>	<u>\$ 9,764</u>	<u>\$ 162,308</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, which is Division 12 of the California Streets and Highway Code (the "1913 Act"). The Bonds associated with these various districts are issued pursuant to the Improvement Bond Act of 1915, and Division 10 of the Streets and Highways Code (the "1915 Act"), and Section 13.08.070 of the Municipal Code of the City. The payments by property owners and the debt service are accounted for in an Agency fund.

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

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

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

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**CITY OF BAKERSFIELD**

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**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - All Capital Projects Funds  
For the Fiscal Year Ended June 30, 2015**

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	Special Assessment Dist - Capital		
	Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines, forfeitures, and assessments	-	-	-
Interest income	-	331	331
Contributions and donations	-	-	-
Other income	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>331</u>	<u>331</u>
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public works	-	-	-
Non-departmental	-	-	-
Capital outlay:			
Transportation:			
Traffic control	-	-	-
Streets	-	575,192	(575,192)
Bridges	-	-	-
Streets / Freeways	-	-	-
Public facilities:			
Buildings	-	-	-
Parks and landscaping	-	-	-
Land acquisition	-	-	-
Other improvements	-	-	-
Equipment:			
Computers	-	-	-
Non-automotive	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>575,192</u>	<u>(575,192)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(574,861)</u>	<u>(574,861)</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(574,861)	(574,861)
Fund balances - beginning - as restated	<u>4,920,909</u>	<u>4,920,909</u>	<u>-</u>
Fund balances - ending	<u>\$ 4,920,909</u>	<u>\$ 4,346,048</u>	<u>\$ (574,861)</u>

Capital Outlay			Park Improvement Fund		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ 5,075,000	\$ 5,521,422	\$ 446,422	\$ -	\$ -	\$ -
2,660,759	1,159,150	(1,501,609)	-	-	-
228,978	126,554	(102,424)	-	-	-
1,361,707	129,113	(1,232,594)	1,325,720	2,350,468	1,024,748
1,000	279,615	278,615	-	78,723	78,723
20,826	10,000	(10,826)	-	-	-
1,509,791	4,134,166	2,624,375	-	(1,750)	(1,750)
<u>10,858,061</u>	<u>11,360,020</u>	<u>501,959</u>	<u>1,325,720</u>	<u>2,427,441</u>	<u>1,101,721</u>
-	-	-	-	-	-
-	-	-	-	-	-
1,355,906	526,046	829,860	75,720	65,866	9,854
-	-	-	-	-	-
10,557,984	7,502,571	3,055,413	-	-	-
-	-	-	-	-	-
24,664,926	7,284,978	17,379,948	-	-	-
8,565,589	3,265,860	5,299,729	-	-	-
5,940,322	2,200,849	3,739,473	4,049,996	721	4,049,275
35,000	-	35,000	1,477,850	57,606	1,420,244
2,688,627	732,569	1,956,058	1,009,389	657,717	351,672
229,050	162,891	66,159	-	-	-
200,150	94,344	105,806	-	-	-
<u>54,237,554</u>	<u>21,770,108</u>	<u>32,467,446</u>	<u>6,612,955</u>	<u>781,910</u>	<u>5,831,045</u>
<u>(43,379,493)</u>	<u>(10,410,088)</u>	<u>32,969,405</u>	<u>(5,287,235)</u>	<u>1,645,531</u>	<u>6,932,766</u>
15,232,733	14,192,300	(1,040,433)	-	-	-
<u>(1,495,071)</u>	<u>(204,638)</u>	<u>1,290,433</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>13,737,662</u>	<u>13,987,662</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
(29,641,831)	3,577,574	33,219,405	(5,287,235)	1,645,531	6,932,766
<u>66,971,428</u>	<u>66,971,428</u>	<u>-</u>	<u>6,963,143</u>	<u>6,963,143</u>	<u>-</u>
<u>\$ 37,329,597</u>	<u>\$ 70,549,002</u>	<u>\$ 33,219,405</u>	<u>\$ 1,675,908</u>	<u>\$ 8,608,674</u>	<u>\$ 6,932,766</u>

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**CITY OF BAKERSFIELD**

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**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (continued)**  
**Budget and Actual - All Capital Projects Funds**  
**For the Fiscal Year Ended June 30, 2015**

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	Transportation Development		
	Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	308,039	197,730	(110,309)
Charges for services	100,000	148,646	48,646
Fines, forfeitures, and assessments	18,000,000	17,423,451	(576,549)
Interest income	25,000	417,646	392,646
Contributions and donations	-	-	-
Other income	3,000,000	88,922	(2,911,078)
	<u>21,433,039</u>	<u>18,276,395</u>	<u>(3,156,644)</u>
Total revenues			
<b>Expenditures:</b>			
Current:			
General government	401,063	394,120	6,943
Public works	762,377	607,167	155,210
Non-departmental	121,184	112,273	8,911
Capital outlay:			
Transportation:			
Traffic control	579,241	389,898	189,343
Streets	11,362,050	1,446,083	9,915,967
Bridges	91,322	4,536	86,786
Streets / Freeways	49,839,346	7,636,482	42,202,864
Public facilities:			
Buildings	-	-	-
Parks and landscaping	-	-	-
Land acquisition	-	-	-
Other improvements	-	-	-
Equipment:			
Computers	-	-	-
Non-automotive	-	-	-
	<u>63,156,583</u>	<u>10,590,559</u>	<u>52,566,024</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(41,723,544)</u>	<u>7,685,836</u>	<u>49,409,380</u>
<b>Other financing sources (uses):</b>			
Transfers in	28,532,045	-	(28,532,045)
Transfers out	<u>(28,532,045)</u>	<u>-</u>	<u>28,532,045</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(41,723,544)	7,685,836	49,409,380
Fund balances - beginning - as restated	<u>42,580,084</u>	<u>42,580,084</u>	<u>-</u>
Fund balances - ending	<u>\$ 856,540</u>	<u>\$ 50,265,920</u>	<u>\$ 49,409,380</u>

Totals		
Budget	Actual	Variance with Final Budget
\$ 5,075,000	\$ 5,521,422	\$ (446,422)
2,968,798	1,356,880	(1,611,918)
328,978	275,200	(53,778)
20,687,427	19,903,032	(784,395)
26,000	776,315	750,315
20,826	10,000	(10,826)
<u>4,509,791</u>	<u>4,221,338</u>	<u>(288,453)</u>
<u>28,541,820</u>	<u>26,542,765</u>	<u>(1,999,055)</u>
401,063	394,120	6,943
762,377	607,167	155,210
1,552,810	704,185	848,625
579,241	389,898	189,343
21,920,034	9,523,846	12,396,188
91,322	4,536	86,786
74,504,272	14,921,460	59,582,812
8,565,589	3,265,860	5,299,729
9,990,318	2,201,570	7,788,748
1,512,850	57,606	1,455,244
3,698,016	1,390,286	2,307,730
229,050	162,891	66,159
<u>200,150</u>	<u>94,344</u>	<u>105,806</u>
<u>124,007,092</u>	<u>33,717,769</u>	<u>90,289,323</u>
<u>(90,390,272)</u>	<u>(1,653,582)</u>	<u>87,843,846</u>
43,764,778	14,192,300	(29,572,478)
<u>(30,027,116)</u>	<u>(204,638)</u>	<u>29,822,478</u>
<u>13,737,662</u>	<u>13,987,662</u>	<u>250,000</u>
(76,652,610)	12,334,080	88,093,846
<u>121,435,564</u>	<u>121,435,564</u>	<u>-</u>
<u>\$ 44,782,954</u>	<u>\$ 133,769,644</u>	<u>\$ 88,093,846</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 City on a cost-reimbursement basis.

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

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

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

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

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**CITY OF BAKERSFIELD**

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**Combining Statement of Net Position  
All Internal Service Funds  
June 30, 2015**

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	Self- Insurance	Equipment Management	Total
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 30,248,879	\$ 26,170,253	\$ 56,419,132
Accounts receivable, net	30,635	51,908	82,543
Interest receivable	61,832	46,377	108,209
Notes/loans receivable	178,408	480,497	658,905
Due from other governmental agencies	22,730	-	22,730
Prepayments and inventories	-	1,115,883	1,115,883
	<u>30,542,484</u>	<u>27,864,918</u>	<u>58,407,402</u>
Noncurrent assets:			
Capital assets:			
Depreciable buildings, property, equipment and infrastructure, net	-	31,768,801	31,768,801
Notes/loans receivable	592,075	1,256,816	1,848,891
	<u>592,075</u>	<u>33,025,617</u>	<u>33,617,692</u>
Total noncurrent assets			
	<u>592,075</u>	<u>33,025,617</u>	<u>33,617,692</u>
Total assets	<u>31,134,559</u>	<u>60,890,535</u>	<u>92,025,094</u>
<b>Deferred Outflows of Resources:</b>			
Deferred pensions	43,967	817,759	861,726
	<u>43,967</u>	<u>817,759</u>	<u>861,726</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	188,296	1,247,402	1,435,698
Claims payable	4,066,231	-	4,066,231
Workers' compensation claims	5,204,000	-	5,204,000
Compensated absences payable	-	419,018	419,018
	<u>9,458,527</u>	<u>1,666,420</u>	<u>11,124,947</u>
Total current liabilities			
	<u>9,458,527</u>	<u>1,666,420</u>	<u>11,124,947</u>
Noncurrent liabilities:			
Workers' compensation claims	25,409,000	-	25,409,000
Compensated absences payable	34,757	192,188	226,945
Net pension liability	377,912	6,879,393	7,257,305
	<u>25,821,669</u>	<u>7,071,581</u>	<u>32,893,250</u>
Total noncurrent liabilities			
	<u>25,821,669</u>	<u>7,071,581</u>	<u>32,893,250</u>
Total liabilities	<u>35,280,196</u>	<u>8,738,001</u>	<u>44,018,197</u>
<b>Deferred Inflows of Resources:</b>			
Deferred pensions	81,570	1,484,872	1,566,442
	<u>81,570</u>	<u>1,484,872</u>	<u>1,566,442</u>
<b>Net Position:</b>			
Net investment in capital assets	-	31,768,801	31,768,801
Unrestricted	(4,183,240)	19,716,620	15,533,380
	<u>(4,183,240)</u>	<u>19,716,620</u>	<u>15,533,380</u>
Total net position	<u>\$ (4,183,240)</u>	<u>\$ 51,485,421</u>	<u>\$ 47,302,181</u>

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**CITY OF BAKERSFIELD**

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**Combining Statement of Activities and Changes in Net Position  
All Internal Service Funds  
For the Fiscal Year Ended June 30, 2015**

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	Self- Insurance	Equipment Management	Totals
<b>Operating revenues:</b>			
Intergovernmental	\$ -	\$ 1,276,364	\$ 1,276,364
Charges for services	9,948,543	22,292,367	32,240,910
Cost recoveries	1,884,545	161,725	2,046,270
Miscellaneous	15,169	3,183	18,352
	<u>11,848,257</u>	<u>23,733,639</u>	<u>35,581,896</u>
Total operating revenues			
<b>Operating expenses:</b>			
General and administrative	9,020,116	18,526,764	27,546,880
Workers' compensation payments	2,598,634	-	2,598,634
Claims paid	1,417,949	-	1,417,949
Depreciation and amortization	-	5,651,010	5,651,010
Compensated absences	10,622	65,428	76,050
	<u>13,047,321</u>	<u>24,243,202</u>	<u>37,290,523</u>
Total operating expenses			
Operating income (loss)	<u>(1,199,064)</u>	<u>(509,563)</u>	<u>(1,708,627)</u>
<b>Nonoperating revenues (expenses):</b>			
Interest income	436,136	546,902	983,038
Gain/(loss) on sale of real property	-	183,636	183,636
	<u>(762,928)</u>	<u>220,975</u>	<u>(541,953)</u>
Income (loss) before transfers and capital contributions			
Capital contributions	-	321,913	321,913
Transfers in	-	5,481,359	5,481,359
	<u>(762,928)</u>	<u>6,024,247</u>	<u>5,261,319</u>
Change in net position			
<b>Total Net Position - Beginning of Year - as restated</b>	<u>(3,420,312)</u>	<u>45,461,174</u>	<u>42,040,862</u>
<b>Total Net Position - End of Year</b>	<u>\$ (4,183,240)</u>	<u>\$ 51,485,421</u>	<u>\$ 47,302,181</u>

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**CITY OF BAKERSFIELD**

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**Combining Statement of Cash Flows****All Internal Service Funds****For the Fiscal Year Ended June 30, 2015**

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	Self- Insurance	Equipment Management	Totals
<b>Cash flows from operating activities:</b>			
Cash received from:			
Customers	\$ 9,998,846	\$ 23,577,018	\$ 33,575,864
Prior year reimbursements and cost recoveries	1,884,545	161,725	2,046,270
Cash paid to:			
Suppliers	(8,874,045)	(14,715,498)	(23,589,543)
Employees	(2,854,164)	(4,838,921)	(7,693,085)
	<u>155,182</u>	<u>4,184,324</u>	<u>4,339,506</u>
Net cash provided (used) by operating activities			
	<u>155,182</u>	<u>4,184,324</u>	<u>4,339,506</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash transferred from other funds	-	5,481,359	5,481,359
Inter-agency loan repayment (see note 23)	(257,000)	(918,500)	(1,175,500)
	<u>(257,000)</u>	<u>4,562,859</u>	<u>4,305,859</u>
Net cash provided (used) by noncapital financing activities			
	<u>(257,000)</u>	<u>4,562,859</u>	<u>4,305,859</u>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	-	(5,066,042)	(5,066,042)
Proceeds from sale of capital assets	-	274,348	274,348
	<u>-</u>	<u>274,348</u>	<u>274,348</u>
Net cash (used) by capital and related financing activities			
	<u>-</u>	<u>(4,791,694)</u>	<u>(4,791,694)</u>
<b>Cash flows from investing activities:</b>			
Interest received	390,482	511,877	902,359
Net increase in the fair value of investments	40,952	29,074	70,026
	<u>431,434</u>	<u>540,951</u>	<u>972,385</u>
Net cash provided (used) by investing activities			
	<u>431,434</u>	<u>540,951</u>	<u>972,385</u>
Net increase (decrease) in cash and investments	329,616	4,496,440	4,826,056
Cash and investments - Beginning of year	29,919,263	21,673,813	51,593,076
Cash and investments - End of year	<u>\$ 30,248,879</u>	<u>\$ 26,170,253</u>	<u>\$ 56,419,132</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>			
Operating income (loss)	\$ (1,199,064)	\$ (509,563)	\$ (1,708,627)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	5,651,010	5,651,010
(Increase) decrease in accounts/notes receivable	35,134	5,104	40,238
(Increase) decrease in inventories	-	(88,979)	(88,979)
Increase (decrease) in accounts payable	(163,552)	(517,779)	(681,331)
Increase (decrease) in workers' compensation claims	1,486,066	-	1,486,066
Increase (decrease) in compensated absences	10,622	(82,780)	(72,158)
Increase (decrease) in net pension liability	(80,031)	(1,494,049)	(1,574,080)
Increase (decrease) in deferred outflows/inflows for pensions	66,007	1,221,360	1,287,367
	<u>155,182</u>	<u>4,184,324</u>	<u>4,339,506</u>
Net cash provided (used) by operating activities			
	<u>\$ 155,182</u>	<u>\$ 4,184,324</u>	<u>\$ 4,339,506</u>
<b>Noncash investing, capital, and financing activities:</b>			
Contribution of equipment from other departments	\$ -	\$ 321,913	\$ 321,913

# CITY OF BAKERSFIELD

## Statement of Changes in Assets and Liabilities Fiduciary Funds (Agency) For the Fiscal Year Ended June 30, 2015

	Balance July 01, 2014	Additions	Deletions	Balance June 30, 2015
<b>Special Deposits Fund</b>				
<b>Assets:</b>				
Cash and investments	\$ 20,003,070	\$ 120,132,992	\$ 117,246,239	\$ 22,889,823
Interest receivable	23,963	29,794	23,964	29,793
Due from other governmental agencies	16,561	9,792	16,561	9,792
Total assets	<u>\$ 20,043,594</u>	<u>\$ 120,172,578</u>	<u>\$ 117,286,764</u>	<u>\$ 22,929,408</u>
<b>Liabilities:</b>				
Payables:				
Deposits	\$ 20,043,594	\$ 120,172,578	\$ 117,286,764	\$ 22,929,408
Total liabilities	<u>\$ 20,043,594</u>	<u>\$ 120,172,578</u>	<u>\$ 117,286,764</u>	<u>\$ 22,929,408</u>
<b>Improvement Districts Fund</b>				
<b>Assets:</b>				
Cash and investments	\$ 9,632,061	\$ 517,279	\$ 1,846,403	\$ 8,302,937
Interest receivable	7,043	1,797	1,166	7,674
Prepaid items	-	45,761	-	45,761
Due from other governmental agencies	7,084	4,752	4,174	7,662
Total assets	<u>\$ 9,646,188</u>	<u>\$ 569,589</u>	<u>\$ 1,851,743</u>	<u>\$ 8,364,034</u>
<b>Liabilities:</b>				
Payables:				
Accounts	\$ 3,200	\$ 3,444	\$ 3,200	\$ 3,444
Deposits	3,560,170	1,843,036	1,611,065	3,792,141
Accrued bond interest	1,252,818	753,449	1,252,818	753,449
Bonds	4,830,000	3,815,000	4,830,000	3,815,000
Total liabilities	<u>\$ 9,646,188</u>	<u>\$ 6,414,929</u>	<u>\$ 7,697,083</u>	<u>\$ 8,364,034</u>
<b>Total - All Agency Funds</b>				
<b>Assets:</b>				
Cash and investments	\$ 29,635,131	\$ 120,650,271	\$ 119,092,642	\$ 31,192,760
Interest receivable	31,006	31,591	25,130	37,467
Prepaid items	-	45,761	-	45,761
Due from other governmental agencies	23,645	14,544	20,735	17,454
Total assets	<u>\$ 29,689,782</u>	<u>\$ 120,742,167</u>	<u>\$ 119,138,507</u>	<u>\$ 31,293,442</u>
<b>Liabilities:</b>				
Payables:				
Accounts	\$ 3,200	\$ 3,444	\$ 3,200	\$ 3,444
Deposits	23,603,764	122,015,614	118,897,829	26,721,549
Accrued bond interest	1,252,818	753,449	1,252,818	753,449
Bonds	4,830,000	3,815,000	4,830,000	3,815,000
Total liabilities	<u>\$ 29,689,782</u>	<u>\$ 126,587,507</u>	<u>\$ 124,983,847</u>	<u>\$ 31,293,442</u>

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**CITY OF BAKERSFIELD**

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**Combining Statement of Fiduciary Net Position  
Private Purpose Trust Funds  
June 30, 2015**

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	Redevelopment Successor Agency - Trust	Planning Habitat Trust	Total Private Purpose Trust Funds
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 5,672,222	\$ 12,099,967	\$ 17,772,189
Interest receivable	6,743	25,563	32,306
Total current assets	<u>5,678,965</u>	<u>12,125,530</u>	<u>17,804,495</u>
Noncurrent assets:			
Land held for resale	414,092	-	414,092
Total noncurrent assets	<u>414,092</u>	<u>-</u>	<u>414,092</u>
Total assets	<u>6,093,057</u>	<u>12,125,530</u>	<u>18,218,587</u>
<b>Liabilities:</b>			
Payables:			
Advances from grantors and third parties	5,322,835	-	5,322,835
Bonds	2,880,000	-	2,880,000
Notes	25,259,615	-	25,259,615
Total liabilities	<u>33,462,450</u>	<u>-</u>	<u>33,462,450</u>
<b>Net Position:</b>			
Held in trust for:			
Individuals, organizations, and other governments	<u>(27,369,393)</u>	<u>12,125,530</u>	<u>(15,243,863)</u>
<b>Total Net Position</b>	<u>\$ (27,369,393)</u>	<u>\$ 12,125,530</u>	<u>\$ (15,243,863)</u>
	<u>\$ 12,186,114</u>	<u>\$ 24,251,060</u>	<u>\$ 36,437,174</u>

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**CITY OF BAKERSFIELD**

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**Combining Statement of Fiduciary Net Position  
Pension and Other Employee Benefit Trust Funds  
June 30, 2015**

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	OPEB Irrevocable Trust	Fire Relief and Pension Trust	Total Pension and Other Employee Benefit Trust Funds
<b>Assets:</b>			
Cash and investments	\$ 55,667,283	\$ 7,648	\$ 55,674,931
Retirement system investments - Federal agency coupons	-	997,210	997,210
Interest receivable	-	19,822	19,822
	<u>55,667,283</u>	<u>1,024,680</u>	<u>56,691,963</u>
Total assets			
	<u>55,667,283</u>	<u>1,024,680</u>	<u>56,691,963</u>
<b>Net Position:</b>			
Held in trust for - Pension benefits and other purposes	<u>55,667,283</u>	<u>1,024,489</u>	<u>56,691,772</u>
<b>Total Net Position</b>	<u><u>\$ 55,667,283</u></u>	<u><u>\$ 1,024,489</u></u>	<u><u>\$ 56,691,772</u></u>

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**CITY OF BAKERSFIELD**

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**Combining Statement of Changes in Fiduciary Net Position****Private Purpose Trust Funds****For the Fiscal Year Ended June 30, 2015**

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	Redevelopment Successor Agency - Trust	Planning Habitat Trust	Total Private Purpose Trust Funds
<b>Additions:</b>			
Developer fees	\$ -	\$ 1,792,471	\$ 1,792,471
Successor agency property tax deposits	2,466,298	-	2,466,298
Intergovernmental	-	-	-
Charges for services	3,145,150	-	3,145,150
Contribution from Successor Housing Agency	-	-	-
Other income	1,181,916	-	1,181,916
Interest income	-	98,481	98,481
	<u>6,793,364</u>	<u>1,890,952</u>	<u>8,684,316</u>
Total additions			
<b>Deductions:</b>			
Purchase of uninhabited land	-	818,704	818,704
Obligation retirement	4,567,734	-	4,567,734
	<u>4,567,734</u>	<u>818,704</u>	<u>5,386,438</u>
Total deductions			
Change in net position	<u>2,225,630</u>	<u>1,072,248</u>	<u>3,297,878</u>
Net position - beginning of year	<u>(29,595,023)</u>	<u>11,053,282</u>	<u>(18,541,741)</u>
Net position - end of year	<u>\$ (27,369,393)</u>	<u>\$ 12,125,530</u>	<u>\$ (15,243,863)</u>

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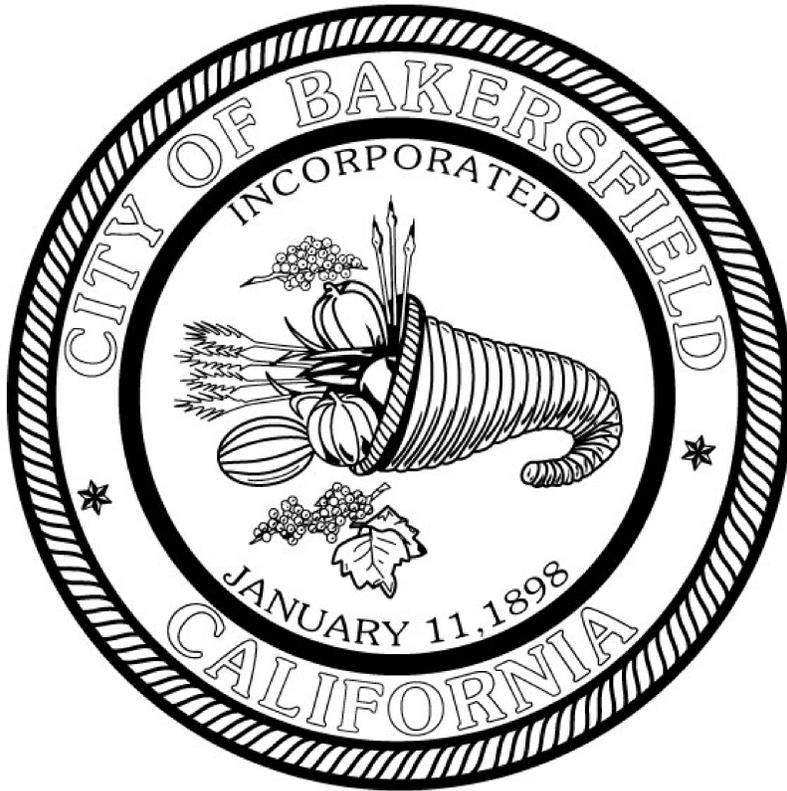
**CITY OF BAKERSFIELD**

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**Combining Statement of Changes in Fiduciary Net Position  
Pension and Other Employee Benefit Trust Funds  
For the Fiscal Year Ended June 30, 2015**

---

	OPEB Irrevocable Trust	Fire Relief and Pension Trust	Total Pension and Other Employee Benefit Trust Funds
<b>Additions:</b>			
Contributions to pooled investments	\$ 8,038,621	\$ -	\$ 8,038,621
Interest and investment income, net	<u>1,036,636</u>	<u>28,432</u>	<u>1,065,068</u>
Total additions	<u>9,075,257</u>	<u>28,432</u>	<u>9,103,689</u>
<b>Deductions:</b>			
Benefits	3,962,322	108,548	4,070,870
Administrative expenses	<u>168,070</u>	<u>6,400</u>	<u>174,470</u>
Total deductions	<u>4,130,392</u>	<u>114,948</u>	<u>4,245,340</u>
Change in net position	4,944,865	(86,516)	4,858,349
Beginning of year	<u>50,722,418</u>	<u>1,111,005</u>	<u>51,833,423</u>
End of year	<u>\$ 55,667,283</u>	<u>\$ 1,024,489</u>	<u>\$ 56,691,772</u>



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**CITY OF BAKERSFIELD**

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**Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2015**

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	<u>Special Revenue Funds</u>	
	National Stabilization	State (TDA) Transportation
<b>Assets:</b>		
Cash and investments	\$ 141,352	\$ -
Accounts receivable, net	8,690,207	-
Interest receivable	-	247
Due from other governmental agencies	-	146,595
Notes/loans receivable	-	-
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 8,831,559</u>	<u>\$ 146,842</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>		
Liabilities:		
Accounts payable	\$ -	\$ 19,867
Due to other governmental agencies	-	-
Due to other funds	-	92,403
Advances from grantors and third parties	-	34,571
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>-</u>	<u>146,841</u>
Deferred Inflows of Resources:		
Unearned revenue	<u>8,690,207</u>	<u>-</u>
Fund Balances:		
Restricted	<u>141,352</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,831,559</u>	<u>\$ 146,841</u>

Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Total Non-Major Governmental Funds
State Safety	Redevelopment Successor Agency - Housing	General Obligation Debt	Special Assessment Districts	
\$ 1,319,910	\$ 3,832,542	\$ -	\$ 4,346,047	\$ 9,639,851
90,512	215	-	-	8,780,934
4,028	6,744	-	-	11,019
-	-	-	-	146,595
<u>-</u>	<u>9,008,830</u>	<u>-</u>	<u>-</u>	<u>9,008,830</u>
<u>\$ 1,414,450</u>	<u>\$ 12,848,331</u>	<u>\$ -</u>	<u>\$ 4,346,047</u>	<u>\$ 27,587,229</u>
\$ 212,040	\$ 130,000	\$ -	\$ -	\$ 361,907
9,877	-	-	-	9,877
-	-	-	-	92,403
<u>-</u>	<u>9,008,830</u>	<u>-</u>	<u>-</u>	<u>9,043,401</u>
<u>221,917</u>	<u>9,138,830</u>	<u>-</u>	<u>-</u>	<u>9,507,588</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,690,207</u>
<u>1,192,533</u>	<u>3,709,502</u>	<u>-</u>	<u>4,346,047</u>	<u>9,389,434</u>
<u>\$ 1,414,450</u>	<u>\$ 12,848,332</u>	<u>\$ -</u>	<u>\$ 4,346,047</u>	<u>\$ 27,587,229</u>

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**CITY OF BAKERSFIELD**

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**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Fiscal Year Ended June 30, 2015**

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	Special Revenue Funds			
	National Stabilization	State (TDA) Transportation	State Safety	Redevelopment Successor Agency - Housing
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 2,683,719
Licenses and permits	-	-	214,054	-
Intergovernmental	-	838,857	725,446	-
Charges for services	-	-	1,199,877	131,600
Fines, forfeitures and assessments	-	-	1,075,926	-
Interest income	-	1,198	17,196	29,608
Loan payments	137,352	-	-	-
Other income	-	-	-	1,240,405
Total revenues	<u>137,352</u>	<u>840,055</u>	<u>3,232,499</u>	<u>4,085,332</u>
Expenditures				
Current:				
Public safety - Police	-	-	1,200,272	-
Public safety - Fire	-	-	1,163,962	-
Public works	-	300,481	-	-
Recreation and parks	-	29,368	-	-
Community development	-	-	-	3,147,547
Non-departmental	-	-	-	-
Capital outlay	-	510,206	-	1,952
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>840,055</u>	<u>2,364,234</u>	<u>3,149,499</u>
Excess (deficiency) of revenues over (under) expenditures	137,352	-	868,265	935,833
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(850,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(850,000)</u>	<u>-</u>
Net change in fund balances	137,352	-	18,265	935,833
Fund balances - beginning - as restated	<u>4,000</u>	<u>-</u>	<u>1,174,267</u>	<u>2,773,670</u>
Fund balances - ending	<u>\$ 141,352</u>	<u>\$ -</u>	<u>\$ 1,192,532</u>	<u>\$ 3,709,503</u>

Debt Service Fund	Capital Projects Fund	Total Non-Major Governmental Funds
General Obligation Debt	Special Assessment District	
\$ -	\$ -	\$ 2,683,719
-	-	214,054
-	-	1,564,303
-	-	1,331,477
-	-	1,075,926
-	331	48,333
-	-	137,352
-	-	1,240,405
<u>-</u>	<u>331</u>	<u>8,295,569</u>
-	-	1,200,272
-	-	1,163,962
-	-	300,481
-	-	29,368
-	-	3,147,547
9,764	-	9,764
-	575,192	1,087,350
454,964	-	454,964
<u>252,300</u>	<u>-</u>	<u>252,300</u>
<u>717,028</u>	<u>575,192</u>	<u>7,646,008</u>
(717,028)	(574,861)	649,561
717,028	-	717,028
<u>-</u>	<u>-</u>	<u>(850,000)</u>
<u>717,028</u>	<u>-</u>	<u>(132,972)</u>
-	(574,861)	516,589
<u>-</u>	<u>4,920,909</u>	<u>8,872,846</u>
<u>\$ -</u>	<u>\$ 4,346,048</u>	<u>\$ 9,389,435</u>

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**CITY OF BAKERSFIELD**

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

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**REDEVELOPMENT SUCCESSOR AGENCY**Tax Allocation Bonds:

\$2,090,000 Tax Allocation Bond to be used for construction of public improvements for new developments on 18th and 19th Street, and improvements to the Mill Creek Linear Park. The funds were dispersed in July 2009. The interest rate is 7.5%, with payments commencing August 2010 through August 2029. \$ 1,810,000

\$1,240,000 Tax Allocation Bond to be used for infrastructure improvements for the Mill Creek Linear Park Canal at South Millcreek. The funds were dispersed in July 2009. The interest rate is 7.25%, with payments commencing August 2010 through August 2029. 1,070,000

Total Bonds \$ 2,880,000

Loans/Contracts:

\$1,000,000 HUD Section 108 Loan, 2003 (Agency Agreement #RA 03-016) - due in annual principal installments of \$27,000 to \$82,000 commencing August 1, 2004; interest ranging from 1.61% to 4.76%. \$ 594,000

\$1,600,000 HUD Section 108 Loan, 2005 (Agency Agreement #RA 06-020) for construction of Fire Station No. 5 - due in annual principal installments of \$58,000 to \$137,000 commencing August 1, 2009; interest ranging from 4.96% to 5.77%. 1,217,000

\$3,750,000 HUD Section 108 Loan, 2007 (Agency Agreement # RA 06-022)  
Loan proceeds are dedicated to the Mill Creek South Mixed-Use project and will go toward the acquisition and clean-up of a six acre parcel. Due in annual principal installments of \$136,000 to \$321,000 commencing August 1, 2008; interest ranging from 2.62% to 5.42%. 3,020,000

\$10,000,000 Bakersfield Redevelopment Agency Loan with 1-bank to help finance the Mill Creek Linear Park and Canal Refurbishment Project. Only \$6,933,445 of the loan was dispersed through fiscal year 2009. Annual principal installments of \$217,383 to \$512,446 commencing on August 1, 2009 through August 2037; interest rate at 3.11%. 8,589,986

\$2,000,000 Loan with the City of Bakersfield Equipment Fund to provide construction assistance required for the 19th Street Senior Plaza Development. Funds were disbursed June 2009. The loan has a 5% interest rate and a seven year payment period commencing July 2013. 1,412,222

\$950,000 Loan with the City of Bakersfield Equipment Fund to pre-purchase an easement to facilitate the development of the Chelsea Housing project and the Southeast Mill Creek commercial area. The loan has a 3% interest rate and a five year payment period commencing July 2013.. 759,419

\$1,500,000 Loan with the City of Bakersfield Self-Insurance Fund to provide construction assistance required for the Courtyard Family Apartments located west of S Street, between 13th and 14th at S. Mill Creek. Funds were disbursed in September 2009. The loan has a 5% interest rate and seven year payment period commencing July 2013.. 963,105

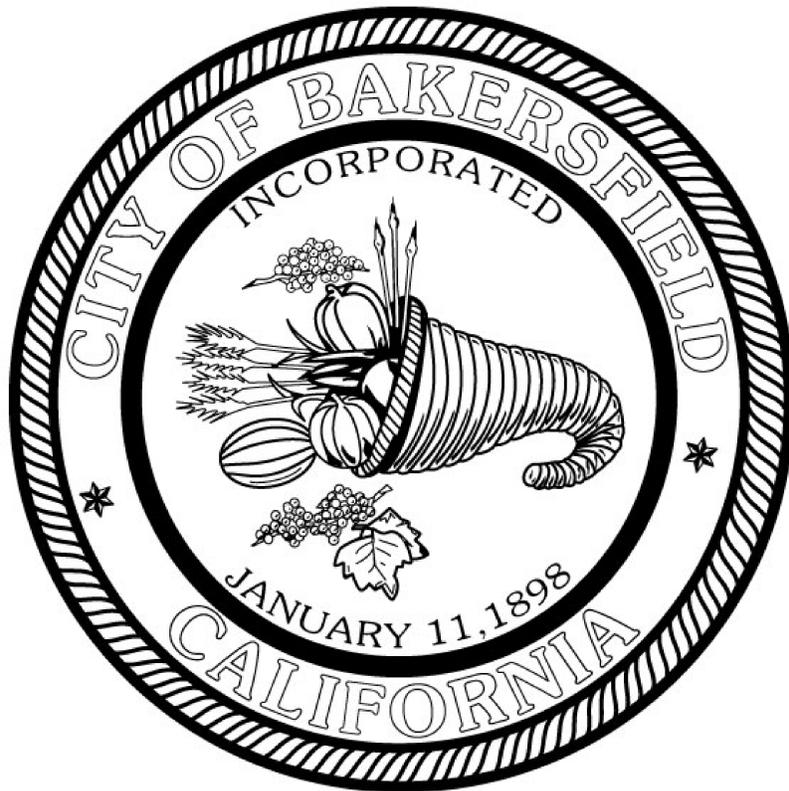
\$17,000,000 Reimbursement to the City for (a) refunding of 1993 Tax Allocation Bonds, (b) 1987 COP Convention Improvement Project, and (c) the construction, equipping and furnishing of a multipurpose area (the Arena Project) per Agreement #97-2. Agreement is for two payments of \$850,000 each year, from March 1997 to June 2022. 9,600,000

Total Loans/Contracts Payable \$ 26,155,732

Total Successor Agency \$ 29,035,732

Annual requirements to amortize the principal and interest on long-term debt of Successor Agency at June 30, 2015 is as follows:

Year ending	Redevelopment Successor Agency (Private Purpose Trust Fund)					
	Principal			Interest		
	Bonds	Loans/Contracts	Total	Bonds	Loans/Contracts	Total
2016	\$ 110,000	\$ 2,624,267	\$ 2,734,267	\$ 209,250	\$ 566,477	\$ 775,727
2017	120,000	2,649,086	2,769,086	200,732	514,664	715,396
2018	125,000	2,674,165	2,799,165	191,656	488,522	680,178
2019	135,000	2,339,931	2,474,931	182,024	460,965	642,989
2020	145,000	1,853,280	1,998,280	171,656	432,721	604,377
2021-2025	930,000	7,261,995	8,191,995	669,626	1,691,744	2,361,370
2026-2030	1,315,000	3,061,069	4,376,069	256,494	887,655	1,144,149
2031-2035	-	2,200,502	2,200,502	-	449,781	449,781
2036-2040	-	1,491,437	1,491,437	-	79,561	79,561
Totals	<u>\$ 2,880,000</u>	<u>\$ 26,155,732</u>	<u>\$ 29,035,732</u>	<u>\$ 1,881,438</u>	<u>\$ 5,572,090</u>	<u>\$ 7,453,528</u>



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## ***Statistical Section***

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**City of Bakersfield  
Statistical Section  
For the year ended June 30, 2015**

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

<b>Contents</b>	<b>Pages</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance measures have changed over time	144 - 153
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sale tax revenues.	154 - 165
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	166 - 172
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	173 - 179
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	180 - 184

# CITY OF BAKERSFIELD

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

	Fiscal Year			
	2006	2007 (2)	2008	2009 (3)
<b>Governmental Activities:</b>				
Invested in capital assets, net of related debt	\$ 939,282,572	\$ 1,322,587,643	\$ 1,369,689,471	\$ 1,412,593,899
Restricted for:				
Current projects	620,618	298,110	1,975,111	4,646,968
Capital improvements	87,336,669	84,146,096	77,319,182	56,379,296
Debt service	48,209	44,145	45,952	-
Unrestricted	<u>144,677,514</u>	<u>120,922,654</u>	<u>121,427,154</u>	<u>127,843,285</u>
Total governmental activities net position:	<u>1,171,965,582</u>	<u>1,527,998,648</u>	<u>1,570,456,870</u>	<u>1,601,463,448</u>
% change from prior year	N/A	30%	3%	2%
<b>Business-type Activities:</b>				
Invested in capital assets, net of related debt	521,824,277	566,728,647	342,111,043	588,467,081
Restricted for:				
Capital improvements	-	-	152,968,360	83,715,993
Sanitation districts	8,318,774	8,357,453	5,113,759	5,167,516
Unrestricted	<u>96,501,463</u>	<u>129,325,391</u>	<u>230,264,239</u>	<u>73,947,580</u>
Total business-type activities net position	<u>626,644,514</u>	<u>704,411,491</u>	<u>730,457,401</u>	<u>751,298,170</u>
% change from prior year	162%	12%	4%	3%
<b>Primary Government:</b>				
Invested in capital assets, net of related debt	1,461,106,849	1,867,261,783	1,711,800,514	2,001,060,980
Restricted for:				
Current projects	620,618	298,110	1,975,111	4,646,968
Capital improvements	87,336,669	84,136,096	230,287,542	140,095,289
Debt service	48,209	44,145	45,952	-
Sanitation districts	8,318,774	8,357,453	5,113,759	5,167,516
Unrestricted	<u>241,178,977</u>	<u>272,302,552</u>	<u>351,691,393</u>	<u>201,790,865</u>
Total primary government net position	<u>\$ 1,798,610,096</u>	<u>\$ 2,232,400,139</u>	<u>\$ 2,300,914,271</u>	<u>\$ 2,352,761,618</u>
Total primary government net position after restatement	<u>1,700,459,431</u>	-	<u>2,301,082,391</u>	-
% change from prior year	177%	31%	3%	2%

Notes:

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

Source: City Finance Department

		Fiscal Year									
		2010 (4)	2011	2012 (4)	2013	2014 (4)	2015 (4)				
\$	1,403,412,018	\$	1,307,753,604	\$	1,259,429,698	\$	1,233,782,805	\$	1,279,657,792	\$	1,285,115,869
	-		-		-		-		-		-
	39,139,625		19,778,178		23,252,930		16,246,571		21,015,837		22,112,200
	-		-		-		-		-		-
	<u>135,621,596</u>		<u>155,889,382</u>		<u>165,661,544</u>		<u>172,822,236</u>		<u>213,670,245</u>		<u>(70,066,811)</u>
	<u>1,578,173,239</u>		<u>1,483,421,164</u>		<u>1,448,344,172</u>		<u>1,422,851,612</u>		<u>1,514,343,874</u>		<u>1,237,161,258</u>
	-1%		-6%		-2%		-2%		6		-18%
	634,479,891		632,719,226		650,440,273		642,190,608		647,105,639		648,359,633
	29,803,093		19,570,180		20,237,839		-		-		-
	4,926,779		4,008,890		2,645,932		20,216,599		20,209,227		20,201,556
	<u>104,096,319</u>		<u>115,321,423</u>		<u>100,529,044</u>		<u>107,431,948</u>		<u>109,292,512</u>		<u>78,904,795</u>
	<u>773,306,082</u>		<u>771,619,719</u>		<u>773,853,088</u>		<u>769,839,155</u>		<u>776,607,378</u>		<u>747,465,984</u>
	3%		-0.2%		0.3%		-0.5%		1		-4%
	2,037,891,909		1,940,472,830		1,909,869,971		1,875,973,416		1,926,763,431		1,933,475,502
	-		-		-		-		-		-
	68,942,718		39,348,358		43,490,769		36,463,170		41,225,064		42,313,756
	-		-		-		-		-		-
	4,926,779		4,008,890		2,645,932		-		-		-
	<u>239,717,915</u>		<u>271,210,805</u>		<u>266,190,588</u>		<u>280,254,187</u>		<u>322,962,757</u>		<u>8,837,984</u>
\$	<u>2,351,479,321</u>	\$	<u>2,255,040,883</u>	\$	<u>2,222,197,260</u>	\$	<u>2,192,690,773</u>	\$	<u>2,290,951,252</u>	\$	<u>1,984,627,242</u>
	-		-		-		-		-		-
	-0.1%		-4%		-1%		-1%		4		-13%

# CITY OF BAKERSFIELD

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

	Fiscal Year			
	2006	2007 (2)	2008	2009
<b>Expenses</b>				
Governmental activities:				
General government	\$ 16,387,448	\$ 22,376,302	\$ 12,738,456	\$ 15,624,497
Public safety:				
Police	59,217,664	62,681,714	71,485,694	68,830,802
Fire	29,124,399	27,697,731	32,930,374	32,844,159
Public works	53,935,339	66,939,234	93,674,545	98,187,688
Recreation & parks	14,678,060	23,360,416	34,783,064	31,186,962
Development services	9,551,861	10,738,435	10,920,263	10,111,034
Economic/Community development	2,846,210	3,980,925	3,917,710	6,930,730
Community development (3)	-	-	-	-
Interest on long-term debt	678,238	595,412	430,313	252,743
<b>Total governmental activities expenses</b>	<b>186,419,219</b>	<b>218,370,169</b>	<b>260,880,419</b>	<b>263,968,615</b>
Business-type activities:				
Wastewater treatment	18,476,617	19,660,934	34,006,998	32,009,889
Refuse collection	32,147,482	34,546,899	39,679,394	37,590,048
Agricultural water	4,269,889	4,577,030	5,415,452	5,014,733
Domestic water	13,516,193	15,963,620	16,579,051	20,089,704
General aviation	286,651	268,707	563,304	296,653
Offstreet parking	174,258	174,531	168,780	192,011
<b>Total business-type activities expenses</b>	<b>68,871,090</b>	<b>75,191,721</b>	<b>96,412,979</b>	<b>95,193,038</b>
<b>Total primary government expenses</b>	<b>255,290,309</b>	<b>293,561,890</b>	<b>357,293,398</b>	<b>359,161,653</b>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	3,923,612	4,262,137	4,770,899	4,534,243
Public safety:				
Police	1,121,545	1,055,577	1,165,047	4,411,906
Fire	3,535,136	4,961,943	5,605,740	3,230,597
Public works	61,378,381	32,389,571	22,599,790	16,598,877
Recreation & parks	10,577,088	11,521,373	11,974,626	13,423,547
Development services	8,658,762	6,052,621	5,131,522	5,245,507
Economic/Community development	-	314,609	408	(76,449)
Community development (3)	-	-	-	-
Operating grants and contributions	13,699,627	14,052,014	14,389,999	18,940,149
Capital grants and contributions	18,987,290	254,881,641	74,434,259	75,921,404
<b>Total governmental activities program revenues</b>	<b>\$ 121,881,441</b>	<b>\$ 329,491,486</b>	<b>\$ 140,072,290</b>	<b>\$ 142,229,781</b>

Notes:

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

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

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

		Fiscal Year									
		2010	2011	2012	2013	2014	2015				
\$	13,169,300	\$	12,110,455	\$	12,388,099	\$	12,919,972	\$	10,274,285	\$	21,956,276
	66,819,611		70,381,783		72,574,972		76,310,840		80,192,752		82,573,675
	32,901,818		31,657,823		33,319,982		35,105,188		36,086,851		35,577,067
	138,345,249		137,057,195		142,228,353		162,423,856		104,347,771		158,958,537
	32,640,571		34,682,672		31,737,121		32,619,041		34,641,180		22,743,488
	8,231,893		6,862,213		5,856,850		-		-		-
	12,935,695		9,303,951		28,228,468		-		-		-
	-		-		-		11,192,757		9,940,984		9,895,523
	<u>201,442</u>		<u>233,606</u>		<u>215,411</u>		<u>467,848</u>		<u>166,472</u>		<u>164,046</u>
	<u>305,245,579</u>		<u>302,289,698</u>		<u>326,549,256</u>		<u>331,039,502</u>		<u>275,650,295</u>		<u>331,868,612</u>
	31,978,755		42,333,794		41,550,942		40,456,986		41,979,698		41,602,539
	35,237,306		38,469,544		39,340,795		44,364,406		45,336,786		42,860,924
	4,901,463		4,603,236		5,727,962		5,245,266		5,051,433		4,751,158
	21,951,835		22,068,640		22,157,529		21,131,546		25,613,917		25,455,862
	372,089		407,687		404,648		430,697		462,690		527,279
	<u>177,485</u>		<u>165,935</u>		<u>128,070</u>		<u>162,094</u>		<u>160,613</u>		<u>163,840</u>
	<u>94,618,933</u>		<u>108,048,836</u>		<u>109,309,946</u>		<u>111,790,995</u>		<u>118,605,137</u>		<u>115,361,602</u>
	<u>399,864,512</u>		<u>410,338,534</u>		<u>435,859,202</u>		<u>442,830,497</u>		<u>394,255,432</u>		<u>447,230,214</u>
	4,451,944		5,406,095		5,392,724		4,984,767		5,019,511		3,051,375
	3,347,806		3,210,604		2,649,133		2,110,160		2,938,734		2,737,294
	4,601,976		4,577,004		4,866,355		5,361,766		4,937,490		5,784,964
	10,561,651		8,462,168		11,651,452		19,404,900		23,780,578		20,958,923
	13,530,535		13,172,982		14,153,899		14,324,137		14,348,050		14,336,209
	3,492,359		2,621,537		2,907,300		4,147,598		5,221,585		5,620,567
	85,180		1,101		870		-		-		-
	-		-		-		-		-		-
	26,063,320		22,993,743		20,178,085		19,508,063		11,633,792		12,963,571
	<u>76,021,617</u>		<u>82,831,043</u>		<u>68,415,443</u>		<u>76,471,205</u>		<u>104,071,622</u>		<u>101,313,136</u>
\$	<u>142,156,388</u>	\$	<u>143,276,277</u>	\$	<u>130,215,261</u>	\$	<u>146,312,596</u>	\$	<u>171,951,362</u>	\$	<u>166,766,039</u>

# CITY OF BAKERSFIELD

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

	Fiscal Year			
	2006	2007 (2)	2008	2009
Business-type activities:				
Charges for services				
Wastewater treatment	\$ 16,742,598	\$ 19,146,468	\$ 23,793,814	\$ 26,836,539
Refuse collection	33,174,727	36,415,700	39,378,891	39,814,200
Agricultural water	5,426,547	6,523,342	4,972,037	6,619,487
Domestic water	15,209,139	18,414,655	20,103,488	21,160,388
General aviation	135,383	142,520	211,573	243,923
Offstreet parking	104,636	98,640	102,425	77,122
Operating grants and contributions	17,016,789	15,268,751	8,391,106	5,228,837
Capital grants and contributions	449,969	54,024,256	23,514,481	12,174,540
Total business-type activities				
program revenues	<u>88,259,788</u>	<u>150,034,332</u>	<u>120,467,815</u>	<u>112,155,036</u>
Total primary government				
program revenues	<u>210,141,229</u>	<u>479,525,818</u>	<u>260,540,105</u>	<u>254,384,817</u>
Net (Expenses) Revenues				
Governmental activities	(64,537,778)	111,121,317	(120,808,129)	(121,738,834)
Business-type activities	<u>19,388,698</u>	<u>74,842,611</u>	<u>24,054,836</u>	<u>16,961,998</u>
Total primary government				
Net (Expenses) Revenues	<u>(45,149,080)</u>	<u>185,963,928</u>	<u>(96,753,293)</u>	<u>(104,776,836)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	49,135,641	62,324,076	71,655,585	70,869,285
Sales and use tax	66,495,453	68,367,251	63,415,357	56,615,428
Other taxes	5,074,460	4,047,002	3,193,162	3,136,193
Intergovernmental, unrestricted (4)	2,176,967	1,845,520	910,205	962,870
Unrestricted grants and contributions	15,184,443	16,717,510	16,303,921	16,767,713
Investment earnings (loss)	1,332,755	4,470,903	4,019,639	2,879,700
Miscellaneous	85,279	13,128	131,121	1,408,497
Gain (loss) on sale of property	673,947	1,140,896	43,215	58,726
Transfers*	1,370,202	3,095,700	3,604,146	47,000
Reserve transfer to	-	-	-	-
Total Governmental Activities	<u>141,529,147</u>	<u>162,021,986</u>	<u>163,276,351</u>	<u>152,745,412</u>
Business-type activities:				
Investment earnings	3,140,800	6,020,066	4,894,373	3,757,651
Gain on sale of property	-	-	-	-
Transfers	<u>(1,370,202)</u>	<u>(3,095,700)</u>	<u>(2,004,146)</u>	<u>(47,000)</u>
Total business-type activities	<u>1,770,598</u>	<u>2,924,366</u>	<u>2,890,227</u>	<u>3,710,651</u>
Total primary government	<u>143,299,745</u>	<u>164,946,352</u>	<u>166,166,578</u>	<u>156,456,063</u>
Extraordinary gain (loss)	-	-	-	-
Change in Net Position				
Governmental activities	76,991,369	273,143,303	42,468,222	31,006,578
Business-type activities	<u>21,159,296</u>	<u>77,766,977</u>	<u>26,945,063</u>	<u>20,672,649</u>
Total primary government	<u>\$ 98,150,665</u>	<u>\$ 350,910,280</u>	<u>\$ 69,413,285</u>	<u>\$ 51,679,227</u>

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

Source: City Finance Department

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

		Fiscal Year									
		2010	2011	2012	2013	2014	2015				
\$	29,617,486	\$	30,752,515	\$	30,743,840	\$	30,825,384	\$	31,148,327	\$	31,437,669
	39,533,488		39,568,011		41,198,715		41,812,177		42,100,981		43,447,351
	5,206,010		6,891,203		4,162,253		3,645,065		4,233,197		3,640,671
	21,773,880		22,223,640		23,140,865		23,944,333		24,423,144		22,478,013
	258,353		253,868		285,461		304,357		303,223		315,351
	63,383		63,120		72,094		54,420		67,150		78,807
	7,121,598		4,018,963		4,935,165		6,243,441		8,601,559		8,749,741
	10,189,981		1,599,202		5,011,908		982,577		17,276,815		7,402,621
	<u>113,764,179</u>		<u>105,370,522</u>		<u>109,550,301</u>		<u>107,811,754</u>		<u>128,154,396</u>		<u>117,550,224</u>
	<u>255,920,567</u>		<u>248,646,799</u>		<u>239,765,562</u>		<u>254,124,350</u>		<u>300,105,758</u>		<u>284,316,263</u>
	(163,089,191)		(159,013,421)		(196,333,995)		(184,726,906)		(103,698,933)		(165,102,573)
	<u>19,145,246</u>		<u>(2,678,314)</u>		<u>240,355</u>		<u>(3,979,241)</u>		<u>9,549,259</u>		<u>2,188,622</u>
	<u>(143,943,945)</u>		<u>(161,691,735)</u>		<u>(196,093,640)</u>		<u>(188,706,147)</u>		<u>(94,149,674)</u>		<u>(162,913,951)</u>
	63,923,865		62,889,341		60,717,716		58,958,525		66,614,853		71,382,809
	50,664,334		55,281,897		67,642,794		70,418,028		72,442,177		70,366,255
	1,910,719		728,715		889,373		926,701		988,423		1,177,810
	1,026,116		1,144,659		876,617		181,713		152,400		150,529
	19,229,234		20,701,642		21,793,292		22,725,966		23,829,193		25,497,714
	1,103,532		73,834		282,170		(99,546)		948,629		487,532
	1,776,536		1,567,489		4,223,807		5,187,294		1,683,631		2,173,532
	14,646		17,300		132,666		192,354		36,039		(8,511,599)
	150,000		1,998,260		34,000		840,000		1,489,500		3,584,925
	<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
	<u>139,798,982</u>		<u>144,403,137</u>		<u>156,592,435</u>		<u>159,331,035</u>		<u>168,184,845</u>		<u>166,309,507</u>
	3,012,666		2,136,427		1,988,022		778,444		2,424,676		1,968,113
	-		-		38,992		26,866		(4,439,038)		390,791
	<u>(150,000)</u>		<u>(1,998,260)</u>		<u>(34,000)</u>		<u>(840,000)</u>		<u>(1,489,500)</u>		<u>(3,584,925)</u>
	<u>2,862,666</u>		<u>138,167</u>		<u>1,993,014</u>		<u>(34,690)</u>		<u>(3,503,862)</u>		<u>(1,226,021)</u>
	<u>142,661,648</u>		<u>144,541,304</u>		<u>158,585,449</u>		<u>159,296,345</u>		<u>164,680,983</u>		<u>165,083,486</u>
	<u>-</u>		<u>-</u>		<u>4,664,568</u>		<u>-</u>		<u>(936,660)</u>		<u>-</u>
	(23,290,209)		(14,610,284)		(39,741,560)		(25,395,871)		64,485,912		1,206,934
	<u>22,007,912</u>		<u>(2,540,147)</u>		<u>2,233,369</u>		<u>(4,013,931)</u>		<u>6,045,397</u>		<u>962,601</u>
\$	<u>(1,282,297)</u>	\$	<u>(17,150,431)</u>	\$	<u>(37,508,191)</u>	\$	<u>(29,409,802)</u>	\$	<u>70,531,309</u>	\$	<u>2,169,535</u>

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**CITY OF BAKERSFIELD**

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

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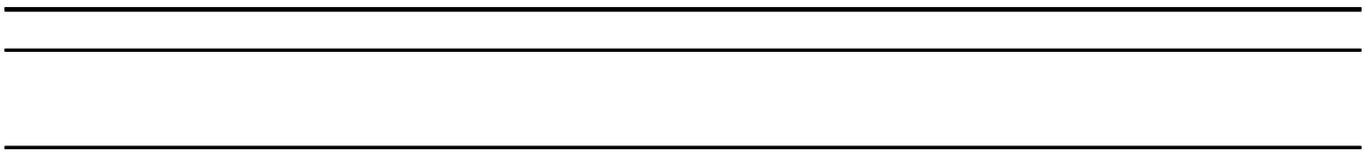
	Fiscal Year			
	2006	2007	2008	2009
<b>General Fund</b>				
Reserved				
Petty cash	\$ 22,095	\$ 22,545	\$ 22,545	\$ 22,620
Encumbrances	1,850,208	2,933,414	1,963,262	923,381
Cash basis	9,265,797	11,159,944	11,686,035	12,001,989
Unreserved				
Designated for current projects / contingency	620,618	298,110	1,628,900	4,646,968
Designated for compensated absences	5,554,097	5,928,547	6,120,523	6,714,368
Undesignated	32,648,415	29,607,059	24,755,512	26,765,142
Total general fund	<u>\$ 49,961,230</u>	<u>\$ 49,949,619</u>	<u>\$ 46,176,777</u>	<u>\$ 51,074,468</u>
<b>All other governmental funds</b>				
Reserved	\$ 32,340,825	\$ 41,592,473	\$ 82,349,797	\$ 81,360,385
Unreserved, reported in:				
Special revenue funds	(3,729,699)	(10,814,841)	(46,141,619)	(52,326,452)
Capital projects funds	12,481,455	18,602,700	15,921,174	30,294,286
Permanent funds	87,503,135	84,314,434	77,778,221	56,430,221
Total all other government funds	<u>\$ 128,595,716</u>	<u>\$ 133,694,766</u>	<u>\$ 129,907,573</u>	<u>\$ 115,758,440</u>
<b>General Fund (2)</b>				
Nonspendable	-			
Restricted	-			
Committed	-			
Assigned	-			
Unassigned	-			
Subtotal general fund	-			
All Other Governmental Funds				
Nonspendable	-			
Restricted	-			
Committed	-			
Assigned	-			
Unassigned	-			
Subtotal all other governmental funds	-			
Total governmental fund balance	-			

## Notes:

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

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

Source: City Finance Department



2010	2011	2012	Fiscal Year 2013	2014	2015
-	\$ 13,000	\$ 11,975	\$ 3,372,390	\$ 3,181	\$ 1,000
-	-	-	-	-	-
28,408,926	36,613,273	37,639,359	39,972,694	13,464,704	33,140,376
6,902,114	6,891,881	7,281,790	7,694,831	34,586,157	7,254,726
10,637,121	9,131,275	10,476,517	10,865,979	6,502,852	383,987
<u>45,948,161</u>	<u>52,649,429</u>	<u>55,409,641</u>	<u>61,905,894</u>	<u>54,556,894</u>	<u>40,780,089</u>
-	-	-	-	-	944,356
8,253,366	10,051,183	23,252,930	16,246,571	21,015,837	22,112,200
61,058,527	58,304,744	57,014,597	56,799,759	62,344,103	80,565,806
26,469,632	18,649,279	11,091,749	15,840,236	58,935,265	51,017,356
-	-	-	-	-	-
<u>95,781,525</u>	<u>87,005,206</u>	<u>91,359,276</u>	<u>88,886,566</u>	<u>142,295,205</u>	<u>154,639,718</u>
<u>141,729,686</u>	<u>\$ 139,654,635</u>	<u>\$ 146,768,917</u>	<u>\$ 150,792,460</u>	<u>\$ 196,852,099</u>	<u>\$ 195,419,807</u>

# CITY OF BAKERSFIELD

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

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Revenues</b>					
Taxes	\$ 135,540,591	\$ 151,067,427	\$ 154,249,416	\$ 147,153,335	\$ 128,716,315
Licenses and permits	4,279,532	3,029,719	2,613,944	2,576,755	2,192,594
Intergovernmental	24,965,724	36,774,497	55,926,098	82,994,989	90,926,017
Charges for services	30,604,785	28,299,553	27,056,425	26,850,501	24,488,013
Fines, forfeitures & assessments	60,485,776	30,450,784	25,511,482	18,207,527	13,601,153
Interest income	3,936,649	9,327,675	6,157,327	3,455,207	2,193,269
Contributions and donations	-	-	-	-	-
Miscellaneous	5,155,640	4,668,437	5,166,473	4,097,040	5,830,575
<b>Total Revenues</b>	<b>264,968,697</b>	<b>263,618,092</b>	<b>276,681,165</b>	<b>285,335,354</b>	<b>267,947,936</b>
<b>Expenditures</b>					
General government	10,758,950	10,807,970	10,809,819	11,509,310	11,070,305
Police	59,716,106	64,936,013	68,853,581	65,824,506	63,789,358
Fire	28,878,953	30,349,754	31,737,283	31,338,492	30,921,380
Public works	21,500,679	25,634,650	27,771,403	27,594,508	24,023,808
Recreation and parks	19,204,779	22,047,595	23,959,813	23,702,177	22,281,910
Development services	9,143,519	10,787,216	10,558,195	9,619,973	7,811,683
Economic/Community development	3,022,308	3,939,418	3,417,684	5,567,930	11,322,095
Community development (1)	-	-	-	-	-
Non-departmental	5,486,829	11,584,563	13,866,439	11,111,355	17,103,372
Capital outlay	35,744,826	75,443,460	89,813,206	104,472,583	107,556,933
Debt service					
Principal	1,258,000	1,957,000	1,256,000	3,509,000	203,000
Interest and fiscal charges	702,386	598,067	491,605	324,862	204,673
<b>Total Expenditures</b>	<b>195,417,335</b>	<b>258,085,706</b>	<b>282,535,028</b>	<b>294,574,696</b>	<b>296,288,517</b>
Excess (deficiency) of revenues over (under) expenditures	<b>69,551,362</b>	<b>5,532,386</b>	<b>(5,853,863)</b>	<b>(9,239,342)</b>	<b>(28,340,581)</b>
<b>Other financing sources (uses)</b>					
Notes/certificate proceeds	-	-	-	-	1,800,000
Transfers in	21,908,333	1,600,000	26,562,537	12,740,413	8,813,765
Transfers out	(23,022,073)	(2,044,947)	(28,268,709)	(12,752,513)	(813,765)
Reserve transfer to agency funds	-	-	-	-	-
Extraordinary gain	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(1,113,740)</b>	<b>(444,947)</b>	<b>(1,706,172)</b>	<b>(12,100)</b>	<b>9,800,000</b>
<b>Net change in fund balances</b>	<b>\$ 68,437,622</b>	<b>\$ 5,087,439</b>	<b>\$ (7,560,035)</b>	<b>\$ (9,251,442)</b>	<b>\$ (18,540,581)</b>
<b>Debt service as a percentage of non capital expenditures</b>					
	1.2%	-10.5%	0.8%	1.8%	0.2%

Notes:

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

Source: City Finance Department

		Fiscal Year							
		2011	2012	2013	2014	2015			
\$	139,250,878	\$	150,761,990	\$	159,530,114	\$	163,369,374	\$	168,047,259
	1,757,045		2,321,093		2,757,307		3,644,027		3,297,396
	87,577,120		83,597,649		85,698,254		112,509,497		113,170,797
	23,982,350		34,518,514		26,237,278		28,308,972		29,643,496
	14,359,150		4,034,565		20,697,866		25,732,782		21,984,077
	804,910		865,071		(266,411)		1,604,668		1,470,902
	-		-		1,543,041		251,775		10,390
	4,662,521		7,346,225		8,383,499		4,710,359		9,100,338
	<u>272,393,974</u>		<u>283,445,107</u>		<u>304,580,948</u>		<u>340,131,454</u>		<u>346,724,655</u>
	9,944,217		10,383,512		11,186,274		11,888,465		19,254,079
	65,985,764		68,489,176		72,745,830		77,504,268		83,484,871
	29,450,014		31,390,736		33,528,360		34,895,073		36,224,449
	21,967,831		25,849,496		25,274,629		25,744,355		26,828,323
	22,620,636		23,599,669		25,277,659		26,309,603		18,833,884
	6,486,573		6,229,936		-		-		-
	8,147,683		3,646,144		-		-		-
	-		-		(11,994,604)		11,321,294		12,231,555
	12,517,816		20,283,121		13,338,729		10,726,379		12,736,007
	97,915,227		94,567,093		105,808,610		94,992,545		134,748,520
	444,000		366,000		378,000		443,124		454,964
	221,920		219,865		208,424		195,434		252,300
	<u>275,701,681</u>		<u>285,024,748</u>		<u>299,741,119</u>		<u>294,020,540</u>		<u>345,048,952</u>
	<u>(3,307,707)</u>		<u>(1,579,641)</u>		<u>4,839,829</u>		<u>46,110,914</u>		<u>1,675,703</u>
	-		-		-		-		-
	9,580,944		11,587,495		18,164,310		16,069,190		15,963,966
	(8,358,944)		(12,704,555)		(18,898,910)		(16,334,090)		(17,860,400)
	10,656		-		-		-		-
	-		4,664,568		-		-		-
	<u>1,232,656</u>		<u>3,547,508</u>		<u>(734,600)</u>		<u>(264,900)</u>		<u>(1,896,434)</u>
\$	<u>(2,075,051)</u>	\$	<u>1,967,867</u>	\$	<u>4,105,229</u>	\$	<u>45,846,014</u>	\$	<u>(220,731)</u>

0.3%

0.2%

0.2%

0.2%

0.2%

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**CITY OF BAKERSFIELD**

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

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Fiscal Year	General Property Taxes		Sales and Use Taxes	Transient Occupancy Taxes	Business License Taxes	Utility Franchise Taxes	In-Lieu and Other Taxes	Total Taxes
2006	\$ 49,135,641	(2)	\$ 66,495,453	\$ 7,456,838	\$ 2,995,555	\$ 4,382,644	\$ 5,074,460	\$ 135,540,591
2007	62,324,076	(2)	68,367,251	7,954,228	3,404,712	4,970,158	4,047,002	151,067,427
2008	71,655,585	(2)	63,415,357	7,749,531	3,331,064	4,904,717	3,193,162	154,249,416
2009	70,869,285	(2)	56,615,428	7,144,718	3,899,841	5,487,871	3,136,192	147,153,335
2010	57,185,433	(2)	50,664,333	6,493,702	3,173,514	9,288,614 (3)	1,910,719	128,716,315
2011	62,889,341	(2)	55,281,897	6,851,869	3,415,351	10,083,705 (3)	728,715	139,250,878
2012	60,717,717	(2)	67,642,795	7,827,792	3,312,485	10,371,830 (3)	889,373	150,761,992
2013	65,696,957	(2)	70,418,028	8,274,240	3,372,972	10,733,798 (3)	1,034,119	159,530,114
2014	66,614,853	(2)	72,442,178	8,826,003	3,607,558	10,890,359 (3)	988,423	163,369,374
2015	71,382,809	(2)	70,366,255	9,487,984	3,730,720	11,901,681 (3)	1,177,810	168,047,259

## Notes:

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

(2) Includes Vehicle License Fee Triple Flip tax revenue.

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

Source: City Finance Department

# CITY OF BAKERSFIELD

## Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer	2006			2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Nestle Dreyers Ice Cream Company (formerly Dreyers Grand Ice Cream INC in 2006)	\$ 131,771,778	1	0.81%	\$ 199,063,518	1	0.84%
Valley Plaza Mall LP (formerly Bakersfield Mall LLC in 2005)	116,057,764	2	0.71%	125,784,185	3	0.53%
Chevron USA Inc.	68,202,340	6	0.42%	173,559,293	2	0.73%
California Water Service Company	91,815,935	3	0.56%	80,969,572	5	0.34%
Donahue Schriber Realty Group LLP	-		-%	74,957,932	7	0.32%
WalMart Stores Inc/Sam's			-%	73,835,876	4	0.31%
Castle & Cook Bakersfield Inc.	80,326,245	5	0.49%	-		-%
Castle & Cook CA Inc.	86,393,230	4	0.53%	78,934,791	6	0.33%
State Farm Insurance Company	57,700,000	8	0.35%	-		-%
Bear Mountain Limited	43,657,000	10	0.27%			-%
Lsref2 Tractor Reo LLC	-		-%	54,550,000	9	0.23%
GSF Edgewater Investors LP (formerly GSF Springs II Investors LP in 2006)	60,338,500	7	0.37%	67,653,948	8	0.28%
Bright House Networks LLC	-		-%	826,499	10	-%
Lennar Home of Cal INC	56,174,090	9	0.34%	-		-%
Total taxable assessed value of ten (10) largest taxpayers	<u>792,436,882</u>		<u>4.85%</u>	<u>930,135,614</u>		<u>3.91 %</u>
Total taxable assessed value of other taxpayers	<u>15,518,136,397</u>		<u>95.15%</u>	<u>22,855,069,871</u>		<u>96.09 %</u>
Total taxable assessed value of all taxpayers	<u>\$ 16,310,573,279</u>		<u>100.00%</u>	<u>\$ 23,785,205,485</u>		<u>100.00 %</u>

Note:

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

Source: HDL Coren & Cone, K.C. Assessor 2014-15 Combined Tax Rolls

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**CITY OF BAKERSFIELD**

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

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Fiscal Year Ended June 30	Residential Property	Secured Commercial Property	Other	Unsecured	Less: Tax Exempt Real Property
2006	\$ 12,110,090	\$ 2,727,174	\$ 2,200,212	\$ 582,995	\$ 731,597
2007	15,371,291	3,104,110	2,655,402	631,452	816,684
2008	18,353,070	3,401,625	3,122,004	659,048	881,683
2009	17,705,933	3,785,022	3,495,239	751,790	957,674
2010	15,577,372	4,030,198	3,311,171	878,216	1,080,957
2011	14,950,744	4,053,184	3,134,829	834,158	1,063,302
2012	14,521,636	3,832,880	3,245,619	850,899	1,104,081
2013	14,698,137	3,904,832	3,268,227	912,300	1,097,928
2014	15,592,995	4,010,392	3,575,805	791,531	1,186,061
2015	17,297,625	4,111,192	3,607,361	819,306	1,230,972

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

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	Total Taxable Assessed Value	Total Direct Rate	Estimated Actual Taxable Value (1)
\$	16,888,874	0.2281	Unavailable
	20,945,571	0.2160	Unavailable
	24,654,064	0.1931	Unavailable
	24,780,310	0.1961	Unavailable
	22,716,000	0.1981	Unavailable
	21,909,613	0.1969	Unavailable
	21,346,953	0.1956	Unavailable
	21,685,568	0.1924	Unavailable
	22,784,662	0.1619	Unavailable
	24,604,512	0.1623	Unavailable

# CITY OF BAKERSFIELD

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

	2006	2007	2008	2009
<b>Basic County-Wide Levy (1)</b>	1.0000	1.0000	1.0000	1.0000
<b>Overlapping Debt</b>				
Bakersfield School	0.0416	-	0.0577	0.0568
Beardsley School	0.0406	-	0.0490	0.0485
Edison School Bond	0.0000	-	0.0000	0.0000
Fairfax 10A	0.0000	-	0.0000	0.0000
Fairfax School	0.0403	-	0.0249	0.0296
Fruitvale Dbt Ec		-	0.0000	0.0000
Fruitvale School Bonds	0.0490	-	0.0557	0.0537
Greenfield School	0.0650	-	0.0540	0.0615
Kern Community College District	0.0096	-	0.0080	0.0091
Kern County Water Agency	0.0504	-	0.0533	0.0491
Kern High School District	0.0321	-	0.0382	0.0358
Lakeside School 2008-A	0.0000	-	0.0000	0.0000
Lamont School	0.0567	-	0.0463	0.0466
Norris School	0.0208	-	0.0147	0.0250
Panama Bv 2012-A	-	-	-	-
Panama School	0.0250	-	0.0191	0.0088
Rio Bravo School	0.0378	-	0.0378	0.0681
Rosedale	0.0129	-	0.0013	0.0025
Standard Bond 06A	0.0000	-	0.0210	0.0240
Standard Bond 06B	0.0000	-	0.0000	0.0000
Standard Bond 2012A	0.0000	-	0.0000	0.0000
Vineland School 07-A	0.0000	-	0.0000	0.0397
<b>Total Direct &amp; Overlapping Tax Rates (2)</b>	<u>1.4818</u>	<u>1.0000</u>	<u>1.4810</u>	<u>1.5588</u>
City Share of 1% Levy (3)	<u>0.1844</u>	<u>-</u>	<u>0.1847</u>	<u>0.1847</u>
<b>Total Direct Rate (4)</b>	<u>0.2281</u> \$	<u>-</u>	<u>0.1931</u>	<u>0.1961</u>

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

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

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

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

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

2010	2011	2012	2013	2014	2015
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.0676	0.0663	0.0710	0.0681	0.0360	0.0186
0.0548	0.0574	0.0599	0.0499	0.0486	0.0406
0.0000	0.0720	0.0664	0.0694	0.0687	0.0678
0.0000	0.0000	0.0280	0.0000	-	0.0000
0.0330	0.0401	0.0408	0.0685	0.0607	0.0692
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0610	0.0695	0.0759	0.0614	0.0678	0.0595
0.0835	0.0783	0.0804	0.0826	0.0843	0.0544
0.0094	0.0101	0.0091	0.0085	0.0126	0.0105
0.0601	0.0553	0.0748	0.0540	0.0569	0.0525
0.0431	0.0447	0.0363	0.0437	0.0392	0.0361
0.0216	0.0188	0.0224	0.0227	0.0283	0.0254
0.0652	0.0694	0.0693	0.0615	0.0681	0.0630
0.0330	0.0298	0.0327	0.0580	0.0500	0.0489
-	-	-	-	0.0194	0.0294
0.0099	0.0116	0.0115		-	0.0000
0.0690	0.0741	0.0737	0.0535	0.0769	0.0649
0.0046			0.0000	0.0000	0.0000
0.0258	0.0206	0.0191	0.0185	0.0152	0.0110
					0.0069
					0.0139
0.0424	0.0414	0.0423	0.0437	0.0418	0.0431
<u>1.6840</u>	<u>1.7594</u>	<u>1.8136</u>	<u>1.7640</u>	<u>1.7745</u>	<u>1.7157</u>
<u>0.1846</u>	<u>0.1852</u>	<u>0.1851</u>	<u>0.1851</u>	<u>0.1839</u>	<u>0.1839</u>
<u>0.1981</u>	<u>0.1969</u>	<u>0.1956</u>	<u>0.1924</u>	<u>0.1619</u>	<u>0.1623</u>

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**CITY OF BAKERSFIELD**

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

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Fiscal Year Ended June 30	Tax Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy (3)
2006	\$32,367,859	\$ 31,572,839	97.54%	\$ 534,541	\$ 32,107,380	99.20%
2007	42,437,947	38,167,345	89.94%	579,684	38,747,029	91.30%
2008	44,435,132	42,501,455	95.65%	1,375,328	43,876,783	98.74%
2009	42,390,737	41,627,252	98.20%	1,626,519	43,253,771	102.04%
2010	37,878,353	36,683,727	96.85%	2,308,846	38,992,573	102.94%
2011	38,752,737	38,136,143	98.41%	437,340	38,573,483	99.54%
2012	37,333,785	36,574,775	97.97%	417,383	36,992,158	99.08%
2013	38,448,465	37,544,318	97.65%	159,495	37,703,813	98.06%
2014	39,887,750	39,344,783	98.64%	375,679	39,720,462	99.58%
2015	-	41,301,939	-%	166,794	41,468,733	-%

## Notes:

(1) Excludes Redevelopment property tax increment.

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

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

Source: City Finance Department

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***CITY OF BAKERSFIELD***

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

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Year	State of California	Total Rate
2006	7.25 %	7.25 %
2007	7.25 %	7.25 %
2008	7.25 %	7.25 %
2009	8.25 %	8.25 %
2010	8.25 %	8.25 %
2011	8.25 %	8.25 %
2012	7.25 %	7.25 %
2013	7.50 %	7.50 %
2014	7.50 %	7.50 %
2015	7.50 %	7.50 %

Note: The City's sales tax rate may be changed with voter approval.  
Source: California State Board of Equalization

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**CITY OF BAKERSFIELD**

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

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	2005	2006	2007	2008	2009
Retail Trade Groups	\$ 43,933,277	\$ 44,882,615	\$ 43,965,080	\$ 40,426,683	\$ 34,939,803
Non-Store Retailers	1,379,182	1,505,922	1,312,047	991,106	728,190
Service Groups	2,939,384	3,071,729	2,979,402	3,149,366	2,809,311
Construction Contractor Groups	1,800,092	2,364,713	1,839,151	1,615,488	628,808
Producers, Manufacturers and Wholesalers Group	<u>5,109,920</u>	<u>5,744,221</u>	<u>5,715,484</u>	<u>7,713,486</u>	<u>5,682,497</u>
Total	<u>\$ 55,161,855</u>	<u>\$ 57,569,200</u>	<u>\$ 55,811,164</u>	<u>\$ 53,896,129</u>	<u>\$ 44,788,609</u>

Note: 2014 data is the most recent information available.  
Source: California State Board of Equalization

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2010	2011	2012	2013	2014
\$ 36,129,898	\$ 40,605,395	\$ 44,051,820	\$ 45,612,755	\$ 47,515,688
714,709	922,257	961,178	1,067,613	1,083,860
3,279,903	4,056,208	4,396,783	4,479,230	4,472,838
612,563	807,930	813,201	1,060,112	1,536,343
<u>6,119,199</u>	<u>8,620,630</u>	<u>9,155,110</u>	<u>8,817,193</u>	<u>8,221,851</u>
<u>\$ 46,856,272</u>	<u>\$ 55,012,420</u>	<u>\$ 59,378,092</u>	<u>\$ 61,036,903</u>	<u>\$ 62,830,580</u>

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**CITY OF BAKERSFIELD**

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**Sales Tax Revenue Payers By Industry  
2014 and Nine Years Ago**

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	2005			
	Number of Filers	Percent of Total	Tax Liability Paid	Percent of Total \$
Department Stores	23	0.34 %	\$ 3,818,731	6.92 %
New Car Dealers	20	0.30 %	9,787,442	17.74 %
Service Stations	54	0.81 %	3,162,281	5.73 %
Heavy Industrial Equipment & Misc. Machinery	68	1.02 %	902,773	1.64 %
Eating/Drinking Places without Alcohol	404	6.03 %	2,375,524	4.31 %
Eating/Drinking Places w/General on-sale Lic.	107	1.60 %	1,216,222	2.20 %
Building Material	35	0.52 %	3,640,320	6.60 %
Grocery Stores w/General Liquor Lic. 21	31	0.46 %	1,239,060	2.25 %
Family Apparel	180	2.69 %	1,068,837	1.94 %
Contractors & Mfgs & Wholesalers of Building Materials	183	2.73 %	1,800,092	3.26 %
All Other	<u>5,592</u>	<u>83.50 %</u>	<u>26,150,572</u>	<u>47.41 %</u>
Total	<u>6,697</u>	<u>100.00 %</u>	<u>\$ 55,161,854</u>	<u>100.00 %</u>

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue. The amounts shown are gross collections prior to refunds and collections of amounts due from prior year. Fiscal years 2005 and 2014 are the most current years for which a nine year history can be shown.  
Source: California State Board of Equalization

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2014			
Number of Filers	Percent of Total	Tax Liability Paid	Percent of Total \$
52	0.71 %	\$ 8,727,050	13.89 %
24	0.33 %	9,307,468	14.81 %
90	1.24 %	5,261,448	8.37 %
202	2.77 %	2,542,175	4.05 %
399	5.48 %	3,190,174	5.08 %
344	4.72 %	3,186,030	5.07 %
20	0.27 %	2,661,620	4.24 %
112	1.54 %	1,916,416	3.05 %
370	5.08 %	1,765,109	2.81 %
166	2.28 %	1,536,343	2.45 %
<u>5,505</u>	<u>75.58 %</u>	<u>22,736,747</u>	<u>36.18 %</u>
<u><u>7,284</u></u>	<u><u>100.00 %</u></u>	<u><u>\$ 62,830,580</u></u>	<u><u>100.00 %</u></u>

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**CITY OF BAKERSFIELD**

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

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Fiscal Year	General Obligations Bonds	Net Bonded Debt	Total	Ratio of Net Bonded Debt to Assessed Value	Population (1)	Total Debt Per Capita
2006	\$ 1,055,000	\$ -	\$ 1,055,000	- %	296,177	\$3.56
2007	-	-	-	-	311,332	0.00
2008 (2)	-	-	-	-	322,008	0.00
2009	-	-	-	-	327,650	0.00
2010	-	-	-	-	333,847	0.00
2011	-	-	-	-	338,952	0.00
2012	-	-	-	-	354,480	0.00
2013	-	-	-	-	359,221	0.00
2014	-	-	-	-	367,315	0.00
2015	-	-	-	-	365,504	0.00

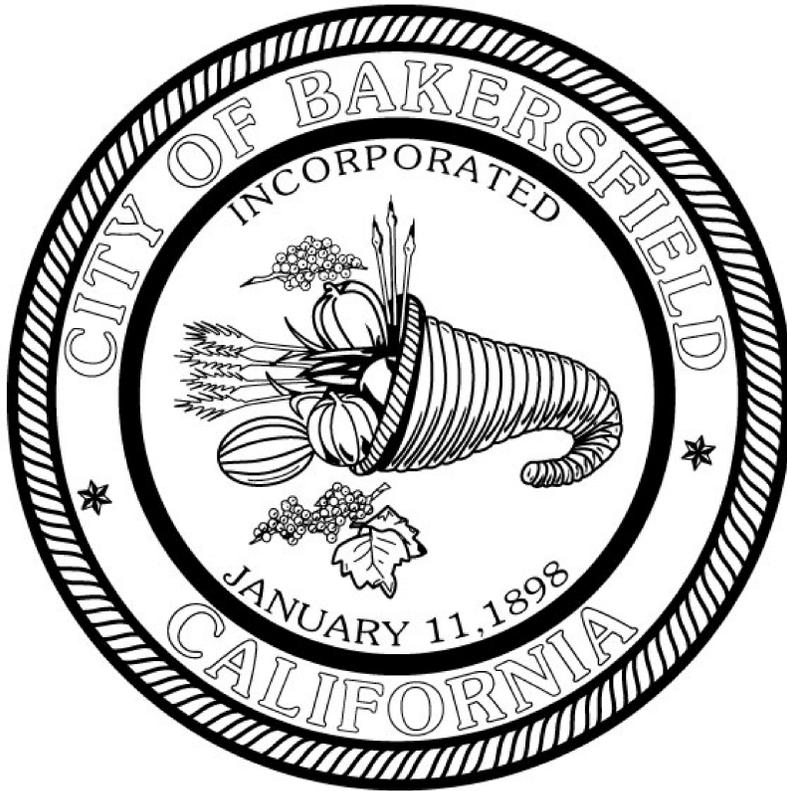
## Notes:

Includes all long-term general obligation bonded debt.

(1) State Department of Finance

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

Source: City Finance Department



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**CITY OF BAKERSFIELD**

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

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	Governmental Activities			Business-Type Activities		
	Revenue Bonds	Notes	Certificates of Participation	Total Governmental Activities (3)	Revenue Bonds	Bonds
2006	\$ 6,165,000	\$ 4,571,000	\$ 34,805,000	\$ 45,541,000	\$ -	\$ 1,055,000
2007	4,385,000	4,394,000	33,560,000	42,339,000	-	-
2008	3,315,000	4,208,000	31,930,000	39,453,000	243,032,633	-
2009	-	4,014,000	30,230,000	34,244,000	242,701,570	-
2010	-	5,611,000	28,465,000	34,076,000	241,270,507	-
2011	-	5,167,000	26,620,000	31,787,000	238,994,444	-
2012	-	4,801,000	24,710,000	29,511,000	217,003,381	-
2013	-	4,423,000	22,725,000	27,148,000	201,875,000	-
2014	-	4,150,049	20,640,000	24,790,049	200,236,254	-
2015	-	3,932,118	18,460,000	22,392,118	190,545,190	-

Notes:

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

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

(2) State Department of Finance. Estimates are revised periodically to include data that may not have been available at the time. Population was used for the base of this calculation. Details can be found in the Demographic and Economic Statistics.

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

(4) As restated.

Sources: City Finance Department

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Business-Type Activities

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Deferred Bond Premium	Notes	Contracts/ Loans	Capital Leases (4)	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income (1) (4)	Per Capita (2) (4)
\$ -	\$ 12,947,272	\$ -	\$ -	\$ 14,002,272	\$ 59,543,272	0.12 %	\$79
-	13,054,738	-	-	13,054,738	55,393,738	0.10 %	68
8,607,633	11,804,769	-	-	263,445,035	302,898,035	1.22 %	824
8,276,570	10,614,878	-	-	261,593,018	295,837,018	1.10 %	796
7,945,507	8,991,701	-	-	258,207,715	292,283,715	1.06 %	778
7,614,444	7,521,262	-	22,138,054	276,268,204	308,055,204	4.02 %	801
7,283,381	6,769,136	-	21,664,941	252,720,839	282,231,839	3.69 %	796
6,621,255	6,017,009	-	21,174,195	235,687,459	262,835,459	3.34 %	732
-	5,264,884	-	20,664,937	226,166,075	250,956,124	3.11 %	683
-	4,512,759	246,131	20,135,757	215,439,837	237,831,955	2.89 %	651

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**CITY OF BAKERSFIELD**

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**Direct and Overlapping Debt (1)  
As of June 30, 2015**

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2014 - 15 Assessed Valuation	\$ 24,595,418,313		
Adjusted Assessed Valuation	\$ 24,595,418,313		
	<u>Debt Outstanding (2)</u>	<u>Estimated Percentage Applicable (3)</u>	<u>Estimated Share of Overlapping Debt</u>
<b><u>Overlapping Tax and Assessment Debt</u></b>			
Kern Community College District Safety			
School Facilities Improvement District	\$ 147,710,854	28.916%	\$ 42,712,071
Kern High School District	180,991,209	48.091	87,040,482
Bakersfield City School District	63,621,619	70.861	45,082,915
Beardsley School District	13,723,319	19.013	2,609,215
Edison School District	5,159,942	0.020	1,032
Fairfax School District	7,864,884	23.612	1,857,056
Fruitvale School District	20,197,409	74.695	15,086,455
Greenfield Union School District	13,278,406	86.131	11,436,824
Lakeside Union School District	13,009,367	39.460	5,133,496
Lamont School District	2,649,775	0.020	530
Norris School District	27,254,848	61.796	16,842,406
Panama-Buena Vista Union School District	49,545,000	97.218	48,166,658
Rio Bravo-Greeley Union School District	10,965,730	0.317	34,761
Standard School District	25,075,000	1.987	247,490
Vineland School District	39,649,825	0.0004	16
Kern Delta Water District	920,000	76.620	704,904
Greenfield Union School District CFD No. 1 & 3	5,040,000	100.000	5,040,000
RNR School Financing Authority	<u>70,365,000</u>	88.159	<u>62,033,080</u>
Total Overlapping Tax and Assessment Debt	<u>\$ 697,022,187</u>		<u>\$ 344,029,391</u>
<b><u>Overlapping General Fund Debt</u></b>			
Kern County Certificates of Participation	\$ 111,245,000	25.736	\$ 28,630,013
Kern County Pension Obligations	294,335,506	25.736	75,750,186
Rio Bravo-Greeley Union School District General Fund Obligation	815,000	0.317	2,584
Certificates of Participation:			
Kern County Board of Education	40,145,000	25.736	10,331,717
Kern County Community College District	38,795,000	26.217	10,170,885
Kern County Community College District Benefit	81,460,000	26.217	21,356,368
Kern High School District	151,380,000	48.091	72,800,156
Rio Bravo-Greeley Union School District	815,000	0.317	2,584
Panama-Buena Vista Union School District	29,200,000	97.218	28,387,656
Overlapping Tax Increment Debt (Successor Agency)	<u>2,985,000</u>	100.000	<u>2,985,000</u>
Total Overlapping General Fund Debt	<u>\$ 751,175,506</u>		<u>\$ 250,417,149</u>
<b><u>Direct Debt</u></b>			
City of Bakersfield			
City of Bakersfield General Fund Obligations			\$ 18,460,000
Long-term notes payable			\$ 3,932,118
Public Financing Authority Revenue Bonds			-
Total Direct and Overlapping Debt			<u>\$ 616,838,658</u>

**Notes:**

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

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***CITY OF BAKERSFIELD***

**Computation of Legal Debt Margin**

**June 30, 2015**

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

## ***CITY OF BAKERSFIELD***

### **Pledged - Revenue Coverage Last Ten Fiscal Years**

Fiscal Year	Wastewater Revenue Bonds					
	Sewer Charges and Other Revenue (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service (3)(4)		Coverage (5)
				Principal	Interest	
2005-2006	\$ 34,088,363	\$ 9,836,368	\$ 24,251,995	\$ -	\$ -	-
2006-2007	33,382,155	10,743,656	22,638,499	-	-	N/A
2007-2008	34,245,054	12,622,868	21,622,186	-	3,872,689	5.58
2008-2009	33,776,649	11,447,963	22,328,686	-	10,361,705	2.15
2009-2010	38,115,751	11,928,571	26,187,180	1,100,000	9,597,489	2
2010- 2011	36,073,819	14,144,051	21,929,768	1,945,000	9,597,489	1.92
2011-2012 (6)	36,769,858	12,913,038	23,856,820	2,930,000 (7)	9,451,151	1.85
2012-2013	37,901,401	13,156,437	24,744,964	2,845,000 (8)	9,959,591	2.14
2013-2014	39,610,854	14,265,421	25,345,433	3,260,000 (8)	8,744,990	2.14
2014-2015	40,386,623	14,195,887	26,190,736	4,360,000 (8)	8,380,864	2.06

**Notes:**

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

Operating expenses do not include interest or depreciation expenses.

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

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

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

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

(5) Minimum coverage requirement on the Wastewater Revenue bonds is 1.25.

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

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

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

Source: City Finance Department

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**CITY OF BAKERSFIELD**

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

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Fiscal Year	Population (1)	Personal Income (2) (millions)	Per Capita Personal Income (2)	Median Age (3)	Education Level as a % of Population having Formal Schooling (3) (4)	Elementary School Enrollment (5)	Estimated Unemployment Rate (%) (6)
2005-2006	296,177	\$ 5,785	\$ 19,535	30.0	71.9	27,890	7.30%
2006-2007	311,332	6,439	20,684	29.8	70.1	27,403	8.00%
2007-2008	322,008	6,906	21,448	30.0	70.2	27,085	9.50%
2008-2009	327,650	7,085	21,624	30.3	71.5	27,263	14.70%
2009-2010	333,847	7,034	21,071	30.8	78.1	27,267	15.80%
2010-2011	338,952	7,007	20,675	29.5	77.8	27,590	15.30%
2011-2012	354,480	7,640	21,553	29.5	78.1	21,411	10.50%
2012-2013	359,221	7,862	21,887	29.8	77.8	23,422	8.40%
2013-2014	367,315	8,074	21,980	30.0	78.2	24,012	7.90%
2014-2015	365,504	8,228	22,512	30.1	78.5	24,232	9.30%

## Notes:

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

(2) U.S. Department of Commerce Bureau of Economic Analysis. As available, figures and estimates should be used for general purposes only. Estimates are revised periodically to include data that may not have been available at the time. Information is for Bakersfield Metropolitan area. Effective 2008-2009 information now includes Delano area.

(3) U.S. Census Bureau estimates as available for Bakersfield Metropolitan area.

(4) This column shows the percent of the City population 25 years and older who are high school graduates or higher.

(5) Ed-Data Education Data Partnership.

(6) State of California Employment Development Department (Data shown is for Kern County).

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## ***CITY OF BAKERSFIELD***

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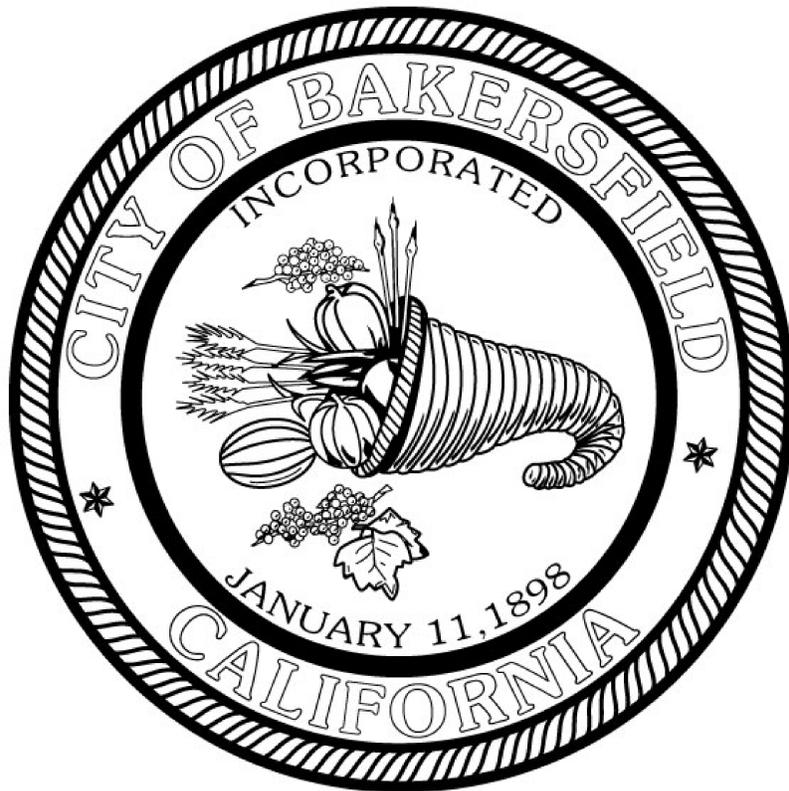
### **Principal Employers (1)**

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

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Employer	2006			2015		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
County of Kern (1)	N/A		-	7,800	1	4.45 %
Kern High School District (1)				4,017	2	2.29 %
Bakersfield City School District				3,254	3	1.86 %
San Joaquin Community Hospital				2,107	4	1.20 %
Panama-Buena Vista Union School District				2,069	5	1.18 %
Wm. Bolthouse Farms				1,939	6	1.11 %
Chevron Corp.				1,860	7	1.06 %
Bakersfield Memorial Hospital				1,700	8	0.97 %
City of Bakersfield				1,507	9	0.86 %
Mercy Hospital				1,350	10	0.77 %
Others				147,597		84.25 %
Total	<u>N/A</u>	<u></u>	<u>-</u>	<u>175,200</u>	<u></u>	<u>100.00 %</u>

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



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**CITY OF BAKERSFIELD**

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

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Function	2006	2007	2008	2009	2010	2011
<u>Governmental activities:</u>						
General government	139	123	125	88	98	106
Public safety						
Police						
Officers	346	373	373	344	358	380
Civilians	132	144	145	127	127	123
Fire						
Firefighters and officers	180	183	183	181	179	176
Civilians	27	29	29	19	19	19
Public works	271	281	281	248	244	244
Community services	129	175	174	155	147	151
Community development	-	-	-	-	-	-
Development services	81	98	94	91	69	57
Economic/Community dev.	17	17	22	22	20	12
<u>Business-type activities:</u>						
Wastewater treatment	29	55	53	49	55	54
Refuse collection	133	110	110	102	102	102
Domestic/Agricultural water	23	25	25	26	28	28
General aviation	-	-	-	-	-	-
Offstreet parking	-	-	-	-	-	-
Total	<u>1,507</u>	<u>1,613</u>	<u>1,614</u>	<u>1,452</u>	<u>1,446</u>	<u>1,452</u>

Source: City Finance Department

2012	2013	2014	2015
109	110	119	126
385	389	394	404
131	137	143	148
177	177	177	177
19	21	22	22
247	250	254	248
153	153	150	150
-	65	63	65
55	-	-	-
11	-	-	-
56	57	59	59
103	106	107	107
28	28	28	28
-	-	-	-
-	-	-	-
<u>1,474</u>	<u>1,493</u>	<u>1,516</u>	<u>1,534</u>

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**CITY OF BAKERSFIELD**

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

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	Commercial Construction		Residential Construction		Other Construction
	No. of Units	Value	No. of Units	Value	Value
2005-2006	76	\$ 36,008	5,314	\$ 870,190	\$ 94,661
2006-2007	151	69,002	3,532	564,588	101,835
2007-2008	153	78,506	1,922	296,788	104,710
2008-2009	95	60,840	1,090	237,091	93,314
2009-2010	83	62,088	1,097	232,275	86,668
2010-2011	40	13,425	848	197,380	98,057
2011-2012	40	41,482	422	92,313	81,984
2012-2013	49	20,807	1,122	259,851	108,877
2013-2014	69	15,710	1,336	312,569	157,024
2014-2015	89	56,320	1,435	389,715	203,722

## Notes:

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

(2) Federal Deposit Insurance Corporation

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

(4) Construction units and values are based on a 12 month calendar year. June 30, 2015 data reflects the 2014 calendar year.

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Total Construction		Bank Deposits (2)
No. of Units	Value	
5,390	\$ 1,000,859	\$ 4,376,691
3,683	735,425	4,432,920
2,075	480,004	4,315,921
1,185	391,245	4,485,261
1,180	381,031	4,728,745
888	308,862	5,172,880
462	215,779	5,280,515
1,171	389,535	5,626,755
1,405	485,303	6,069,764
1,524	649,757	6,421,302

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**CITY OF BAKERSFIELD**

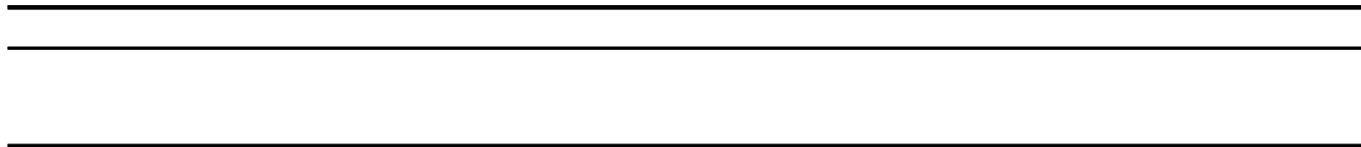
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**Operating Indicators by Function  
Last Ten Fiscal Years**

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Function	Fiscal Year			
	2006	2007	2008	2009
Public safety - Police				
Physical arrests	16,677	18,210	17,272	18,531
Parking violations	10,572	9,146	11,094	7,985
Traffic violations	-	17,950	10,681	11,365
Public safety - Fire				
Number of calls answered	25,735	22,505	27,390	28,605
Inspections	3,906	5,996	3,616	2,444
Public works				
Street resurfacing (lane miles)	73	55	76	84
Refuse collection				
Refuse collected (tons/day)	91,110	101,800	94,750	100,750
Recyclables collected (tons/day)	34,588	33,100	35,300	39,200
Recreation & parks				
Athletic field permits issued	3,528	2,463	6,902	6,849
Community center, aquatics/sports admissions	89,478	124,465	301,198	323,661
Domestic/agricultural water				
New connections	2,109	1,862	2,542	1,293
Water main breaks	43	87	35	14
Average daily consumption (thousands of gallons)	32,139	31,894	38,028	41,542
Wastewater treatment				
Average daily sewage treatment (millions of gallons)	30.54 MGD	31.12 MGD	31.18 MGD	31.49 MGD

Source: City Finance Department



	Fiscal Year				
2010	2011	2012	2013	2014	2015
17,023	22,028	29,623	32,158	37,246	24,254
5,522	5,433	4,708	6,620	10,499	6,183
12,018	10,043	9,172	11,528	15,065	24,154
26,885	27,392	28,870	31,164	32,898	35,117
2,896	3,355	3,276	3,660	4,195	4,978
49	83	129	127	116.02	119.22
112,000	111,500	108,200	111,420	110,125	102,500
42,000	47,000	48,215	53,350	55,500	78,500
6,219	5,685	10,156	9,297	9,625	9,046
379,286	440,101	473,530	475,619	502,994	527,617
954	493	301	701	1,123	1,033
5	7	10	14	4	5
36,370	27,008	27,568	36,730	39,712	34,973
31.49 MGD	32.3 MGD	31.28 MGD	32.13 MGD	30.00 MGD	29.9 MGD

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**CITY OF BAKERSFIELD**

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

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Function	Fiscal Year			
	2006	2007	2008	2009
Land (1)				
Area (2)	120.85	135.48	139.91	143.46
Public safety				
Police stations/substations	4	4	4	4
Fire stations	13	13	13	13
Refuse collection				
Collection trucks	44	55	56	57
Public works				
Streets (miles) (3)	1,069	1,178	1,236	1,242
Streetlights	14,101	14,965	15,474	15,809
Traffic signals	302	314	326	343
Recreation & parks				
Parks acreage	432	447	454	484
Parks	46	48	49	55
Swimming pools	6	6	6	6
Tennis courts	11	11	11	11
Community centers	3	3	3	3
Domestic/Agricultural water				
Water mains (miles) (3)	469	470	478	491
Fire hydrants (3)	9,040	9,600	9,765	10,041
Wastewater treatment				
Sanitary sewers (miles)	962	1,028	1,055	1,059
Storm sewers (miles)	204	244	259	261
Maximum daily treatment capacity (millions of gallons)	41 MGD	41 MGD	41 MGD	41 MGD

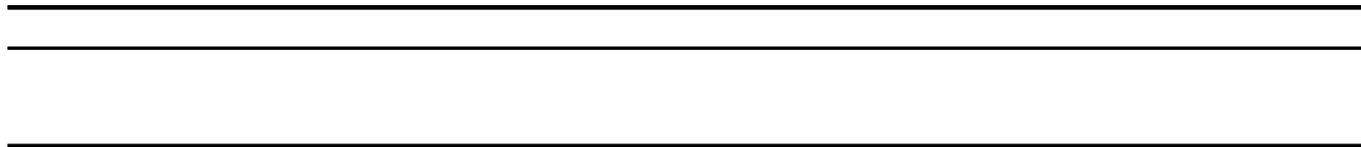
## Notes:

(1) Reported in square miles.

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

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

Source: City Finance Department



	Fiscal Year					
	2010	2011	2012	2013	2014	2015
	144.40	149.75	149.80	150.01	150.18	150.18
	4	4	4	4	3	3
	14	14	14	14	14	14
	57	57	53	55	57	57
	1,379	1,394	1,409	1,424	1,441	1,441
	15,923	16,092	16,160	16,602	16,388	16,486
	359	394	394	402	410	419
	494	595	595	595	623	769
	55	59	59	59	59	59
	4	4	4	4	4	4
	11	11	12	12	12	12
	3	3	3	3	3	3
	493	501	502	503	505	515
	10,220	10,301	10,441	10,581	10,723	10,853
	1,059	1,061	1,061	1,061	1,063	1,072
	262	263	263	263	265	268
	57 MGD	57 MGD	57 MGD	57 MGD	57 MGD	57 MGD

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# **CITY OF BAKERSFIELD**

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## **Schedule of Insurance in Force June 30, 2015**

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

Source: Liability and Physical Loss coverage is provided by the City's Risk Management.

Department. Life and Medical coverage is provided by the City's Human Resource Department.

<b>Insurance Company</b>	<b>Policy Number</b>	<b>Expiration Date</b>	<b>Annual Premium</b>
CSAC-EIA		07/01/16	\$ 654,504
ACCEL		06/30/16	727,865
CSAC	CRIME1516	07/01/16	12,000
Pik West	AP3791956-06	07/01/16	3,071
Pik West	NAC4032245	07/01/16	10,975
CSAC		03/31/16	304,701
Voya Financial	0067794-4	12/31/15	\$3.00 per thousand dollar of salary, management & supervisory annual plus \$2,000.
Voya Financial	0067794-9	12/31/15	\$27.30 each permanent employee for \$12,000 coverage.
Voya Financial	0067794-9	12/31/15	\$68.38 each permanent employee for \$30,000 coverage.
Met Life	Dental 142451-1	12/31/15	Bi-weekly rate range from \$111.79 to \$568.39 per employee for medical based upon individual's plan coverage and plan combination and \$7.54 to \$57.21 for dental. \$1.73 to \$6.35 per employee for vision coverage.
Anthem Blue Cross PPO	Health 97039M		
Anthem Blue Cross HMO	Health 59E69A		
Pacific Union Dental, Inc.	Dental 711874-1		
Kaiser Permanente	132733-1003		
Medical Eye Service	Vision 16270		

