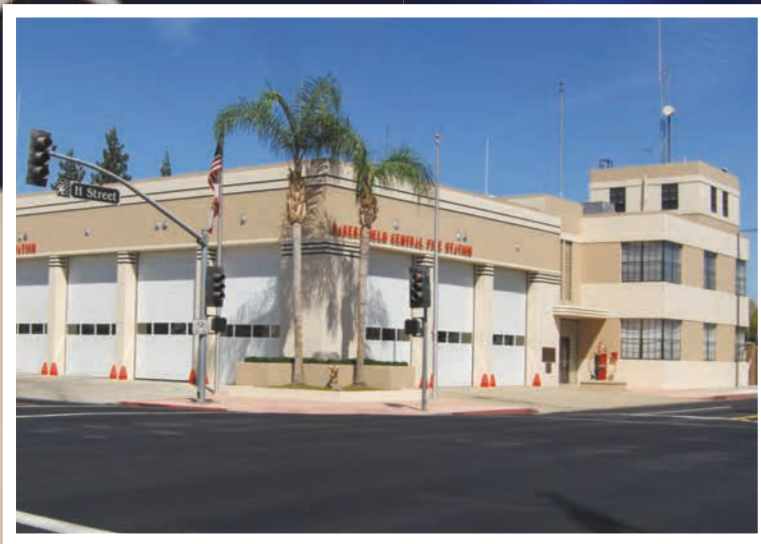


# The City of Bakersfield

## California



**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30 2013**

# CITY OF BAKERSFIELD, CALIFORNIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013



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

***Cover designed by Cheryl Kuehl***

- On the cover (from left to right, top to bottom)

- 1) Officer Chad Garret
- 2) Bakersfield Police Headquarters
- 3) Officer Lynn Martinez & Harley
- 4) Officers Adam Ketchum & Matt Roy on off road patrol
- 5) Bakersfield Fire Headquarters & Station #1
- 6) Firefighter Matt Smith, Aaron Dow, and Fire Marshall Bill Ballard
- 7) Fire representatives at the City's annual police memorial.
- 8) Fire Station #15



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## **CITY OF BAKERSFIELD**

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Comprehensive Annual Financial Report  
Year Ended June 30, 2013

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November 25, 2013

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's Comprehensive Annual Financial Report for the year ended June 30, 2013. This report was prepared by the City's Finance Department, which assumes responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures.

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

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

## **GENERAL BACKGROUND**

The City of Bakersfield is located approximately one hundred miles north of Los Angeles in the southern San Joaquin Valley. The City maintains an incorporated area of 150 square miles and has an estimated population of 359,221 as of January 1, 2013.

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

- Fire and Police Protection
- Streets and Infrastructure Maintenance
- Planning and Community Development
- Parks and Recreation Services
- Agricultural and Domestic Water Services
- Municipal Airpark - General Aviation
- Refuse Collection
- 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 2012-13 capital budget included over \$111 million of funding for the TRIP projects as outlined below:

- 24 <sup>th</sup> Street Widening (Design & Right of Way)	\$ 780,000
- Hageman Flyover (Environmental & Design)	\$ 1,066,000
- Morning Drive / SR 178 Interchange (Construction)	\$ 39,160,000
- Rosedale Widening (Environmental & Design)	\$ 4,322,500
- SR 178 Widening (Design & Right of Way)	\$ 6,305,000
- SR 58 Gap Closure (Construction)	\$ 27,760,000
- Westside Parkway (Construction)	\$ 32,037,500

A large segment of the Westside Parkway opened for operation in the spring of 2013 and additional phases of the project are expected to be complete in the Fall of 2014.

The Morning Drive / SR 178 Interchange is now under construction with an estimated construction time of 12 to 18 months. The SR 58 Gap Closure project, which will add one lane in each direction from Cottonwood Road to Hwy 99 will begin construction in the Fall of 2013.

## FACTORS AFFECTING FINANCIAL CONDITION

**Local Economy and Local Budget Issues** - The City of Bakersfield is showing signs of recovery after being impacted in past years by the statewide economic slump. Sales tax revenues have rebounded from prior year amounts and new home construction permits have recovered as well. The local economic environment continues to improve slowly and is driven by our strong agricultural and oil production industries in the area. Sales tax revenues continue to show slow but steady positive improvement over the past several quarters. Property tax receipts showed a slight increase compared to 2011-12 results and, based on Kern County assessed valuation data, we expect a slow but continued recovery with a budgeted increase of 1% in 2013-14.

The City Council (the Council) continues to take a conservative approach in adopting our budget for 2013-14. The Council has maintained a \$12,500,000 cash basis reserve fund along with a \$4,400,000 facilities reserve fund to provide a level of protection for the City. In the 2012-13 budget the Council re-instated 36 staff positions, including 15 police officers and 11 public works employees. During the 2013-14 budget process the Council continued a conservative move toward recovery of previous years' budget reductions, whereby re-instating an additional 26 positions, including 10 police officers and 6 non-sworn public safety positions. 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 10% to 16% over the next five years. The methodology change and resulting rate increases will have a significant impact on retirement costs for the City. We estimate these changes will increase



our retirement benefit costs by approximately \$11.0 million per year once the rate increases have been fully implemented by CalPERS.

The City Council has been setting aside funds in the budget since 2011-12 in anticipation of future year rate increases to try and stay ahead of these annual increases. The Council budgeted \$2.5 million in the 2013-14 budget as a reserve to help address the anticipated rate increases for the 2014-15 budget year.

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

The State decision to shut down redevelopment activities continues to cause concern for the City as we try to complete projects that were in various stages of completion at the time of dissolution. The Council has taken actions to act as the Successor Agency for the former Redevelopment Agency as well as act as the Successor Housing Agency to wrap up the housing activities of the former Redevelopment Agency. The State Department of Finance continues to challenge the Successor Agency and Oversight Board regarding the implementation of AB 26 and AB 1484 and what constitutes an Enforceable Obligation of the former Redevelopment Agency. The City is diligently pursuing administrative remedies with the Department of Finance regarding disputed items. The City has completed both the County Auditor "Agreed Upon Procedures" review as well as the outside audit "Due Diligence Reviews" as outlined in AB 26 and AB 1484. We have also completed other necessary steps and have received our Notice of Completion, which has allowed us to re-instate some previously denied interagency loans that were entered into for legitimate redevelopment purposes.

The City is aware that the State has not addressed its structural budget problems and may continue to have budget deficits in future years. We will continue to monitor any potential actions the State may propose that might have a negative effect on the City's financial status.

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

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

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

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

**Budgetary Controls** - The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Project length financial plans are adopted for the capital projects funds. The level of budgetary control is established at the fund level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered amounts lapse at year-end. However, encumbrances and certain capital projects are re-appropriated as part of the following year's budget. The 2012-13 City of Bakersfield appropriation limit established as required by state statute was \$301,695,566.

**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 (2012-13) is the second year of a contemplated five year agreement with this firm. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1984 and related 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, 2012, marking the thirty-second consecutive year Bakersfield has received the GFOA certificate. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

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

Respectfully,



Nelson K. Smith  
Finance Director



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, 2012**

A handwritten signature in black ink, reading "Jeffrey R. Berman". The signature is written in a cursive, flowing style.

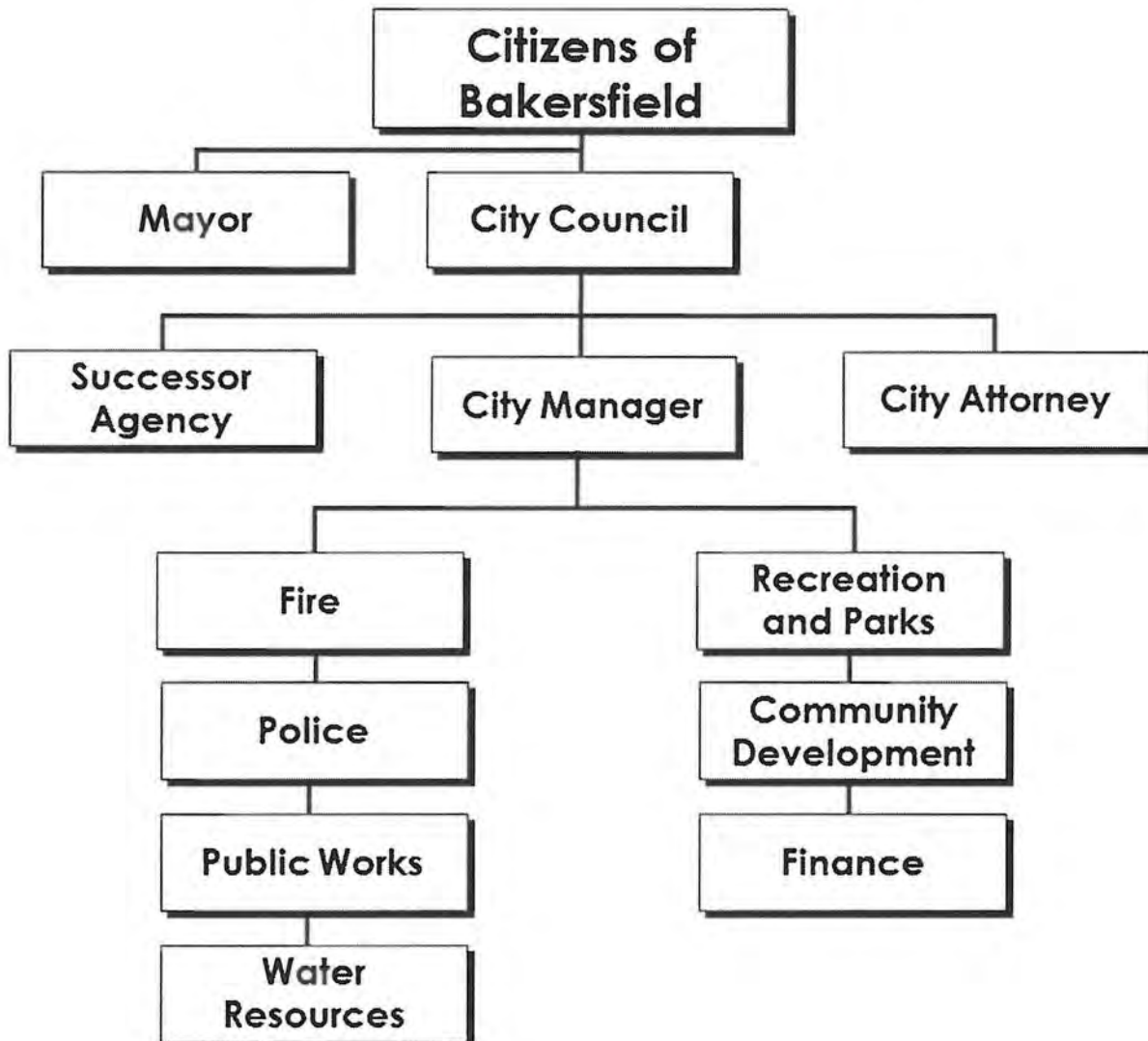
Executive Director/CEO



# CITY OF BAKERSFIELD

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## Organizational Chart



# CITY OF BAKERSFIELD

June 30, 2013

## City Council

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

## Administrative Personnel

Alan Tandy .....	City Manager
Virginia Gennaro.....	City Attorney
Doug McIsaac .....	Community Development Director
Nelson K. Smith .....	Finance Director
Douglas Greener.....	Fire Chief
Greg Williamson.....	Police Chief
Raul Rojas .....	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, 2013, 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 entity'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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### MAIN OFFICE

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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 Note 1 to the financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statements No. 60, 61, 62, 63, and 64 and implemented GASB Statement No. 65 in advance during the fiscal year 2013. Among these new GASB Statements, 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*, have significant impact over the City's financial statements. Our opinion is not modified with respect to this 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 93 through 96 as well as schedules of funding progress on pages 97 through 99 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2013, 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

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
November 25, 2013

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**CITY OF BAKERSFIELD****Management's Discussion and Analysis**

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This discussion and analysis of the City of Bakersfield's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements, and the accompanying notes to those financial statements.

**FINANCIAL HIGHLIGHTS**

- The assets of the City of Bakersfield exceeded its liabilities at the close of the most recent fiscal year by \$2.2 billion (net position). Of this amount, \$280.3 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 \$29.4 million over the prior fiscal year. This decrease is attributable to a \$33.9 million decrease in capital asset investments, a \$9.6 million decrease in restricted net position and a \$14.1 million increase in unrestricted net position.
- As of the close of the current fiscal year, the City of Bakersfield's Governmental Funds reported combined ending fund balances of \$150.8 million, an increase of \$4.1 million in comparison with the prior year. Amounts available for spending include restricted, committed, assigned and unassigned fund balances. Of this amount \$16.2 million is restricted by law or externally imposed requirements, \$96.8 million is committed for specific purposes, \$23.5 million is assigned and \$10.9 is unassigned and available. The remaining \$3.4 million is nonspendable.
- Available fund balance for the General Fund increased \$6.5 million to \$61.9 million, which equates to 37.0% of total General Fund expenditures for the year.
- The City of Bakersfield's long-term debt showed a decrease of \$11.3 million during the current fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

The Statement of Net 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.

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## **CITY OF BAKERSFIELD**

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

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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 Off-Street Parking activities are reported in this category.

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

### **FUND FINANCIAL STATEMENTS**

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

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

**Governmental Funds** - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund 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 statements, but provide more detail and additional

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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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 and budgetary comparison schedules for the General Fund and Special Revenue Major Funds.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Bakersfield, assets exceeded liabilities by \$2.2 billion at the close of the most recent fiscal year, which is a \$29.4 million, or 1.3% decrease in comparison with the prior year.

The largest portion of the City of Bakersfield's net position (86.0% of the total) reflects its net investment in capital assets of \$1.9 billion (e.g., land, buildings, machinery, infrastructure and equipment). The City of Bakersfield uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Bakersfield's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A small portion of the City of Bakersfield's net position of \$36.5 million (1.7% 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 \$280.3 million (12.8% of the total) may be used to meet the City's ongoing obligations to citizens and creditors.

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



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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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The following table presents the government-wide assets, liabilities, and net position for both 2012 and 2013. The governmental and business-type activities columns reflect amounts that have been restated in this financial report. See Note 23 page 91 for prior period adjustments.

**City of Bakersfield – Net Position**  
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2012*	2013	2012	2013	2012*	2013
<b>Assets</b>						
Current and other assets	\$ 269,137	\$ 269,042	\$ 142,924	\$ 147,550	\$ 412,061	\$ 416,592
Capital assets (net)	1,288,941	1,260,931	895,878	878,209	2,184,819	2,139,140
Total assets	1,558,078	1,529,973	1,038,802	1,025,759	2,596,880	2,555,732
<b>Liabilities</b>						
Long-term liabilities outstanding	72,494	70,955	247,837	238,508	320,331	309,463
Other liabilities	37,322	36,166	17,112	17,412	54,434	53,578
Total liabilities	109,816	107,121	264,949	255,920	374,765	363,041
<b>Net Position</b>						
Net investment in Capital assets	1,259,430	1,233,783	650,440	642,191	1,909,870	1,875,974
Restricted	23,253	16,247	22,884	20,216	46,137	36,463
Unrestricted	165,579	172,822	100,529	107,432	266,108	280,254
<b>Total Net Position</b>	<b>\$ 1,448,262</b>	<b>\$ 1,422,852</b>	<b>\$ 773,853</b>	<b>\$ 769,839</b>	<b>\$ 2,222,115</b>	<b>\$ 2,192,691</b>

\* as restated

**Governmental Activities** – Total assets for governmental activities decreased by \$28.1 million, with current and other assets in governmental activities decreasing by \$0.1 million and a capital assets decline of \$28.0 million. Total liabilities decreased by \$2.7 million, with other liabilities decreasing by \$1.2 million and long-term liabilities decreasing by \$1.5 million.

Of the \$25.4 million decrease in governmental activities total net position, unrestricted net position increased by \$7.2 million, which was offset by a decline in net investment in capital assets by \$25.6 million and a decrease in restricted net position of \$7.0 million. The decrease in restricted net position is due primarily to a decline in capital improvements.

**Business-Type Activities** – Total assets for business-type activities decreased by \$13.0 million, with current and other assets increasing by \$4.6 million and a capital assets decline of \$17.6 million. Total liabilities decreased by \$9.0 million, with other liabilities increasing by \$0.3 million and long-term liabilities decreasing by \$9.3 million. Total net position for business-type activities decreased by \$4.0 million. Net investment in capital assets and restricted net position decreased by \$8.2 million and \$2.7 million, respectively. Business-type activities unrestricted net position increased by \$6.9 million.

**Change in Net Position of the City**

The following table presents the government-wide changes in net position for both 2012 and 2013. The City's total program expenses of \$442.8 million exceeded revenues and extraordinary gains of \$413.4 million for a decrease in net position of \$29.4 million. The governmental and business-type activities columns reflect amounts that have been restated in this financial report. See Note 23 page 91 for prior period adjustments.

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2012*	2013	2012	2013	2012*	2013
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 41,622	\$ 50,319	\$ 99,603	\$ 100,586	\$ 141,225	\$ 150,905
Operating grants and contributions	20,178	19,508	4,935	6,243	25,113	25,751
Capital grants and contributions	68,415	76,471	5,012	983	73,427	77,454
Total Program Revenues	130,215	146,298	109,550	107,812	239,765	254,110
<b>General revenues:</b>						
Taxes:						
Property taxes	60,718	58,959			60,718	58,959
Sales taxes	67,643	70,418			67,643	70,418
Other taxes	889	927			889	927
Intergovernmental:						
Intergovt., unrestricted	877	182			877	182
Grants and contributions not restricted to specific programs	21,793	22,726			21,793	22,726
Investment earnings	282	(99)	1,988	778	2,270	679
Miscellaneous	4,224	5,187			4,224	5,187
Gain on sale of property	133	192	39	27	172	219
Total revenues	286,774	304,790	111,577	108,617	398,351	413,407
<b>Expenses:</b>						
General government	12,388	12,920			12,388	12,920
Public safety – Police	72,575	76,311			72,575	76,311
Public safety – Fire	33,320	35,105			33,320	35,105
Public works	142,228	162,424			142,228	162,424
Recreation and Parks	31,771	32,619			31,771	32,619
Community Development	34,135	11,193			34,135	11,193
Interest on long-term debt	215	468			215	468
Subtotal - Governmental	326,632	331,040	-	-	326,632	331,040

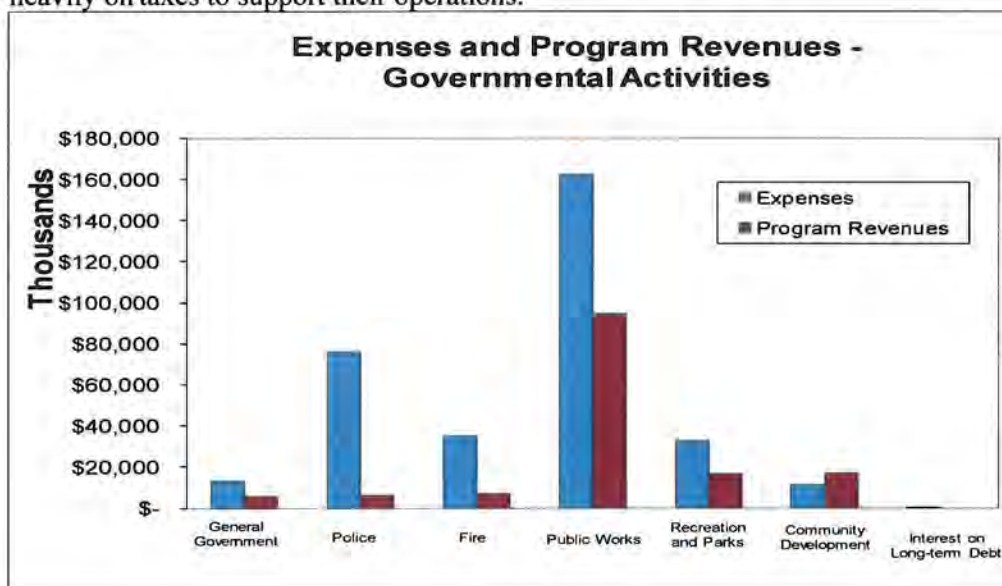
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## Management's Discussion and Analysis

### City of Bakersfield – Changes in Net Position (continued) (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2012*	2013	2012	2013	2012*	2013
<b>Business-Type:</b>						
Wastewater treatment			41,551	40,457	41,551	40,457
Refuse collection			39,340	44,364	39,340	44,364
Agricultural water			5,728	5,245	5,728	5,245
Domestic water			22,158	21,132	22,158	21,132
General aviation			405	431	405	431
Offstreet parking			128	162	128	162
Subtotal - Business-Type	-	-	109,310	111,791	109,310	111,791
Total expenses	326,632	331,040	109,310	111,791	435,942	442,831
Change in net assets before transfers & other items	(39,858)	(26,250)	2,267	(3,174)	(37,591)	(29,424)
Transfers	34	840	(34)	(840)	-	-
Extraordinary gain on dissolution of Redevelopment Agency	4,665				4,665	
Change in net position	(35,159)	(25,410)	2,233	(4,014)	(32,926)	(29,424)
Net Position - Beginning of Year (as restated)	1,483,421	1,448,262	771,620	773,853	2,255,041	2,222,115
Net Position - End of Year	<u>\$1,448,262</u>	<u>\$1,422,852</u>	<u>\$ 773,853</u>	<u>\$ 769,839</u>	<u>\$2,222,115</u>	<u>\$2,192,691</u>

**Governmental Activities** – Governmental activities decreased the City's net position by \$25.4 million during the year. In the table below, the difference between the program revenue and expense bars by activity illustrates the amount each respective activity is supported by program revenues. Public Safety and Public Works service delivery costs exceeded program revenues by \$98.5 million and \$67.8 million, respectively. Public Safety programs rely heavily on taxes to support their operations.



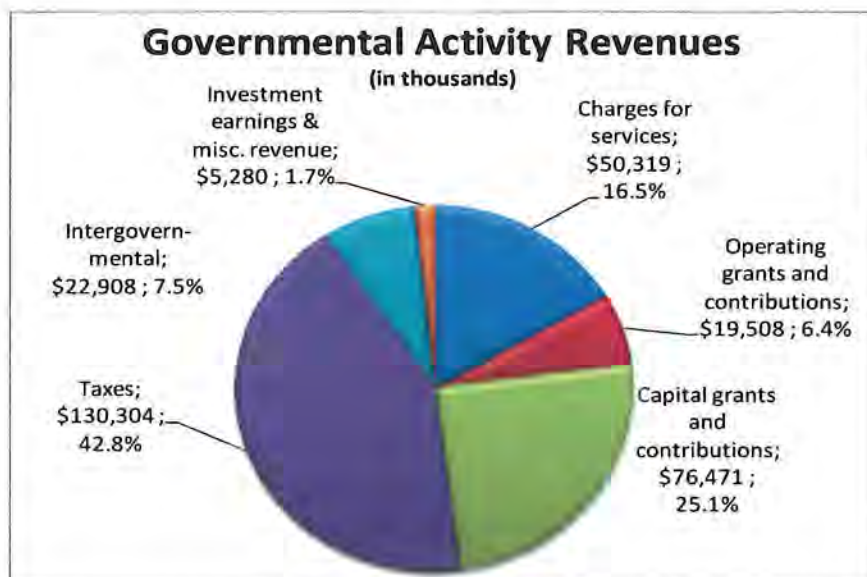
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## **CITY OF BAKERSFIELD**

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

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Total expenses in Governmental Activities had a net increase of \$4.4 million from the previous fiscal year for a modest overall 1.4% increase. The largest increase of \$20.2 million was in Public Works which is due to continued major road and bridge construction projects, including the Westside Parkway and Thomas Road Improvement Program projects. Public Safety – Police increased by \$3.72 million due to continued restoration of eliminated positions in previous years. The largest decrease, \$22.9 million, was in Community Development. In the previous fiscal year \$24.3 million of debt was transferred from the recently dissolved Bakersfield Redevelopment Agency to Community Development. No further debt was transferred, resulting in the current year decrease.



The taxes category is the largest revenue source for governmental activities, amounting to \$130.3 million or 42.8% of total revenues. Capital grants and contributions is also a significant revenue source for the City's governmental activities, amounting to \$76.5 million or 25.1% of total revenues. Next in line is charges for services, amounting to \$50.3 million or 16.5% of total revenues.

Governmental Activities Revenue increased \$18.0 million, a 6.3% increase compared to the previous fiscal year. This difference is due to a 1.2%, or \$1.9 million increase in General Revenues and a 12.3%, or \$16.1 million, increase in Program Revenues. Sales tax revenues increased modestly by 4.1%, or \$2.8 million, while property taxes fell slightly by 2.9%, or \$1.8 million. This decrease in property tax revenue is the result of two separate County of Kern (the County) actions which adversely affected the total property tax receipts. The first item is an annexation adjustment in the County's favor of \$1.3 million. The City is disputing the validity of this adjustment. The second item is a correction of prior tax distributions related to disaster relief funds of \$2.2 million. Had these two adjustments not been made by the County, our City property tax revenues would have reported growth of about \$1.7 million, or 4.4 %. Charges for Services and Capital Grants and Contributions both increased by 20.9%, or \$8.7 million and 11.8%, or \$8.1 million, respectively. The increase in Charges for Services is due primarily to an increase in developmental activity within Public Works and Community Development. The increase in Capital Grants and Contributions is due to the final construction phase of the Westside Freeway project.



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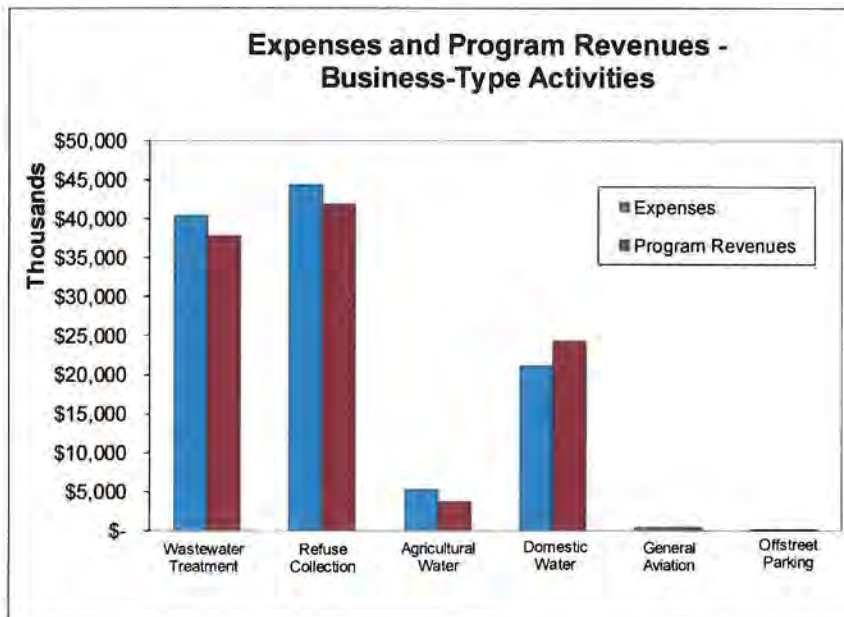
## **CITY OF BAKERSFIELD**

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



Business-type activities decreased the City's net position by \$4.0 million. The bar chart above compares total program revenues and expenses. Program revenues exceeded program expenses in Domestic Water. This increase was offset by program expenses exceeding program revenues in Wastewater Treatment by \$2.7 million, Refuse Collection by \$2.6 million and Agricultural Water by \$1.6 million. Total expense increased by \$2.5 million, 2.3%, over the prior year with the Refuse Collection Fund showing the largest increase of \$5.0 million offset by decreases in Wastewater Treatment and Domestic Water of \$1.1 million and \$1.0 million, respectively. The increase in Refuse is due primarily to the City's new blue cart recycling program startup costs which was implemented without a fee increase.

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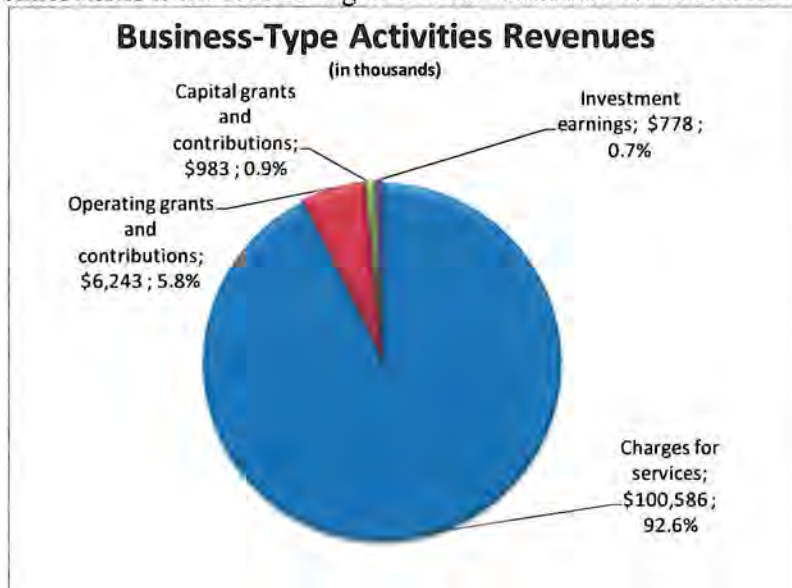
## CITY OF BAKERSFIELD

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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 92.6% of total revenues. Operating grants and contributions is the second largest revenue source at 5.7% of total revenues.



Business-Type Activity revenue decreased by \$3.0 million, 2.7%, over the prior year with Wastewater Treatment showing a decrease of \$1.1 million and investment earnings for all enterprise funds decreasing by the same amount. The decrease in Wastewater Treatment is primarily due to \$2.6 million less in capital contributions combined with \$1.5 million increased revenue from Operating Grants and Contributions. Less capital activity than compared to the previous year also attributed to the decrease in revenue.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of the end of the current fiscal year, the City of Bakersfield's Governmental Funds reported combined ending fund balances of \$150,792,461, an increase of \$4,105,229 in comparison with the prior year. The components of total fund balance are as follows (for more information see Note 14 – Fund Balances):

- **Nonspendable fund balance**, \$3,372,390, are amounts that are not spendable in form, or are legally or contractually required to be maintained intact, and are made up of prepaid expenses and deposits of \$3,372,390.
- **Restricted fund balance**, \$16,246,571, consists of amounts with externally composed constraints put on their use by creditors, grantors, contributions, laws, regulations or enabling legislation. Examples of restrictions on funds are those for (1) \$5.7 million for the purpose of the fund (i.e., Gas Tax and Road projects), (2) \$6.4 million for proceeds from Special Assessments bonds for capital improvements, (3)

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## **CITY OF BAKERSFIELD**

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

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\$2.8 million from Redevelopment Successor Agency Housing Funds for projects and (4) \$1.0 million for traffic safety projects.

- **Committed fund balance**, \$96,772,454, 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 \$41.4 million and \$24.4 million for appropriations for next year's budget.
- **Assigned fund balance**, \$23,535,067 for funds set aside by management for specific purposes. Amounts include \$14.0 million set aside for capital projects and \$1.9 million for the fund purposes related to transient occupancy fees.
- **Unassigned fund balance**, \$10,865,979, represents the residual classification for the City's General Fund.

**General Fund:** The General Fund is the chief operating fund of the City of Bakersfield. At the end of the current fiscal year, the General Fund's total fund balance increased by 11.7%, or \$6.5 million from \$55.4 million to \$61.9 million. Major factors for this overall increase:

- Total operating revenues increased by \$9.4 million (a 5.5% increase), the majority of which was due to the collection of deferred revenue from the State on Proposition 1A borrowing. Sales tax revenue increased by \$2.8 million due to improvement in the local economy with more purchasing activity than last year. Charges for Service increased by \$1.1 million (a 6.7% increase), due primarily to increases in development activity from prior years. Plan check fees increased by almost \$400,000 while Public Works revenue for reviews of improvement plans and inspections increased by over \$300,000.
- Total operating expenditures increased by \$4.1 million (a 2.5% increase). Public Safety expenditures increased by \$4.2 million due to salary and benefit increases (primarily CalPERS costs). Public works expenditures increased by \$2.2 million, the majority of which was due to a division transfer from Gas Tax Funding to the General Fund. Recreation and Parks also had an increase of \$1.3 million mostly due to an increase of operations costs as it relates to the various maintenance districts across the City as needs and areas increase. Non-departmental expenditures decreased by \$5.8 million due to the reduction in Other Post-Employment Benefits (OPEB) contribution. The City contributed extra funds to make up for shortages in past years, with only the required annual contribution paid this year. The remainder of this increase is due to a very modest cost of living increase to certain employee groups and also restoration of key positions that were eliminated over the last few fiscal years.

**Other governmental funds:** As compared with the prior year, the total fund balances of the remaining governmental funds decreased by 2.6%, or \$2.4 million, to \$88.9 million with the following significant changes:

- The Transient Occupancy Tax Fund balance decreased by \$3.0 million from \$4.9 million to \$1.9 million. The decrease is due to increased investment in 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, Bright House Amphitheater and the Convention and Visitor Bureau.
- The Community Development Block Grant Fund increased by \$116,332 from \$245,352 to \$361,684. Amounts contained in this fund are restricted per the Federal Housing and Community Development Act of 1974.

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- The Gas Tax and Road Fund decreased by \$4.6 million from \$10.3 million to \$5.7 million. The decrease is primarily due to completion of various budgeted capital projects. Amounts in this fund are restricted by state and federal statute.
- The Capital Outlay Fund increased by \$7.2 million from \$16.9 million to \$24.1 million. Of this amount, \$5.8 million is committed for contractual obligations and \$4.4 million is assigned for facility replacement. The remaining amount of \$14.0 million is assigned and available for use at management's discretion. The increase is the result of funding projects that will not be completed in the current fiscal year.
- The Park Improvement Fund decreased by \$1.8 million from \$6.9 million to \$5.1 million. Of this amount, \$5.1 million is committed for contractual obligations. This decrease is the result of improvements to various parks within the City.
- The Transportation Development Fund increased by \$2.1 million from \$39.3 million to \$41.4 million. Of this amount, \$41.4 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 decreased by \$2.5 million from \$12.7 million to \$10.2 million. The significant changes occurred in the following funds:
  - Special Assessments Districts Fund decreased \$362,918. This is generally due to decreased development activity. There is a small amount of assessment district capital improvement funds remaining.
  - Redevelopment Successor Agency – Housing Successor Funds were established in February 2012 as a result of the dissolution of the Bakersfield Redevelopment Agency per the State of California. With only five months of information from the 2011-12 fiscal year, comparative information is not available.

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

The Wastewater Treatment Fund has total net position of \$498.8 million at the end of the current year, a decrease of \$1.9 million over the prior year. Total net position includes \$433.0 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 \$45.5 million is unrestricted and available to cover current operating and capital needs (including plant and equipment replacement) of the fund. Activities in this fund were consistent with activity in the previous year with the exception of a \$2.6 million decrease in capital contributions.

The Refuse Collection Fund has total net position of \$20.1 million at the end of the current year, a decrease of \$3.6 million from the prior year. Net position within the fund of \$20.1 million is unrestricted and available to cover current operating and capital needs of the fund. The majority of the decrease is due to the City implementing a universal recycling program. Other factors that contributed to the decrease included an increase to the commercial land fill gate fee.

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The Agricultural Water Fund has total net position of \$26.5 million at the end of the current year, a decrease of \$1.7 million over the prior year. Total net position includes \$20.0 million invested in capital assets, which is not available to cover current expenses. The remaining net position of \$6.5 million is unrestricted and available to cover current operating and capital needs of the fund. The decrease is primarily due to increased operating expenses because of concurrent dry years.

The Domestic Water Fund has total net position of \$208.2 million at the end of the current year, an increase of \$3.0 million over the prior year. Total net position includes \$173.5 million invested in capital assets, which is not available to cover current expenses. The remaining net position of \$34.7 million is unrestricted and available to cover current operating and capital needs of the fund.

The General Aviation Fund has total net position of \$10.4 million at the end of the current year, a decrease of \$105,000 compared to the prior year. Total net position includes \$9.9 million invested in capital assets, which are 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 \$5.9 million at the end of the current year, a decrease of \$85,000 compared to the prior year. Total net position includes \$5.8 million in capital assets, which is not available to cover current expenses.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** - The City of Bakersfield's investment in capital assets for its governmental and business-type activities as of June 30 of the current fiscal year amounts to \$2.1 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, bridges and construction in progress. The total decrease in the City of Bakersfield's investment in capital assets for the current fiscal year was \$45.7 million. Of this amount \$28.0 million relates to Governmental Activities and the remaining \$17.7 million relates to Business-Type Activities. Depreciation expense of \$86.2 million exceeded additions to capital assets by this amount.

These financial statements include infrastructure assets constructed or acquired through fiscal year 2012-13.

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 \$27.1 million. This figure includes over \$23.0 million towards major street construction, traffic signal, and resurfacing projects throughout the City.
- The City added over \$1.3 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.



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**City of Bakersfield – Capital Assets**

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Land and water storage rights	\$ 421,328	\$ 419,169	\$ 25,614	\$ 25,704	\$ 446,942	\$ 444,873
Land held for resale	2,429	3,401			2,429	3,401
Depreciable buildings, property, equipment and infrastructure, net	842,461	811,248	815,541	805,414	1,658,002	1,616,662
Construction in progress	22,722	27,113	23,246	15,614	45,968	42,727
Non-amortizable intangible assets			31,477	31,477	31,477	31,477
Total Capital Assets	<u>\$ 1,288,940</u>	<u>\$ 1,260,931</u>	<u>\$ 895,878</u>	<u>\$ 878,209</u>	<u>\$ 2,184,818</u>	<u>\$ 2,139,140</u>

- **Long-Term Debt** - At the end of the current fiscal year, the City of Bakersfield had a total debt outstanding of \$242.0 million. The City's total debt decreased by a net amount of \$11.3 million during the current fiscal year which is the result of normal debt maturities. The City did not incur any new debt this fiscal year.

**City of Bakersfield – Outstanding Debt**

	Balance	Incurred	Satisfied	Balance
	July 1, 2012	or Issued	or Matured	June 30, 2013
<b>Governmental Activities</b>				
Loans payable	\$ 4,801,000	\$ -	\$ 378,000	\$ 4,423,000
Certificates of Participation*	24,710,000		1,985,000	22,725,000
Total governmental activities	\$ 29,511,000	\$ -	\$ 2,363,000	\$ 27,148,000
<b>Business-Type Activities</b>				
Revenue Bonds Payable	\$ 217,003,381	\$ -	\$ 8,176,063	\$ 208,827,318
Loans Payable	6,769,136		752,127	6,017,009
Total business-type activities	\$ 223,772,517	\$ -	\$ 8,928,190	\$ 214,844,327
Total Debt	\$ 253,283,517	\$ -	\$ 11,291,190	\$ 241,992,327

\* Certificates of Participation in governmental activities is debt that was formerly reported as debt of the dissolved Bakersfield Redevelopment Agency.



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**Management's Discussion and Analysis**

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Certificates of Participation issued by the City in 2006 carry a Reserve Fund Surety from Ambac Assurance Company (Ambac). Ambac filed for a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. Moody's Investor's Service (Moody's) rating on Ambac is currently "Caa2". The current underlying rating on the Certificates of Participation has not been revised (currently "A2"). 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 "Aaa" to "Aa3" and an underlying "A1" rating.

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

More detailed information regarding capital asset and long-term debt activity can be found in the related notes to the financial statements. See Note 5 page 64 for capital assets and Note 11 page 71 for long-term debt.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget reflect an increase in resources of \$4.9 million and an increase in appropriations of \$4.9 million. Significant budgetary amendments (changes) are summarized as follows:

- \$1.6 million increase in resources from Other Revenue due to a refund of accumulated premium surplus funds from Anthem Blue Cross.
- \$687,510 increase in various resources and appropriations due to revenues associated with open purchase orders at the end of the previous fiscal year. Also, \$1,097,445 increases in various resources due to revenues associated with prior year appropriations not spent and carried forward to this fiscal year.
- \$673,751 increase in resources and appropriations for grant related projects in the Police Department. This amount includes Federal Grant monies to provide training and equipment to develop a Citizen's Patrol Academy, to fund the Kern Avoid the 18 DUI campaign, fund overtime for the minor decoy, shoulder tap operations and provide ABC training and provide first year funding for the COPS Hiring program.

The final amended revenue estimate budget figures in the General Fund were lower than actual revenue by \$19.1 million and appropriations were higher than actual expenditures by \$12.8 million. Significant differences between budget and actual amounts are as follows:

- Tax revenues outperformed revenue estimates by \$15.3 million, primarily due to property tax and sales and use tax, \$6.6 million and \$7.8 million, respectively. The City continues to have some uncertainty as to the level of revenues from sales and property taxes as we recover from the economic downturn. The

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**CITY OF BAKERSFIELD****Management's Discussion and Analysis**

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estimates made from this revenue source were conservative in nature while the actual revenue received was significantly better than expected.

- Licenses and permit revenues had a positive \$687,395 variance from revenue estimates due to increased building activity.
- Intergovernmental revenues were \$2.1 million less than estimated 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.
- Charges for services revenues exceeded budgeted estimates by \$1.6 million due primarily to a gradual increase in development activity in Building and Public Works Departments which lead to an increase in permits and improvement projects which resulted in more revenue than anticipated. Another factor that contributed to a positive variance in charges for services is due primarily to more conservative estimates by all departments as to the use of the City's various services. Specifically, there was an increase in demand for recreation programs and park facilities rentals.
- Salary and benefit cost savings of \$4.7 million resulted primarily from unfilled positions across all functions. Plus, within the Police Department some grant funded projects were budgeted but not started.
- The variance between final budget and actual expenditures in non-departmental charges resulted in \$7.3 million of unspent appropriations. Of this amount \$2.7 million was set aside for anticipated increases in retirement contributions as a contingency. This was a reservation of funds to address multi-year anticipated rate increases and the actual increases will be blended into departmental operating budgets over the next few years. Another \$2.1 million was set aside for potential settlement of a labor dispute with the Bakersfield Police Officers Association.

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

The following factors were considered in preparing the City's operating budget for the fiscal year 2013-14:

1. Property tax revenues are projected to increase 1% compared to last year as projected by Kern County.
2. Sales and use tax revenue estimates are projected to grow 2.5% compared to last year's revised revenue estimates.
3. License and Permit revenues are expected to increase by 3.1% compared to current year revised estimates due to the slight improvement in the local construction activity.
4. Transient Occupancy Tax revenues are expected to increase by about 2.5% compared to current year revised estimates as a result of a slight improvement in tourism and convention activity.

New items specifically addressed in the 2013-14 budget include the following:

**Police Department** – The Police Department's operating budget has increased from fiscal year 2012-13 by 7.2%, totaling \$76.8 million. This budget reflects the addition of fourteen positions, ten sworn and four civilian. The ten additional sworn positions will increase the police to citizen ratio to 1.1 per 1000 residents and also results in the Police Department's largest sworn complement in history.

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**CITY OF BAKERSFIELD**

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**Management's Discussion and Analysis**

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**Public Works** – The Public Works Department's operating budget has increased from fiscal year 2012-13 by 2.5%, totaling \$111.4 million. This operating budget continues to reflect the return to stabilizing the equipment replacement schedule, while still extending the life of vehicles and equipment, where possible. Also included is \$8.0 million for street resurfacing and reconstruction. This is the first year where Gas Tax Funds are fully devoted to capital improvements and all road maintenance is budgeted in the General Fund.

**Recreation and Parks** – The Recreation and Parks Department's operating budget has increased from fiscal year 2012-13 by 2.85%, totaling \$17.8 million. This budget reflects additional funds for reoccurring block wall maintenance and a slight increase in the Parks Division water budget in anticipation of a new City Park Splash Pad.

**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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**CITY OF BAKERSFIELD****Statement of Net Position****June 30, 2013**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 159,200,584	\$ 139,507,746	\$ 298,708,330
Accounts receivable, net	26,159,357	5,162,607	31,321,964
Interest receivable	256,020	241,939	497,959
Due from other governmental agencies	67,040,787	1,061,980	68,102,767
Internal balances	(73,838)	73,838	-
Prepayments and inventories	4,438,823		4,438,823
Total current assets	257,021,733	146,048,110	403,069,843
Noncurrent assets:			
Capital assets:			
Land	419,169,195	25,703,728	444,872,923
Land held for resale	3,401,202		3,401,202
Depreciable buildings, property, equipment and infrastructure, net	811,247,826	805,414,147	1,616,661,973
Construction in progress	27,112,583	15,614,351	42,726,934
Non-amortizable intangible assets		31,476,906	31,476,906
Notes/loans receivable	12,020,637	1,501,331	13,521,968
Total noncurrent assets	1,272,951,443	879,710,463	2,152,661,906
Total assets	1,529,973,176	1,025,758,573	2,555,731,749
<b>Deferred Outflows of Resources:</b>			
Total deferred outflows of resources	-	-	-
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	28,815,011	9,583,203	38,398,214
Customers' deposits		6,278,263	6,278,263
Advances from grantors and third parties	7,351,165	1,549,611	8,900,776
Total current liabilities	36,166,176	17,411,077	53,577,253
Noncurrent liabilities:			
Due within one year:			
Long-term debt	2,474,000	4,012,126	6,486,126
Capital leases		509,258	509,258
Kern River Levee District		171,742	171,742
Deferred bond premium		331,063	331,063
Claims and judgments payable	8,468,384		8,468,384
Compensated absences payable	7,941,917	1,748,210	9,690,127
Due in more than one year:			
Long-term debt	24,674,000	203,879,883	228,553,883
Deferred bond premium		6,621,255	6,621,255
Capital leases		20,664,937	20,664,937
Claims and judgments payable	22,617,000		22,617,000
Net post-employment benefit obligation (asset)	(1,770,296)		(1,770,296)
Compensated absences payable	6,550,379	569,865	7,120,244
Total noncurrent liabilities	70,955,384	238,508,339	309,463,723
Total liabilities	107,121,560	255,919,416	363,040,976
<b>Deferred Inflows of Resources:</b>			
Total deferred inflows of resources	-	-	-
<b>Net Position:</b>			
Net investment in capital assets	1,233,782,806	642,190,610	1,875,973,416
Restricted:			
Capital improvements	16,246,571		16,246,571
Sanitation districts		20,216,599	20,216,599
Unrestricted	172,822,239	107,431,948	280,254,187
Total net position	\$ 1,422,851,616	\$ 769,839,157	\$ 2,192,690,773

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





# **CITY OF BAKERSFIELD**

## **Statement of Activities For the Fiscal Year Ended June 30, 2013**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental activities:</b>				
General government	\$ 12,919,972	\$ 4,969,767	\$ 449,297	\$ -
Public safety - Police	76,310,840	2,110,160	3,931,829	
Public safety - Fire	35,105,188	5,361,766	1,150,801	369,568
Public works	162,423,856	19,404,900	2,228,664	72,983,173
Recreation & parks	32,619,041	14,324,137	47,878	2,148,234
Community development	11,192,757	4,147,598	11,699,594	970,230
Interest on long-term debt	467,848			
<b>Total governmental activities</b>	<b>331,039,502</b>	<b>50,318,328</b>	<b>19,508,063</b>	<b>76,471,205</b>
<b>Business-type activities:</b>				
Wastewater treatment	40,456,986	30,825,384	6,243,441	691,585
Refuse collection	44,364,406	41,812,177		
Agricultural water	5,245,266	3,645,065		5,118
Domestic water	21,131,546	23,944,333		264,500
General aviation	430,697	304,357		21,374
Offstreet parking	162,094	54,420		
<b>Total business-type activities</b>	<b>111,790,995</b>	<b>100,585,736</b>	<b>6,243,441</b>	<b>982,577</b>
<b>Total primary government</b>	<b>\$ 442,830,497</b>	<b>\$ 150,904,064</b>	<b>\$ 25,751,504</b>	<b>\$ 77,453,782</b>

### **General Revenues:**

#### **Taxes:**

Property taxes  
Sales and use tax  
Other taxes

Intergovernmental, unrestricted

Unrestricted grants and contributions

Investment earnings

Miscellaneous

Gain on sale of property

### **Transfers**

#### **Total general revenues and transfers**

#### **Change in net 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 Changes in Net Position			
Total	Governmental Activities	Business-Type Activities	Total
\$ 5,419,064	\$ (7,500,908)	\$ -	\$ (7,500,908)
6,041,989	(70,268,851)		(70,268,851)
6,882,135	(28,223,053)		(28,223,053)
94,616,737	(67,807,119)		(67,807,119)
16,520,249	(16,098,792)		(16,098,792)
16,817,422	5,624,665		5,624,665
	(467,848)		(467,848)
146,297,596	(184,741,906)	-	(184,741,906)
37,760,410		(2,696,576)	(2,696,576)
41,812,177		(2,552,229)	(2,552,229)
3,650,183		(1,595,083)	(1,595,083)
24,208,833		3,077,287	3,077,287
325,731		(104,966)	(104,966)
54,420		(107,674)	(107,674)
107,811,754	-	(3,979,241)	(3,979,241)
\$ 254,109,350	(184,741,906)	(3,979,241)	(188,721,147)
	58,958,525		58,958,525
	70,418,028		70,418,028
	926,701		926,701
	181,713		181,713
	22,725,966		22,725,966
	(99,546)	778,444	678,898
	5,187,294		5,187,294
	192,354	26,866	219,220
	840,000	(840,000)	-
	159,331,035	(34,690)	159,296,345
	(25,410,871)	(4,013,931)	(29,424,802)
	1,448,262,487	773,853,088	2,222,115,575
\$ 1,422,851,616	\$ 769,839,157	\$ 2,192,690,773	



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## ***Governmental Fund Financial Statements***

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**CITY OF BAKERSFIELD****Balance Sheet****Governmental Funds****June 30, 2013**

	General Fund	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road Fund
<b>Assets:</b>				
Cash and investments	\$ 22,980,325	\$ 1,334,703	\$ 69,201	\$ -
Accounts receivable, net	1,310,190	1,057,793	13,633,873	22,477
Interest receivable	69,853	10,036		12,923
Due from other governmental agencies	19,982,286		321,728	45,585,678
Due from other funds	29,495,648			
Notes/Loans receivable			2,921,638	
Prepaid items	3,371,390			
Total assets	<u>\$ 77,209,692</u>	<u>\$ 2,402,532</u>	<u>\$ 16,946,440</u>	<u>\$ 45,621,078</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 6,528,229	\$ 260,196	\$ 74,040	\$ 10,555,338
Due to other governmental agencies	3,096,772			
Due to other funds				29,237,984
Advances from grantors and third parties	1,188,717			140,300
Total liabilities	<u>10,813,718</u>	<u>260,196</u>	<u>74,040</u>	<u>39,933,622</u>
<b>Deferred Inflows of Resources:</b>				
Deferred revenue	<u>4,490,080</u>	<u>188,932</u>	<u>16,510,716</u>	<u>22,031</u>
<b>Fund Balances:</b>				
Nonspendable	3,372,390			
Restricted			361,684	5,665,425
Committed	39,972,694	87,386		
Assigned	7,694,831	1,866,018		
Unassigned	10,865,979			
Total fund balances	<u>61,905,894</u>	<u>1,953,404</u>	<u>361,684</u>	<u>5,665,425</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 77,209,692</u>	<u>\$ 2,402,532</u>	<u>\$ 16,946,440</u>	<u>\$ 45,621,078</u>

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



Capital Outlay	Park Improvement	Transportation Development	Other Governmental Funds	Total Governmental Funds
\$ 25,562,139	\$ 6,001,058	\$ 44,894,151	\$ 10,446,618	\$ 111,288,195
25,729	12,400	30,333	10,004,315	26,028,648
521,106			10,175	171,449
			537,490	66,948,288
			5,873,919	29,495,648
				8,795,557
				3,371,390
<u>\$ 26,108,974</u>	<u>\$ 6,013,458</u>	<u>\$ 44,924,484</u>	<u>\$ 26,872,517</u>	<u>\$ 246,099,175</u>
\$ 1,876,463	\$ 900,816	\$ 3,482,378	\$ 407,839	\$ 24,085,299
			27,405	3,124,177
			257,664	29,495,648
			6,022,148	7,351,165
<u>1,876,463</u>	<u>900,816</u>	<u>3,482,378</u>	<u>6,715,056</u>	<u>64,056,289</u>
100,667	-	-	9,937,999	31,250,425
				3,372,390
10,157,626	5,112,642	41,442,106	10,219,462	16,246,571
13,974,218				96,772,454
				23,535,067
				10,865,979
<u>24,131,844</u>	<u>5,112,642</u>	<u>41,442,106</u>	<u>10,219,462</u>	<u>150,792,461</u>
<u>\$ 26,108,974</u>	<u>\$ 6,013,458</u>	<u>\$ 44,924,484</u>	<u>\$ 26,872,517</u>	<u>\$ 246,099,175</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, 2013**

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**Total Fund Balances - Total Governmental Funds** \$ 150,792,461

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	2,090,905,885	
Ending accumulated depreciation	<u>(829,975,079)</u>	1,260,930,806

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. (348,805)

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds and recognized as revenue in the Statement of Activities. 31,250,425

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Government-Wide Statement of Net Position. 19,316,170

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	(27,148,000)	
Compensated Absences payable	(13,711,737)	
Postretirement employee benefit asset	<u>1,770,296</u>	<u>(39,089,441)</u>

**Net Position of Governmental Activities** \$ 1,422,851,616

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, 2013**

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	General Fund	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road Fund
<b>Revenues:</b>				
Taxes	\$ 151,148,456	\$ 8,274,240	\$ -	\$ -
Licenses and permits	2,559,995			
Intergovernmental	2,633,130		2,689,682	72,289,854
Charges for services	17,937,289	6,592,995	99,519	
Fines, forfeitures and assessments	803,161			33,902
Interest income	(67,082)	18,876	3,027	(8,843)
Loan payments			237,037	
Contributions and donations	259,368	1,200,000		
Other	5,277,792	7,409	47,691	14,201
Total revenues	180,552,109	16,093,520	3,076,956	72,329,114
<b>Expenditures:</b>				
Current:				
General government	10,842,217			
Police	70,042,221			
Fire	31,734,779			
Public works	20,660,575			3,199,308
Recreation and parks	17,552,970	7,697,908		
Community development	6,461,983		1,359,369	
Non departmental	9,792,111	3,139,575		
Capital outlay			1,014,831	73,524,316
Debt service:				
Principal retirement				
Interest and fiscal charges				
Total expenditures	167,086,856	10,837,483	2,374,200	76,723,624
Excess (deficiency) of revenues over (under) expenditures	13,465,253	5,256,037	702,756	(4,394,510)
<b>Other financing sources (uses):</b>				
Transfers in	1,470,000			
Transfers out	(8,439,000)	(8,212,886)	(586,424)	(205,600)
Total other financing sources (uses)	(6,969,000)	(8,212,886)	(586,424)	(205,600)
Net change in fund balances	6,496,253	(2,956,849)	116,332	(4,600,110)
Fund balances - beginning as restated	55,409,641	4,910,253	245,352	10,265,535
Fund balances - ending	\$ 61,905,894	\$ 1,953,404	\$ 361,684	\$ 5,665,425

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

Capital Outlay	Park Improvement	Transportation Development	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 107,418	\$ 159,530,114
			197,312	2,757,307
2,308,402			5,777,186	85,698,254
144,350		362,781	1,100,344	26,237,278
	2,122,923	16,783,185	954,695	20,697,866
(140,821)	(24,453)	(54,238)	10,150	(263,384)
				237,037
83,673				1,543,041
1,201,523		1,560,000	34,819	8,143,435
3,597,127	2,098,470	18,651,728	8,181,924	304,580,948
		344,057		11,186,274
			2,703,609	72,745,830
			1,793,581	33,528,360
		1,230,380	184,366	25,274,629
			26,781	25,277,659
			4,173,252	11,994,604
29,922	377,121			13,338,729
12,272,636	3,544,362	14,977,919	474,546	105,808,610
			378,000	378,000
			208,424	208,424
12,302,558	3,921,483	16,552,356	9,942,559	299,741,119
(8,705,431)	(1,823,013)	2,099,372	(1,760,635)	4,839,829
16,107,886			586,424	18,164,310
(155,000)			(1,300,000)	(18,898,910)
15,952,886	-	-	(713,576)	(734,600)
7,247,455	(1,823,013)	2,099,372	(2,474,211)	4,105,229
16,884,389	6,935,655	39,342,734	12,693,673	146,687,232
\$ 24,131,844	\$ 5,112,642	\$ 41,442,106	\$ 10,219,462	\$ 150,792,461



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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, 2013**

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**Net Change in Fund Balances - Total Governmental Funds** **\$ 4,105,229**

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.	22,274,445	
Depreciation expense is deducted from fund balance (net of Internal Service Fund depreciation of \$4,689,901 which has already been allocated to serviced funds).	(58,324,302)	
Contributions of infrastructure and improvements by Developers are capitalized in the Statement of Activities, but are not recorded in the Fund Statements because no cash changed hands.	<u>1,367,290</u>	(34,682,567)

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

Net change in long-term compensated absences	(641,331)	
Interest expense on long-term debt	(259,424)	
Other post-employment benefits	<u>2,457,035</u>	1,556,280

Bond & loan proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Position. 2,363,000

Earned deferred revenue and other resources not available to liquidate liabilities of the current period are not recognized in Governmental Funds. Revenue in the Statement of Activities is not limited by availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year. This adjustment records a net decrease in revenues - unavailable revenues at the beginning of the year exceed ending unavailable revenues by this amount. 422,772

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. 824,415

**Change in Net Position of Governmental Activities** **\$ (25,410,871)**

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 the County. This fund also accounts for the activities related to the debt issuance which provided for the Wastewater Treatment Facilities.

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

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

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

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

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

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

**CITY OF BAKERSFIELD****Statement of Net Position****Proprietary Funds****June 30, 2013**

	Wastewater Treatment	Refuse Collection	Agricultural Water
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 73,243,181	\$ 22,554,409	\$ 5,610,346
Accounts receivable, net	826,198	889,524	1,511,851
Interest receivable	123,280	41,345	12,119
Due from other governmental agencies	87,809	966,923	232
Prepayments and inventories			
Total current assets	74,280,468	24,452,201	7,134,548
Noncurrent assets:			
Capital assets:			
Land	10,238,095		2,467,016
Depreciable buildings, property, equipment and infrastructure, net	623,380,874		9,541,551
Construction in progress	14,288,083		
Non-amortizable intangible assets			8,032,678
Notes/loans receivable			
Other long-term receivable	1,218,305		41,813
Total noncurrent assets	649,125,357	-	20,083,058
Total assets	723,405,825	24,452,201	27,217,606
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	4,628,640	2,797,643	240,718
Claims payable			
Workers' compensation claims			
Compensated absences payable	392,673	836,346	289,175
Deferred bond premium	331,063		
Long-term debt - due within one year	4,012,126		
Capital leases payable - due within one year			
Total current liabilities	9,364,502	3,633,989	529,893
Noncurrent liabilities:			
Long-term debt - due in more than one year	203,879,883		
Capital leases payable - due in more than one year			
Kern River Levee District/Buena Vista			171,742
Customers' deposits	3,307,170	334,519	
Workers' compensation claims			
Compensated absences payable	222,978	309,249	22,564
Deferred bond premium	6,621,255		
Advances from grantors and third parties	1,218,305	90,093	
Total noncurrent liabilities	215,249,591	733,861	194,306
Total liabilities	224,614,093	4,367,850	724,199
<b>Net position:</b>			
Net investment in capital assets	433,062,725		20,041,245
Restricted for:			
Capital improvements	20,216,599		
Sanitation districts			
Unrestricted	45,512,408	20,084,351	6,452,162
Total net position	\$ 498,791,732	\$ 20,084,351	\$ 26,493,407

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

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

Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
\$ 37,475,629	\$ 578,724	\$ 45,457	\$ 139,507,746	\$ 47,912,389
1,917,464	14,485	3,085	5,162,607	130,709
64,106	1,015	74	241,939	84,571
	7,016		1,061,980	92,499
			-	1,067,433
39,457,199	601,240	48,616	145,974,272	49,287,601
547,102	7,464,254	4,987,261	25,703,728	
169,341,196	2,333,222	817,304	805,414,147	29,444,806
1,304,455	21,813		15,614,351	
23,444,228			31,476,906	
			-	3,225,080
241,213			1,501,331	
194,878,194	9,819,289	5,804,565	879,710,463	32,669,886
234,335,393	10,420,529	5,853,181	1,025,684,735	81,957,487
1,899,090	14,741	2,371	9,583,203	1,256,730
			-	3,970,384
211,435	18,581		-	4,498,000
			1,748,210	594,507
			331,063	
			4,012,126	
509,258			509,258	
2,619,783	33,322	2,371	16,183,860	10,319,621
20,664,937			203,879,883	
			20,664,937	
2,636,574			171,742	
15,074			6,278,263	
			-	22,617,000
			569,865	186,052
241,213			6,621,255	
23,557,798	-	-	1,549,611	
26,177,581	33,322	2,371	239,735,556	22,803,052
			255,919,416	33,122,673
173,462,786	9,819,289	5,804,565	642,190,610	29,444,806
			20,216,599	
			-	
34,695,026	567,918	46,245	107,358,110	19,390,008
\$ 208,157,812	\$ 10,387,207	\$ 5,850,810	769,765,319	\$ 48,834,814
			73,838	
			\$ 769,839,157	

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**CITY OF BAKERSFIELD**

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**Statement of Revenues, Expenses and Changes in Fund Net Position****Proprietary Funds****For the Fiscal Year Ended June 30, 2013**

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	Wastewater Treatment	Refuse Collection	Agricultural Water
<b>Operating revenues:</b>			
Intergovernmental	\$ -	\$ 197,412	\$ -
Charges for services	29,732,128	39,521,678	2,209,116
Cost recoveries	691,046	1,942,498	424,044
Rental income	376,939		25,655
Other sales or services	200	61,508	986,250
Miscellaneous	25,071	89,081	
	<hr/>	<hr/>	<hr/>
Total operating revenues	30,825,384	41,812,177	3,645,065
<b>Operating expenses:</b>			
General and administrative	13,123,433	39,145,958	4,543,876
Transmission and distribution	33,004	5,650,079	199,960
Workers' compensation payments			
Claims paid			
Depreciation and amortization	18,264,701		515,513
Compensated absences		56,754	13,994
	<hr/>	<hr/>	<hr/>
Total operating expenses	31,421,138	44,852,791	5,273,343
	<hr/>	<hr/>	<hr/>
Operating income (loss)	(595,754)	(3,040,614)	(1,628,278)
<b>Nonoperating revenues (expenses):</b>			
Interest income	832,766	98,881	(13,718)
Connection fees	6,243,441		
Interest expense	(9,007,669)		
Gain/loss on sale of real property		19,247	
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues (expenses)	(1,931,462)	118,128	(13,718)
	<hr/>	<hr/>	<hr/>
Income (loss) before transfers and capital contributions	(2,527,216)	(2,922,486)	(1,641,996)
Capital contributions	691,585		5,118
Transfers in			
Transfers out	(109,000)	(701,000)	(25,000)
	<hr/>	<hr/>	<hr/>
Change in net position	(1,944,631)	(3,623,486)	(1,661,878)
<b>Total Net Position - Beginning of Year</b>	<hr/> 500,736,363	<hr/> 23,707,837	<hr/> 28,155,285
<b>Total Net Position - End of Year</b>	<hr/> \$ 498,791,732	<hr/> \$ 20,084,351	<hr/> \$ 26,493,407

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

Change in net position of business-type activities

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

Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
\$ -	\$ 10,000	\$ -	\$ 207,412	\$ -
21,527,147	291,324	54,420	93,335,813	30,531,577
116,494	3,033		3,177,115	565,709
			402,594	
2,299,492			3,347,450	
1,200			115,352	506,120
<u>23,944,333</u>	<u>304,357</u>	<u>54,420</u>	<u>100,585,736</u>	<u>31,603,406</u>
15,421,148	216,236	83,115	72,533,766	25,609,674
536,562	36,326		6,455,931	
			-	2,264,893
			-	473,694
4,165,733	176,510	75,730	23,198,187	4,689,901
28,758			99,506	48,509
<u>20,152,201</u>	<u>429,072</u>	<u>158,845</u>	<u>102,287,390</u>	<u>33,086,671</u>
<u>3,792,132</u>	<u>(124,715)</u>	<u>(104,425)</u>	<u>(1,701,654)</u>	<u>(1,483,265)</u>
(137,475)	(1,832)	(178)	778,444	(172,398)
			6,243,441	
(982,448)			(9,990,117)	
7,619			26,866	387,491
<u>(1,112,304)</u>	<u>(1,832)</u>	<u>(178)</u>	<u>(2,941,366)</u>	<u>215,093</u>
2,679,828	(126,547)	(104,603)	(4,643,020)	(1,268,172)
264,500	21,374		982,577	1,004,499
		20,000	20,000	1,647,136
(25,000)			(860,000)	(72,536)
<u>2,919,328</u>	<u>(105,173)</u>	<u>(84,603)</u>	<u>(4,500,443)</u>	<u>1,310,927</u>
<u>205,238,484</u>	<u>10,492,380</u>	<u>5,935,413</u>		<u>47,523,887</u>
<u>\$ 208,157,812</u>	<u>\$ 10,387,207</u>	<u>\$ 5,850,810</u>		<u>\$ 48,834,814</u>
			<u>486,512</u>	
			<u>\$ (4,013,931)</u>	

**CITY OF BAKERSFIELD****Statement of Cash Flows****Proprietary Funds****For the Fiscal Year Ended June 30, 2013**

	Wastewater Treatment	Refuse Collection	Agricultural Water
<b>Cash flows from operating activities:</b>			
Cash received from:			
Customers, including cash deposits	\$ 31,391,295	\$ 42,323,669	\$ 3,467,601
Prior year reimbursements and cost recoveries	626,613		
Cash paid to:			
Suppliers	(7,311,393)	(34,350,509)	(2,924,998)
Employees	(5,328,071)	(10,209,132)	(1,836,827)
Cash deposits returned to customers			
Net cash provided (used) by operating activities	19,378,444	(2,235,972)	(1,294,224)
<b>Cash flows from noncapital financing activities:</b>			
Cash received from federal and state grants			
Interest and penalties received			
Cash transferred from other funds			
Cash transferred to other funds	(109,000)	(701,000)	(25,000)
County/developer project share			5,118
Connection fees	6,243,441		
Net cash provided (used) by noncapital financing activities	6,134,441	(701,000)	(19,882)
<b>Cash flows from capital and related financing activities:</b>			
Principal payments:			
Notes/Loans/Bonds	(8,597,126)		
Capital lease payments			
Capital contributions			
Interest paid	(9,338,732)		
Purchase of capital assets		19,247	
Proceeds from sale of capital assets			
Construction in progress	(3,750,881)		
Net cash provided (used) by capital and related financing activities	(21,686,739)	19,247	-
<b>Cash flows from investing activities:</b>			
Interest received	1,544,842	319,305	43,717
Net increase (decrease) in the fair value of investments	(698,998)	(218,760)	(54,967)
Net cash provided (used) by investing activities	845,844	100,545	(11,250)
Net increase (decrease) in cash and investments	4,671,990	(2,817,180)	(1,325,356)
Cash and investments - Beginning of year	68,571,191	25,371,589	6,935,702
Cash and investments - End of year	\$ 73,243,181	\$ 22,554,409	\$ 5,610,346

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



Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
\$ 24,005,106	\$ 284,905 3,033	\$ 65,218	\$ 101,537,794 629,646	\$ 30,909,981 557,868
(15,725,210) (837,619) (54,980)	(245,912)	(82,077)	(60,640,099) (18,211,649) (54,980)	(19,581,579) (6,866,619)
7,387,297	42,026	(16,859)	23,260,712	5,019,651
	21,374		21,374	
(25,000)		20,000	20,000 (860,000) 5,118 6,243,441	1,647,136 (72,536)
(25,000)	21,374	20,000	5,429,933	1,574,600
(490,747)			(8,597,126) (490,747)	
(982,448)	(7,247)		(10,321,180) (7,247) 26,866 (4,715,637)	(10,421,617) 451,031
7,619 (964,756)				
(2,430,332)	(7,247)	-	(24,105,071)	(9,970,586)
214,571 (355,653)	3,646 (5,509)	(431) 206	2,125,650 (1,333,681)	298,849 (460,226)
(141,082)	(1,863)	(225)	791,969	(161,377)
4,790,883	54,290	2,916	5,377,543	(3,537,712)
32,684,746	524,434	42,541	134,130,203	51,450,101
\$ 37,475,629	\$ 578,724	\$ 45,457	\$ 139,507,746	\$ 47,912,389

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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, 2013**

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	Wastewater Treatment	Refuse Collection	Agricultural Water
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (595,754)	\$ (3,040,614)	\$ (1,628,278)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	18,264,701		515,513
(Increase) decrease in accounts receivable	900,298	511,491	(215,699)
Decrease in inventories			
(Increase) decrease in prepaid items			
Increase (decrease) in accounts payable	508,873	221,416	2,440
Increase in workers' compensation claims	8,099		
Increase (decrease) in deferred revenue		49,901	
Increase (decrease) in customers' deposits	292,227		38,235
Increase (decrease) in compensated absences		21,834	(6,435)
Net cash provided (used) by operating activities	<u>\$ 19,378,444</u>	<u>\$ (2,235,972)</u>	<u>\$ (1,294,224)</u>

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

Contribution of equipment from other departments	
Contributions of infrastructure and improvements by Developers	691,585

The accompanying notes are an integral part of these financial statements

<u>Domestic Water</u>	<u>General Aviation</u>	<u>Offstreet Parking</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 3,792,132	\$ (124,715)	\$ (104,425)	\$ (1,701,654)	\$ (1,483,265)
4,165,733	176,510	75,730	23,198,187	4,689,901
(88,748)	(16,419)	10,797	1,101,720	(57,851)
			-	377,872
			-	(79,925)
(605,119)	6,616	1,039	135,265	(1,071,173)
			8,099	2,601,951
			49,901	
94,541			425,003	
28,758	34		44,191	42,141
<u>\$ 7,387,297</u>	<u>\$ 42,026</u>	<u>\$ (16,859)</u>	<u>\$ 23,260,712</u>	<u>\$ 5,019,651</u>

1,004,499

264,500

956,085



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

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

### **Private Purpose Trust Funds**

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

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

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

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

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

### **Agency Funds**

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

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

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**CITY OF BAKERSFIELD**

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**Statement of Fiduciary Net Position****Fiduciary Funds****June 30, 2013**

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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	\$ 15,630,313	\$ 46,760,720	\$ 26,640,824
Retirement system investments- Federal agency coupons		980,790	
Accounts receivable	29,000		
Interest receivable	26,761	3,455	27,371
Due from other governmental agencies	766,640		24,850
Total current assets	16,452,714	47,744,965	26,693,045
Noncurrent assets			
Land held for resale	60,895		
Total assets	16,513,609	47,744,965	26,693,045
<b>Liabilities:</b>			
Payables:			
Accounts	34,881		31,062
Due to other governments	365,506		
Advances from grantors and third parties	3,274,432		
Deposits			19,783,910
Accrued bond interest			1,375,423
Bonds	3,080,000		5,502,650
Notes	34,372,330		
Total liabilities	41,127,149	-	26,693,045
<b>Net Position:</b>			
Held in trust for:			
Individuals, organizations and other governments	(24,613,540)	47,744,965	
Pension benefits and other purposes			
	\$ (24,613,540)	\$ 47,744,965	\$ -

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, 2013**

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	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds
<b>Additions:</b>		
Contributions to pooled investments	\$	\$ 13,664,290
Developers fees	715,408	
Successor Agency property tax deposits	3,198,736	
Intergovernmental	839,009	
Charges for service/capital lease revenue	3,139,575	
Contribution from Successor Housing Agency	206,446	
Other Income	41,575	
Interest and investment income, net	79,638	1,984,992
Total additions	8,220,387	15,649,282
<b>Deductions:</b>		
Benefits		3,495,122
Purchase of uninhabited land	1,658,308	
Obligation Retirement	5,477,395	
Administrative expense		147,080
Total deductions	7,135,703	3,642,202
Change in net position	1,084,684	12,007,080
Net position - beginning of year as restated	(25,698,224)	35,737,885
Net position - end of year	\$ (24,613,540)	\$ 47,744,965

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





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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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

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

**A. Description of Reporting Entity**

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

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

**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 activity for services provided and used that is 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 and between the City and its discretely presented component unit. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

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

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## **CITY OF BAKERSFIELD**

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### Notes to the Basic Financial Statements

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

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

##### *Governmental Fund Financial Statements*

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

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

The City reports the following major governmental funds:

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

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

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 general revenues and grant/loan proceeds for recreational facilities. 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.

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## **CITY OF BAKERSFIELD**

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

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

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

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

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

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

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

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

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

**Offstreet Parking Fund** - The Offstreet Parking Fund is used to account for the operations of the parking garage at 18<sup>th</sup> 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 Basic Financial Statements**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 Assessment District Fund is used to account for the collection of liens for improvements benefiting private properties and payments to the holders of bonds issued pursuant to the Improvement Act of 1913 and the Improvement Bond Act of 1915. The City is in no way liable for the payment of bonded indebtedness, but the City serves as agent to collect the principal and interest installments from the owners of the benefited property. A trustee provides the periodic payment to the bondholders.

**C. Basis of Accounting**

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

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

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

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## **CITY OF BAKERSFIELD**

### Notes to the Basic Financial Statements

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

##### **Cash and Investments**

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

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

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

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

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

##### **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.

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## **CITY OF BAKERSFIELD**

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### Notes to the Basic Financial Statements

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

##### Receivables

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

##### Inventory and Prepaid Items

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

##### Capital Assets

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

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

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

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

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

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

##### Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Debt principal payments of both governmental and business-type activities are reported as decreases in the balance of the liability on the Statement

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**Net Position/Fund Balance**

The government-wide and business-type activities fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

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

As of June 30, 2013, net position is as follows:

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Net investment in capital assets	\$ 1,233,782,806	\$ 642,190,610	\$ 1,875,973,416
Restricted	16,246,571	20,216,599	36,463,170
Unrestricted	172,822,239	107,431,948	280,254,187
Total net position	<u>\$ 1,422,851,616</u>	<u>\$ 769,839,157</u>	<u>\$ 2,192,690,773</u>



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## **CITY OF BAKERSFIELD**

### Notes to the Basic Financial Statements

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

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

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

The City Council establishes, modifies or rescinds fund balance commitments through the adoption of the budget (and subsequent budget amendments) as well as by approval of contracts for services and supplies that require City Council authorization. Fund balance assignments are made by agreements entered into by department heads, and their designees, for specific purposes. Assignments are generally temporary; as such additional action is not usually needed for assignments to be removed. The City has not deemed it necessary to establish 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 Basic Financial Statements

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The property tax calendar for the City is as follows:

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

#### Cash Flow Statements

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

#### Use of Estimates

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

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

#### Budgets and Budgetary Accounting

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

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

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

Budgets are adopted for all governmental fund types and are prepared on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted, or as amended by the City Council. During the fiscal year ended June 30, 2013 the City Council approved \$39,548,436 of increases to the originally adopted budget, excluding carryovers of prior year encumbered balances and selected capital appropriations.

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Deficit Net Position**

The Self Insurance Internal Service Fund reported a deficit in net position of \$1,648,220 at the close of the fiscal year. The deficit was the result of a significant increase in the workers compensation liability calculated in the City's most recent actuarial study. Workers compensation charges can fluctuate significantly from year to year and staff will continue to adjust departmental rates accordingly to maintain sufficient funding levels.

**Reclassification and Eliminations**

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

**Excess of Expenditures Over Appropriations**

For the year ended June 30, 2013, expenditures exceeded appropriations in the Transient Occupancy Taxes Fund by \$370,890 and in the American Recovery and Reinvestment Act (ARRA) Fund by \$80,898. The over-expenditure in the Transient Occupancy Fund occurred because of more events taking place at the Rabobank Arena and Convention Center facility than were budgeted for. These events required more staffing and equipment rentals costs to be incurred while at the same time resulted in higher revenues from events than anticipated. The ARRA over-expenditure relates to incorrect budget estimates for when grant funded police positions would begin to be paid for by General Fund dollars. 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, 2013, the City implemented the following standards:

**Governmental Accounting Standards Board (GASB) Statement No. 60 - *Accounting and Financial Reporting for Service Concession Arrangements*.** This statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The statement is effective for periods beginning after December 15, 2011. Upon implementation, there was no effect on the City's accounting or financial reporting.

**GASB Statement No. 61 - *The Financial Reporting Entity: Omnibus*.** The statement is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, to better meet user needs and address reporting entity issues that have come to light since those statements were issued in 1991 and 1999, respectively. The statement is effective for periods beginning after June 15, 2012. Upon implementation, there was no effect on the City's accounting or financial reporting.

**GASB Statement No. 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.** The statement is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. The statement is effective for periods beginning after December 15, 2012. 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 Basic Financial Statements**

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**GASB Statement No. 63** - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The statement is effective for periods beginning after December 15, 2012 and the City has implemented this change for the current fiscal year ended June 30, 2013.

**GASB Statement No. 64** - *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 5*. This statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. The statement is effective for periods beginning after June 15, 2012. Upon implementation, there was no effect on the City's accounting or financial reporting.

**GASB Statement No. 65** - *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The City has early implemented this change for the current fiscal year ended June 30, 2013.

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

In March 2012, GASB issued Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. This statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The City has elected not to early implement Statement No. 66 and has not determined its effects on the City's financial statements.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. This statement is to improve financial reporting by state and local governmental pension plans. The City has elected not to early implement Statement No. 67 and has not determined its effects on the City's financial statements.

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

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

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The City has elected not to early implement Statement No. 70 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 Basic Financial Statements**

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**NOTE 2 - CASH AND INVESTMENTS**

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 298,708,330
Fiduciary funds:	
Cash and investments	89,031,857
Retirement system investments	<u>980,790</u>
	\$ <u>388,720,977</u>

Cash and investments as of June 30, 2013 consist of the following:

Cash on hand	\$ 1,126,178
Deficit due financial institutions	(2,975,017)
Investments	393,480,476
GASB 31 Market Value Adjustment	<u>(2,910,660)</u>
	\$ <u>388,720,977</u>

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

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

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

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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**Investment Authorized by Debt Agreements**

The City has \$355,194 in investments held by bond trustees pledged to the payment or security of certain debt issues. These investments are held in direct obligations of, or obligations that are fully guaranteed as to principal and interest by, the United States Government or an agency thereof. The California Government Code provides that monies held by a bond trustee pledged to the payment or security of debt issues, in absent specific statutory provisions governing the issuance of the debt, may be invested in accordance with the ordinances, resolutions, or indentures specifying the types of investments the respective bond issue's trustee may make. The obligations described above are authorized per the investment agreements with the bond trustees and include, but are not limited to, Federal Land Bank Bonds, Federal Home Loan Bank notes and bonds, Export-Import Bank notes and guaranteed participation certificates, obligations of or fully guaranteed by the Government National Mortgage Association, Federal National Mortgage Association notes, debentures and guaranteed certificates of participation, obligations of the International Bank of Reconstruction and Development and Federal Home Loan Mortgage Corporation notes, debentures and guaranteed certificates of participation.

**Interest Rate Risk**

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

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

Investment Type	Remaining Maturity (In Months)			
	12 Months Or Less	13 To 24 Months	25-60 Months	More Than 60 Months
U.S. Government Agency Obligations:				
Federal Farm Credit Bank	\$ 50,000,000	-	-	50,000,000
Federal Home Loan Bank	69,998,250	5,000,000	5,000,000	59,998,250
Federal Home Loan Mortgage Corp.	25,000,000	-	-	25,000,000
Federal National Mortgage Assn.	55,997,500	-	5,000,000	50,997,500
Commercial Paper	-	-	-	-
Bankers' Acceptances	-	-	-	-
Time Certificates of Deposit	40,000,000	40,000,000	-	-
U.S. Treasury Bills, Notes, and Bonds	-	-	-	-
Local Agency Investment Fund	65,227,588	65,227,588	-	-
Mutual Funds (1)	86,901,944	86,901,944	-	-
Investment Contracts	355,194	-	-	355,194
Total	\$ 393,480,476	197,129,532	10,000,000	185,995,750
				355,194

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

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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

Investment Type	Minimum Legal Rating	Remaining as of the Year-End		
		AAA	Aa	Not Rated
U.S. Government Agency Obligations:				
Federal Farm Credit Bank	\$ 50,000,000	-	50,000,000	-
Federal Home Loan Bank	69,998,250	-	69,998,250	-
Federal Home Loan Mortgage Corp.	25,000,000	-	25,000,000	-
Federal National Mortgage Assn.	55,997,500	-	55,997,500	-
Commercial Paper	-	-	-	-
Bankers' Acceptances	-	-	-	-
Time Certificates of Deposit	40,000,000	-	-	40,000,000
U.S. Treasury Bills, Notes, and Bonds	-	-	-	-
Local Agency Investment Fund	65,227,588	-	-	65,227,588
Mutual Funds (1)	86,901,944	86,901,944	-	-
Investment Contracts	355,194	-	-	355,194
Total	\$ 393,480,476	86,901,944	200,995,750	105,582,782

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



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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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**Concentration of Credit Risk**

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Percentage</u>
Federal Farm Credit Bank	Federal Agency Securities	\$50,000,000	13%
Federal Home Loan Bank	Federal Agency Securities	69,998,250	18%
Federal Home Loan Mortgage Corp.	Federal Agency Securities	25,000,000	6%
Federal National Mortgage Assn.	Federal Agency Securities	55,997,500	14%

**Custodial Credit Risk**

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

As of June 30, 2013, all of the City's deposits with financial institutions in excess of federal depository insurance limits were held in fully collateralized accounts, as permitted by the California Government Code. As of June 30, 2013, all of the City's investments were held by the City itself or by a broker-dealer (counterparty) other than the broker-dealer used by the City to purchase the securities in the City's name.

**Investment in State Investment Pool**

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

# **CITY OF BAKERSFIELD**

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

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

Accounts receivable at June 30, 2013 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:

	General	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road	Non-Major Governmental	Capital Outlay	Internal Service	Total Governmental
<b>Accounts Receivable - Governmental Funds:</b>	Fund	Fund	Fund	Fund	Funds	Fund	Funds	Activities
Taxes	\$ -	\$ 1,057,793	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,057,793
Accounts	1,310,190	-	13,633,873	22,477	10,004,315	-	301,256	25,272,111
Gross Receivables	1,310,190	1,057,793	13,633,873	22,477	10,004,315	-	301,256	26,329,904
Less: Allowance for Uncollectible	-	-	-	-	-	-	(170,547)	(170,547)
Total Accounts Receivable - Net	\$ 1,310,190	\$ 1,057,793	\$ 13,633,873	\$ 22,477	\$ 10,004,315	\$ -	\$ 130,709	\$ 26,159,357

	Wastewater Treatment	Refuse Collection	Agricultural Water	Domestic Water	General Aviation	Offstreet Parking	Total Business-Type
<b>Accounts Receivable - Proprietary Funds:</b>	Fund	Fund	Fund	Fund	Fund	Fund	Activities
Accounts	\$ 826,198	\$ 889,524	\$ 1,511,851	\$ 1,917,464	\$ 14,485	\$ 3,085	\$ 5,162,607
Gross Receivables	826,198	889,524	1,511,851	1,917,464	14,485	3,085	5,162,607
Less: Allowance for Uncollectible	-	-	-	-	-	-	-
Total Accounts Receivable - Net	\$ 826,198	\$ 889,524	\$ 1,511,851	\$ 1,917,464	\$ 14,485	\$ 3,085	\$ 5,162,607

Accounts payable and accrued liabilities at June 30, 2013 are composed of the following:

	General	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road	Capital Outlay
<b>Accounts Payable and Accrued Liabilities - Governmental Activities:</b>	Fund	Fund	Fund	Fund	Fund
Accounts payable	\$ 6,528,229	\$ 260,196	\$ 74,040	\$ 10,555,338	\$ 1,876,463
Due to federal government					-
Due to other governments	3,096,772				-
Total Accounts Payable and Accrued Liabilities	\$ 9,625,001	\$ 260,196	\$ 74,040	\$ 10,555,338	\$ 1,876,463

# **CITY OF BAKERSFIELD**

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

<b>Accounts Payable and Accrued Liabilities - Governmental Activities: -(Continued)</b>	<b>Park Improvement Fund</b>	<b>Transportation Development Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Total Governmental Activities</b>		
Accounts payable	\$ 900,816	\$ 3,482,378	\$ 407,839	\$ 1,256,730	\$ 25,342,029		
Due to federal government					-		
Due to other governments			27,405		3,124,177		
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>\$ 900,816</b>	<b>\$ 3,482,378</b>	<b>\$ 435,244</b>	<b>\$ 1,256,730</b>	<b>\$ 28,466,206</b>		

<b>Accounts Payable and Accrued Liabilities - Business-Type Activities:</b>	<b>Wastewater Treatment Fund</b>	<b>Refuse Collection Fund</b>	<b>Agricultural Water Fund</b>	<b>Domestic Water Fund</b>	<b>General Aviation Fund</b>	<b>Offstreet Parking Fund</b>	<b>Total Business-Type Activities</b>
Accounts payable	\$ 1,948,494	\$ 2,797,643	\$ 240,718	\$ 1,899,090	\$ 14,741	\$ 2,371	\$ 6,903,057
Accrued interest	2,680,146						2,680,146
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>\$ 4,628,640</b>	<b>\$ 2,797,643</b>	<b>\$ 240,718</b>	<b>\$ 1,899,090</b>	<b>\$ 14,741</b>	<b>\$ 2,371</b>	<b>\$ 9,583,203</b>

### **NOTE 4 - DUE FROM OTHER GOVERNMENTS**

Amounts due from other governments at June 30, 2013 are comprised of the following:

	<b>Federal Government</b>	<b>State of California</b>	<b>County Agencies</b>	<b>Total Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Reporting Entity</b>
SB90 Claims	\$ -	\$ 3,645,820	\$ -	\$ 3,645,820	\$ -	\$ 3,645,820
Proposition 1A		6,738,432		6,738,432		6,738,432
Sales Tax		8,721,108		8,721,108		8,721,108
Property Tax			343,239	343,239	921,386	1,264,625
Public Employee Retirement System		92,499		92,499		92,499
Department of Fish and Game		295,689		295,689		295,689
Department of Homeland Security		123,436		123,436		123,436
Emergency Management Agency		4,215		4,215		4,215
State Cal-ID Program		73,455		73,455		73,455
Department of Housing & Urban Development	235,950			235,950		235,950
Department of Justice	324,597			324,597		324,597
Department of Transportation	18,903,566	26,682,111		45,585,677	133,578	45,719,255
Federal Aviation Administration				-	7,016	7,016
Economic & Community Development	321,728			321,728		321,728
Kern Council of Governments			35,873	35,873		35,873
Kern County Water Agency			85,808	85,808		85,808
Kern County Fire			397,088	397,088		397,088
Kern County Public Works			16,173	16,173		16,173
<b>Totals</b>	<b>\$ 19,785,841</b>	<b>\$ 46,376,765</b>	<b>\$ 878,181</b>	<b>\$ 67,040,787</b>	<b>\$ 1,061,980</b>	<b>\$ 68,102,767</b>

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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

Under the provision of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip sales tax, and supplemental property tax apportioned to cities, counties, and special districts (excluding redevelopment agencies). The State was required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City of Bakersfield was \$6,738,432 and was repaid as promised in June 2013. The revenue was recognized in the 2012-13 fiscal year but the cash was not received until July resulting in the Prop 1A due from the State remaining at year-end.

**NOTE 5 - CAPITAL ASSETS**

Capital asset activities for the year ended June 30, 2013 were as follows:

	Balance June 30, 2012	Adjustments	Addition	Retirement	Balance June 30, 2013
<b>Governmental Activities</b>					
Capital assets, not being depreciated					
Land	\$ 421,328,005	\$ -	\$ 32,921	\$ 2,191,731	\$ 419,169,195
Construction in progress	22,722,397	(1,976,368)	11,266,577	4,900,023	27,112,583
Total capital assets, not being depreciated	444,050,402	(1,976,368)	11,299,498	7,091,754	446,281,778
Capital assets, being depreciated					
Buildings, structures and improvements	141,120,406		450,470		141,570,876
Infrastructure	1,378,389,311		18,604,625		1,396,993,936
Rolling equipment	62,066,374		11,061,293	4,691,675	68,435,992
Furniture and other equipment	32,503,592		1,745,780	27,271	34,222,101
Total capital assets, being depreciated	1,614,079,683	-	31,862,168	4,718,946	1,641,222,905
Less accumulated depreciation for					
Buildings, structures and improvements	(56,520,311)		(3,627,813)		(60,148,124)
Infrastructure	(651,784,275)		(53,721,227)		(705,505,502)
Rolling equipment	(42,774,105)		(4,507,975)	(4,630,501)	(42,651,579)
Furniture and other equipment	(20,539,957)		(1,157,188)	(27,271)	(21,669,874)
Total accumulated depreciation	(771,618,648)	-	(63,014,203)	(4,657,772)	(829,975,079)
Total capital assets, being depreciated, net	842,461,035	-	(31,152,035)	61,174	811,247,826
Governmental activities capital assets, net	\$ 1,286,511,437	\$ (1,976,368)	\$ (19,852,537)	\$ 7,152,928	\$ 1,257,529,604

# **CITY OF BAKERSFIELD**

## Notes to the Basic Financial Statements

	Balance June 30, 2012	Adjustments	Addition	Retirement	Balance June 30, 2013
<b>Business-Type Activities</b>					
Capital assets, not being depreciated					
Land	\$ 25,614,063	\$ -	\$ 89,665	\$ -	\$ 25,703,728
Water rights	31,476,906				31,476,906
Construction in progress	23,245,923		2,423,454	10,055,026	15,614,351
Total capital assets, not being depreciated	80,336,892	-	2,513,119	10,055,026	72,794,985
Capital assets, being depreciated					
Buildings, structures and improvements	300,964,034		8,684,496		309,648,530
Infrastructure	735,633,599		4,151,702		739,785,301
Equipment	68,513,714		235,297		68,749,011
Total capital assets, being depreciated	1,105,111,347	-	13,071,495	-	1,118,182,842
Less accumulated depreciation for					
Buildings, structures and improvements	(72,427,610)		(7,875,963)		(80,303,573)
Infrastructure	(204,287,046)		(11,583,023)		(215,870,069)
Equipment	(12,855,852)		(3,739,201)		(16,595,053)
Total accumulated depreciation	(289,570,508)	-	(23,198,187)	-	(312,768,695)
Total capital assets, being depreciated, net	815,540,839	-	(10,126,692)	-	805,414,147
Business-type activities capital assets, net	\$ 895,877,731	\$ -	\$ (7,613,573)	\$ 10,055,026	\$ 878,209,132

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

	Amortization	Depreciation	Total
<b>Governmental functions:</b>			
General government	\$ -	\$ 169,744	\$ 169,744
Public safety - Police		508,336	508,336
Public safety - Fire		774,041	774,041
Public works		58,510,223	58,510,223
Recreation and parks		2,943,857	2,943,857
Community development		108,002	108,002
Total	\$ -	\$ 63,014,203	\$ 63,014,203
<b>Business-type functions:</b>			
Wastewater treatment	\$ -	\$ 18,264,701	\$ 18,264,701
Agricultural water		515,513	515,513
Domestic water		4,165,733	4,165,733
General aviation		176,510	176,510
Offstreet parking		75,730	75,730
Total	\$ -	\$ 23,198,187	\$ 23,198,187

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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**NOTE 6 – LAND HELD FOR RESALE**

The City, as the Housing Successor Agency, has been transferred real property to be held for a limited period that will be used for future housing projects. 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, 2012	Additions	Deletions	Balance at June 30, 2013
<b>Redevelopment Successor Agency - Housing</b>				
- Land held for resale	\$ 2,429,261	\$ 971,941	\$ -	\$ 3,401,202
	<u>\$ 2,429,261</u>	<u>\$ 971,941</u>	<u>\$ -</u>	<u>\$ 3,401,202</u>

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

Other long-term receivables consist of the following:

**Governmental Activities**

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

\$ 3,225,080

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

2,921,638

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

316,448

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

134,691

Down payment assistance loans.

1,140,863

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

1,688,375

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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CalHOME Downpayment Assistance for a grant from the State of California which provided downpayment and closing cost assistance to seventeen (17) families within the Metropolitan Bakersfield area. The assistance was provided to those families whose incomes were at or below 120% of area median income. The loans of up to \$40,000 are forgiven at 1/15th per year.	537,880
Golden Empire Housing (GEAHI), Park Place Apartments, 55 year loan term beginning July 12, 1999, ending on July 12, 2054, with the interest payment being deferred for first ten years, until year 2010, with an interest rate of 1.5%.	755,662
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	990,000
Canyon Hills Assembly of God, Senior Housing Project 30 year loan term beginning July 30, 2001, ending July 30, 2031, with an interest rate of 0%.	310,000
Face value of loans	<u>12,020,637</u>
Current portion	-
Long-term portion	<u>12,020,637</u>
Total governmental activities receivable	<u>\$ 12,020,637</u>

**Business-Type Activities**

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

These loans are non-interest bearing. \$ 41,813

Long-term receivable under agreement 87-153(5) between the City and Dreyer's Grand Ice Cream Inc. for additional flow and and treatment capacity in Wastewater Treatment Plant #3. 1,218,305

Various long-term receivables in the Domestic Water Fund relate to contracts under which the City has agreed to provide future water services to properties to be developed and the land owners have agreed to pay the receivable amounts upon filing of tract maps. The amounts due are liens against the respective properties upon execution of the agreements. The revenues related to these contracts are deferred. 241,213

Total business-type noncurrent receivables \$ 1,501,331

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**CITY OF BAKERSFIELD**

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**Notes to the Basic 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, 2013 were:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds:		
Major Funds:		
General Fund	\$ 29,495,648	\$ -
Gas Tax & Road Fund		29,237,984
Non-Major Fund:		
National Stabilization Fund		27,652
American Reinvestment & Recovery Act Fund		230,012
	<u>\$ 29,495,648</u>	<u>\$ 29,495,648</u>

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

Interfund transfers at June 30, 2013 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
Major Funds:		
General Fund	\$ 1,470,000	\$ 8,439,000
Gas Tax & Road Fund		205,600
Transient Occupancy Taxes Fund		8,212,886
Community Development Block Grant Fund		586,424
Capital Outlay Fund	16,107,886	155,000
Non-Major Funds:		
Traffic Safety Fund		1,300,000
General Obligation Debt Fund	586,424	
Proprietary Funds:		
Major Funds:		
Wastewater Treatment Fund		109,000
Refuse Collection Fund		701,000
Agricultural Water Fund		25,000
Domestic Water Fund		25,000
Offstreet Parking Fund	20,000	
Internal Service Funds:		
Self-Insurance Fund		57,536
Equipment Management Fund	1,647,136	15,000
	<u>\$ 19,831,446</u>	<u>\$ 19,831,446</u>



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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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

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

- The \$1,470,000 transfer in to the General Fund includes a \$1.3 million transfer from the Traffic Safety Fund to subsidize cost of the traffic division of the police department for parking fine violations. In addition, transfers from the Equipment Management Fund (\$15,000) and the Capital Outlay Fund (\$155,000) were made to cover the cost the animal shelter agreement with the County of Kern.
- The \$8,439,000 transfer from the General Fund includes two transfers to the Capital Outlay Fund; \$7,075,000 for the utility franchise fee revenue received that is set aside for freeway construction projects within the City and \$820,000 for capital improvements on various City facilities. Other transfers for proprietary activities included a transfer of \$524,000 to the Equipment Management Fund for the purchase of equipment in various departments, and a transfer of \$20,000 to the Offstreet Parking Fund to cover the costs of additional security at the facility.
- The \$8,212,886 transfer from the Transient Occupancy Taxes Fund to the Capital Outlay Fund is to fund a number of capital projects.
- The \$586,424 transfer from the Community Development Block Grant (CDBG) Fund to the General Obligation Debt Fund is for the repayment of a Section 108 loan.
- There were additional transfers to the Equipment Management Fund to purchase additional equipment for operations which include; Gas Tax & Road Fund (\$205,600), Wastewater Treatment Fund (\$109,000), Refuse Collection Fund (\$701,000), Domestic Water Fund (\$25,000), and the Agricultural Water Fund (\$25,000).

**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 reported as of June 30, 2013:

	Balance at June 30, 2013
<b>Governmental activities:</b>	
General Fund	
Dog License	\$ 113,481
Business License	1,075,236
General Fund Total	1,188,717
Gas Tax & Road Fund - Grants advanced	140,300
Non-Major Funds:	
State Transportation -- Grants advanced	148,229
Redevelopment Successor Agency - Housing	5,873,919
Total Governmental Activities	\$ 7,351,165
<b>Business-type activities:</b>	
Wastewater Treatment	\$ 1,218,305
Refuse Collection	90,093
Domestic Water	241,213
Total Business-Type Activities	\$ 1,549,611

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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**NOTE 10 – CAPITAL LEASE**

The City entered into a long-term lease agreement in September 2005 for the acquisition of water rights with the Kern County Water Agency (KCWA). The agreement entitles the City to receive 6,500 acre feet of water per year in exchange for annual payments tied to KCWA's Water Revenue Certificates of Participation from 2006 and 2008 which were used for the expansion of its water treatment facility. The City's lease payments coincide with the amortization schedule for the related KCWA debt with the value of the related water rights at \$21,664,941. The total lease obligation for the term of this agreement is as follows:

Year ending	Business-Type Activities		
	Lease	Interest	Total
2014	\$ 509,258	\$ 961,060	\$ 1,470,318
2015	529,179	940,831	1,470,010
2016	556,211	915,710	1,471,921
2017	579,868	894,983	1,474,851
2018	599,281	870,740	1,470,021
2019-2023	3,314,608	4,041,136	7,355,744
2024-2028	4,027,006	3,333,664	7,360,670
2029-2033	5,113,321	2,249,281	7,362,602
2034-2038	5,945,463	874,985	6,820,448
2039-2042	-	-	-
Totals	\$ 21,174,195	\$ 15,082,390	\$ 36,256,585

Balance at		Principal	Balance at
June 30, 2012	Additions	Retirement	June 30, 2013

**Business-Type Activities**

## Capital Leases:

Water rights	\$ 21,664,941	\$ -	\$ 490,746	\$ 21,174,195
	\$ 21,664,941	\$ -	\$ 490,746	\$ 21,174,195

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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**NOTE 11 - LONG-TERM DEBT**

Long-term debt transactions for the fiscal year ending June 30, 2013 are summarized below:

	Business-Type Activities				Total Government
	Governmental Activities	General Obligations	Revenue Obligations	Total	
Payable at June 30, 2012:					
Bonds (inc. unamortized premium)	\$ -	\$ -	\$ 209,720,000	\$ 209,720,000	\$ 209,720,000
Certificates of Participation	24,710,000			-	24,710,000
Notes	4,801,000	6,769,136		6,769,136	11,570,136
Contracts/Loans		133,507		133,507	133,507
Deferred Bond Premium			7,283,381	7,283,381	7,283,381
Claims and Judgments Payable	28,483,433			-	28,483,433
Net Post-Emp. Benefit Obligation	686,739			-	686,739
Compensated Absences	13,812,997	2,265,784		2,265,784	16,078,781
Subtotal	72,494,169	9,168,427	217,003,381	226,171,808	298,665,977
New debt incurred:					
Bonds				-	-
Certificates of Participation					-
Contracts/Loans		38,235		38,235	38,235
Claims and Judgments Payable	2,601,951			-	2,601,951
Compensated Absences	9,128,887	1,403,821		1,403,821	10,532,708
Subtotal	11,730,838	1,442,056	-	1,442,056	13,172,894
Principal reductions:					
Bonds (inc. unamortized premium)			7,845,000	7,845,000	7,845,000
Certificates of Participation	1,985,000			-	1,985,000
Notes	378,000	752,127		752,127	1,130,127
Deferred Bond Premium			331,063	331,063	331,063
Net Post-Emp. Benefit Obligation	686,739			-	686,739
Compensated Absences	8,449,588	1,351,530		1,351,530	9,801,118
Subtotal	11,499,327	2,103,657	8,176,063	10,279,720	21,779,047
Payable at June 30, 2013:					
Bonds (inc. unamortized premium)			201,875,000	201,875,000	201,875,000
Certificates of Participation	22,725,000			-	22,725,000
Notes	4,423,000	6,017,009		6,017,009	10,440,009
Contracts/Loans		171,742		171,742	171,742
Deferred Bond Premium			6,952,318	6,952,318	6,952,318
Claims and Judgments Payable	31,085,384			-	31,085,384
Net Post-Emp. Benefit Obligation	-			-	-
Compensated Absences	14,492,296	2,318,075		2,318,075	16,810,371
Total Payables	\$ 72,725,680	\$ 8,506,826	\$ 208,827,318	\$ 217,334,144	\$ 290,059,824

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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

	Business-Type Activities				Total Government
	Governmental Activities	General Obligations	Revenue Obligations	Total	
Due Within One Year					
Long-term Debt					
Bonds (inc. unamortized premium)	\$ -	\$ -	\$ 3,260,000	\$ 3,260,000	\$ 3,260,000
Certificates of Participation	2,085,000			-	2,085,000
Notes	389,000	752,126		752,126	1,141,126
Total Long-term Debt	2,474,000	752,126	3,260,000	4,012,126	6,486,126
Contracts/Loans		171,742		171,742	171,742
Deferred Bond Premium			331,063	331,063	331,063
Claims and Judgments Payable	8,468,384			-	8,468,384
Compensated Absences	7,941,917	1,748,210		1,748,210	9,690,127
Total Due Within One Year	\$ 18,884,301	\$ 2,672,078	\$ 3,591,063	\$ 6,263,141	\$ 25,147,442
Due in More Than One Year					
Long-term Debt					
Bonds (inc. unamortized premium)	\$ -	\$ -	\$ 198,615,000	\$ 198,615,000	\$ 198,615,000
Certificates of Participation	20,640,000			-	20,640,000
Notes	4,034,000	5,264,883		5,264,883	9,298,883
Total Long-term Debt	24,674,000	5,264,883	198,615,000	203,879,883	228,553,883
Contracts/Loans				-	-
Deferred Bond Premium			6,621,255	6,621,255	6,621,255
Claims and Judgments Payable	22,617,000			-	22,617,000
Net Post-Emp. Benefit Obligation	-			-	-
Compensated Absences	6,550,379	569,865		569,865	7,120,244
Total Due in More Than One Year	\$ 53,841,379	\$ 5,834,748	\$ 205,236,255	\$ 211,071,003	\$ 264,912,382

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.

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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Long-term debt payable at June 30, 2013 was comprised of the following individual issues:

Bonds:

General obligation bonds serviced by business-type activities:

\$190,695,000 Wastewater Revenue Bonds 2007 Series A - due in annual principal installments of \$1,100,000 to \$14,465,000 commencing September 15, 2009 through 2034; interest ranging from 4.125% to 5.000%. (This issue is serviced by the Wastewater Treatment Fund.)

\$ 181,875,000

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

20,000,000

Unamortized Bond Premium on Wastewater Revenue Bonds

6,952,318

Total Bonds

\$ 208,827,318

Certificates of Participation (COP):

Certificates of participation serviced by Transient Occupancy tax revenue via lease payments from the City to the redevelopment successor agency:

\$25,335,000 - 2006 Refunding Certificates of Participation Series A assumed by the City as the successor agency of the former redevelopment agency. Certificates are due in annual principal installments of \$900,000 to \$2,170,000 commencing October 1, 2006 through 2022; interest ranging from 4.00% to 4.25%.

\$ 16,530,000

\$9,470,000 - 2006 Refunding Certificates of Participation Series B assumed by the City as the successor agency of the former redevelopment agency. Certificates are due in annual principal installments of \$345,000 to \$830,000 commencing October 1, 2006 through 2022; interest ranging from 4.00% to 5.000%.

6,195,000

Total Certificates of Participation

\$ 22,725,000

Notes/Loans:

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

\$ 2,607,000

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

532,000

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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

General obligation note serviced by Community Development Block Grant Fund (via the Municipal Debt Service Fund with Community Development Block Grant Entitlement): \$1,800,000 HUD Section 108 Loan 2009 - due in annual principal installments of \$140,000 to \$230,000 commencing August 2010 through August 2021; interest ranging from 0.56% to 3.73%. 1,284,000

General obligation notes serviced by Business-Type Activities:  
\$14,263,555 note payable to California State Water Resources Control Board - Original advances of \$14,954,054 payable without interest in twenty annual installments beginning in fiscal year 2004-05 by the Wastewater Treatment Fund. 6,017,009

Total general obligation notes/loans payable \$ 10,440,009

**Compensated Absences:**

Governmental Activities \$ 14,492,296

Business-Type Activities 2,318,075

Total compensated absences - Primary Government/Reporting Entity \$ 16,810,371

A summary of the City's debt service requirements outstanding at June 30, 2013 is as follows:

	Total Government
Principal:	
Governmental Activities	\$ 72,725,680
Business-Type Activities:	
General Obligations	8,506,826
Revenue Obligations	<u>208,827,318</u>
Subtotal - Principal	<u>290,059,824</u>
Less: Claims and Judgments Payable included above that bear no interest and have no schedule of repayment terms	31,085,384
Less: Net Post-Employment Benefit Obligation	-
Less: Kern River Levee District Payable included above that bears no interest and has no schedule of repayment terms	171,742
Less: Unamortized premium for Wastewater revenue bond	6,952,318
Less: Compensated Absences included above that bear no interest and have no schedule of repayment terms	<u>16,810,371</u>
Total principal with scheduled repayment terms	235,040,009
Interest on Obligations	<u>126,118,043</u>
Total debt service requirements	<u>\$ 361,158,052</u>

# **CITY OF BAKERSFIELD**

## Notes to the Basic Financial Statements

The annual requirement to amortize the principal and interest on long-term debt at June 30, 2013 is as follows:

Year ending	Government-Type Activities			Government-Type Activities		
	Principal			Interest		
	Bonds/COP	Notes/Loans	Total	Bonds	Notes/Loans	Total
2014	2,085,000	\$ 389,000	\$ 2,474,000	\$ 1,058,000	\$ 195,433	\$ 1,253,433
2015	2,180,000	401,000	2,581,000	965,150	180,887	1,146,037
2016	2,285,000	413,000	2,698,000	856,150	164,823	1,020,973
2017	2,390,000	427,000	2,817,000	741,900	147,134	889,034
2018	2,510,000	441,000	2,951,000	622,400	127,900	750,300
2019-2023	11,275,000	2,291,000	13,566,000	1,261,775	306,274	1,568,049
2024-2028	-	61,000	61,000	-	1,735	1,735
Totals	\$ 22,725,000	\$ 4,423,000	\$ 27,148,000	\$ 5,505,375	\$ 1,124,186	\$ 6,629,561

Year ending	Business-Type Activities			Business-Type Activities		
	Principal			Interest		
	Bonds/COP	Notes/Loans	Total	Bonds	Notes/Loans	Total
2014	\$ 3,260,000	\$ 752,126	\$ 4,012,126	\$ 9,300,294	\$ 150,429	\$ 9,450,723
2015	4,360,000	752,126	5,112,126	9,126,156	150,429	9,276,585
2016	5,475,000	752,126	6,227,126	8,896,906	150,429	9,047,335
2017	6,055,000	752,126	6,807,126	8,617,938	150,429	8,768,367
2018	5,975,000	752,126	6,727,126	8,329,188	150,429	8,479,617
2019-2023	37,135,000	2,256,379	39,391,379	36,677,500	451,285	37,128,785
2024-2028	50,525,000	-	50,525,000	25,661,875	-	25,661,875
2029-2033	65,605,000	-	65,605,000	11,212,375	-	11,212,375
2034-2038	23,485,000	-	23,485,000	462,820	-	462,820
2039-2042	-	-	-	-	-	-
Totals	\$ 201,875,000	\$ 6,017,009	\$ 207,892,009	\$ 118,285,052	\$ 1,203,430	\$ 119,488,482

Year Ending	Reporting Entity			Reporting Entity		
	Principal			Interest		
	Bonds/COP	Notes/Loans	Total	Bonds/COP	Notes/Loans	Total
2014	\$ 5,345,000	\$ 1,141,126	\$ 6,486,126	\$ 10,358,294	\$ 345,862	\$ 10,704,156
2015	6,540,000	1,153,126	7,693,126	10,091,306	331,316	10,422,622
2016	7,760,000	1,165,126	8,925,126	9,753,056	315,252	10,068,308
2017	8,445,000	1,179,126	9,624,126	9,359,838	297,563	9,657,401
2018	8,485,000	1,193,126	9,678,126	8,951,588	278,329	9,229,917
2019-2023	48,410,000	4,547,379	52,957,379	37,939,275	757,559	38,696,834
2024-2028	50,525,000	61,000	50,586,000	25,661,875	1,735	25,663,610
2029-2033	65,605,000	-	65,605,000	11,212,375	-	11,212,375
2034-2038	23,485,000	-	23,485,000	462,820	-	462,820
2039-2042	-	-	-	-	-	-
Totals	\$ 224,600,000	\$ 10,440,009	\$ 235,040,009	\$ 123,790,427	\$ 2,327,616	\$ 126,118,043

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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**NOTE 12 – PLEDGED REVENUES**

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

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

**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, 2013 were as follows:

	<u>Balance at June 30, 2013</u>
General Fund	
Dog License	
California Water Receivable	\$ 289,770
Code Enforcement Receivable	10,545
Police Service Receivable	151,657
State Agencies (SB90)	3,645,820
County Agencies (Fire Fund)	392,288
General Fund Total	<u>4,490,080</u>
Community Development Block Grant Fund - Deferred loans	16,510,716
Transient Occupancy Fund	188,932
Gas Tax & Road Fund	22,031
Capital Outlay Fund	100,667
Non-Major Funds:	
National Stabilization	9,937,999
Total Governmental Activities	<u>\$ 31,250,425</u>



# **CITY OF BAKERSFIELD**

## Notes to the Basic Financial Statements

### **NOTE 14 – FUND BALANCES**

Fund balances for all major and non-major governmental funds as of June 30, 2013 are as follows (see Note 1 for description of the categories used):

	General Fund	Transient Occupancy Taxes Fund	Community Development Block Grant Fund	Gas Tax & Road Fund	Capital Outlay Fund	Park Improvement Fund	Transportation Development Fund	Non-Major Governmental Funds	Total
<b>Nonspendable</b>									
Prepays/Deposits	\$ 3,372,390	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,372,390
Subtotal	3,372,390	-	-	-	-	-	-	-	3,372,390
<b>Restricted</b>									
Development services			361,684					2,759,204	3,120,888
Public safety - Police								659,378	659,378
Public safety - Fire								366,998	366,998
Public works				5,665,425				6,433,882	12,099,307
Subtotal	-	-	361,684	5,665,425	-	-	-	10,219,462	16,246,571
<b>Committed</b>									
General government	295,126								295,126
Public safety - Police	119,625								119,625
Public safety - Fire	107,492				43,142				150,634
Public works				5,595,575			41,442,106		47,037,681
Recreation and parks		87,386		85,829		5,112,642			5,285,857
Community development				42,989					42,989
Cash basis reserve	12,505,609								12,505,609
Facility replacement reserve				4,390,091					4,390,091
Appropriation for CalPERS increases	2,500,000								2,500,000
Appropriation for next year's budget	24,444,842								24,444,842
Subtotal	39,972,694	87,386	-	-	10,157,626	5,112,642	41,442,106	-	96,772,454
<b>Assigned</b>									
General government	1,131,061								1,131,061
Public safety - Police	1,972,042								1,972,042
Public safety - Fire	1,612,244				417,919				2,030,163
Public works	1,477,847				11,436,001				12,913,848
Recreation and parks	725,296	1,866,018			1,027,012				3,618,326
Community development	776,341				1,093,286				1,869,627
Subtotal	7,694,831	1,866,018	-	-	13,974,218	-	-	-	23,535,067
<b>Unassigned</b>	10,865,979								10,865,979
	\$ 61,905,894	\$ 1,953,404	\$ 361,684	\$ 5,665,425	\$ 24,131,844	\$ 5,112,642	\$ 41,442,106	\$ 10,219,462	\$ 150,792,461

### **NOTE 15 - REIMBURSABLE DEVELOPER COSTS**

Reimbursable developer costs of \$2,592,664 at June 30, 2013 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 Basic Financial Statements**

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**NOTE 16 - EMPLOYEE RETIREMENT BENEFITS****General**

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

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

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

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

**B. Funding Policy**

Active plan members in the Miscellaneous Plan are required to contribute 8% of their annual covered salary. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2012/13 was 16.148%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

**C. Annual Pension Cost**

For the year ended June 30, 2013, the City's annual pension cost of \$8,306,329 for CalPERS was equal to the City's required and actual contributions. The required contribution for fiscal year 2012/13 was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.3% to 14.2%, and (c) 3% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 2.75%. The actuarial value of the Miscellaneous Plan's assets was determined using techniques that smoothed the

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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effects of short-term volatility in the market value of investments over a three year period depending on the size of investment gains and/or losses. The Miscellaneous Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. Based on the most recently completed actuarial valuation, the remaining amortization period at June 30, 2011 was thirty years.

**THREE-YEAR TREND INFORMATION FOR THE MISCELLANEOUS PLAN**

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	\$ 6,280,709	100%	\$ -
6/30/2012	\$ 7,830,525	100%	\$ -
6/30/2013	\$ 8,306,329	100%	\$ -

**(UNAUDITED) REQUIRED SUPPLEMENTARY INFORMATION  
FUNDED STATUS OF MISCELLANEOUS PLAN**

	(A)	(B)	(C)	(D)	(E)	(F)
Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio [(A)/(B)]	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll $\{[(B)-(A)]/(E)\}$
6/30/2009	\$ 283,394,099	\$ 336,972,452	\$ 53,578,353	84.1%	\$ 52,095,507	102.8%
6/30/2010	\$ 298,395,830	\$ 353,164,518	\$ 54,768,688	84.5%	\$ 50,693,472	108.0%
6/30/2011	\$ 314,512,484	\$ 376,382,028	\$ 61,869,544	83.6%	\$ 49,274,356	125.6%

**Safety Fire Plan****A. Plan Description**

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

**B. Funding Policy**

Active Safety Fire Plan members are required to contribute 9% of their annual covered salary towards payment of the annual pension cost. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2012/13 was 25.810%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

# CITY OF BAKERSFIELD

## Notes to the Basic Financial Statements

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

#### C. Annual Pension Cost

For the year ended June 30, 2013, the City's annual pension cost of \$3,967,439 for CalPERS was equal to the City's required and actual contributions. The required contribution for fiscal year 2012/13 was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.3% to 14.2%, and (c) 3% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 2.75%. The actuarial value of the Safety Fire Plan's assets was determined using techniques that smoothed the effects of short-term volatility in the market value of investments over a three year period depending on the size of investment gains and/or losses. The Safety Fire Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. Based on the most recently completed actuarial valuation, the remaining amortization period at June 30, 2011, was thirty years.

#### THREE-YEAR TREND INFORMATION FOR THE SAFETY FIRE PLAN

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	\$ 3,339,747	100%	\$ -
6/30/2012	\$ 3,785,798	100%	\$ -
6/30/2013	\$ 3,967,439	100%	\$ -

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

	(A)	(B)	(C)	(D)	(E)	(F)
		Entry Age	Unfunded	Funded	Covered	Unfunded
Actuarial	Actuarial	Actuarial	Actuarial	Ratio	Payroll	Actuarial
Valuation	Asset Value	Accrued	Accrued	[(A)/(B)]		Liability as
Date		Liability	Liability			Percentage of
						Covered Payroll
						{[(B)-(A)]/(E)}
6/30/2009	\$ 167,477,452	\$ 190,116,653	\$ 22,639,201	88.1%	\$ 15,524,645	145.8%
6/30/2010	\$ 173,944,069	\$ 196,834,345	\$ 22,890,276	88.4%	\$ 15,009,038	152.5%
6/30/2011	\$ 181,397,284	\$ 206,961,052	\$ 25,563,768	87.6%	\$ 14,645,522	174.6%

#### Safety Police Plan

##### A. Plan Description

The City of Bakersfield's defined benefit pension plan, the Safety Police Plan, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Safety Police Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. Menus of benefit

# CITY OF BAKERSFIELD

## Notes to the Basic Financial Statements

provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City of Bakersfield selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issue a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from their Executive Office - 400 P Street - Sacramento, CA 95814.

### B. Funding Policy

Active plan members in the Safety Police Plan are required to contribute 9% of their annual covered salary. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members, the actuarial methods and assumptions used are those adopted by the CalPERS Board of administration. The required employer contribution rate for fiscal 2012/13 was 33.626%. The contribution requirements of the plan members are established and may be amended by CalPERS.

### C. Annual Pension Cost

For the year ended June 30, 2013, the City's annual pension cost of \$10,001,335 for CalPERS was equal to the City's required and actual contributions. The required contribution for fiscal year 2012/13 was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.3% to 14.2%, and (c) 3% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 2.75%. The actuarial value of the Safety Police Plan's assets was determined using techniques that smoothed the effects of short-term volatility in the market value of investments over a three year period depending on the size of investment gains and/or losses. The Safety Police Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. Based on the most recently completed actuarial valuation, the remaining amortization period at June 30, 2011, was thirty years.

#### THREE-YEAR TREND INFORMATION FOR THE SAFETY POLICE PLAN

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	\$ 8,292,457	100%	\$ -
6/30/2012	\$ 9,524,157	100%	\$ -
6/30/2013	\$ 10,001,355	100%	\$ -

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

(A)	(B)	(C)	(D)	(E)	(F)
Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio [(A)/(B)]	Covered Payroll
					Unfunded Actuarial Liability as Percentage of Covered Payroll $\{[(B)-(A)]/(E)\}$
6/30/2009	\$ 217,486,909	\$ 286,500,738	\$ 69,013,829	75.9%	\$ 27,322,237
6/30/2010	\$ 228,195,091	\$ 299,121,868	\$ 70,926,777	76.3%	\$ 28,008,505
6/30/2011	\$ 241,189,946	\$ 321,160,693	\$ 79,970,747	75.1%	\$ 28,310,792

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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**NOTE 16 - EMPLOYEE RETIREMENT BENEFITS (Continued)****Fireman's Relief and Pension Fund****A. Plan Description**

The Fireman's Relief and Pension Fund (FRPF), a single-employer defined benefit pension plan, is used to account for the accumulation of resources to be used for retirement, disability and death benefits as well as an annual cost-of-living adjustments for Fire Department personnel who retired prior to June 26, 1972. At that time, eligible participants of the FRPF became members of CalPERS, and the FRPF was closed to new entrants. As of June 30, 2013, the most recent actuarial valuation date, there were 6 participants, retired and 100% vested. There is not a separate, audited GAAP-basis pension report available for the Fireman's Relief and Pension Fund defined benefit pension plan.

**B. Funding Policy**

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

Through June 30, 1996, an actuarial valuation was performed every three years using the unit-credit method to calculate the costs of the FRPF for pension benefits. Since June 30, 1998, valuations have occurred every two years. The June 30, 2013 valuation used the unprojected unit credit method to calculate the costs for pension benefits.

The FRPF carried the following investments at June 30, 2013 which were not issued or directly guaranteed by the U.S. government and which exceeded five percent of plan assets for any one organization:

Local Agency Investment Fund	\$ 227,588
Morgan Federal Farm Credit Bank Coupon	\$ 1,000,000

**Schedules of Funding Progress (Fire - FRPF)**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of covered Payroll
06/30/08	\$ 1,559,543	\$ 1,233,149	\$ (326,394)	126%	\$ -0-	N/A
06/30/10	1,447,264	1,146,478	(300,786)	126%	-0-	N/A
06/30/10	1,447,264	1,146,478	(300,786)	126%	-0-	N/A
06/30/11	1,341,914	1,327,284	(14,630)	101%	-0-	N/A
06/30/11	1,341,914	1,327,284	(14,630)	101%	-0-	N/A

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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**C. Actuarial Methods and Assumptions**

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

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

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

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

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

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

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

The City contributes 3% of the lowest single-party rate per year of service to a maximum of 90%. If this dollar amount is greater than the premium for a retiree covered under one of the Medicare Risk plans, the retiree receives a cash reimbursement of the difference to a maximum of \$42.50 per month. The City also contributes 42% of the total FFS premium for all retirees participating in the FFS plan, excluding Miscellaneous employees hired after April 1, 1996 and Safety employees hired after April 1, 1998. The City has approximately 1,428 active employees and 411 retirees as of June 30, 2013. There is not a separate, audited GAAP-basis pension report available for the Post-Employment Retiree Medical Benefit Plan.

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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

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

On December 13, 2006, the City entered into an agreement with Phase II Systems, doing business as Public Agency Retirement Services (PARS) for trust administration services to its post-employment retiree medical benefit plan and established a separate irrevocable trust for its postretirement medical benefit plan on January 23, 2007. Under the trust agreement, Union Bank of California, N.A. will be the Trustee and Investment Fiduciary. The City's funding policy is to contribute an amount to an irrevocable trust each year equal to 100% of that year's ARC, to the extent funding sources are available to make such contributions. The percentage may be changed from time to time by City Council action. The net other post-employment benefit obligation stems from the General Fund not meeting its portion of the ARC, as such, the liability is due and will be paid from the General Fund. All future retiree health benefits will be paid out of the irrevocable trust set up for this purpose or reimbursed to the City for payments already made to date on the retirees' behalf. Separate financial reports are issued by PARS for the City's plan. Copies can be obtained from their offices at 4350 VonKarman Avenue, Suite 100, Newport Beach, CA 92660.

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

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

<u>Item</u>	<u>FYE 6/30/13</u>	<u>FYE 6/30/12</u>
Annual Required Contributions	\$8,006,053	\$8,006,053
Interest on Net OPEB Obligation/(Asset)	556,778	556,778
Adjustment to Annual Required Contributions	<u>(726,606)</u>	<u>(726,606)</u>
Annual OPEB cost (expense)	\$7,836,225	\$7,836,225
Contributions made	<u>(10,292,900)</u>	<u>(16,832,576)</u>
Increase/(Decrease) in Net OPEB Obligation/(Asset)	(\$2,456,675)	(\$8,996,351)
Net OPEB Obligation/(Asset)— beginning of year	<u>\$686,379</u>	<u>\$9,683,090</u>
Net OPEB Obligation/(Asset) – end of year	(\$1,770,296)	\$686,379

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, 2011 through 2013 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation/(Asset)</u>
6/30/11	\$9,462,037	\$5,509,340	58.23%	\$9,683,090
6/30/12	\$7,836,225	\$16,832,576	214.80%	\$686,379
6/30/13	\$7,836,225	\$10,292,900	131.35%	(\$1,770,296)



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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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**D. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2011 (the most recent actuarial valuation date), the end of the third year of GASB 45 applicability, 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, 2011	\$20,101,236	\$103,754,477	\$83,653,241	19.4%	\$60,284,949	138.8%

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

**E. Actuarial Methods and Assumptions**

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

The plan's most recent actuarial valuation was performed as of July 1, 2011. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 5.75 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate ranging from 12.97 to -6.54 percent, reduced by decrements to an ultimate rate of 5 percent after 10 years. These assumptions reflect an implicit 3.0 percent general inflation assumption. The City's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over 30 years. The remaining amortization period as of June 30, 2013 was 25 years.

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**CITY OF BAKERSFIELD**

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**Notes to the Basic 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, is obligated in any manner for the repayment of these obligations. The City acts as an agent to property owners for the collection and repayment of Special Assessment Debt.

	Outstanding at 06/30/2013
Assessment District 93-3 (Cal/Oak)	\$ 250,000
Assessment District 94-1 (Renfro-Hughes)	180,000
Assessment District 94-2 (Gosford/White)	185,000
Assessment District 94-3 (Silver Creek-Brimhall, North Seven Oaks, South Laurelglen)	1,410,000
Assessment District 96-1* (Brimhall II/Spring Meadows/Fairways/Campus Park)	240,000
Assessment District 97-1* (Spring Meadows II/Stockdale Highway Commercial)	420,000
Assessment District 98-1* (Brimhall IV/Stockdale Commercial/Gosford Industrial)	1,935,000
Assessment District 99-1* (Polo Greens/Riveroaks)	885,000
Assessment District 99-2* (Seven Oaks West)	1,635,000
Assessment District 01-1* (Ming at Allen/Mountain Vista; Hampton Place)	1,140,000
Assessment District 01-2* (Seven Oaks West II/Riverwalk/Southern Oaks)	3,725,000
Assessment District 01-3* (Mountain Vista/San Lauren)	2,695,000
Assessment District 02-1* (Avalon/Belsera/Montara/The Woods)	1,055,000
Assessment District 03-1* (Brighton Place /Silver Creek II)	1,755,000
Assessment District 03-2* (Buena Vista Ranch/Belsera II/ Montera II/ Olive Park II)	1,645,000
Assessment District 03-3* (Seven Oaks West III/Brighton Place)	3,900,000
Assessment District 04-1 (Countryside/The Homestead)	2,640,000
Assessment District 04-2 (BP/BV/ST@Allen Com)	3,145,000
Assessment District 04-3 (Solera/Rio Vista)	2,485,000
Assessment District 05-1 (City in the Hills)	12,070,000
Assessment District 05-3 (Liberty II/Village Green/Tesoro/Encanto)	4,985,000
Assessment District 06-1 (Etcheverry/Lin II/University Park)	3,950,000
Assessment District 07-2 (Sydney Harbor)	1,825,000
	<u>\$ 54,155,000</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 Basic 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 \$31,085,384 at June 30, 2013 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 (GASB 10), which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. An estimate of incurred but not reported claims has been included in the liability based on the various percentages of loss reserves.

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

	Liability at Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	Liability at End of Year
2010-2011	\$ 24,866,509	\$ 10,750,600	\$ 8,294,828	\$ 27,322,281
2011-2012	\$ 27,322,281	\$ 10,376,559	\$ 9,215,407	\$ 28,483,433
2012-2013	\$ 28,483,433	\$ 10,950,492	\$ 8,348,541	\$ 31,085,384

**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, 2013, the City had \$2,578,897 on deposit with ACCEL out of a total of approximately \$32,155,973.

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.

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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

A summary of the financial information for ACCEL at June 30, 2013 is as follows:

Total assets	\$ 46,983,230
Total liabilities	<u>25,812,949</u>
Total members' equity	<u>\$ 21,170,281</u>
Total revenues	\$ 12,760,627
Total expenses	<u>8,578,243</u>
Net increase in members' equity	<u>\$ 4,182,384</u>

As of June 30, 2013 ACCEL had no long-term debt. Included in total liabilities is an estimated retrospectively rated refund of \$11,466,697. Complete financial statements of ACCEL can be obtained at the City's Finance Department at 1600 Truxtun Avenue, Bakersfield, CA 93301.

**NOTE 20 - COMMITMENTS AND CONTINGENCIES****General Liability**

Several claims and suits have been filed against the City in the normal course of business. In the opinion of management and the City Attorney, the potential liability of the City for such claims will not have a material adverse effect on the financial statements of the City. Also, the City has certain commitments under long-term construction projects which will be funded out of future revenues.

**Bakersfield Landfill**

The entire capacity of the former sanitary landfill has been used. The State of California has required environmental closure and capping of the City's former sanitary landfill and remediation of the adjacent burn dump. Although these two waste disposal areas are adjacent to each other, the City completed the remediation of the burn dump separately, through the State's Expedited Remedial Action Program, in 1998. The cost of remediation for the burn dump of \$1.8 million was funded by the City's Refuse Service Fund and was expensed in prior fiscal years. 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 Basic 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, 2013 consisted of the following:

**Governmental Funds:**

## Major Funds:

General Fund	\$ 933,777
Transient Occupancy Taxes Fund	87,386
Community Development Block Grant Fund	3,600,292
Gas Tax & Road Fund	31,022,606
Capital Outlay Fund	5,767,535
Park Improvement Fund	31,794
Transportation Development Fund	14,585,649

## Non-Major Funds:

National Stabilization Fund	1,096,966
State Safety Fund	45,711

**Proprietary Funds:**

## Major Funds:

Wastewater Treatment Fund	2,824,343
Refuse Collection Fund	648,399
Agriculture Water Fund	290,416
Domestic Water Fund	342,012
General Aviation Fund	28,350

## Internal Service Funds:

Self-Insurance Fund	91,959
Equipment Management Fund	2,566,738

**Fiduciary Funds:**

## Private Purpose Trust Funds:

Redevelopment Successor Agency Fund	5,524,351
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## Agency Funds:

Improvement District Fund	726,445
	<u>\$ 70,214,729</u>

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**CITY OF BAKERSFIELD**

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**Notes to the Basic 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, 2013
City of Bakersfield - Cottonwood Village Housing Bond, Series 2004	\$ 5,000,000	\$ 5,000,000
City of Bakersfield - Cottonwood Court Housing Bond, Series 2004	1,950,000	1,950,000
Adventist Health System / West 501(c)(3) Nonprofit Bond, Series 2005 A1 & A2	175,000,000	175,000,000
City of Bakersfield - American Baptist Homes of the West 501(c)(3) Nonprofit Bond, Series 2006	50,000,000	50,000,000
City of Bakersfield - St. John Manor Housing Bond, Series 2006	3,867,794	3,361,807
City of Bakersfield - Coventry Apartments Housing Bond, Series 2007M	5,300,000	3,740,976
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	9,940,000
City of Bakersfield - Descanso Place Housing Bond, Series TT	13,000,000	1,400,000
City of Bakersfield - Bakersfield Family Apartments Housing Bond, Series R	10,971,000	1,173,088
City of Bakersfield - Camellia Place Housing Bond, Series 2009R	619,138	619,118
City of Bakersfield - Eucalyptus Village I Housing Bond, Series 2012-E1	1,295,000	1,295,000
City of Bakersfield - Eucalyptus Village II Housing Bond, Series 2012-E2	4,275,000	4,275,000
TOTAL		<u>\$ 587,754,989</u>

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**CITY OF BAKERSFIELD**

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**Notes to the Basic Financial Statements**

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**NOTE 23 – PRIOR PERIOD ADJUSTMENTS**

During the fiscal year 2012-13, the City made the following prior period adjustments to restate the net position for governmental activity and related fund balance for; 1) errors in contractual calculations for management fees for the Rabobank Arena, Convention Center and Brighthouse Amphitheatre in prior years as recorded in the Transient Occupancy Fund and 2) correction for a refund made in the prior year for a down payment assistance program administered through the Redevelopment Successor Agency Housing Fund. See corresponding changes in statements on p. 22, p. 30, and p. 108). A prior period adjustment was also needed to restate the net position of the Redevelopment Successor Agency for errors in recording disposal of land held for resale (See statements on p. 45 and p. 127)

Activity	Net Position Accounts		
	July 1, 2012, as previously reported	Adjustment	July 1, 2013, as restated
Net Position - Governmental Activity	\$ 1,448,344,172	\$ (81,685)	\$ 1,448,262,487
Private Purpose Trust Fund - Redevelopment Successor Agency	(39,430,183)	60,895	(39,369,288)

Activity	Fund Balance Accounts		
	July 1, 2012, as previously reported	Adjustment	July 1, 2013, as restated
Transient Occupancy Taxes Fund	\$ 4,943,568	\$ (33,315)	\$ 4,910,253
Redevelopment Successor Agency Housing Fund	4,545,698	(48,370)	4,497,328





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## **CITY OF BAKERSFIELD**

### **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 2011-12 to fiscal year 2012-13 totaled \$182,505,633.

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

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**CITY OF BAKERSFIELD**

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**Required Supplementary Information (continued)**

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**Budgetary Comparison Schedule, General Fund****For the Fiscal Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1</b>	<b>\$ 55,409,641</b>	<b>\$ 55,409,641</b>	<b>\$ 55,409,641</b>	<b>\$ -</b>
<b>Revenues:</b>				
Taxes	135,847,000	135,847,000	151,148,456	15,301,456
Licenses and permits	1,872,600	1,872,600	2,559,995	687,395
Intergovernmental	2,708,800	4,732,399	2,633,130	(2,099,269)
Charges for services	16,153,100	16,299,169	17,937,289	1,638,120
Fines, forfeitures and assessments	541,500	541,500	803,161	261,661
Interest income	100,000	201,000	(67,082)	(268,082)
Contributions and donations	-	22,722	259,368	236,646
Other	138,000	1,920,768	5,277,792	3,357,024
Transfers from other funds	1,300,000	1,470,000	1,470,000	-
Amount available for appropriation	<u>\$ 158,661,000</u>	<u>\$ 162,907,158</u>	<u>\$ 182,022,109</u>	<u>\$ 19,114,951</u>
<b>Expenditures:</b>				
General government	\$ 11,622,234	\$ 11,851,506	\$ 10,842,217	\$ 1,009,289
Police	69,631,317	71,676,717	70,042,221	1,634,496
Fire	32,584,443	32,972,833	31,734,779	1,238,054
Public works	21,425,461	21,566,021	20,660,575	905,446
Recreation and parks	17,329,400	17,442,574	17,552,970	(110,396)
Community development	7,081,602	7,194,077	6,461,983	732,094
Non-departmental	15,430,543	17,118,062	9,792,111	7,325,951
Contingency	50,000	45,000		45,000
Transfers to other funds	8,289,000	8,439,000	8,439,000	-
Total charges to appropriations	<u>183,444,000</u>	<u>188,305,790</u>	<u>175,525,856</u>	<u>12,779,934</u>
Amount of resources over (under) charges to appropriations	<u>(24,783,000)</u>	<u>(25,398,632)</u>	<u>6,496,253</u>	<u>31,894,885</u>
<b>Fund balance, June 30</b>	<b><u>\$ 30,626,641</u></b>	<b><u>\$ 30,011,009</u></b>	<b><u>\$ 61,905,894</u></b>	<b><u>\$ 31,894,885</u></b>

**CITY OF BAKERSFIELD**

Required Supplementary Information (continued)

**Budgetary Comparison Schedule, Transient Occupancy Taxes Fund  
For the Fiscal Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1</b>	\$ 4,910,253	\$ 4,910,253	\$ 4,910,253	\$ -
<b>Revenues:</b>				
Taxes	7,575,000	7,575,000	8,274,240	699,240
Charges for services	5,877,475	5,877,475	6,592,995	715,520
Interest income	20,000	20,000	18,876	(1,124)
Contributions and donations	1,700,000	1,700,000	1,200,000	(500,000)
Other	200	200	7,409	7,209
Amount available for appropriation	\$ 15,172,675	\$ 15,172,675	\$ 16,093,520	\$ 920,845
<b>Expenditures:</b>				
Recreation and parks	\$ 7,157,571	\$ 7,320,017	\$ 7,697,908	\$ (377,891)
Non-departmental	3,180,176	3,146,576	3,139,575	7,001
Transfers to other funds	7,670,045	8,016,545	8,212,886	(196,341)
Total charges to appropriations	18,007,792	18,483,138	19,050,369	(567,231)
Amount of resources over (under) charges to appropriations	(2,835,117)	(3,310,463)	(2,956,849)	353,614
<b>Fund balance, June 30</b>	\$ 2,075,136	\$ 1,599,790	\$ 1,953,404	\$ 353,614

**Budgetary Comparison Schedule, Community Development Block Grant Fund  
For the Fiscal Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1</b>	\$ 245,352	\$ 245,352	\$ 245,352	\$ -
<b>Revenues:</b>				
Intergovernmental	4,297,540	11,210,533	2,689,682	(8,520,851)
Charges for services	-	-	99,519	99,519
Interest income	-	-	3,027	3,027
Loan payments	205,868	205,868	237,037	31,169
Other	-	-	47,691	47,691
Amount available for appropriation	\$ 4,503,408	\$ 11,416,401	\$ 3,076,956	\$ (8,339,445)
<b>Expenditures:</b>				
Community development	\$ 2,985,375	\$ 7,257,616	1,359,369	\$ 5,898,247
Capital outlay	1,107,580	3,748,332	1,014,831	2,733,501
Transfer to other funds	649,108	649,108	586,424	62,684
Total charges to appropriations	4,742,063	11,655,056	2,960,624	8,694,432
Amount of resources over (under) charges to appropriations	(238,655)	(238,655)	116,332	354,987
<b>Fund balance, June 30</b>	\$ 6,697	\$ 6,697	\$ 361,684	\$ 354,987

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**CITY OF BAKERSFIELD**

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Required Supplementary Information (continued)

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**Budgetary Comparison Schedule, Gas Tax & Road Fund  
For the Fiscal Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund Balance, July 1</b>	\$ 10,265,535	\$ 10,265,535	\$ 10,265,535	\$ -
<b>Revenues:</b>				
Intergovernmental	106,737,367	220,716,631	72,289,854	(148,426,777)
Fines, forfeitures and assessments	10,000	10,000	33,902	23,902
Interest income	-	-	(8,843)	(8,843)
Other	-	50,000	14,201	(35,799)
Amount available for appropriation	\$ 106,747,367	\$ 220,776,631	\$ 72,329,114	\$ (148,447,517)
<b>Expenditures:</b>				
Public works	\$ 3,106,246	\$ 3,301,497	\$ 3,199,308	\$ 102,189
Capital outlay	107,507,631	224,891,993	73,524,316	151,367,677
Total charges to appropriations	110,613,877	228,193,490	76,723,624	151,469,866
Amount of resources over (under) charges to appropriations	(3,866,510)	(7,416,859)	(4,394,510)	3,022,349
<b>Fund balance, June 30</b>	\$ 6,399,025	\$ 2,848,676	\$ 5,871,025	\$ 3,022,349

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**CITY OF BAKERSFIELD**

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**Required Supplementary Information (continued)**

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**DEFINED PENSION PLAN**

A schedule of funding progress for the year ended June 30, 2011 (most recent actuarial dated information) including the past nine actuarial valuations is presented below.

	<u>Actuarial Valuation Date</u>	<u>Actuarial Asset Value</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Underfunded (Overfunded) Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Underfunded (Overfunded) Actuarial Liability as a Percentage of Covered Payroll</u>
Miscellaneous	06/30/02	\$ 177,719,369	\$ 171,571,099	\$ (6,148,270)	103.6%	\$ 35,372,398	(17.4%)
Employees Group	06/30/03	181,593,404	198,558,161	16,964,757	91.5%	37,993,015	44.7%
	06/30/04	192,771,610	220,986,653	28,215,043	87.2%	38,144,465	74.0%
	06/30/05	208,030,836	237,796,477	29,765,641	87.5%	40,150,566	74.1%
	06/30/06	226,451,746	255,095,541	28,643,795	88.8%	43,527,124	65.8%
	06/30/07	248,242,670	276,470,476	28,227,806	89.8%	48,981,407	57.6%
	06/30/08	268,316,454	295,149,767	26,833,313	90.9%	50,064,207	53.6%
	06/30/09	283,394,099	336,972,452	53,578,353	84.1%	52,095,507	102.8%
	06/30/10	298,395,830	353,164,518	54,768,688	84.5%	50,693,452	108.0%
	06/30/11	314,512,484	376,382,028	61,869,544	83.6%	49,274,356	125.6%
Police Safety	06/30/02	135,089,787	160,095,659	25,005,872	84.4%	18,769,801	133.2%
Employees Group	06/30/03	137,228,572	175,278,288	38,049,716	78.3%	22,142,625	171.8%
	06/30/04	147,387,137	194,008,124	46,620,987	76.0%	21,805,516	213.8%
	06/30/05	160,921,545	208,572,116	47,650,571	77.2%	22,543,104	211.4%
	06/30/06	175,933,055	228,096,765	52,163,710	77.1%	24,796,549	210.4%
	06/30/07	192,579,453	247,804,969	55,225,516	77.7%	26,707,658	206.8%
	06/30/08	207,137,825	265,125,957	57,988,132	78.1%	27,284,866	212.5%
	06/30/09	217,486,909	286,500,738	69,013,829	75.9%	27,322,237	252.6%
	06/30/10	228,195,091	299,121,868	70,926,777	76.3%	28,008,505	253.2%
	06/30/11	241,189,946	321,160,693	79,970,747	75.1%	28,310,792	282.5%
Fire Safety	06/30/02	112,020,027	120,900,571	8,880,544	92.7%	11,404,064	77.9%
Employees Group	06/30/03	112,838,988	125,111,024	12,272,036	90.2%	12,223,855	100.4%
	06/30/04	119,692,263	136,596,056	16,903,793	87.6%	12,719,475	132.9%
	06/30/05	129,535,660	145,627,905	16,092,245	88.9%	13,717,142	117.3%
	06/30/06	139,944,092	156,354,757	16,410,665	89.5%	14,362,096	114.3%
	06/30/07	151,385,127	166,571,394	15,186,267	90.9%	15,134,819	100.3%
	06/30/08	161,154,797	179,566,772	18,411,975	89.7%	15,278,771	120.5%
	06/30/09	167,477,452	190,116,653	22,639,201	88.1%	15,524,645	145.8%
	06/30/10	173,944,069	196,834,345	22,890,276	88.4%	15,009,038	152.5%
	06/30/11	181,397,284	206,961,052	25,563,768	87.6%	14,645,522	174.6%

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

## II. Schedule of Employer Contributions

Fiscal Year	Actual Annual Contribution	Annual Required Contribution	Percentage Contribution
2011	\$ 5,509,340	\$ 9,462,037	58%
2012	16,832,576	7,836,225	215%
2013	10,292,900	7,836,225	131%

**DEFINED BENEFIT PENSION TRUST**

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll
06/30/09	\$ 1,559,543	\$ 1,233,149	\$ (326,394)	126%	\$ -0-	N/A
06/30/10	1,447,478	1,146,478	(301,000)	126%	-0-	N/A
06/30/11	1,447,478	1,146,478	(301,000)	126%	-0-	N/A
06/30/12	1,341,914	1,327,284	(14,630)	101%	-0-	N/A
06/30/13	1,341,914	1,327,284	(14,630)	101%	-0-	N/A

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**CITY OF BAKERSFIELD**

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Required Supplementary Information (concluded)

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II. Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation (NPO)
2009	\$ (37,826)	N/A	\$ (58,128)
2010	(33,014)	N/A	(90,478)
2011	(33,014)	N/A	(121,723)
2012	(1,604)	N/A	(114,850)
2013	(1,604)	N/A	(114,850)





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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 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, 2013**

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	General Fund
<hr/>	
<b>Assets:</b>	
Cash and investments	\$ 22,980,325
Accounts receivable, net	1,310,190
Interest receivable	69,853
Due from other governmental agencies	19,982,286
Due from other funds	29,495,648
Prepaid items	3,371,390
Total assets	<u>\$ 77,209,692</u>
 <b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 6,528,229
Due to other governmental agencies	3,096,772
Advances from grantors and third parties	1,188,717
Total liabilities	<u>10,813,718</u>
<b>Deferred Inflows of Resources:</b>	
Deferred revenue	<u>4,490,080</u>
 <b>Fund Balance:</b>	
Nonspendable	3,372,390
Committed	
Cash basis reserve	12,505,609
Contractual obligations	522,243
Appropriations for new year budget	24,444,842
Appropriations for CalPERS increases	2,500,000
Assigned	
Petty cash	21,670
Non-contractual encumbrances	411,534
Compensated absences	7,261,627
Unassigned	<u>10,865,979</u>
Total fund balance	<u>61,905,894</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 77,209,692</u>

**CITY OF BAKERSFIELD****Schedule of Revenue by Function - General Fund****Budgetary Level of Control - Budget and Actual****For the Fiscal Year Ended June 30, 2013**

	Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Taxes:			
Property taxes	\$ 59,048,000	\$ 65,696,957	\$ 6,648,957
Sales and use taxes	62,624,000	70,418,028	7,794,028
Property transfer tax	700,000	926,701	226,701
Utility franchise tax	10,275,000	10,733,798	458,798
Business license tax	3,200,000	3,372,972	172,972
Total taxes	135,847,000	151,148,456	15,301,456
Licenses and permits:			
Building permits	1,050,000	1,541,551	491,551
Planning permits	59,200	67,565	8,365
Public works permits	378,000	474,944	96,944
Police permits	184,000	233,544	49,544
Other licenses and permits	201,400	242,391	40,991
Total licenses and permits	1,872,600	2,559,995	687,395
Intergovernmental:			
Federal grants	1,991,754	1,037,709	(954,045)
State of California	2,454,903	1,085,716	(1,369,187)
Other grants	285,742	509,705	223,963
Total intergovernmental	4,732,399	2,633,130	(2,099,269)
Charges for services:			
Building	1,336,000	1,726,312	390,312
Planning	120,300	311,604	191,304
Public works	137,500	619,338	481,838
Police	447,000	403,473	(43,527)
Fire	3,963,069	3,891,759	(71,310)
Recreation and parks	790,500	1,050,363	259,863
Interfund charges	9,430,000	9,740,729	310,729
Other charges	74,800	193,711	118,911
Total charges for services	16,299,169	17,937,289	1,638,120
Fines, forfeitures and assessments	541,500	803,161	261,661
Miscellaneous:			
Interest income	201,000	691,327	490,327
Net decrease in the fair value of investments		(758,409)	(758,409)
Contributions and donations	22,722	259,368	236,646
Other	1,920,768	5,277,792	3,357,024
Total miscellaneous	2,144,490	5,470,078	3,325,588
Total revenues	\$ 161,437,158	\$ 180,552,109	\$ 19,114,951

**CITY OF BAKERSFIELD****Schedule of Expenditures by Department - General Fund****Budgetary Level of Control-Budget and Actual****For the Fiscal Year Ended June 30, 2013**

	Budget	Actual	Variance with Final Budget
<b>General Government:</b>			
Mayor	\$ 155,310	\$ 131,011	\$ 24,299
Council	278,443	258,045	20,398
City manager	900,952	868,048	32,904
City clerk	850,072	720,933	129,139
Human resources	1,245,411	1,157,866	87,545
Information technology	3,502,138	3,122,361	379,777
Financial services	2,842,187	2,670,279	171,908
City attorney	2,076,993	1,913,674	163,319
Total general government	11,851,506	10,842,217	1,009,289
<b>Public Safety:</b>			
Police	71,676,717	70,042,221	1,634,496
Fire	32,972,833	31,734,779	1,238,054
Total public safety	104,649,550	101,777,000	2,872,550
<b>Public Works:</b>			
Administration	575,661	601,956	(26,295)
Engineering	5,243,653	4,821,385	422,268
General services	10,521,268	10,171,947	349,321
Streets and roads	5,225,439	5,065,287	160,152
Total public works	21,566,021	20,660,575	905,446
<b>Community Services:</b>			
Administration	1,248,842	1,206,790	42,052
Recreation	2,825,525	2,596,638	228,887
Parks	13,368,207	13,749,542	(381,335)
Total community services	17,442,574	17,552,970	(110,396)
<b>Development Services:</b>			
Planning	2,109,584	1,870,602	238,982
Building	5,084,493	4,591,381	493,112
Total development services	7,194,077	6,461,983	732,094
<b>Non departmental</b>	17,118,062	9,792,111	7,325,951
<b>Contingency</b>	45,000		45,000
<b>Total General Fund Expenditures</b>	<b>\$ 179,866,790</b>	<b>\$ 167,086,856</b>	<b>\$ 12,779,934</b>

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

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

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

**American Recovery & Reinvestment Act Fund** is used to account for the City's portion of American Recovery & Reinvestment Act funds received from the Federal government to help improve the local economy. These funds were received for Public Safety, Community Development, and Public Works projects.

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

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

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

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

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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, 2013**

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	Transient Occupancy Taxes		
	Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Taxes	\$ 7,575,000	\$ 8,274,240	\$ 699,240
Licenses and permits			
Intergovernmental			
Charges for services	5,877,475	6,592,995	715,520
Fines, forfeitures and assessments			
Interest income	20,000	18,876	(1,124)
Loan payments			
Contributions and donations	1,700,000	1,200,000	(500,000)
Other	200	7,409	7,209
Total revenues	15,172,675	16,093,520	920,845
<b>Expenditures:</b>			
Current:			
Public safety - Police			
Public safety - Fire			
Public works			
Recreation and parks	7,320,017	7,697,908	(377,891)
Community development			
Non departmental	3,146,576	3,139,575	7,001
Capital outlay:			
Transportation:			
Traffic control			
Streets/Freeways			
Bridges			
Curbs, gutters and sidewalks			
Public facilities:			
Buildings			
Parks and landscaping			
Land acquisition			
Other improvements			
Equipment:			
Non-automotive			
Total expenditures	10,466,593	10,837,483	(370,890)
Excess (deficiency) of revenues over (under) expenditures	4,706,082	5,256,037	549,955
<b>Other financing sources (uses):</b>			
Transfers out	(8,016,545)	(8,212,886)	(196,341)
Total other financing uses	(8,016,545)	(8,212,886)	(196,341)
Excess (deficiency) of revenues over (under) expenditures and other uses	(3,310,463)	(2,956,849)	353,614
Fund balances - July 1 as restated	4,910,253	4,910,253	-
Fund balances - June 30	\$ 1,599,790	\$ 1,953,404	\$ 353,614



Community Development Block Grant			National Stabilization		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11,210,533	2,689,682 99,519	(8,520,851) 99,519	3,320,902	2,223,944	(1,096,958)
205,868	3,027 237,037	3,027 31,169			
-	47,691	47,691			
11,416,401	3,076,956	(8,339,445)	3,320,902	2,223,944	(1,096,958)
7,257,616	1,359,369	5,898,247	3,320,902	2,223,944	1,096,958
301,580		301,580			
1,587,949	727,439	860,510			
117,517	55,911	61,606			
412,428	202,623	209,805			
1,300,000		1,300,000			
28,858	28,858	-			
11,005,948	2,374,200	8,631,748	3,320,902	2,223,944	1,096,958
410,453	702,756	292,303	-	-	-
(649,108)	(586,424)	62,684			
(649,108)	(586,424)	62,684	-	-	-
(238,655)	116,332	354,987	-	-	-
245,352	245,352	-	-	-	-
\$ 6,697	\$ 361,684	\$ 354,987	\$ -	\$ -	\$ -

**CITY OF BAKERSFIELD****Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (continued)****Budget and Actual - All Special Revenue Funds****Year Ended June 30, 2013**

	American Recovery & Reinvestment Act		
	Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits			
Intergovernmental	1,564,808	1,645,706	80,898
Charges for services			
Fines, forfeitures and assessments			
Interest income			
Loan payments			
Contributions and donations			
Other			
Total revenues	1,564,808	1,645,706	80,898
<b>Expenditures:</b>			
Current:			
Public safety - Police	1,512,675	1,599,097	(86,422)
Public safety - Fire			
Public works			
Recreation and parks			
Community development	52,133	46,609	5,524
Non departmental			
Capital outlay:			
Transportation:			
Traffic control			
Streets/Freeways			-
Bridges			
Curbs, gutters and sidewalks			
Public facilities:			
Buildings			
Parks and landscaping			
Land acquisition			
Other improvements			
Equipment:			
Non-automotive			
Total expenditures	1,564,808	1,645,706	(80,898)
Excess (deficiency) of revenues over (under) expenditures	-	-	-
<b>Other financing sources (uses):</b>			
Transfers out			
Total other financing uses	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other uses	-	-	-
Fund balances - July 1 as restated	-	-	-
Fund balances - June 30	\$ -	\$ -	\$ -

Gas Tax & Road Fund			State (TDA) Transportation		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
220,716,631	72,289,854	(148,426,777)	476,847	320,642	(156,205)
10,000	33,902 (8,843)	23,902 (8,843)	500	(425)	(925)
50,000	14,201	(35,799)			
220,776,631	72,329,114	(148,447,517)	477,347	320,217	(157,130)
3,301,497	3,199,308	102,189	320,066 30,300	184,366 26,781	135,700 3,519
3,803,576	621,414	3,182,162			
219,626,741	72,831,670	146,795,071			
1,064,508	71,232	993,276			
			126,981	109,070	17,911
397,168		397,168			
228,193,490	76,723,624	151,469,866	477,347	320,217	157,130
(7,416,859)	(4,394,510)	3,022,349	-	-	-
	(205,600)	(205,600)			
-	(205,600)	(205,600)	-	-	-
(7,416,859)	(4,600,110)	2,816,749	-	-	-
10,265,535	10,265,535	-	-	-	-
\$ 2,848,676	\$ 5,665,425	\$ 2,816,749	\$ -	\$ -	\$ -

**CITY OF BAKERSFIELD****Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (concluded)****Budget and Actual - All Special Revenue Funds****Year Ended June 30, 2013**

	State Safety		
	Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	186,000	197,312	11,312
Intergovernmental	1,892,339	1,586,894	(305,445)
Charges for services	999,600	1,100,344	100,744
Fines, forfeitures and assessments	1,100,000	939,695	(160,305)
Interest income	9,500	679	(8,821)
Loan payments			
Contributions and donations			
Other			
Total revenues	4,187,439	3,824,924	(362,515)
<b>Expenditures:</b>			
Current:			
Public safety - Police	1,137,605	1,104,512	33,093
Public safety - Fire	1,883,018	1,793,581	89,437
Public works			
Recreation and parks			
Community development			
Non departmental			
Capital outlay:			
Transportation:			
Traffic control			
Streets/Freeways			
Bridges			
Curbs, gutters and sidewalks			
Public facilities:			
Buildings			
Parks and landscaping			
Land acquisition			
Other improvements			
Equipment:			
Non-automotive			
Total expenditures	3,020,623	2,898,093	122,530
Excess (deficiency) of revenues over (under) expenditures	1,166,816	926,831	(239,985)
<b>Other financing sources (uses):</b>			
Transfers out	(1,300,000)	(1,300,000)	-
Total other financing uses	(1,300,000)	(1,300,000)	-
Excess (deficiency) of revenues over (under) expenditures and other uses	(133,184)	(373,169)	(239,985)
Fund balances - July 1 as restated	1,399,545	1,399,545	-
Fund balances - June 30	\$ 1,266,361	\$ 1,026,376	\$ (239,985)

Redevelopment Successor Agency - Housing			Totals		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ 2,628,918	\$ 107,418	\$ (2,521,500)	\$ 10,203,918	\$ 8,381,658	\$ (1,822,260)
			186,000	197,312	11,312
			239,182,060	80,756,722	(158,425,338)
			6,877,075	7,792,858	915,783
	15,000	15,000	1,110,000	988,597	(121,403)
13,385	7,338	(6,047)	43,385	20,652	(22,733)
15,000	29,174	14,174	220,868	266,211	45,343
			1,700,000	1,200,000	(500,000)
-	5,645	5,645	50,200	74,946	24,746
2,657,303	164,575	(2,492,728)	259,573,506	99,678,956	(159,894,550)
			2,650,280	2,703,609	(53,329)
			1,883,018	1,793,581	89,437
			3,621,563	3,383,674	237,889
			7,350,317	7,724,689	(374,372)
5,630,502	1,902,699	3,727,803	16,261,153	5,532,621	10,728,532
			3,146,576	3,139,575	7,001
			3,803,576	621,414	3,182,162
			219,928,321	72,831,670	147,096,651
			1,064,508	71,232	993,276
			1,587,949	727,439	860,510
			117,517	55,911	61,606
			412,428	202,623	209,805
			1,300,000	-	1,300,000
			155,839	137,928	17,911
			397,168	-	397,168
5,630,502	1,902,699	3,727,803	263,680,213	98,925,966	164,754,247
(2,973,199)	(1,738,124)	1,235,075	(4,106,707)	752,990	4,859,697
-	-	-	(9,965,653)	(10,304,910)	(339,257)
-	-	-	(9,965,653)	(10,304,910)	(339,257)
(2,973,199)	(1,738,124)	1,235,075	(14,072,360)	(9,551,920)	4,520,440
4,497,328	4,497,328	-	21,318,013	21,318,013	-
\$ 1,524,129	\$ 2,759,204	\$ 1,235,075	\$ 7,245,653	\$ 11,766,093	\$ 4,520,440

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**CITY OF BAKERSFIELD**

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**Schedule of Revenues, Expenditures and Changes in Fund Balance****Budget and Actual - Debt Service Fund****For the Fiscal Year Ended June 30, 2013**

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	General Obligation Debt		
	Budget	Actual	Variance with Final Budget
<b>Revenue:</b>			
Interest income	\$ -	\$ -	\$ -
Total revenues	-	-	-
<b>Expenditures:</b>			
Debt service:			
Principal retirement	378,000	378,000	-
Interest and fiscal charges	271,108	208,424	62,684
Total expenditures	649,108	586,424	62,684
Deficiency of revenues under expenditures	(649,108)	(586,424)	62,684
<b>Other financing sources:</b>			
Operating transfers in	649,108	586,424	62,684
Total other financing sources	649,108	586,424	62,684
Deficiency of revenues and other sources under expenditures	-	-	-
Fund balance - July 1			
Fund balance - June 30	\$ -	\$ -	\$ -

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## ***Capital Projects Funds***

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

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

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

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

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

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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, 2013**

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	Special Assessment Districts		
	Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services			
Fines, forfeitures and assessments			
Interest income		2,558	2,558
Contributions and donations			
Other			
Total revenues	-	2,558	2,558
<b>Expenditures:</b>			
Current:			
General government			
Public works			
Non departmental			
Capital outlay:			
Transportation:			
Traffic control			
Streets	273,449	365,476	(92,027)
Bridges			
Streets/Freeways			
Public facilities:			
Buildings			
Parks and landscaping			
Land acquisition			
Other improvements			
Equipment:			
Computers			
Non-automotive			
Total expenditures	273,449	365,476	(92,027)
Excess (deficiency) of revenues over (under) expenditures	(273,449)	(362,918)	(89,469)
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(273,449)	(362,918)	(89,469)
Fund balances - July 1	6,796,800	6,796,800	-
Fund balances - June 30	\$ 6,523,351	\$ 6,433,882	\$ (89,469)



Capital Outlay			Park Improvement		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ 3,516,552	\$ 2,308,402	\$ (1,208,150)	\$ -	\$ -	\$ -
20,000	144,350	144,350	855,000	2,122,923	1,267,923
65,000	(140,821)	(20,000)	30,000	(24,453)	(54,453)
132,604	83,673	(205,821)			
1,962,720	1,201,523	(48,931)			
		(761,197)			
5,696,876	3,597,127	(2,099,749)	885,000	2,098,470	1,213,470
217,500	29,922	187,578	641,000	377,121	263,879
25,788,827	8,807,910	16,980,917			
456,179	61,717	394,462			
2,857,880	730,216	2,127,664			
485,365	46,971	438,394	55,074	48,342	6,732
			1,750,233		1,750,233
4,303,543	2,426,255	1,877,288	3,938,065	3,496,020	442,045
24,000	24,000	-			
312,150	175,567	136,583			
34,445,444	12,302,558	22,142,886	6,384,372	3,921,483	2,462,889
(28,748,568)	(8,705,431)	20,043,137	(5,499,372)	(1,823,013)	3,676,359
15,911,545	16,107,886	196,341			
(155,000)	(155,000)	-			
15,756,545	15,952,886	196,341	-	-	-
(12,992,023)	7,247,455	20,239,478	(5,499,372)	(1,823,013)	3,676,359
16,884,389	16,884,389	-	6,935,655	6,935,655	-
\$ 3,892,366	\$ 24,131,844	\$ 20,239,478	\$ 1,436,283	\$ 5,112,642	\$ 3,676,359

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**CITY OF BAKERSFIELD**

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**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (concluded)****Budget and Actual - All Capital Projects Funds****For the Fiscal Year Ended June 30, 2013**

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	Transportation Development		Variance with Final Budget
	Budget	Actual	
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	100,000	362,781	262,781
Fines, forfeitures and assessments	8,021,000	16,783,185	8,762,185
Interest income	75,000	(54,238)	(129,238)
Contributions and donations	-	-	-
Other	4,400,000	1,560,000	(2,840,000)
Total revenues	12,596,000	18,651,728	6,055,728
<b>Expenditures:</b>			
Current:			
General government	365,921	344,057	21,864
Public works	1,281,585	1,230,380	51,205
Non departmental			
Capital outlay:			
Transportation:			
Traffic control	1,120,300	108,908	1,011,392
Streets	17,477,412	2,980,369	14,497,043
Bridges	670,557	359,458	311,099
Streets/Freeways	29,635,951	11,529,184	18,106,767
Public facilities:			
Buildings			
Parks and landscaping			
Land acquisition			
Other improvements			
Equipment:			
Computers			
Non-automotive			
Total expenditures	50,551,726	16,552,356	33,999,370
Excess (deficiency) of revenues over (under) expenditures	(37,955,726)	2,099,372	40,055,098
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(37,955,726)	2,099,372	40,055,098
Fund balances - July 1	39,342,734	39,342,734	-
Fund balances - June 30	\$ 1,387,008	\$ 41,442,106	\$ 40,055,098

Totals		
Budget	Actual	Variance with Final Budget
\$ 3,516,552	\$ 2,308,402	\$ (1,208,150)
100,000	507,131	407,131
8,896,000	18,906,108	10,010,108
170,000	(216,954)	(386,954)
132,604	83,673	(48,931)
6,362,720	2,761,523	(3,601,197)
19,177,876	24,349,883	5,172,007
365,921	344,057	21,864
1,281,585	1,230,380	51,205
858,500	407,043	451,457
1,120,300	108,908	1,011,392
43,539,688	12,153,755	31,385,933
1,126,736	421,175	705,561
29,635,951	11,529,184	18,106,767
2,857,880	730,216	2,127,664
540,439	95,313	445,126
1,750,233	-	1,750,233
8,241,608	5,922,275	2,319,333
24,000	24,000	-
312,150	175,567	136,583
91,654,991	33,141,873	58,513,118
(72,477,115)	(8,791,990)	63,685,125
15,911,545	16,107,886	(196,341)
(155,000)	(155,000)	-
15,756,545	15,952,886	(196,341)
(56,720,570)	7,160,896	(63,881,466)
69,959,578	69,959,578	-
\$ 13,239,008	\$ 77,120,474	\$ (63,881,466)

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## ***Internal Service Funds***

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

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

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

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

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

**CITY OF BAKERSFIELD****Combining Statement of Net Position****All Internal Service Funds****June 30, 2013**

	Self- Insurance	Equipment Management	Totals
<b>Assets:</b>			
Current assets			
Cash and investments	\$ 28,129,539	\$ 19,782,850	\$ 47,912,389
Accounts receivable, net	118,223	12,486	130,709
Interest receivable	47,776	36,795	84,571
Due from other governmental agencies	92,499		92,499
Prepayments and inventories	83,000	984,433	1,067,433
Total current assets	28,471,037	20,816,564	49,287,601
Noncurrent assets			
Capital assets:			
Depreciable buildings, property, equipment and infrastructure, net		29,444,806	29,444,806
Notes/loans receivable	1,122,121	2,102,959	3,225,080
Total noncurrent assets	1,122,121	31,547,765	32,669,886
Total assets	29,593,158	52,364,329	81,957,487
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	139,074	1,117,656	1,256,730
Claims payable	3,970,384		3,970,384
Workers' compensation claims	4,498,000		4,498,000
Compensated absences payable		594,507	594,507
Total current liabilities	8,607,458	1,712,163	10,319,621
Noncurrent liabilities:			
Workers' compensation claims	22,617,000		22,617,000
Compensated absences payable	16,920	169,132	186,052
Total noncurrent liabilities	22,633,920	169,132	22,803,052
Total liabilities	31,241,378	1,881,295	33,122,673
<b>Net position:</b>			
Invested in capital assets, net of related debt		29,444,806	29,444,806
Unrestricted	(1,648,220)	21,038,228	19,390,008
Total net position	\$ (1,648,220)	\$ 50,483,034	\$ 48,834,814

**CITY OF BAKERSFIELD****Combining Statement of Activities and Changes in Net Position  
All Internal Service Funds  
For the Fiscal Year Ended June 30, 2013**

	Self- Insurance	Equipment Management	Totals
<b>Operating revenues:</b>			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	9,397,662	21,133,915	30,531,577
Cost recoveries	555,754	9,955	565,709
Miscellaneous		506,120	506,120
Total operating revenues	9,953,416	21,649,990	31,603,406
<b>Operating expenses:</b>			
General and administrative	8,621,884	16,987,790	25,609,674
Workers' compensation payments	2,264,893		2,264,893
Claims paid	473,694		473,694
Depreciation		4,689,901	4,689,901
Compensated absences	9,128	39,381	48,509
Total operating expenses	11,369,599	21,717,072	33,086,671
Operating income (loss)	(1,416,183)	(67,082)	(1,483,265)
<b>Nonoperating revenues (expenses):</b>			
Interest income	(104,195)	(68,203)	(172,398)
Gain (loss) on sale of real property		387,491	387,491
Income (loss) before transfers and capital contributions	(1,520,378)	252,206	(1,268,172)
Capital contributions		1,004,499	1,004,499
Transfers in		1,647,136	1,647,136
Transfers out	(57,536)	(15,000)	(72,536)
Change in net position	(1,577,914)	2,888,841	1,310,927
<b>Total Net Position - Beginning of Year</b>	(70,306)	47,594,193	47,523,887
<b>Total Net Position - End of Year</b>	\$ (1,648,220)	\$ 50,483,034	\$ 48,834,814

**CITY OF BAKERSFIELD****Combining Statement of Cash Flows****All Internal Service Funds****For the Fiscal Year Ended June 30, 2013**

	Self- Insurance	Equipment Management	Totals
<b>Cash flows from operating activities:</b>			
Cash received from:			
Customers	\$ 9,243,365	\$ 21,666,616	\$ 30,909,981
Prior year reimbursements and cost recoveries	547,913	9,955	557,868
Cash paid to:			
Suppliers	(6,433,232)	(13,148,347)	(19,581,579)
Employees	(2,488,553)	(4,378,066)	(6,866,619)
Net cash provided (used) by operating activities	869,493	4,150,158	5,019,651
<b>Cash flows from noncapital financing activities:</b>			
Cash transferred from other funds		1,647,136	1,647,136
Cash transferred to other funds	(57,536)	(15,000)	(72,536)
Net cash provided by noncapital financing activities	(57,536)	1,632,136	1,574,600
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets		(10,421,617)	(10,421,617)
Proceeds from sale of capital assets		451,031	451,031
Net cash (used) by capital and related financing activities	-	(9,970,586)	(9,970,586)
<b>Cash flows from investing activities:</b>			
Interest received	166,083	132,766	298,849
Net (decrease) in the fair value of investments	(266,795)	(193,431)	(460,226)
Net cash provided (used) by investing activities	(100,712)	(60,665)	(161,377)
Net increase (decrease) in cash and investments	711,245	(4,248,957)	(3,537,712)
Cash and investments - Beginning of year	27,418,294	24,031,807	51,450,101
Cash and investments - End of year	\$ 28,129,539	\$ 19,782,850	\$ 47,912,389
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>			
Operating income (loss)	\$ (1,416,183)	\$ (67,082)	\$ (1,483,265)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense		4,689,901	4,689,901
(Increase) decrease in accounts/notes receivable	(82,213)	24,362	(57,851)
(Increase) decrease in inventories		377,872	377,872
Decrease in prepaid items	(79,925)		(79,925)
Increase (decrease) in accounts payable	(163,265)	(907,908)	(1,071,173)
Increase (decrease) in workers' compensation claims	2,601,951		2,601,951
Increase (decrease) in compensated absences	9,128	33,013	42,141
Net cash provided (used) by operating activities	\$ 869,493	\$ 4,150,158	\$ 5,019,651
<b>Noncash investing, capital, and financing activities:</b>			
Contribution of equipment from other departments		1,004,499	1,004,499

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**CITY OF BAKERSFIELD**

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**Statement of Changes in Assets and Liabilities****Fiduciary Funds (Agency)****For the Fiscal Year Ended June 30, 2013**

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	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<u>Special Deposits Fund</u>				
<b>Assets</b>				
Cash and investments	\$ 14,612,891	\$ 100,787,221	\$ 98,837,157	\$ 16,562,955
Interest receivable	20,396	20,559	20,396	20,559
Due from other governmental agencies	89,983	8,646	89,983	8,646
Total assets	<u>\$ 14,723,270</u>	<u>\$ 100,816,426</u>	<u>\$ 98,947,536</u>	<u>\$ 16,592,160</u>
<b>Liabilities</b>				
Payables:				
Deposits	\$ 14,723,270	\$ 100,816,426	\$ 98,947,536	\$ 16,592,160
Total liabilities	<u>\$ 14,723,270</u>	<u>\$ 100,816,426</u>	<u>\$ 98,947,536</u>	<u>\$ 16,592,160</u>
<u>Improvement Districts Fund</u>				
<b>Assets</b>				
Cash and investments	\$ 11,378,878	\$ 192,649	\$ 1,493,658	\$ 10,077,869
Interest receivable	6,353	564	105	6,812
Due from other governmental agencies	9,637	10,473	3,906	16,204
Total assets	<u>\$ 11,394,868</u>	<u>\$ 203,686</u>	<u>\$ 1,497,669</u>	<u>\$ 10,100,885</u>
<b>Liabilities</b>				
Payables:				
Accounts	\$ 4,945	\$ 31,062	\$ 4,945	\$ 31,062
Deposits	5,763,243	51,285	2,622,778	3,191,750
Accrued bond interest	1,666,680	1,375,423	1,666,680	1,375,423
Bonds	3,960,000	5,502,650	3,960,000	5,502,650
Total liabilities	<u>\$ 11,394,868</u>	<u>\$ 6,960,420</u>	<u>\$ 8,254,403</u>	<u>\$ 10,100,885</u>
<u>Totals - All Agency Funds</u>				
<b>Assets</b>				
Cash and investments	\$ 25,991,769	\$ 100,979,870	\$ 100,330,815	\$ 26,640,824
Interest receivable	26,749	21,123	20,501	27,371
Due from other governmental agencies	99,620	19,119	93,889	24,850
Total assets	<u>\$ 26,118,138</u>	<u>\$ 101,020,112</u>	<u>\$ 100,445,205</u>	<u>\$ 26,693,045</u>
<b>Liabilities</b>				
Payables:				
Accounts	\$ 4,945	\$ 31,062	\$ 4,945	\$ 31,062
Deposits	20,486,513	100,867,711	101,570,314	19,783,910
Accrued bond interest	1,666,680	1,375,423	1,666,680	1,375,423
Bonds	3,960,000	5,502,650	3,960,000	5,502,650
Total liabilities	<u>\$ 26,118,138</u>	<u>\$ 107,776,846</u>	<u>\$ 107,201,939</u>	<u>\$ 26,693,045</u>



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**CITY OF BAKERSFIELD**

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**Combining Statement of Fiduciary Net Position****Private Purpose Trust Funds****June 30, 2013**

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	Redevelopment Successor Agency	Planning Habitat Trust Fund	Total Private Purpose Trust Funds
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 2,845,910	\$ 12,784,403	\$ 15,630,313
Accounts receivable	29,000		29,000
Interest receivable	3,362	23,399	26,761
Due from other governmental agencies	766,640		766,640
Total current assets	<u>3,644,912</u>	<u>12,807,802</u>	<u>16,452,714</u>
Noncurrent assets:			
Land held for resale	60,895		60,895
Total noncurrent assets	<u>60,895</u>	<u>-</u>	<u>60,895</u>
Total assets	<u>3,705,807</u>	<u>12,807,802</u>	<u>16,513,609</u>
<b>Liabilities:</b>			
Payables:			
Accounts	34,881		34,881
Due to other governments	365,506		365,506
Advances from grantors and third parties	3,274,432		3,274,432
Bonds	3,080,000		3,080,000
Loans and contracts	34,372,330		34,372,330
Total liabilities	<u>41,127,149</u>	<u>-</u>	<u>41,127,149</u>
<b>Net Position:</b>			
Held in trust for:			
Individuals, organizations and other governments	<u>(37,421,342)</u>	<u>12,807,802</u>	<u>(24,613,540)</u>
<b>Total Net Position</b>	<u>\$ (37,421,342)</u>	<u>\$ 12,807,802</u>	<u>\$ (24,613,540)</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, 2013**

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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	\$ 46,532,951	\$ 227,769	\$ 46,760,720
Retirement system investments- Federal agency coupons		980,790	980,790
Interest receivable		3,455	3,455
Total assets	<u>46,532,951</u>	<u>1,212,014</u>	<u>47,744,965</u>
<b>Net Position:</b>			
Held in trust for-			
Pension benefits and other purposes	<u>46,532,951</u>	<u>1,212,014</u>	<u>47,744,965</u>
<b>Total Net Position</b>	<u>\$ 46,532,951</u>	<u>\$ 1,212,014</u>	<u>\$ 47,744,965</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, 2013**

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	Redevelopment Successor Agency	Planning Habitat Trust Fund	Total Private Purpose Trust Funds
<b>Additions:</b>			
Developer fees	\$	\$ 715,408	\$ 715,408
Successor Agency property tax deposits	3,198,736		3,198,736
Intergovernmental	839,009		839,009
Charges for service/capital lease revenue	3,139,575		3,139,575
Contribution from Successor Housing Agency	206,446		206,446
Other income	41,575		41,575
Interest and investment income, net		79,638	79,638
Total additions	<u>7,425,341</u>	<u>795,046</u>	<u>8,220,387</u>
<b>Deductions:</b>			
Purchase of uninhabited land		1,658,308	1,658,308
Obligation retirement	<u>5,477,395</u>		<u>5,477,395</u>
Total deductions	<u>5,477,395</u>	<u>1,658,308</u>	<u>7,135,703</u>
Change in net position	<u>1,947,946</u>	<u>(863,262)</u>	<u>1,084,684</u>
Net position - beginning of year as restated	<u>(39,369,288)</u>	<u>13,671,064</u>	<u>(25,698,224)</u>
Net position - end of year	<u>\$ (37,421,342)</u>	<u>\$ 12,807,802</u>	<u>\$ (24,613,540)</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, 2013**

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	OPEB Irrevocable Trust	Fire Relief and Pension Trust	Total Pension and Other Employee Benefit Trust Funds
<b>Additions:</b>			
Contributions to pooled investments	\$ 13,664,290	\$ -	\$ 13,664,290
Interest and investment income, net	1,998,091	(13,099)	1,984,992
Total additions	15,662,381	(13,099)	15,649,282
<b>Deductions:</b>			
Benefits	3,371,390	123,732	3,495,122
Administrative expense	141,180	5,900	147,080
Total deductions	3,512,570	129,632	3,642,202
Change in net position	12,149,811	(142,731)	12,007,080
Beginning of year	34,383,140	1,354,745	35,737,885
End of year	\$ 46,532,951	\$ 1,212,014	\$ 47,744,965



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**CITY OF BAKERSFIELD**

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**Combining Balance Sheet****Non-Major Governmental Funds****June 30, 2013**

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	Special Revenue Funds		
	National Stabilization	American Recovery & Reinvestment Act	State (TDA) Transportation
<b>Assets:</b>			
Cash and investments	\$ -	\$ -	\$ 141,941
Accounts receivable, net	9,937,999		
Interest receivable			357
Due from other governmental agencies	235,950	256,652	35,873
Notes/Loans receivable			
Total assets	<u>\$ 10,173,949</u>	<u>\$ 256,652</u>	<u>\$ 178,171</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
Liabilities:			
Accounts payable	\$ 208,298	\$ 24,467	\$ 29,942
Due to other governmental agencies		2,173	
Due to other funds	27,652	230,012	
Advances from grantors and third parties			148,229
Total liabilities	<u>235,950</u>	<u>256,652</u>	<u>178,171</u>
Deferred Inflows of Resources:			
Deferred revenue	<u>9,937,999</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted			
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,173,949</u>	<u>\$ 256,652</u>	<u>\$ 178,171</u>

		Debt Service Fund	Capital Projects Fund	Total Non-Major Governmental Funds
State Safety	Redevelopment Successor Agency - Housing	General Obligation Debt	Special Assessment Districts	
\$ 1,099,123	\$ 2,755,903	\$ -	\$ 6,449,651	\$ 10,446,618
66,101	215			10,004,315
3,370	6,448			10,175
9,015				537,490
	5,873,919			5,873,919
<u>\$ 1,177,609</u>	<u>\$ 8,636,485</u>	<u>\$ -</u>	<u>\$ 6,449,651</u>	<u>\$ 26,872,517</u>
\$ 126,001	3,362	\$ -	\$ 15,769	\$ 407,839
25,232				27,405
	5,873,919			257,664
				6,022,148
<u>151,233</u>	<u>5,877,281</u>	<u>-</u>	<u>15,769</u>	<u>6,715,056</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,937,999</u>
<u>1,026,376</u>	<u>2,759,204</u>		<u>6,433,882</u>	<u>10,219,462</u>
<u>1,026,376</u>	<u>2,759,204</u>	<u>-</u>	<u>6,433,882</u>	<u>10,219,462</u>
<u>\$ 1,177,609</u>	<u>\$ 8,636,485</u>	<u>\$ -</u>	<u>\$ 6,449,651</u>	<u>\$ 26,872,517</u>

**CITY OF BAKERSFIELD****Combining Statement of Revenues, Expenditures and Changes in Fund Balances****Non-Major Governmental Funds****For the Fiscal Year Ended June 30, 2013**

	Special Revenue Funds		
	National Stabilization	American Recovery & Reinvestment Act	State (TDA) Transportation
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits			
Intergovernmental	2,223,944	1,645,706	320,642
Charges for services			
Fines, forfeitures and assessments			
Interest income			(425)
Other			
Total revenues	2,223,944	1,645,706	320,217
<b>Expenditures:</b>			
Current:			
Public safety - Police		1,599,097	
Public safety - Fire			
Public works			184,366
Recreation and parks			26,781
Community development	2,223,944	46,609	
Capital outlay			109,070
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total expenditures	2,223,944	1,645,706	320,217
Excess (deficiency) of revenues over (under) expenditures	-	-	-
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	-
Fund balances - July 1 - as restated	-	-	-
Fund balances - June 30	\$ -	\$ -	\$ -



		Debt Service Fund	Capital Projects Fund	Total Non-Major Governmental Funds
State Safety	Redevelopment Successor Agency - Housing	General Obligation Debt	Special Assessment Districts	
\$ -	\$ 107,418	\$ -	\$ -	\$ 107,418
197,312				197,312
1,586,894				5,777,186
1,100,344				1,100,344
939,695	15,000			954,695
679	7,338		2,558	10,150
	34,819			34,819
3,824,924	164,575	-	2,558	8,181,924
1,104,512				2,703,609
1,793,581				1,793,581
				184,366
				26,781
	1,902,699			4,173,252
			365,476	474,546
		378,000		378,000
		208,424		208,424
2,898,093	1,902,699	586,424	365,476	9,942,559
926,831	(1,738,124)	(586,424)	(362,918)	(1,760,635)
		586,424		586,424
(1,300,000)				(1,300,000)
(1,300,000)	-	586,424	-	(713,576)
(373,169)	(1,738,124)	-	(362,918)	(2,474,211)
1,399,545	4,497,328		6,796,800	12,693,673
\$ 1,026,376	\$ 2,759,204	\$ -	\$ 6,433,882	\$ 10,219,462

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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 18<sup>th</sup> Street and 19<sup>th</sup> 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. \$ 1,935,000

\$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. 1,145,000

Total Bonds \$ 3,080,000

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%. 689,000

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

\$1,600,000 HUD Section 108 Loan, 2005 (Agency Agreement #RA 06-020) for construction of Fire Station No. 5 – due in annual principal installments of \$58,000 to \$137,000 commencing August 1, 2009; interest ranging from 4.96% to 5.77%. 1,355,000

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

\$3,750,000 HUD Section 108 Loan, 2007 (Agency Agreement # RA 06-022)  
Loan proceeds are dedicated to the Mill Creek South Mixed-Use project and will go toward the acquisition and clean-up of a six acre parcel. Due in annual principal installments of \$136,000 to \$321,000 commencing August 1, 2008; interest ranging from 2.62% to 5.42%. 3,329,000

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

9,089,055

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

1,342,959

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

760,000

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

1,122,121

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

15,800,000

Total Loans/Contracts Payable

\$ 34,372,330

Total Successor Agency

\$ 37,452,330

Annual requirements to amortize the principal and interest on long-term debt of Successor Agency at June 30, 2013 are as follows:

Redevelopment Successor Agency (Private Purpose Trust Fund)								
Year ending	Principal			Interest				
	Bonds	Loans/Contracts	Total	Bonds	Loans/Contracts	Total		
2014	\$ 95,000	\$ 2,772,468	\$ 2,867,468	\$ 224,618	\$ 1,808,164	\$ 2,032,782		
2015	105,000	3,941,286	4,046,286	217,212	1,624,741	1,841,953		
2016	110,000	3,596,255	3,706,255	209,250	1,508,160	1,717,410		
2017	120,000	3,039,266	3,159,266	200,732	1,291,196	1,491,928		
2018	125,000	2,528,399	2,653,399	191,656	1,114,205	1,305,861		
2019-2023	795,000	10,225,745	11,020,745	797,187	3,270,496	4,067,683		
2024-2028	1,150,000	3,786,890	4,936,890	438,907	1,183,491	1,622,398		
2029-2033	580,000	2,069,761	2,649,761	43,706	595,164	638,870		
2034-2038		2,412,260	2,412,260		214,300	214,300		
2039-2042		-	-		-	-		
Totals	\$ 3,080,000	\$ 34,372,330	\$ 37,452,330	\$ 2,323,268	\$ 12,609,917	\$ 14,933,185		



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## ***Statistical Section***

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**City of Bakersfield  
Statistical Section  
For the year ended June 30, 2013**

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

<b>Contents</b>	<b>Pages</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	138-147
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sale tax revenues.	148-159
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	160-166
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	167-173
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	174-179

# **CITY OF BAKERSFIELD**

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

	Fiscal Year			
	2004	2005	2006 (2)	2007
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$ 204,064,183	\$ 240,757,766	\$ 939,282,572	\$ 1,322,587,643
Restricted for:				
Current projects	615,400	247,828	620,618	298,110
Capital improvements	34,881,765	47,942,901	87,336,669	84,146,096
Debt service	52,236	48,515	48,209	44,145
Unrestricted	54,802,089	85,904,382	144,677,514	120,922,654
Total governmental activities net position:	294,415,673	374,901,392	1,171,965,582	1,527,998,648
% change from prior year	20%	27%	213%	30%
<b>Business-type Activities:</b>				
Net Investment in Capital Assets	152,050,836	160,979,364	521,824,277	566,728,647
Restricted for:				
Capital improvements				
Sanitation Districts	3,108,624	8,233,452	8,318,774	8,357,453
Unrestricted	58,087,164	69,661,071	96,501,463	129,325,391
Total business-type activities net position:	213,246,624	238,873,887	626,644,514	704,411,491
% change from prior year	10%	12%	162%	12%
<b>Primary Government:</b>				
Net Investment in Capital Assets	356,115,019	401,737,130	1,461,106,849	1,867,261,783
Restricted for:				
Current projects	615,400	247,828	620,618	298,110
Capital improvements	34,881,765	47,942,901	87,336,669	84,136,096
Debt service	52,236	48,515	48,209	44,145
Sanitation Districts	3,108,624	8,233,452	8,318,774	8,357,453
Unrestricted	112,889,253	155,565,453	241,178,977	272,302,552
Total primary government net position	\$ 507,662,297	\$ 613,775,279	\$ 1,798,610,096	\$ 2,232,400,139
Total primary government net position after restatement			1,700,459,431	
% change from prior year	15%	21%	177%	31%

### 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 Business-type Activities for 2008-2009 and the fiscal year numbers have been changed to reflect the restatement.

Source: City Finance Department

Fiscal Year					
2008 (3)	2009 (4)	2010	2011	2012	2013
\$ 1,369,689,471	\$ 1,412,593,899	\$ 1,403,412,018	\$ 1,307,753,604	\$ 1,259,429,698	\$ 1,233,782,806
1,975,111	4,646,968	-	-	-	-
77,319,182	56,379,296	39,139,625	19,778,178	23,252,930	16,246,571
45,952	-	-	-	-	-
121,427,154	127,843,285	135,621,596	155,889,382	165,661,544	172,822,239
1,570,456,870	1,601,463,448	1,578,173,239	1,483,421,164	1,448,344,172	1,422,851,616
3%	2%	-1%	-6%	-2%	-2%
342,111,043	588,467,081	634,479,891	632,719,226	650,440,273	642,190,610
152,968,360	83,715,993	29,803,093	19,570,180	20,237,839	-
5,113,759	5,167,516	4,926,779	4,008,890	2,645,932	20,216,599
230,264,239	73,947,580	104,096,319	115,321,423	100,529,044	107,431,948
730,457,401	751,298,170	773,306,082	771,619,719	773,853,088	769,839,157
4%	3%	3%	-0.2%	0.3%	-0.5%
1,711,800,514	2,001,060,980	2,037,891,909	1,940,472,830	1,909,869,971	1,875,973,416
1,975,111	4,646,968	-	-	-	-
230,287,542	140,095,289	68,942,718	39,348,358	43,490,769	16,246,571
45,952	-	-	-	-	-
5,113,759	5,167,516	4,926,779	4,008,890	2,645,932	20,216,599
351,691,393	201,790,865	239,717,915	271,210,805	266,190,588	280,254,187
\$ 2,300,914,271	\$ 2,352,761,618	\$ 2,351,479,321	\$ 2,255,040,883	\$ 2,222,197,260	\$ 2,192,690,773
2,301,082,391					
3%	2%	-0.1%	-4%	-1%	-1%

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

	Fiscal Year			
	2004	2005	2006 (2)	2007
<b>Expenses</b>				
Governmental activities:				
General government	\$ 18,683,743	\$ 16,258,160	\$ 16,387,448	\$ 22,376,302
Public safety:				
Police	48,189,574	53,133,158	59,217,664	62,681,714
Fire	24,238,425	28,274,641	29,124,399	27,697,731
Public works	45,548,570	26,874,096	53,935,339	66,939,234
Recreation & parks	16,169,163	17,285,798	14,678,060	23,360,416
Development services	6,217,528	7,609,292	9,551,861	10,738,435
Economic/Community development	3,859,176	3,539,604	2,846,210	3,980,925
Community development (3)				
Interest on long-term debt	1,356,008	770,171	678,238	595,412
Total governmental activities expenses	164,262,187	153,744,920	186,419,219	218,370,169
Business-type activities:				
Wastewater treatment	13,425,848	13,364,173	18,476,617	19,660,934
Refuse collection	25,889,554	28,423,051	32,147,482	34,546,899
Agricultural water	3,901,437	4,016,718	4,269,889	4,577,030
Domestic water	11,149,998	11,755,936	13,516,193	15,963,620
General aviation	262,052	282,180	286,651	268,707
Offstreet parking	188,110	184,434	174,258	174,531
Total business-type activities expenses	54,816,999	58,026,492	68,871,090	75,191,721
Total primary government expenses	219,079,186	211,771,412	255,290,309	293,561,890
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	3,557,776	6,213,032	3,923,612	4,262,137
Public safety:				
Police	898,132	2,077,127	1,121,545	1,055,577
Fire	2,075,028	4,313,192	3,535,136	4,961,943
Public works	32,692,425	34,714,601	61,378,381	32,389,571
Recreation & parks	8,033,785	8,925,298	10,577,088	11,521,373
Development services	6,589,533	8,547,411	8,658,762	6,052,621
Economic/Community development	23,178	5,000,509		314,609
Community development				
Operating grants and contributions	11,778,497	11,389,303	13,699,627	14,052,014
Capital grants and contributions	23,229,502	23,764,450	18,987,290	254,881,641
Total governmental activities program revenues	\$ 88,877,856	\$ 104,944,923	\$ 121,881,441	\$ 329,491,486

**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					
2008	2009	2010	2011	2012	2013
\$ 12,738,456	\$ 15,624,497	\$ 13,169,300	\$ 12,110,455	\$ 12,388,099	\$ 12,919,972
71,485,694	68,830,802	66,819,611	70,381,783	72,574,972	76,310,840
32,930,374	32,844,159	32,901,818	31,657,823	33,319,982	35,105,188
93,674,545	98,187,688	138,345,249	137,057,195	142,228,353	162,423,856
34,783,064	31,186,962	32,640,571	34,682,672	31,737,121	32,619,041
10,920,263	10,111,034	8,231,893	6,862,213	5,856,850	
3,917,710	6,930,730	12,935,695	9,303,951	28,228,468	
					11,192,757
430,313	252,743	201,442	233,606	215,411	467,848
260,880,419	263,968,615	305,245,579	302,289,698	326,549,256	331,039,502
34,006,998	32,009,889	31,978,755	42,333,794	41,550,942	40,456,796
39,679,394	37,590,048	35,237,306	38,469,544	39,340,795	44,364,406
5,415,452	5,014,733	4,901,463	4,603,236	5,727,962	5,245,266
16,579,051	20,089,704	21,951,835	22,068,640	22,157,529	21,131,546
563,304	296,653	372,089	407,687	404,648	430,697
168,780	192,011	177,485	165,935	128,070	162,094
96,412,979	95,193,038	94,618,933	108,048,836	109,309,946	111,790,805
357,293,398	359,161,653	399,864,512	410,338,534	435,859,202	442,830,307
4,770,899	4,534,243	4,451,944	5,406,095	5,392,724	4,969,767
1,165,047	4,411,906	3,347,806	3,210,604	2,649,132	2,110,160
5,605,740	3,230,597	4,601,976	4,577,004	4,866,355	5,361,766
22,599,790	16,598,877	10,561,651	8,462,168	11,651,452	19,404,900
11,974,626	13,423,547	13,530,535	13,172,982	14,153,899	14,324,137
5,131,522	5,245,507	3,492,359	2,621,537	2,907,300	
408	(76,449)	85,180	1,101	870	
					4,147,598
14,389,999	18,940,149	26,063,320	22,993,743	20,178,086	19,508,063
74,434,259	75,921,404	76,021,617	82,831,043	68,415,443	76,471,205
\$ 140,072,290	\$ 142,229,781	\$ 142,156,388	\$ 143,276,277	\$ 130,215,261	\$ 146,297,596

# **CITY OF BAKERSFIELD**

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

	Fiscal Year			
	2004	2005	2006	2007
Business-type activities:				
Charges for services				
Wastewater treatment	\$ 18,534,135	\$ 17,154,209	\$ 16,742,598	\$ 19,146,468
Refuse collection	27,249,735	30,291,605	33,174,727	36,415,700
Agricultural water	3,343,104	6,717,939	5,426,547	6,523,342
Domestic water	12,268,089	13,188,040	15,209,139	18,414,655
General aviation	122,132	125,747	135,383	142,520
Offstreet parking	88,665	93,713	104,636	98,640
Operating grants and contributions	10,713,532	14,343,274	17,016,789	15,268,751
Capital grants and contributions	1,208,811	1,410,465	449,969	54,024,256
Total business-type activities				
program revenues	73,528,203	83,324,992	88,259,788	150,034,332
Total primary government				
program revenues	162,406,059	188,269,915	210,141,229	479,525,818
Net (Expenses) Revenues				
Governmental activities	(75,384,331)	(48,799,997)	(64,537,778)	111,121,317
Business-type activities	18,711,204	25,298,500	19,388,698	74,842,611
Total primary government				
Net (Expenses) Revenues	(56,673,127)	(23,501,497)	(45,149,080)	185,963,928
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property taxes	23,926,768	39,464,262	49,135,641	62,324,076
Sales and use tax	49,237,400	58,465,636	66,495,453	68,367,251
Other taxes	3,696,091	4,268,501	5,074,460	4,047,002
Intergovernmental, unrestricted	13,281,356 (5)	5,981,308	2,176,967	1,845,520
Unrestricted grants and contributions	32,531,179	20,776,276	15,184,443	16,717,510
Investment earnings	714,434	1,416,716	1,332,755	4,470,903
Miscellaneous	137,346	232,035	85,279	13,128
Gain on sale of property	18,640	83,939	673,947	1,140,896
Transfers*	269,316	2,168,098	1,370,202	3,095,700
Reserve transfer to				
Redevelopment Agency		(3,571,055)	-	
Total governmental activities	123,812,530	129,285,716	141,529,147	162,021,986
Business-type activities:				
Investment earnings	930,304	2,496,861	3,140,800	6,020,066
Gain on sale of property				
Miscellaneous				
Transfers	(769,552) (4)	(2,168,098)	(1,370,202)	(3,095,700)
Total business-type activities	160,752	328,763	1,770,598	2,924,366
Total primary government	123,973,282	129,614,479	143,299,745	164,946,352
<b>Extraordinary Gain</b>				
<b>Change in Net Position</b>				
Governmental activities	48,428,199	80,485,719	76,991,369	273,143,303
Business-type activities	18,871,956	25,627,263	19,388,698	77,766,977
Total primary government	\$ 67,300,155	\$ 106,112,982	\$ 96,380,067	\$ 350,910,280

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

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

(6) Corrected for calculation error in previous year.

Source: City Finance Department

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 23,793,814	\$ 26,836,539	\$ 29,617,486	\$ 30,752,515	\$ 30,743,840	\$ 30,825,384
39,378,891	39,814,200	39,533,488	39,568,011	41,198,715	41,812,177
4,972,037	6,619,487	5,206,010	6,891,203	4,162,253	3,645,065
20,103,488	21,160,388	21,773,880	22,223,640	23,140,865	23,944,333
211,573	243,923	258,353	253,868	285,461	304,357
102,425	77,122	63,383	63,120	72,094	54,420
8,391,106	5,228,837	7,121,598	4,018,963	4,935,165	6,243,441
23,514,481	12,174,540	10,189,981	1,599,202	5,011,908	982,577
120,467,815	112,155,036	113,764,179	105,370,522	109,550,301	107,811,754
260,540,105	254,384,817	255,920,567	248,646,799	239,765,562	254,109,350
(120,808,129)	(121,738,834)	(163,089,191)	(159,013,421)	(196,333,995)	(184,741,906)
24,054,836	16,961,998	19,145,246	(2,678,314)	240,355 (6)	(3,979,241)
(96,753,293)	(104,776,836)	(143,943,945)	(161,691,735)	(196,093,640)	(188,721,147)
71,655,585	70,869,285	63,923,865	62,889,341	60,717,716	58,958,525
63,415,357	56,615,428	50,664,334	55,281,897	67,642,794	70,418,028
3,193,162	3,136,193	1,910,719	728,715	889,373	926,701
910,205	962,870	1,026,116	1,144,659	876,617	181,713
16,303,921	16,767,713	19,229,234	20,701,642	21,793,292	22,725,966
4,019,639	2,879,700	1,103,532	73,834	282,170	(99,546)
131,121	1,408,497	1,776,536	1,567,489	4,223,807	5,187,294
43,215	58,726	14,646	17,300	132,666	192,354
3,604,146	47,000	150,000	1,998,260	34,000	840,000
163,276,351	152,745,412	139,798,982	144,403,137	156,592,435	159,331,035
4,894,373	3,757,651	3,012,666	2,136,427	1,988,022	778,444
				38,992	26,866
(2,004,146)	(47,000)	(150,000)	(1,998,260)	(34,000)	(840,000)
2,890,227	3,710,651	2,862,666	138,167	1,993,014	(34,690)
166,166,578	156,456,063	142,661,648	144,541,304	158,585,449	159,296,345
				4,664,568	
42,468,222	31,006,578	(23,290,209)	(14,610,284)	(35,076,992)	(25,410,871)
26,945,063	20,672,649	22,007,912	(2,540,147)	2,233,369	(4,013,931)
\$ 69,413,285	\$ 51,679,227	\$ (1,282,297)	\$ (17,150,431)	\$ (32,843,623)	\$ (29,424,802)

# **CITY OF BAKERSFIELD**

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

	Fiscal Year			
	2004	2005	2006	2007
<b>General Fund</b>				
Reserved				
Petty cash	\$ 19,625	\$ 21,825	\$ 22,095	\$ 22,545
Inventory	-	-	-	-
Prepaid items	472,566	537,812	-	-
Encumbrances	1,860,674	1,665,099	1,850,208	2,933,414
Cash basis	7,067,661	7,673,578	9,265,797	11,159,944
Unreserved				
Designated for current projects / contingency	615,400	247,828	620,618	298,110
Designated for compensated absences	-	4,854,216	5,554,097	5,928,547
Undesignated	15,611,812	19,032,319	32,648,415	29,607,059
Total general fund	<u>25,647,738</u>	<u>34,032,677</u>	<u>49,961,230</u>	<u>49,949,619</u>
<b>All other governmental funds</b>				
Reserved	43,805,667	16,918,396	32,340,825	41,592,473
Unreserved, reported in:				
Special revenue funds	6,695,504	3,418,829	(3,729,699)	(10,814,841)
Capital projects funds	10,352,393	7,647,901	12,481,455	18,602,700
Permanent funds	52,236	48,101,521	87,503,135	84,314,434
Total all other government funds	<u>\$ 60,905,800</u>	<u>\$ 76,086,647</u>	<u>\$ 128,595,716</u>	<u>\$ 133,694,766</u>

### Notes:

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

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

[illegible]

# CITY OF BAKERSFIELD

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

	Fiscal Year			
	2004	2005	2006	2007
Revenues				
Taxes	\$ 89,363,833	\$ 115,631,300	\$ 135,540,591	\$ 151,067,427
Licenses and permits	3,607,543	3,853,451	4,279,532	3,029,719
Intergovernmental	35,973,313	34,255,270	24,965,724	36,774,497
Charges for services	34,924,030	26,675,781	30,604,785	28,299,553
Fines, forfeitures & assessments	17,949,056	31,499,007	60,485,776	30,450,784
Interest income	676,118	2,828,081	3,936,649	9,327,675
Contributions and donations				
Miscellaneous	9,935,221	4,825,205	5,155,640	4,668,437
Total Revenues	192,429,114	219,568,095	264,968,697	263,618,092
Expenditures				
General government	9,712,947	8,473,071	10,758,950	10,807,970
Police	47,283,348	53,536,030	59,716,106	64,936,013
Fire	24,144,074	28,115,025	28,878,953	30,349,754
Public works	15,465,572	19,199,433	21,500,679	25,634,650
Recreation and parks	14,877,855	16,046,083	19,204,779	22,047,595
Development services	6,164,000	7,607,299	9,143,519	10,787,216
Economic/Community development	3,818,640	3,541,200	3,022,308	3,939,418
Community Development (1)				
Non departmental	8,888,063	7,726,250	5,486,829	11,584,563
Capital outlay	41,568,039	41,691,554	35,744,826	75,443,460
Debt service				
Principal	17,150,000	2,026,000	1,258,000	1,957,000
Interest and fiscal charges	1,305,966	811,755	702,386	598,067
Total Expenditures	190,378,504	188,773,700	195,417,335	258,085,706
Excess (deficiency) of revenues over (under) expenditures	2,050,610	30,794,395	69,551,362	5,532,386
Other financing sources (uses)				
Notes/certificate proceeds				
Transfers in	18,817,358	15,171,629	21,908,333	1,600,000
Transfers out	(20,908,170)	(27,063,316)	(23,022,073)	(2,044,947)
Reserve transfer to agency funds	-	-	-	-
Extraordinary gain				
Total other financing sources (uses)	(2,090,812)	(11,891,687)	(1,113,740)	(444,947)
Net change in fund balances	\$ (40,202)	\$ 18,902,708	\$ 68,437,622	\$ 5,087,439
Debt service as a percentage of non capital expenditures	13.5%	2.0%	1.2%	-10.5%

Notes:

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

Source: City Finance Department

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 154,249,416	\$ 147,153,335	\$ 128,716,315	\$ 139,250,878	\$ 150,761,992	\$ 159,530,114
2,613,944	2,576,755	2,192,594	1,757,045	2,321,094	2,757,307
55,926,098	82,994,989	90,926,017	87,577,120	83,597,649	85,698,254
27,056,425	26,850,501	24,488,013	23,982,350	34,518,512	26,237,278
25,511,482	18,207,527	13,601,153	14,359,150	4,034,565	20,697,866
6,157,327	3,455,207	2,193,269	804,910	865,072	(266,411)
					1,543,041
5,166,473	4,097,040	5,830,575	4,662,521	7,346,224	8,383,499
276,681,165	285,335,354	267,947,936	272,393,974	283,445,108	304,580,948
10,809,819	11,509,310	11,070,305	9,944,217	10,383,512	11,186,274
68,853,581	65,824,506	63,789,358	65,985,764	68,489,176	72,745,830
31,737,283	31,338,492	30,921,380	29,450,014	31,390,736	33,528,360
27,771,403	27,594,508	24,023,808	21,967,831	25,849,496	25,274,629
23,959,813	23,702,177	22,281,910	22,620,636	23,599,669	25,277,659
10,558,195	9,619,973	7,811,683	6,486,573	6,229,936	-
3,417,684	5,567,930	11,322,095	8,147,683	3,646,144	-
					11,994,604
13,866,439	11,111,355	17,103,372	12,517,816	20,283,121	13,338,729
89,813,206	104,472,583	107,556,933	97,915,227	94,567,093	105,808,610
1,256,000	3,509,000	203,000	444,000	366,000	378,000
491,605	324,862	204,673	221,920	219,865	208,424
282,535,028	294,574,696	296,288,517	275,701,681	285,024,748	299,741,119
(5,853,863)	(9,239,342)	(28,340,581)	(3,307,707)	(1,579,640)	4,839,829
		1,800,000	-	-	-
26,562,537	12,740,413	8,813,765	9,580,944	11,587,495	18,164,310
(28,268,709)	(12,752,513)	(8,813,765)	(8,358,944)	(12,704,555)	(18,898,910)
-	-	-	10,656	-	-
				4,664,568	-
(1,706,172)	(12,100)	1,800,000	1,232,656	3,547,508	(734,600)
\$ (7,560,035)	\$ (9,251,442)	\$ (26,540,581)	\$ (2,075,051)	\$ 1,967,868	\$ 4,105,229

0.8%

1.8%

0.2%

0.3%

0.2%

0.2%

## ***CITY OF BAKERSFIELD***

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

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

**Notes:**

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

(2) Includes VLF Triple Flip tax revenue.

(3) Includes PG & E Utility Surcharge revenues.

(4) As restated.

Source: City Finance Department



# **CITY OF BAKERSFIELD**

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

Taxpayer	2004			2013		
	Taxable		Percentage of Total Taxable Assessed Value	Taxable		Percentage of Total Taxable Assessed Value
	Assessed Value	Rank		Assessed Value	Rank	
Nestle Holdings Inc				\$ 197,016,094	1	0.91%
Bakersfield Mall LLC	\$ 115,620,887	1	0.90%			
Chevron USA Inc.	35,429,647	10	0.28%	184,047,295	2	0.85%
California Water Service Company	56,528,008	6	0.44%	144,004,829	3	0.66%
Donahue Schriber Realty Group LLP				62,677,000	10	0.29%
WalMart Real Estate BSNS Trust				89,730,135	5	0.41%
Castle & Cook Comm. Inc.	79,763,607	2	0.62%			
Castle & Cook CA Inc.	70,809,293	3	0.55%	73,580,925	7	0.34%
State Farm Insurance Company	63,490,050	5	0.49%	69,319,997	9	0.32%
Kaiser Foundation Health Plan Inc.	41,734,533	9	0.32%	72,674,414	8	0.34%
Ice Cream Partners USA	66,656,820	4	0.52%			
Bear Mountain Limited	53,804,041	7	0.42%			
Heart Hospital of Bakersfield	48,107,637	8	0.37%			
Valley Plaza Mall LP				122,518,768	4	0.56%
BLC Glenwood Gardens AL LP				81,283,461	6	0.37%
Total taxable assessed value of ten (10) largest taxpayers	\$ 631,944,523		4.91%	\$ 1,096,852,918		5.06%
Total taxable assessed value of other taxpayers	12,245,641,407		95.09%	20,594,195,025		94.94%
Total taxable assessed value of all taxpayers	\$ 12,877,585,930		100.00%	\$ 21,691,047,943		100.00%

### **Note:**

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

Source: HdL Coren & Cone, K.C. Assessor 2012-13 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	Secured			Unsecured	Less: Tax Exempt Real Property
	Residential Property	Commercial Property	Other		
2004	\$ 8,760,686	\$ 2,341,932	\$ 1,879,013	\$ 546,353	\$ 694,115
2005	9,966,804	2,463,503	1,943,657	565,311	680,115
2006	12,110,090	2,727,174	2,200,212	582,995	731,597
2007	15,371,291	3,104,110	2,655,402	631,452	816,684
2008	18,353,070	3,401,625	3,122,004	659,048	881,683
2009	17,705,933	3,785,022	3,495,239	751,790	957,674
2010	15,577,372	4,030,198	3,311,171	878,216	1,080,957
2011	14,950,744	4,053,184	3,134,829	834,158	1,063,302
2012	14,521,636	3,832,880	3,245,619	850,899	1,104,081
2013	14,698,137	3,904,832	3,268,227	912,300	1,097,928

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

Source: HdL Coren & Cone, Kern County Assessor 2012-13 Combined Tax Rolls.

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Total Taxable Assessed Value	Total Direct Rate	Estimated Actual Taxable Value (1)
\$ 12,833,869	0.2029	Unavailable
14,259,160	0.2034	Unavailable
16,888,874	0.2281	Unavailable
20,945,571	0.2160	Unavailable
24,654,064	0.1931	Unavailable
24,780,310	0.1961	Unavailable
22,716,000	0.1981	Unavailable
21,909,613	0.1969	Unavailable
21,346,953	0.1956	Unavailable
21,685,568	0.1924	Unavailable

# **CITY OF BAKERSFIELD**

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

	2004	2005	2006	2007
<b>Basic County-Wide Levy (1)</b>	1.0000	1.0000	1.0000	1.0000
<b>Overlapping Rates:</b>				
Bakersfield School	0.0503	0.0477	0.0416	0.0388
Beardsley School	0.0359	0.0429	0.0406	0.0627
Edison School Bond	0.0000	0.0000	0.0000	0.0000
Fairfax 10A	0.0000	0.0000	0.0000	0.0000
Fairfax School	0.0348	0.0466	0.0403	0.0299
Fruitvale Dbt Ec	0.1225	0.0000	0.0000	0.0000
Fruitvale School Bonds	0.0556	0.0581	0.0490	0.0799
Greenfield School	0.0918	0.0775	0.0650	0.0480
Kern Community College District	0.0118	0.0092	0.0096	0.0053
Kern County Water Agency	0.0705	0.0696	0.0504	0.0376
Kern High School District	0.0206	0.0300	0.0321	0.0405
Lakeside School 2008-A	0.0000	0.0000	0.0000	0.0000
Lamont School	0.0318	0.0607	0.0567	0.0462
Norris School	0.0371	0.0271	0.0208	0.0151
Panama School	0.0322	0.0292	0.0250	0.0211
Rio Bravo School	0.0501	0.0674	0.0378	0.0367
Rosedale	0.0162	0.0146	0.0129	0.0097
Standard Bond 06A	0.0000	0.0000	0.0000	0.0239
Vineland School 07-A	0.0000	0.0000	0.0000	0.0000
<b>Total Direct &amp; Overlapping Tax Rates (2)</b>	<b>1.6612</b>	<b>1.5806</b>	<b>1.4818</b>	<b>1.4954</b>
<b>City Share of 1% Levy (3)</b>	<b>0.1844</b>	<b>0.1844</b>	<b>0.1844</b>	<b>0.1846</b>
<b>Total Direct Rate (4)</b>	<b>0.2029</b>	<b>0.2034</b>	<b>0.2281</b>	<b>0.2160</b>

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

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

(3) City's share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. Educational revenue augmentation fund general fund tax shifts may not be included in tax ratio figures.

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

2008	2009	2010	2011	2012	2013
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.0577	0.0568	0.0676	0.0663	0.0710	0.0681
0.0490	0.0485	0.0548	0.0574	0.0599	0.0499
0.0000	0.0000	0.0000	0.0720	0.0664	0.0694
0.0000	0.0000	0.0000	0.0000	0.0280	0.0000
0.0249	0.0296	0.0330	0.0401	0.0408	0.0685
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0557	0.0537	0.0610	0.0695	0.0759	0.0614
0.0540	0.0615	0.0835	0.0783	0.0804	0.0826
0.0080	0.0091	0.0094	0.0101	0.0091	0.0085
0.0533	0.0495	0.0601	0.0553	0.0748	0.0540
0.0382	0.0358	0.0431	0.0447	0.0363	0.0437
0.0000	0.0000	0.0216	0.0188	0.0224	0.0227
0.0463	0.0466	0.0652	0.0694	0.0693	0.0615
0.0147	0.0250	0.0330	0.0298	0.0327	0.0580
0.0191	0.0088	0.0099	0.0116	0.0115	0.0000
0.0378	0.0681	0.0690	0.0741	0.0737	0.0535
0.0013	0.0025	0.0046	0.0000	0.0000	0.0000
0.0210	0.0240	0.0258	0.0206	0.0191	0.0185
0.0000	0.0397	0.0424	0.0414	0.0423	0.0437
1.4810	1.5592	1.6840	1.7594	1.8136	1.7640
0.1847	0.1847	0.1846	0.1852	0.1851	0.1851
0.1931	0.1961	0.1981	0.1969	0.1956	0.1924

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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)
2004	\$ 23,538,692	\$ 23,132,897	98.3%	\$ 461,432	\$ 23,594,329	100.2%
2005	27,352,808	26,799,037	98.0%	462,268	27,261,305	99.7%
2006	32,367,859	31,572,839	97.5%	534,541	32,107,380	99.2%
2007	42,437,947	38,167,345	89.9%	579,684	38,747,029	91.3%
2008	44,435,132	42,501,455	95.6%	1,375,328	43,876,783	98.7%
2009	42,390,737	41,627,252	98.2%	1,626,519	43,253,771	102.0%
2010	37,878,353	36,683,727	96.8%	2,308,846	38,992,573	102.9%
2011	38,752,737	38,136,143	98.4%	437,340	38,573,483	99.5%
2012	37,333,785	36,574,775	98.0%	417,383	36,992,158	99.1%
2013	38,448,465	37,544,318	97.6%	159,495	37,703,812	98.1%

**Notes:**

(1) Excludes Redevelopment property tax increment.

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

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

Source: City Finance Department

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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
2004	7.25%	7.25%
2005	7.25%	7.25%
2006	7.25%	7.25%
2007	7.25%	7.25%
2008	7.25%	7.25%
2009	8.25%	8.25%
2010	8.25%	8.25%
2011	8.25%	8.25%
2012	7.25%	7.25%
2013	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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	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Retail Trade Groups	\$ 33,993,987	\$ 38,114,349	\$ 43,933,276	\$ 44,882,615	\$ 43,965,080
Non-Store Retailers	1,058,215	1,206,858	1,379,182	1,505,922	1,312,047
Service Groups	2,645,201	2,527,542	2,939,384	3,071,729	2,979,402
Construction Contractor Groups	1,009,244	1,318,508	1,800,092	2,364,714	1,839,151
Producers, Manufacturers and Wholesalers Group	<u>3,426,901</u>	<u>3,590,789</u>	<u>5,109,920</u>	<u>5,744,221</u>	<u>5,715,484</u>
Total	<u>\$ 42,133,548</u>	<u>\$ 46,758,046</u>	<u>\$ 55,161,854</u>	<u>\$ 57,569,201</u>	<u>\$ 55,811,164</u>

Note: 2012 data is the most recent information available

Source: California State Board of Equalization



2008	2009	2010	2011	2012
\$ 40,428,261	\$ 34,939,802	\$ 36,129,898	\$ 40,605,395	\$ 44,051,820
991,106	728,190	714,709	922,257	961,178
3,149,366	2,809,311	3,279,903	4,056,208	4,396,783
1,615,488	628,808	612,563	807,930	813,201
7,711,908	5,682,497	6,119,199	8,620,630	9,155,110
<u>\$ 53,896,129</u>	<u>\$ 44,788,608</u>	<u>\$ 46,856,272</u>	<u>\$ 55,012,420</u>	<u>\$ 59,378,092</u>

## ***CITY OF BAKERSFIELD***

### **Sales Tax Revenue Payers By Industry 2012 and Nine Years Ago**

	2003			
	Number of Filers	Percent of Total	Tax Liability Paid	Percent of Total \$
Department Stores	19	0.31%	\$ 3,354,015	7.96%
New Car Dealers	25	0.41%	8,086,430	19.19%
Service Stations	49	0.80%	2,075,048	4.92%
Heavy Industrial Equipment & Misc Machinery	59	0.96%	511,434	1.21%
Eating/Drinking Places without Alcohol	353	5.76%	1,889,526	4.48%
Eating/Drinking Places w/General on-sale Lic	98	1.60%	1,037,738	2.46%
Family Apparel	151	2.47%	591,690	1.40%
Grocery Stores w/General Liquor Lic 21	30	0.49%	1,168,428	2.77%
Full Time Specialty Stores	1157	18.89%	1,160,372	2.75%
Petroleum, Petroleum Products, Oil Well, Refining, and Service Station Equipment	78	1.27%	1,237,503	2.94%
All Other	4,105	67.03%	21,021,365	49.89%
Total	6,124	100.00%	\$ 42,133,549	100.00%

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue. The amounts shown are gross collections prior to refunds and collections of amounts due from prior year. Fiscal years 2003 and 2012 are the most current years for which a nine year history can be shown.

Source: California State Board of Equalization

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2012			
Number of Filers	Percent of Total	Tax Liability Paid	Percent of Total \$
182	2.61%	\$ 8,947,014	15.07%
22	0.32%	8,363,098	14.08%
88	1.26%	5,375,716	9.05%
179	2.57%	3,214,113	5.41%
393	5.63%	2,967,386	5.00%
325	4.66%	2,761,690	4.65%
341	4.89%	1,614,010	2.72%
115	1.65%	1,796,242	3.03%
746	10.69%	1,504,457	2.53%
36	0.52%	2,659,227	4.48%
4549	65.20%	20,175,139	33.98%
6976	100.00%	\$ 59,378,092	100.00%

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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 Obligation Bonds	Net Bonded Debt	Total	Ratio of Net Bonded Debt to Assessed Value	Population (1)	Total Debt Per Capita
2004	\$ 3,050,000	\$ -	\$ 3,050,000	0.00%	268,472	11.36
2005	2,070,000	-	2,070,000	0.00%	281,578	7.35
2006	1,055,000	-	1,055,000	0.00%	296,177	3.56
2007(2)	-	-	-	-	311,332	0.00
2008	-	-	-	-	322,008	0.00
2009	-	-	-	-	327,650	0.00
2010	-	-	-	-	333,847	0.00
2011	-	-	-	-	338,952	0.00
2012	-	-	-	-	354,480	0.00
2013	-	-	-	-	359,221	0.00

## Notes:

Includes all long-term general obligation bonded debt.

(1) State Department of Finance

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

Source: City Finance Department



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**CITY OF BAKERSFIELD**


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


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Fiscal Year	Governmental Activities				Total Governmental Activities (3)
	Revenue Bonds	Notes	Certificates of Participation	Capital Leases	
2004	\$ 9,120,000	\$ 5,732,640	\$ -	\$ -	\$ 14,852,640
2005	7,255,000	4,739,000	-	-	11,994,000
2006	6,165,000	4,571,000	-	-	10,736,000
2007	4,385,000	4,394,000	-	-	8,779,000
2008	3,315,000	4,208,000	-	-	7,523,000
2009	-	4,014,000	-	-	4,014,000
2010	-	5,611,000	-	-	5,611,000
2011	-	5,167,000	-	-	5,167,000
2012	-	4,801,000	24,710,000 (4)	-	29,511,000
2013	-	4,423,000	22,725,000	-	27,148,000

**Notes:**

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

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

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

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

(4) As restated.

Source: City Finance Department

Business-Type Activities							
Revenue Bonds	General Obligation		Capital Leases	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (2)
	Bonds	Notes					
\$ 5,110,000	\$ 3,050,000	\$ 14,846,492		\$ 23,006,492	\$ 37,859,132	0.21%	135
-	2,070,000	13,902,687		15,972,687	27,966,687	0.15%	95
-	1,055,000	12,947,272		14,002,272	24,738,272	0.12%	79
-	-	13,054,738		13,054,738	21,833,738	0.10%	68
243,032,633	-	11,804,769		254,837,402	262,360,402	1.18%	798
242,701,570	-	10,614,878		253,316,448	257,330,448	1.06%	771
241,270,507	-	8,991,701		250,262,208	255,873,208	1.03%	755
238,994,444	-	7,521,262		246,515,706	251,682,706	3.59%	716
217,003,381	-	6,769,136	\$ 490,747 (4)	224,263,264	253,774,264	3.32%	716
201,875,000	-	6,017,009	509,258	208,401,267	235,549,267	3.00%	656

**CITY OF BAKERSFIELD****Direct and Overlapping Debt (1)****As of June 30, 2013**

2012-13 Assessed Valuation	\$ 21,685,496,218		
Redevelopment Incremental Valuation	-		
Adjusted Assessed Valuation	<u>\$ 21,685,496,218</u>		
	Debt Outstanding (2)	Estimated Percentage Applicable (3)	Estimated Share of Overlapping Debt
<b>Overlapping Tax and Assessment Debt</b>			
Kern Community College District Safety			
School Facilities Improvement District	\$ 99,267,372	27.925%	\$ 27,720,414
Kern High School District	211,356,209	46.099	97,433,099
Bakersfield City School District	67,988,776	70.648	48,032,710
Beardsley School District	14,694,898	20.281	2,980,272
Edison School District	5,424,942	0.022	1,193
Fairfax School District	7,590,032	22.562	1,712,463
Fruitvale School District	22,332,379	75.610	16,885,512
Greenfield Union School District	15,333,406	85.230	13,068,662
Lakeside Union School District	10,558,133	34.290	3,620,384
Lamont School District	3,099,775	0.022	682
Norris School District	18,284,898	58.255	10,651,867
Panama-Buena Vista Union School District	18,405,000	96.882	17,831,132
Rio Bravo-Greeley Union School District	11,481,409	0.315	36,166
Rosedale Union School District	150,000	57.014	85,521
Olcese Water District	120,000	100.000	120,000
Standard School District	9,725,000	1.336	129,926
Vineland School District	3,999,982	0.004	160
Kern Delta Water District	1,235,000	73.638	909,429
Greenfield Union School District CFD No. 1 & 3	5,055,000	100.000	5,055,000
RNR School Financing Authority	66,575,000	70.840	47,161,730
Total Overlapping Tax and Assessment Debt	<u>\$ 592,677,211</u>		<u>\$ 293,436,322</u>
<b>Overlapping General Fund Debt</b>			
Kern County Certificates of Participation	\$ 121,865,000	24.463%	\$ 29,811,835
Kern County Pension Obligations	369,325,506	24.463	90,348,099
Rio Bravo-Greeley Union School District			
General Fund Obligation	1,010,000	0.315	3,182
<b>Certificates of Participation:</b>			
Kern County Board of Education	41,920,000	24.463	10,254,890
Kern County Community College District	84,530,000	25.086	21,205,196
Kern County Community College District Benefit	82,985,000	25.086	20,817,617
Kern High School District	131,950,000	46.099	60,827,631
Fairfax School District	4,500,000	22.562	1,015,290
Panama-Buena Vista Unified School District	30,675,000	96.882	29,718,554
Standard School District	390,000	1.336	5,210
Overlapping Tax Increment Debt (Successor Agency)	3,080,000	100.000	3,080,000
Total Overlapping General Fund Debt	<u>\$ 872,230,506</u>		<u>\$ 267,087,504</u>
<b>Direct Debt</b>			
<b>City of Bakersfield</b>			
City of Bakersfield General Fund Obligations			\$ 22,725,000
Long-term notes payable			\$ 4,423,000
Public Financing Authority Revenue Bonds			-
Total Direct and Overlapping Debt			<u>\$ 587,671,826</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***

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**Computation of Legal Debt Margin**  
**June 30, 2013**

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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	
2003-04	\$ 28,832,948	\$ 8,703,477	\$ 20,129,471	\$ 14,125,000	\$ 426,663	1.38
2004-05	30,227,439	8,931,127	21,296,312	5,110,000	79,838	4.10
2005-06	34,088,363	9,836,368	24,251,995	-	-	N/A
2006-07	33,382,155	10,743,656	22,638,499	-	-	N/A
2007-08	34,245,054	12,622,868	21,622,186	-	3,872,689	5.58
2008-09	33,776,649	11,447,963	22,328,686	-	10,361,705	2.15
2009-10	38,115,751	11,928,571	26,187,180	1,100,000	9,597,489	2.45
2010-11 (6)	36,073,819	14,144,051	21,929,768	1,945,000	9,451,151	1.92
2011-12	36,769,858	12,913,038	23,856,820	2,930,000 (7)	9,959,591	1.85
2012-13	37,901,401	13,156,437	24,744,964	7,845,000	8,744,990	1.49

### 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.

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**CITY OF BAKERSFIELD**

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

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<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (2) (millions)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (2)</u>	<u>Education Level in Years of Formal Schooling (3) (4)</u>	<u>Elementary School Enrollment (5)</u>	<u>Estimated Unemployment Rate (%) (6)</u>
2003-04	268,472	\$ 4,826	\$ 17,959	30.1	72.8%	28,315	12.6%
2004-05	281,578	5,282	18,761	29.8	72.2%	28,234	8.3%
2005-06	296,177	5,785	19,535	30.0	71.9%	27,890	7.3%
2006-07	311,332	6,439	20,684	29.8	70.1%	27,403	8.0%
2007-08	322,008	6,906	21,448	30.0	70.2%	27,085	9.5%
2008-09	327,650	7,085	21,624	30.3	71.5%	27,263	14.7%
2009-10	333,847	7,034	21,071	30.8	78.1%	27,267	15.8%
2010-11	338,952	7,007	20,675	29.5	77.8%	27,590	15.3%
2011-12	354,480	7,640	21,553	29.5	78.1%	21,411	10.5%
2012-13	359,221	7,862	21,887	29.8	77.8%	-	8.4%

**Notes:**

- (1) State Department of Finance. Estimates are revised periodically to include data that may not have been available at the time.
- (2) 2003-2009 Income, Age, and Education Data: ESRI - Demographic estimates are based on the last available census. Projections are developed by incorporating all of the prior census data released to date. Demographic data is totaled from Census Block Groups that overlap the City's boundaries. 2010 and later Income, Age, and Education Data - US Census Bureau, most recent American Community Survey.
- (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).

Source: HdL Coren & Cone

## **CITY OF BAKERSFIELD**

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

Employer	2004			2013		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
County of Kern (1)	N/A		N/A	7475	1	4.89%
Giumarra Farms				4200	2	2.75%
Grimmway Farms				3500	3	2.29%
Wm. Bolthouse Farms				2000	4	1.31%
City of Bakersfield				1493	5	0.98%
Bakersfield Memorial Hospital				1400	6	0.92%
Mercy Hospital				1200	7	0.79%
ARB, Inc.				1200	8	0.79%
Kern Medical Center				1200	9	0.79%
State Farm Insurance				1045	10	0.68%
Others				128,064		83.81%
Total	N/A		N/A	152,777		100.00%

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

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

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

Note: Only current data is available



# **CITY OF BAKERSFIELD**

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

Function	2004	2005	2006	2007	2008	2009
<u>Governmental activities:</u>						
General government	82	96	139	123	125	88
Public safety						
Police						
Officers	321	345	346	373	373	344
Civilians	115	120	132	144	145	127
Fire						
Firefighters and officers	175	180	180	183	183	181
Civilians	22	21	27	29	29	19
Public works	226	255	271	281	281	248
Community services	108	119	129	175	174	155
Community Development (1)	-	-	-	-	-	-
Development services	69	67	81	98	94	91
Economic/Community devel.	18	17	17	17	22	22
<u>Business-type activities:</u>						
Wastewater treatment	29	29	29	55	53	49
Refuse collection	84	91	133	110	110	102
Domestic/agricultural water	23	23	23	25	25	26
General aviation	-	-	-	-	-	-
Offstreet parking	-	-	-	-	-	-
Total	<u>1,272</u>	<u>1,363</u>	<u>1,507</u>	<u>1,613</u>	<u>1,614</u>	<u>1,452</u>

### Notes:

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

Source: City Finance Department

2010	2011	2012	2013
98	106	109	110
358	380	385	389
127	123	131	137
179	176	177	177
19	19	19	21
244	244	247	250
147	151	153	153
-	-	-	65
69	57	55	0
20	12	11	0
55	54	56	57
102	102	103	106
28	28	28	28
-	-	-	-
-	-	-	-
1,446	1,452	1,474	1,493

## **CITY OF BAKERSFIELD**

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

Fiscal Year (3)	Commercial Construction		Residential Construction		Other Construction	
	No. of Units	Value	No. of Units	Value	Value	
2003-04	130	\$ 82,003	3,677	\$ 568,413	\$ 65,878	
2004-05	103	62,202	4,291	675,804	115,348	
2005-06	76	36,008	5,314	870,190	94,661	
2006-07	151	69,002	3,532	564,588	101,835	
2007-08	153	78,506	1,922	296,788	104,710	
2008-09	95	60,840	1,090	237,091	93,314	
2009-10	83	62,088	1,097	232,275	86,668	
2010-11	40	13,425	848	197,380	98,057	
2011-12	40	41,482	422	92,313	81,984	
2012-13	49	20,807	1,122	259,851	108,877	

**Notes:**

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

(2) Federal Deposit Insurance Corporation

(3) Construction units and values are based on a 12 month calendar year. 2012-13 data reflect the 2012 calendar year.



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Total Construction			
No. of Units	Value	Bank Deposits (2)	
3,807	\$ 716,294	\$ 3,357,220	
4,394	853,354	4,027,043	
5,390	1,000,859	4,376,691	
3,683	735,425	4,432,920	
2,075	480,004	4,315,921	
1,185	391,245	4,485,261	
1,180	381,031	4,728,745	
888	308,862	5,172,880	
462	215,779	5,280,515	
1,171	389,535	5,626,755	

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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			
	2004	2005	2006	2007
Public safety - Police				
Physical arrests	14,380	14,567	16,677	18,210
Parking violations	10,139	9,992	10,572	9,146
Traffic violations	32,475	22,833		17,950
Public safety - Fire				
Number of calls answered	23,101	24,348	25,735	22,505
Inspections	2,555	3,610	3,906	5,996
Public works				
Street resurfacing (lane miles)	18	22	73	55
Refuse collection				
Refuse collected (tons/day)	80,246	85,332	91,110	101,800
Recyclables collected (tons/day)	28,032	31,155	34,588	33,100
Recreation & parks				
Athletic field permits issued	3,036	3,396	3,528	2,463
Community center, aquatics/sports admissions	61,216	59,962	89,478	124,465
Domestic/agricultural water				
New connections	1,518	2,056	2,109	1,862
Water main breaks	15	42	43	87
Average daily consumption (thousands of gallons)	31,691	31,790	32,139	31,894
Wastewater treatment				
Average daily sewage treatment (millions of gallons)	30.05 MGD	29.95 MGD	30.54 MGD	31.12 MGD

Source: City Finance Department

Fiscal Year					
2008	2009	2010	2011	2012	2013
17,272	18,531	17,023	22,028	29,623	32,158
11,094	7,985	5,522	5,433	4,708	6,620
10,681	11,365	12,018	10,043	9,172	11,528
27,390	28,605	26,885	27,392	28,870	31,164
3,616	2,444	2,896	3,355	3,276	3,660
76	84	49	83	128.75	127.27
94,750	100,750	112,000	111,500	108,200	111,420
35,300	39,200	42,000	47,000	48,215	53,350
6,902	6,849	6,219	5,685	10,156	9,297
301,198	323,661	379,286	440,101	473,530	475,619
2,542	1,293	954	493	301	701
35	14	5	7	10	14
38,028	41,542	36,370	27,008	27,568	36,730
31.18 MGD	31.49 MGD	31.49 MGD	32.3 MGD	31.28 MGD	32.13 MGD

# **CITY OF BAKERSFIELD**

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

Function	Fiscal Year			
	2004	2005	2006	2007
Land (1)				
Area (2)	117.42	118.51	120.85	135.48
Public safety				
Police Stations/Substations	4	4	4	4
Fire Stations	13	13	13	13
Refuse collection				
Collection trucks	38	42	44	55
Public works				
Streets (miles)	983	1,028	1,069	1,178
Streetlights	12,756	13,316	14,101	14,965
Traffic signals	280	293	302	314
Recreation & parks				
Parks acreage	398	432	432	447
Parks	45	46	46	48
Swimming pools	7	6	6	6
Tennis courts	11	11	11	11
Community centers	3	3	3	3
Domestic/agricultural water				
Water mains (miles) (3)		466	469	470
Fire hydrants	8,365	8,518	9,040	9,600
Wastewater treatment				
Sanitary sewers (miles)	889	921	962	1028
Storm sewers (miles)	173	189	204	244
Maximum daily treatment capacity (millions of gallons)	35 MGD	41 MGD	41 MGD	41 MGD

1) Reported in square miles

2) Corrected number for 2008 more accurate information provided

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

Source: City Finance Department

Fiscal Year					
2008	2009	2010	2011	2012	2013
139.91	143.46	144.40	149.75	149.80	150.01
4	4	4	4	4	4
13	13	14	14	14	14
56	57	57	57	53	55
1,236	1,242	1,379	1,465	1,477	1,508
15,474	15,809	15,923	16,092	16,160	16,602
326	343	359	366	394	402
454	484	494	558	595	595
49	55	55	59	59	59
6	6	4	4	4	4
11	11	11	11	12	12
3	3	3	3	3	3
478	491	493	501	502	503
9,765	10,041	10,220	10,301	13,576	14,029
1,055	1,059	1,059	1,061	1,061	1,061
259	261	262	263	263	263
41 MGD	41 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, 2013**

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## Type of Coverage

**Liability:****Limits**

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

Excess Liability      50,000,000      Limit with a \$1,000,000 self-insured retention.

Combination Crime      2,000,000      Coverage limit, \$25,000 deductible.

Airport Operations      10,000,000      Coverage limit.

Aircraft      10,000,000      Coverage limit.

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

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

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<b>Insurance Company</b>	<b>Policy Number</b>	<b>Expiration Date</b>	<b>Annual Premium</b>
CSAC- EIA		07/01/14	\$ 450,659
ACCEL		06/30/14	790,471
CSAC	00FA023805313	07/01/14	15,959
Pik West	AP3791956-05	07/01/14	3,071
XL Specialty	NAC4024741	07/01/14	10,975
CSAC		03/31/14	293,040

